



For Immediate Release

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Oak Ridge Financial Services, Inc. Announces First Quarter 2026 Results and 14% Increase in Quarterly Cash Dividend

OAK RIDGE, N.C., May 4, 2026 (GLOBE NEWSWIRE) -- Oak Ridge Financial Services, Inc. ("Oak Ridge"; or the "Company") (OTCPink: BKOR), the parent company of Bank of Oak Ridge (the "Bank"), announced unaudited financial results for the first quarter of 2026 and an increase of \$0.02, or 14%, in its quarterly cash dividend to \$0.16 per common share.

First Quarter 2026 Highlights

- Earnings per share of \$0.53 for the three months ended March 31, 2026, compared to \$0.57 for the same period in 2025.
- Annualized return on average equity of 8.24% for the three months ended March 31, 2026, compared to 10.04% for the same period in 2025.
- Dividends declared per common share of \$0.16 for the three months ended March 31, 2026, compared to \$0.14 for the same period in 2025.
- Tangible book value per common share of \$25.99 as of March 31, 2026, compared to \$23.50 as of March 31, 2025.
- Net interest margin of 3.98% for the three months ended March 31, 2026, compared to 3.97% for the same period in 2025.
- Efficiency ratio of 64.9% for the three months ended March 31, 2026, compared to 66.8% for the same period in 2025.
- Loans receivable of \$515.1 million as of March 31, 2026, down 2.5% from \$528.5 million as of March 31, 2025.
- Nonperforming assets to total assets of 1.42% as of March 31, 2026, compared to 0.67% as of March 31, 2025.
- Nonperforming assets were \$9.4 million at March 31, 2026, including 16 Small Business Administration (SBA) loans with guaranteed balances of \$6.9 million and nonguaranteed balances of \$2.1 million; these balances are carried at net realizable value, reflecting prior write-downs to fair value less estimated costs to sell recognized through the provision for credit losses, and inclusive of expected recoveries from the SBA guarantee.
- Securities available-for-sale and held-to-maturity of \$94.3 million as of March 31, 2026, down 4.7% from \$98.9 million as of March 31, 2025.
- Total deposits of \$541.6 million as of March 31, 2026, down 0.2% from \$542.5 million as of March 31, 2025.
- Total short-and long-term borrowings, junior subordinated notes, and subordinated debentures of \$35.2 million as of March 31, 2026, down 49.8% from \$70.2 million as of March 31, 2025.
- Total stockholders' equity of \$72.0 million as of March 31, 2026, up 12.0% from \$64.3 million as of March 31, 2025. At March 31, 2026, the Bank's Community Bank Leverage Ratio was 12.3%, up from 11.1% as of March 31, 2025.

Tom Wayne, Chief Executive Officer, stated, "While our earnings of \$0.53 per share for the first quarter of 2026 were slightly lower than the \$0.57 reported in the same period in 2025, our core performance remains strong, as evidenced by our decision to increase our quarterly cash dividend by 14%. The quarterly results were primarily impacted by three non-recurring items: a one-time interest income correction of \$291,000, a proactive \$700,000 provision for credit losses, and a \$224,000 gain on the sale of securities. Regarding the provision for credit losses, \$279,000 was related to specific write-downs on SBA loans, while the remaining \$421,000 represented a one-time general provision adjustment to align our qualitative factors with industry loss rates for performing SBA loans. Although loan and deposit growth remained relatively flat year-over-year, we significantly strengthened our balance

sheet by reducing total borrowings by nearly 50% and reducing wholesale high-cost deposits by \$7.5 million, which lowered our interest expense. Most importantly, our non-SBA loan portfolio continues to demonstrate strong payment performance and credit quality. These accomplishments are a credit to our dedicated employees and the strategic guidance of our Board of Directors, and we remain deeply committed to the enduring success of our stockholders and the communities we serve."

The \$0.02, or 14%, increase in the Company's quarterly cash dividend to \$0.16 per share of common stock will be paid on June 9, 2026, to stockholders of record as of the close of business on May 26, 2026. "We are proud of our record of regularly increasing our quarterly cash dividend to our stockholders," said Mr. Wayne. "Paying stockholders a portion of our earnings reflects our continuing commitment to enhance stockholder value."

The change in net income for the first quarter of 2026 compared to the same period in 2025 was driven primarily by the three factors noted above: the one-time interest income correction (as explained in more detail below), the increased provision for credit losses, and the non-recurring gain on the sale of securities. The Bank's fundamental performance remains strong, characterized by a stable net interest margin and a significant reduction in wholesale funding costs. Additionally, the credit quality of the Bank's non-SBA loan portfolio remains a significant source of strength, continuing to demonstrate excellent payment performance.

For the three months ended March 31, 2026 and 2025, net interest income was \$6.2 million and \$6.3 million, respectively. For the three months ended March 31, 2026 and 2025, the net interest margin was 3.98% and 3.97%, respectively. The primary reason for the slight decrease in net interest income was a one-time correction and write off of interest income related to an incorrect interest rate entered in 2022 on a single loan with an outstanding balance of \$1.5 million as of March 31, 2026. The impact of the error increased gradually over time and totaled \$291,000. Once identified, we confirmed the issue was isolated to that one loan, corrected it in full, and implemented enhanced monitoring and review procedures to help prevent similar issues in the future.

For the three months ended March 31, 2026 and 2025, the Company recorded provisions for credit losses of \$700,000 and \$304,000, respectively. The allowance for credit losses as a percentage of total loans was 1.25% and 1.05% on March 31, 2026 and 2025, respectively. Nonperforming assets represented 1.42% of total assets on March 31, 2026, compared to 0.67% on March 31, 2025. Nonperforming assets were \$9.4 million at March 31, 2026, including 16 SBA loans with guaranteed balances of \$6.9 million and nonguaranteed balances of \$2.1 million; these balances are carried at net realizable value, reflecting prior write-downs to fair value less estimated costs to sell recognized through the provision for credit losses, and inclusive of expected recoveries from the SBA guarantee. Of the total nonperforming SBA loans, the Bank has submitted guarantee purchase requests to the SBA for the repayment of the guaranteed portion of loans totaling \$987,000. An additional \$3.5 million of loans are in the final stage of documentation preparation prior to the formal guarantee purchase request being submitted to the SBA. The remaining \$4.5 million in nonperforming SBA loans are being actively serviced and managed through workout efforts with the borrowers to maximize repayment; these loans have not reached the stage of initiating the SBA guarantee claim process, as the Bank continues to work toward a collaborative resolution.

Noninterest income totaled \$1.0 million and \$759,000 in the three months ended March 31, 2026 and 2025, respectively. Although there were increases and decreases in components of noninterest income from 2025 to 2026, the most significant contribution to the overall net increase was a gain on the sale of a security of \$224,000 with other smaller increases and decreases contributing to the remainder of the change.

Noninterest expense totaled \$4.7 million in the three months ended March 31, 2026 and 2025, respectively.

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

We pride ourselves on knowing your name when you walk through our door. Whether in-person or through our digital offerings, managing your financial well-being is easy, safe, and convenient. We are the longest-running employee-owned community bank in the Triad and have served community members, local businesses, and non-profit organizations since 2000. Learn more about what makes Bank of Oak Ridge the Triad's community bank by visiting one of our convenient locations in Greensboro, High Point, Summerfield, and Oak Ridge.

Oak Ridge Financial Services, Inc. (OTC Pink: BKOR) is the holding company for Bank of Oak Ridge. 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

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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)

	March 31, 2026	December 31, 2025	March 31, 2025
	(unaudited)	(audited)	(unaudited)
ASSETS			
Cash and due from banks	\$ 7,931	\$ 8,840	\$ 10,641
Interest-bearing deposits with banks	18,135	14,556	14,614
Total cash and cash equivalents	26,066	23,397	25,255
Securities available-for-sale	80,036	81,412	80,291
Securities held-to-maturity, net of allowance for credit losses	14,271	15,030	18,653
Restricted stock, at cost	2,585	3,059	3,616
Loans receivable	515,130	517,374	528,521
Allowance for credit losses	(6,425)	(6,030)	(5,558)
Net loans receivable	508,705	511,344	522,963
Property and equipment, net	8,834	8,900	8,740
Accrued interest receivable	3,183	3,217	3,478
Bank owned life insurance	6,377	6,356	6,290
Right-of-use assets – operating leases	2,244	2,328	2,165
Other assets	5,594	5,199	5,218
Total assets	\$ 657,895	\$ 660,242	\$ 676,669
LIABILITIES			
Noninterest-bearing deposits	\$ 136,466	\$ 128,408	\$ 124,274
Interest-bearing deposits	405,113	406,521	418,245
Total deposits	541,579	534,929	542,519
Short-term borrowings	14,000	24,000	41,500
Long-term borrowings	7,000	7,000	-
Junior subordinated notes – trust preferred	8,248	8,248	8,248
Subordinated debentures, net of discount	6,000	6,000	9,993
Lease liabilities – operating leases	2,244	2,328	2,165
Accrued interest payable	512	521	956
Other liabilities	6,269	5,924	6,970
Total liabilities	585,852	588,950	612,351
STOCKHOLDERS' EQUITY			
Common stock	27,383	27,274	26,881
Retained earnings	44,927	43,851	38,562
Net unrealized loss on debt securities, net of tax	(466)	304	(1,118)
Net unrealized loss on hedging derivative instruments, net of tax	199	(137)	(7)
Total accumulated other comprehensive loss	(267)	167	(1,125)
Total stockholders' equity	72,043	71,292	64,318
Total liabilities and stockholders' equity	\$ 657,895	\$ 660,242	\$ 676,669
Common shares outstanding	2,772,150	2,741,350	2,747,920
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		
	March 31, 2026	December 31, 2025	March 31, 2025
Interest and dividend income:			
Loans and fees on loans	\$ 7,770	\$ 8,462	\$ 8,276
Interest on deposits in banks	217	184	166
Restricted stock dividends	46	53	49
Interest on investment securities	1,147	1,233	1,282
Total interest and dividend income	9,180	9,932	9,773
Interest expense			
Deposits	2,445	2,630	2,714
Short-term and long-term debt	547	648	767
Total interest expense	2,992	3,278	3,481
Net interest income	6,188	6,654	6,292
Provision for credit losses	700	(298)	304
Net interest income after provision for credit losses	5,488	6,952	5,988
Noninterest income:			
Service charges on deposit accounts	205	233	227
Gain (loss) on sale of securities	224	-	-
Gain on sale of foreclosed property	(1)	21	-
Insurance commissions	158	146	150
Gain on sale of Small Business Administration loans	-	-	-
Debit and credit card interchange income	261	289	272
Income from Small Business Investment Company	16	-	-
Income earned on bank owned life insurance	21	22	22
Other service charges and fees	124	117	88
Total noninterest income	1,008	828	759
Noninterest expenses:			
Salaries	2,228	2,309	2,354
Employee Benefits	307	353	335
Occupancy	365	324	300
Equipment	183	241	164
Data and Item Processing	594	593	615
Professional & Advertising	297	267	219
Stationary and Supplies	27	28	31
Telecommunications	77	81	80
FDIC Assessment	73	30	120
Other expense	521	545	491
Total noninterest expenses	4,672	4,771	4,709
Income before income taxes	1,824	3,009	2,038
Income tax expense	364	685	469
Net income and income available to common shareholders	\$ 1,460	\$ 2,324	\$ 1,569
Basic income per common share	\$ 0.53	\$ 0.85	\$ 0.57
Diluted income per common share	\$ 0.53	\$ 0.85	\$ 0.57
Basic weighted average shares outstanding	2,744,088	2,742,752	2,761,870
Diluted weighted average shares outstanding	2,744,088	2,742,752	2,761,870

OAK RIDGE FINANCIAL SERVICES, INC.

Selected Financial Data

	As Of Or For The Three Months Ended,				
	March 31, 2026	December 31, 2025	September 30, 2025	June 30, 2025	March 31, 2025
Return on average common stockholders' equity ¹	8.24%	13.39%	11.25%	14.13%	10.04%
Tangible book value per share	\$ 25.99	\$ 26.01	\$ 24.98	\$ 24.04	\$ 23.41
Return on average assets ¹	0.90%	1.37%	1.10%	1.32%	0.95%
Net interest margin ¹	3.98%	4.10%	4.18%	4.16%	3.97%
Efficiency ratio	64.9%	63.8%	59.0%	59.1%	66.8%
Nonperforming assets to total assets	1.42%	1.07%	0.84%	0.73%	0.67%
Allowance for credit losses to total loans	1.25%	1.17%	1.19%	1.10%	1.05%

¹Annualized