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For Immediate Release
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Oak Ridge Financial Services, Inc. Announces Third Quarter 2025 Results and Quarterly Cash Dividend of $0.14 Per Share

OAK RIDGE, N.C., October 31, 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 third quarter of 2025.

Financial Highlights for the Quarter Ended September 30, 2025

- **Earnings per share (diluted):** $0.69, down from $0.81 for the prior quarter and up from $0.54 for the third quarter of 2024.
- **Return on average equity (Annualized):** 11.27%, down from 14.13% for the prior quarter and up from 9.56% for the third quarter of 2024.
- **Tangible book value per common share:** $24.98 as of period end, up from $24.04 at the end of the prior quarter and $22.78 at the end of the comparable period in 2024.
- **Net interest margin (Annualized):** 4.18%, up from 4.16% for the prior quarter and 3.81% for the third quarter of 2024.
- **Efficiency ratio:** 59.0%, improved from 59.1% for the prior quarter and 67.9% for the comparable period in 2024.
- **Total loans receivable:** $528.3 million at September 30, 2025, a decrease of 1.7% from $537.5 million at June 30, 2025 and an increase of 4.5% from $505.5 million at September 30, 2024.
- **Nonperforming assets to total assets:** 0.84% at September 30, 2025, up from 0.73% at June 30, 2025 and an increase from 0.45% at September 30, 2024. The increase in nonperforming assets is due to the guaranteed and nonguaranteed balances of seven Small Business Administration ("SBA") 7(a) loans that moved to nonaccrual status since September 30, 2024. The balances as of September 30, 2025, of the portion of SBA nonperforming loans guaranteed and unguaranteed by the SBA were $4.2 million and $1.2 million, respectively.
- **Securities available-for-sale and held-to maturity:** $99.7 million at September 30, 2025, an increase of 2.7% from $97.1 million at June 30, 2025 and a decrease of 2.7% from $102.4 million at September 30, 2024.
- **Total deposits:** $543.2 million at September 30, 2025, a decrease of 0.8% from 547.5 million at June 30, 2025 and an increase of 6.4% from $510.5 million at September 30, 2024.
- **Total short- and long-term borrowings, junior subordinated notes, and subordinated debentures:** $60.2 million at September 30, 2025, an increase of 3.4% from $52.2 million at June 30, 2025 and a decrease of 14.2% from $70.2 million at September 30, 2024.
- **Total stockholders' equity:** $68.5 million at September 30, 2025, an increase of 3.7% from $66.0 million at June 30, 2025 and an increase of 11.8% from $62.9 million at September 30, 2024.

Management Commentary

Tom Wayne, Chief Executive Officer, reported, “I am pleased to report another quarter of strong performance, achieving earnings per share of $0.69, representing a 27.8% increase over the third quarter of 2024. The strong performance was driven by robust revenue growth, including improvement in net interest income, which was up 16% over the comparable quarter in 2024, coupled with a notable increase in noninterest income, which was up 64% from the same period last year. We achieved solid loan growth, with loans receivable increasing 4.5% year-over-year, funded by a combination of increased deposits and strategic borrowings.

Our focus on efficiency also delivered results, with our efficiency ratio significantly improving to 59.0% this quarter, compared to 67.9% in the third quarter of 2024. While nonperforming assets to total assets saw an increase to 0.84% from 0.45% at the comparable quarter end last year, this was due primarily to a handful of specific SBA loans. We have proactively reserved for potential losses on these loans, having calculated the provision for credit losses based on the unguaranteed portion of these SBA loans. Our capital and liquidity levels remain strong.

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 December 1, 2025 to stockholders of record as of the close of business on November 14, 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 September 30, 2025, net interest income was $6.8 million, up from $6.0 million in the third quarter of 2024. The annualized net interest margin was 4.18%, an increase of 37 basis points from 3.81% in the third quarter of 2024, due to increases in yields on loans and decreases in costs on interest-bearing deposits.

For the nine months ended September 30, 2025, net interest income was $19.9 million, up from $17.4 million for the same period in 2024. The annualized net interest margin was 4.10%, up 30 basis points from 3.80% 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 $877,000 for the three months ended September 30, 2025, compared to $261,000 in the third quarter of 2024. The allowance for credit losses as a percentage of total loans was 1.19% at September 30, 2025, up from 1.05% at December 31, 2024. Nonperforming assets represented 0.84% of total assets at September 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 SBA loans. Of the 11 SBA loans with an outstanding balance of $5.5 million that were in nonaccrual status at September 30, 2025, the Bank has initiated the Guaranty Purchase Process for seven of these loans, which together 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 September 30, 2025, noninterest income totaled $1.3 million, compared to $924,000 for the third quarter of 2024. This increase was primarily driven by a $379,000 gain on the sale of SBA loans, with no comparable gain on sales in the third quarter of 2024. Additionally, there was a $39,000 increase in other service charges and fees. Income from Small Business Investment Company portfolio decreased by $99,000.

For the nine months ended September 30, 2025, noninterest income was $3.3 million, up from $2.5 million in the same period in 2024. This was mainly due to gains of $709,000 on the sale of SBA loans and $42,000 on the sale of investment securities, with no comparable gain on sales in the first nine months of 2024. Service charges on deposit accounts also increased by $103,000 and other service charges and fees increased by $69,000. Income from Small Business Investment Company portfolio decreased by $184,000.

Noninterest Expense

Noninterest expense was $4.8 million for the three months ended September 30, 2025, an increase from $4.7 million in the comparable period in 2024. This was primarily due to a $154,000 increase in salaries and employee benefits, a $197,000 increase in equipment expense, and a $93,000 increase in other expenses. These increases were partially offset by decreases of $101,000, $112,000, and $131,000 in occupancy, data and item processing, and professional and advertising expenses, respectively.

Noninterest expense was $14.2 million for the nine months ended September 30, 2025, an increase from $13.7 million in the comparable period in 2024. This was primarily due to a $540,000 increase in salaries and employee benefits, a $252,000 increase in equipment expense, and a $316,000 increase in other expenses. These increases were partially offset by decreases of $175,000, $107,000, and $311,000 in occupancy, data and item processing, and professional and advertising expenses, respectively.

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)

	September 30, 2025	December 31, 2024	September 30, 2024
ASSETS	(unaudited)	(audited)	(unaudited)
Cash and due from banks	**$ 8,283**	$ 8,075	$ 10,522
Interest-bearing deposits with banks	**21,148**	13,102	11,308
Total cash and cash equivalents	**29,431**	21,177	21,830
Securities available-for-sale	**83,918**	85,714	83,769
Securities held-to-maturity, net of allowance for credit losses	**15,788**	18,662	18,668
Restricted stock, at cost	**3,768**	3,439	4,006
Loans receivable	**528,287**	514,292	505,521
Allowance for credit losses	**(6,277)**	(5,388)	(5,354)
Net loans receivable	**522,010**	508,904	500,167
Property and equipment, net	**8,970**	8,664	8,827
Accrued interest receivable	**3,417**	3,135	3,098
Bank owned life insurance	**6,334**	6,268	6,244
Foreclosed assets	**131**	-	-
Right-of-use assets – operating leases	**2,412**	2,166	2,242
Other assets	**5,274**	5,553	4,613
Total assets	**$ 681,453**	$ 663,682	$ 653,464
LIABILITIES			
Noninterest-bearing deposits	**$ 131,877**	$ 119,851	$ 114,152
Interest-bearing deposits	**411,297**	411,464	396,346
Total deposits	**543,174**	531,315	510,498
Short-term borrowings	**32,000**	26,000	52,000
Long-term borrowings	**14,000**	14,000	-
Junior subordinated notes – trust preferred	**8,248**	8,248	8,248
Subordinated debentures, net of discount	**6,000**	9,983	9,973
Lease liabilities – operating leases	**2,412**	2,166	2,242
Accrued interest payable	**772**	709	1,021
Other liabilities	**6,321**	6,546	6,579
Total liabilities	**612,927**	600,692	590,561
STOCKHOLDERS' EQUITY			
Common stock	**27,153**	26,733	27,100
Retained earnings	**41,912**	37,771	36,575
Net unrealized loss on debt securities, net of tax	**(212)**	(1,771)	(412)
Net unrealized loss on hedging derivative instruments, net of tax	**(327)**	257	(360)
Total accumulated other comprehensive loss	**(539)**	(1,514)	(772)
Total stockholders' equity	**68,526**	62,990	62,903
Total liabilities and stockholders' equity	**$ 681,453**	$ 663,682	$ 653,464
Common shares outstanding	**2,742,820**	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			Nine months ended	
	September 30, 2025	**June 30, 2025**	**September 30, 2024**	**September 2025**	**September 30, 2024**
Interest and dividend income:					
Loans and fees on loans	**$ 8,741**	$ 8,726	$ 7,971	**$ 25,744**	$ 22,865
Interest on deposits in banks	**163**	199	275	**528**	670
Restricted stock dividends	**56**	63	67	**168**	177
Interest on investment securities	**1,308**	1,224	1,402	**3,814**	4,299
Total interest and dividend income	**10,268**	10,212	9,715	**30,254**	28,011
Interest expense					
Deposits	**2,666**	2,684	2,758	**8,064**	7,568
Short-term and long-term debt	**771**	759	961	**2,297**	2,991
Total interest expense	**3,437**	3,443	3,719	**10,361**	10,559
Net interest income	**6,831**	6,769	5,996	**19,893**	17,452
Provision for credit losses	**877**	402	261	**1,583**	848
Net interest income after provision for credit losses	**5,954**	6,367	5,735	**18,310**	16,604
Noninterest income:					
Service charges on deposit accounts	**249**	229	231	**705**	602
Gain (loss) on sale of securities	**-**	42	-	**42**	-
Insurance commissions	**169**	188	169	**507**	428
Gain on sale of Small Business Administration loans	**379**	329	-	**709**	-
Debit and credit card interchange income	**293**	297	292	**862**	889
Income from Small Business Investment Company	**12**	15	111	**27**	211
Income earned on bank owned life insurance	**22**	22	23	**66**	67
Other service charges and fees	**137**	127	98	**352**	283
Total noninterest income	**1,261**	1,249	924	**3,270**	2,480
Noninterest expenses:					
Salaries	**2,386**	2,423	2,287	**7,163**	6,764
Employee Benefits	**365**	367	310	**1,067**	924
Occupancy	**257**	271	358	**829**	1,004
Equipment	**340**	209	143	**713**	461
Data and Item Processing	**495**	436	607	**1,546**	1,653
Professional & Advertising	**201**	220	332	**640**	951
Stationary and Supplies	**31**	29	32	**90**	109
Telecommunications	**83**	101	71	**263**	213
FDIC Assessment	**82**	120	118	**322**	343
Other expense	**531**	557	438	**1,587**	1,271
Total noninterest expenses	**4,771**	4,733	4,696	**14,220**	13,693
Income before income taxes	**2,444**	2,883	1,963	**7,360**	5,391
Income tax expense	**557**	644	460	**1,671**	1,245
Net income and income available to common shareholders	**$ 1,887**	$ 2,239	$ 1,503	**$ 5,689**	$ 4,146
Basic income per common share	**$ 0.69**	$ 0.82	$ 0.54	**$ 2.08**	$ 1.50
Diluted income per common share	**$ 0.69**	$ 0.82	$ 0.54	**$ 2.08**	$ 1.50
Basic weighted average shares outstanding	**2,747,774**	2,747,170	2,761,870	**2,741,329**	2,755,806
Diluted weighted average shares outstanding	**2,747,774**	2,747,170	2,761,870	**2,741,329**	2,755,806

OAK RIDGE FINANCIAL SERVICES, INC.
Selected Financial Data

	As Of Or For The Three Months Ended,				
	September 30, 2025	June 30, 2025	March 31, 2025	December 2024	September 30, 2024
Return on average common stockholders' equity[1]	11.27%	14.13%	10.04%	9.63%	9.56%
Tangible book value per share	$ 24.98	$ 24.04	$ 23.41	$ 23.02	$ 22.78
Return on average assets[1]	1.11%	1.32%	0.95%	0.91%	0.91%
Net interest margin[1]	4.18%	4.16%	3.97%	3.92%	3.81%
Efficiency ratio	59.0%	59.1%	66.8%	64.6%	67.9%
Nonperforming assets to total assets	0.84%	0.73%	0.67%	0.53%	0.45%
Allowance for credit losses to total loans	1.19%	1.10%	1.05%	1.05%	1.06%

[1]Annualized