



Oak Ridge Financial Services, Inc. Announces Second Quarter 2025 Results and Quarterly Cash Dividend of \$0.14 Per Share

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Share



OAK RIDGE, N.C., Aug. 04, 2025 (GLOBE NEWSWIRE) -- Oak Ridge Financial Services, Inc. ("Oak Ridge"; or the "Company") (OTCPink: BKOR), the parent company of Bank of Oak Ridge (the "Bank"), today announced unaudited financial results for the second quarter of 2025.

Financial Highlights for the Quarter Ended June 30, 2025

- **Earnings per share (diluted):** \$0.81, up from \$0.57 for the prior quarter and \$0.46 for the second quarter of 2024.
- **Return on average equity (Annualized):** 14.13%, up from 10.04% for the prior quarter and 8.57% for the second quarter of 2024.
- **Tangible book value per common share:** \$24.04 as of period end, up from \$23.41 at the end of the prior quarter and \$21.95 at the end of the comparable period in 2024.
- **Net interest margin (Annualized):** 4.16%, up from 3.97% for the prior quarter and 3.81% for the second quarter of 2024.
- **Efficiency ratio:** 59.1%, a significant improvement from 66.8% for the prior quarter and 70.0% for the comparable period in 2024.
- **Total loans receivable:** \$537.5 million at June 30, 2025, an increase of 1.7% from \$528.5 million at March 31, 2025 and an increase of 8.8% from \$494.0 million at June 30, 2024.
- **Nonperforming assets to total assets:** 0.73% at June 30, 2025, compared to 0.67% at March 31, 2025 and an increase from 0.08% at June 30, 2024. The increase in nonperforming assets is due to the guaranteed and nonguaranteed balances of eight Small Business Administration ("SBA") 7(a) loans that moved to nonaccrual status since June 30, 2024. The balances as of June 30, 2025, of the portion of SBA nonperforming loans guaranteed and unguaranteed by the SBA were \$3.5 million and \$990,000, respectively.
- **Securities available-for-sale and held-to maturity:** \$97.1 million at June 30, 2025, a decrease of 1.8% from \$98.9 million at March 31, 2025 and a decrease of 5.7%

from \$103.0 million at June 30, 2024.

- **Total deposits:** \$547.5 million at June 30, 2025, an increase of 0.9% from \$542.5 million at March 31, 2025 and an increase of 7.7% from \$508.2 million at June 30, 2024.
- **Total short- and long-term borrowings, junior subordinated notes, and subordinated debentures:** \$52.2 million at June 30, 2025, a decrease of 12.6% from \$59.7 million at March 31, 2025 and a decrease of 25.6% from \$70.2 million at June 30, 2024.
- **Total stockholders' equity:** \$66.0 million at June 30, 2025, an increase of 2.6% from \$64.3 million at March 31, 2025 and an increase of 8.9% from \$60.6 million at June 30, 2024.

Management Commentary

Tom Wayne, Chief Executive Officer, reported, "Earnings in the second quarter of 2025 were up significantly from both the prior quarter and the second quarter of 2024. It is fitting that we achieved such strong results in our 25th year as a community bank. This was primarily due to strong net interest income growth of 7.6% over the prior quarter and 16.0% over the comparable quarter in 2024, coupled with a notable increase in noninterest income, up 64.6% from the prior quarter and 63.7% from the second quarter of 2024. We achieved robust loan growth, with loans receivable increasing 8.8% from the comparable quarter end in 2024, funded by a combination of increased deposits and strategic borrowings. Our efficiency ratio improved to 59.1% as an increase in total income outpaced the rise in noninterest expenses. While nonperforming assets to total assets saw an increase to 0.73% from 0.67% from the prior quarter, our capital and liquidity levels remain solid. Oak Ridge continues to focus on maintaining and developing full client relationships, including long-term core deposit and lending solutions and other products and services that meet our customers' financial objectives. We are incredibly proud of our entire team and appreciate their efforts in serving our clients and managing the Bank in a safe and sound manner."

Dividend Announcement

A quarterly cash dividend of \$0.14 per share of common stock is payable on September 3, 2025 to stockholders of record as of the close of business on August 19, 2025. "We are pleased to pay another quarterly cash dividend to our stockholders," said Mr. Wayne. "Paying stockholders a portion of our earnings reflects our continuing commitment to enhance stockholder value."

Financial Review

Net Interest Income

For the three months ended June 30, 2025, net interest income was \$6.8 million, up from \$5.8 million in the second quarter of 2024. The annualized net interest margin was 4.16%, an increase of 35 basis points from 3.81% in the second quarter of 2024, due to increases in yields on loans and decreases in costs on interest-bearing deposits.

For the six months ended June 30, 2025, net interest income was \$13.1 million, up from \$11.5 million for the same period in 2024. The annualized net interest margin was 6.06%, up 24 basis points from 5.82% in the same period in 2024, due to increases in yields on loans and decreases in costs on interest-bearing deposits.

Provision for Credit Losses

The Bank recorded a provision for credit losses of \$402,000 for the three months ended June 30, 2025, compared to \$322,000 in the second quarter of 2024. The allowance for credit losses as a percentage of total loans was 1.10% at June 30, 2025, up from 1.05% at December 31, 2024. Nonperforming assets represented 0.73% of total assets at June 30, 2025, an increase from 0.53% at December 31, 2024. The bank is actively engaged in the process of seeking payment on the guaranteed portion of defaulted Small Business Administration (SBA) loans. Of the eight SBA loans with an outstanding balance of \$4.5 million that were in nonaccrual status at June 30, 2025, the bank has initiated the Guaranty Purchase Process for seven of these loans, which have an outstanding balance of \$4.4 million. This process involves legal action to obtain payment from the SBA on the guaranteed portion of the loans.

Noninterest Income

For the three months ended June 30, 2025, noninterest income totaled \$1.2 million, compared to \$763,000 for the second quarter of 2024. This increase was primarily driven by a \$329,000 gain on the sale of SBA loans, with no comparable gain on sales in the second quarter of 2024. Additionally, there was a \$50,000 increase in mortgage banking income and a \$25,000 increase in service charges on deposits. Other service charges and fees also increased by \$40,000.

For the six months ended June 30, 2025, noninterest income was \$2.0 million, up from \$1.6 million in the same period in 2024. This was mainly due to gains of \$329,000 on the sale of SBA loans and \$42,000 on the sale of investment securities, with no comparable gain on sales in the first six months of 2024. Mortgage banking income also increased by \$100,000, and service charges on deposits increased by \$50,000.

Noninterest Expense

Noninterest expense was \$4.7 million for the three months ended June 30, 2025, an increase from \$4.6 million in the comparable period in 2024. This was primarily due to a \$100,000 increase in salaries and employee benefits, a \$54,000 increase in equipment expense, a \$50,000 increase in data and items processing, and a \$112,000 increase in other expenses. These increases were partially offset by a \$80,000 decrease in occupancy expense.

For the six months ended June 30, 2025, noninterest expense totaled \$9.4 million, an increase of \$423,000 from \$9.0 million in the comparable period in 2024. The main causes of this increase were a \$269,000 increase in other expenses, a \$200,000 increase in salaries and employee benefits, and a \$100,000 increase in data and items processing. This was partially offset by a \$150,000 decrease in occupancy expense.

About Oak Ridge Financial Services, Inc., and Bank of Oak Ridge

As the Triad's employee-owned community bank, Bank of Oak Ridge delivers Spectacularly Local banking with a personal touch. Rooted in our community, we live by our promise that You Matter Here – our local decision-makers know you by name, and our team provides personalized, 5-star client service tailored to your unique needs. Complementing this commitment, we offer modern tools and technology to make your banking experience easy, safe, and convenient. Whether you're seeking a new banking partner or expanding your financial relationships, we make switching simple and seamless.

Connect with us by phone at 336.644.9944, on our website at BankofOakRidge.com or by visiting one of our convenient locations in Greensboro, High Point, Oak Ridge, and Summerfield.

Bank of Oak Ridge is a member of the FDIC and an Equal Housing Lender.

Awards & Recognitions | Best Bank in the Triad | Triad's Top Workplace Finalist | 2016 Better Business Bureau Torch Award for Business Ethics | Triad's Healthiest Employer Winner

Banking for Business & Personal | Mobile & Online Banking | Worldwide ATM | Debit, Credit + Rewards | Checking, Savings & Money Market | Loans + SBA | Mortgage | Insurance | Wealth Management

Let's Talk | 336.644.9944 | www.BankofOakRidge.com | Extended Interactive Teller Machine Hours at all Triad Locations

Forward-looking Information *This earnings release contains certain forward-looking statements with respect to the financial condition, results of operations and business of the Company. These forward-looking statements involve risks and uncertainties and are based on the beliefs and assumptions of the management of the Company and on the information available to management at the time that these disclosures were prepared. These statements can be identified by the use of the words "expect," "anticipate," "estimate" and "believe," variations of these words and other similar expressions. Readers should not place undue reliance on forward-looking statements as a number of important factors could cause actual results to differ materially from those in the forward-looking statements. Factors that could cause actual results to differ materially include, but are not limited to, (1) competition in the Company's markets, (2) changes in the interest rate environment, (3) general national, regional or local economic conditions may be less favorable than expected, resulting in, among other things, a deterioration in credit quality and the possible impairment of collectability of loans, (4) legislative or regulatory changes, including changes in accounting standards, (5) significant changes in the federal and state legal and regulatory environment and*

tax laws, and (6) the impact of changes in monetary and fiscal policies, laws, rules and regulations. The Company undertakes no obligation to update any forward-looking statements.

OAK RIDGE FINANCIAL SERVICES, INC.

CONSOLIDATED BALANCE SHEETS

(Dollars in thousands, except share data)

	June 30, 2025	December 31, 2024	June 30, 2024
	(unaudited)	(audited)	(unaudited)
<u>ASSETS</u>			
Cash and due from banks	\$ 8,970	\$ 8,075	\$ 8,084
Interest-bearing deposits with banks	9,422	13,102	19,457
Total cash and cash equivalents	18,392	21,177	27,541
Securities available-for-sale	78,438	85,714	84,342
Securities held-to-maturity, net of allowance for credit losses	18,647	18,662	18,685
Restricted stock, at cost	3,383	3,439	4,002
Loans receivable	537,451	514,292	493,960
Allowance for credit losses	(5,921)	(5,388)	(5,230)
Net loans receivable	531,530	508,904	488,730
Property and equipment, net	8,747	8,664	8,721
Accrued interest receivable	3,582	3,135	2,952
Bank owned life insurance	6,312	6,268	6,222
Right-of-use assets – operating leases	2,486	2,166	2,318
Other assets	5,516	5,553	5,310
Total assets	\$ 677,033	\$ 663,682	\$ 648,823
<u>LIABILITIES</u>			
Noninterest-bearing deposits	\$ 131,805	\$ 119,851	\$ 106,494
Interest-bearing deposits	415,664	411,464	401,678
Total deposits	547,469	531,315	508,172
Federal Funds purchased	991	1,725	-
Short-term borrowings	24,000	18,000	40,000
Long-term borrowings	14,000	22,000	12,000
Junior subordinated notes – trust preferred securities	8,248	8,248	8,248
Subordinated debentures, net of discount	6,000	9,983	9,963
Lease liabilities – operating leases	2,486	2,166	2,318
Accrued interest payable	716	709	795
Other liabilities	7,077	6,546	6,711
Total liabilities	610,987	600,692	588,207
<u>STOCKHOLDERS' EQUITY</u>			
Common stock	27,043	26,733	26,977
Retained earnings	40,413	37,771	35,403
Net unrealized loss on debt securities, net of tax	(1,180)	(1,771)	(2,051)
Net unrealized loss on hedging derivative instruments, net of tax	(230)	257	287
Total accumulated other comprehensive loss	(1,410)	(1,514)	(1,764)
Total stockholders' equity	66,046	62,990	60,616
Total liabilities and stockholders' equity	\$ 677,033	\$ 663,682	\$ 648,823
Common shares outstanding	2,747,170	2,736,770	2,761,870
Common shares authorized	50,000,000	50,000,000	50,000,000

**OAK RIDGE
FINANCIAL SERVICES,
INC.**
**CONSOLIDATED
STATEMENTS OF
INCOME**
*(Dollars in thousands,
except share data)*

	Three Months Ended			Six month ended	
	June 30, 2025	March 31, 2025	June 30, 2024	June 30, 2025	June 30, 2024
Interest and dividend income:					
Loans and fees on loans	\$ 8,726	\$ 8,276	\$ 7,663	\$ 17,002	\$ 14,894
Interest on deposits in banks	199	166	244	365	395
Restricted stock dividends	63	49	64	112	109
Interest on investment securities	1,224	1,282	1,453	2,506	2,897
Total interest and dividend income	10,212	9,773	9,424	19,985	18,295
Interest expense					
Deposits	2,684	2,714	2,460	5,398	4,811
Short-term and long-term debt	759	767	1,130	1,526	2,030
Total interest expense	3,443	3,481	3,590	6,924	6,841
Net interest income	6,769	6,292	5,834	13,061	11,454
Provision for credit losses	402	304	322	706	587
Net interest income after provision for credit losses	6,367	5,988	5,512	12,355	10,867
Noninterest income:					
Service charges on deposit accounts	229	227	198	456	371
Gain (loss) on sale of securities	42	-	-	42	-
Insurance commissions	188	150	125	339	260
Gain on sale of Small Business	329	-	-	329	-
Administration loans					
Debit and credit card interchange income	297	272	309	568	597
Income from Small Business Investment Company	15	-	22	15	100
Income earned on bank owned life insurance	22	22	22	44	44
Other Service Charges and Fees	127	88	87	215	185
Total noninterest income	1,249	759	763	2,008	1,557
Noninterest expenses:					
Salaries	2,423	2,354	2,311	4,777	4,477

Employee Benefits	367	335	302	702	614
Occupancy	271	300	351	572	646
Equipment	209	164	155	373	318
Data and Item Processing	436	615	526	1,050	1,046
Professional & Advertising	220	219	305	439	619
Stationary and Supplies	29	31	45	60	77
Telecommunications	101	80	63	180	142
FDIC Assessment	120	120	111	240	225
Other expense	560	491	448	1,052	831
Total noninterest expenses	4,736	4,709	4,617	9,445	8,995
Income before income taxes	2,880	2,038	1,658	4,918	3,429
Income tax expense	644	469	382	1,113	784
Net income and income available to common shareholders	\$ 2,236	\$ 1,569	\$ 1,276	\$ 3,805	\$ 2,645
Basic income per common share	\$ 0.81	\$ 0.57	\$ 0.46	\$ 1.39	\$ 0.96
Diluted income per common share	\$ 0.81	\$ 0.57	\$ 0.46	\$ 1.39	\$ 0.96
Basic weighted average shares outstanding	2,747,170	2,761,870	2,761,870	2,747,170	2,752,741
Diluted weighted average shares outstanding	2,747,170	2,761,870	2,761,870	2,747,170	2,752,741

**OAK RIDGE
FINANCIAL
SERVICES, INC.
Selected Financial
Data**

	As Of Or For The Three Months Ended,				
	June 30, 2025	March 31, 2025	December 31, 2024	September 30, 2024	June 30, 2024
Return on average common stockholders' equity ¹	14.13%	10.04%	9.63%	9.56%	8.57%
Tangible book value per share	\$ 24.04	\$ 23.41	\$ 23.02	\$ 22.78	\$ 21.95
Return on average assets ¹	1.32%	0.95%	0.91%	0.91%	0.80%
Net interest margin ¹	4.16%	3.97%	3.92%	3.81%	3.81%
Efficiency ratio	59.1%	66.8%	64.6%	67.9%	70.0%
Nonperforming assets to total assets	0.73%	0.67%	0.53%	0.45%	0.08%
Allowance for credit losses to total loans	1.10%	1.05%	1.05%	1.06%	1.06%

¹Annualized

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