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For Immediate Release
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Oak Ridge Financial Services, Inc. Announces Second Quarter 2026 Results and Quarterly Cash Dividend of $0.16 Per Common Share

OAK RIDGE, N.C., July 31, 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 second quarter of 2026 and a quarterly cash dividend of $0.16 per common share.

Second Quarter 2026 Highlights

- Earnings per share of $0.79 for the three months ended June 30, 2026, compared to $0.81 for the same period in 2025, and $0.53 for the three months ended March 31, 2026.
- Annualized return on average equity of 12.10% for the three months ended June 30, 2026, compared to 14.13% for the same period in 2025, and 8.24% for the three months ended March 31, 2026.
- Dividends declared per common share of $0.16 for the three months ended June 30, 2026, compared to $0.14 for the same period in 2025.
- Tangible book value per common share of $26.83 as of June 30, 2026, compared to $24.04 as of June 30, 2025, and $25.99 as of March 31, 2026.
- Net interest margin of 4.51% for the three months ended June 30, 2026, the highest quarterly net interest margin in the Company's history, compared to 4.16% for the same period in 2025, and 3.98% for the three months ended March 31, 2026.
- Efficiency ratio of 61.8% for the three months ended June 30, 2026, compared to 59.1% for the same period in 2025, and 64.9% for the three months ended March 31, 2026.
- Loans receivable of $522.1 million as of June 30, 2026, down 2.6% from $535.7 million as of June 30, 2025, and up 1.7% from $513.4 million as of March 31, 2026.
- Nonperforming assets to total assets of 1.42% as of June 30, 2026, compared to 0.73% as of June 30, 2025, and 1.42% as of March 31, 2026.
- Nonperforming assets were $9.4 million at June 30, 2026, including 17 Small Business Administration (SBA) loans with an aggregate outstanding balance of $9.1 million, comprising a guaranteed balance of $7.0 million and nonguaranteed balances of $2.1 million. These loans 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 $101.0 million as of June 30, 2026, up 1.2% from $99.8 million as of June 30, 2025, and up 4.0% from $97.1 million as of March 31, 2026.
- Total deposits of $505.8 million as of June 30, 2026, down 7.6% from $547.5 million as of June 30, 2025, and down 6.6% from $541.6 million as of March 31, 2026.
- Total short-and long-term borrowings, junior subordinated notes, and subordinated debentures of $70.7 million as of June 30, 2026, up 35.4% from $52.2 million as of June 30, 2025, and up 100.7% from $35.2 million as of March 31, 2026.
- Total stockholders' equity of $74.3 million as of June 30, 2026, up 12.5% from $66.0 million as of June 30, 2025, and up 3.2% from $72.0 million as of March 31, 2026. At June 30, 2026, the Bank's Community Bank Leverage Ratio was 12.5%, up from 11.2% as of June 30, 2025.

Tom Wayne, Chief Executive Officer, stated, "We are pleased with our second quarter results, which rebounded strongly from the first quarter and reflect the fundamental strength of our franchise. While our earnings of $0.79 per share were slightly below the $0.81 reported in the same period in 2025 and up from $0.53 in the first quarter of 2026, our core performance remains excellent — anchored by a 4.51% net interest margin, an annualized return on average equity of 12.10%, and a strong capital position, with the Bank's Community Bank Leverage Ratio improving to 12.5%. While loans and deposits were down year-over-year, loans grew from year-end 2025, and substantially all of our nonperforming assets are SBA loans carried at net realizable value, while our non-SBA portfolio continues to demonstrate excellent 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."

Board of Directors

In a recent development, the Company announced the appointment of Paul Fedorkowicz to its Board of Directors. Mr. Fedorkowicz is a retired partner of Cherry Bekaert LLP and brings more than 30 years of leadership experience in public accounting, audit, corporate governance, and business operations.

Dividend Announcement

A quarterly cash dividend of $0.16 per share of common stock is payable on September 2, 2026 to stockholders of record as of the close of business on August 18, 2026. “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, 2026 and 2025, net interest income was $7.1 million and $6.8 million, respectively. For the three months ended June 30, 2026 and 2025, the net interest margin was 4.51% and 4.16%, respectively. On a linked-quarter basis, net interest income increased $0.9 million, or approximately 15%, from $6.2 million for the three months ended March 31, 2026, and the net interest margin expanded 53 basis points from 3.98%, representing the highest quarterly net interest margin in the Company’s history, primarily reflecting lower funding costs.

For the six months ended June 30, 2026, net interest income was $13.3 million, up from $13.1 million for the same period in 2025. The annualized net interest margin was 4.24%, up 18 basis points from 4.06% in the same period in 2025, due to a decrease in interest expense partially offset by a decrease in interest income.

Provision for Credit Losses

For the three months ended June 30, 2026 and 2025, the Company recorded provisions for credit losses of $241,000 and $402,000, respectively. On a linked-quarter basis, the provision for the second quarter of 2026 decreased $459,000 from $700,000 for the three months ended March 31, 2026, which had included a one-time general provision adjustment related to performing SBA loans. For the six months ended June 30, 2026 and 2025, the Company recorded provisions for credit losses of $941,000 and $706,000, respectively. The allowance for credit losses as a percentage of total loans was 1.28% and 1.11% on June 30, 2026 and 2025, respectively, and 1.25% on March 31, 2026.

Nonperforming assets represented 1.42% of total assets on June 30, 2026, compared to 0.73% on June 30, 2025, and 1.42% on March 31, 2026. The Bank’s nonperforming assets consist entirely of nonperforming loans; the Bank held no other real estate owned in any period presented. As of June 30, 2026, SBA loans represented approximately 19% of the Bank’s total loan portfolio. Nonperforming assets were $9.4 million at June 30, 2026, including 17 Small Business Administration (SBA) loans with an aggregate outstanding balance of $9.1 million, comprising a guaranteed balance of $7.0 million and a nonguaranteed balance of $2.1 million. These loans 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 $1.7 million. An additional $3.3 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 $4.1 million of 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

Noninterest income totaled $823,000 and $1.2 million for the three months ended June 30, 2026 and 2025, respectively. The most significant driver of the year-over-year decrease was the absence of gains recognized in the prior-year quarter — specifically, gains on the sale of investment securities of $42,000 and gains on the sale of SBA loans of $329,000 recognized in the three months ended June 30, 2025, with no comparable gains in the three months ended June 30, 2026. On a linked-quarter basis, noninterest income decreased $185,000 from $1.0 million for the three months ended March 31, 2026, primarily due to a $224,000 gain on the sale of investment securities recognized in the first quarter of 2026.

Noninterest income totaled $1.8 million and $2.0 million for the six months ended June 30, 2026 and 2025, respectively. This decrease was mainly due to no gains on the sale of SBA loans and gains on sale of investment securities of $223,000 in the six months ended June 30, 2026, compared to gains on the sale of SBA loans of $329,000 and gains on the sale of investment securities of $42,000 in the six months ended June 30, 2025.

Noninterest Expense

Noninterest expense totaled $4.9 million and $4.7 million for the three months ended June 30, 2026 and 2025, respectively, and totaled $9.6 million and $9.4 million for the six months ended June 30, 2026 and 2025, respectively. On a linked-quarter basis, noninterest expense increased $235,000 from $4.7 million for the three months ended March 31, 2026, primarily reflecting higher salaries expense.

Basis of Presentation

Certain amounts in the prior period financial statements have been reclassified to conform to the current period presentation. These reclassifications had no effect on previously reported net income, net income available to common shareholders, or stockholders' equity.

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

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

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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)

	June 30, 2026	March 31, 2026	December 31, 2025	June 30, 2025
ASSETS	(unaudited)	(unaudited)	(audited)	(unaudited)
Cash and due from banks	**$ 8,915**	$ 7,931	$ 8,840	$ 8,970
Interest-bearing deposits with banks	**4,130**	17,135	13,556	8,422
Total cash and cash equivalents	**13,045**	25,066	22,396	17,392
Securities available-for-sale	**85,692**	81,801	83,105	80,157
Securities held-to-maturity, net of allowance for credit losses	**15,265**	15,271	16,030	19,647
Restricted stock, at cost	**4,322**	2,585	3,059	3,383
Loans receivable	**522,058**	513,365	515,681	535,732
Allowance for credit losses	**(6,682)**	(6,425)	(6,030)	(5,921)
Net loans receivable	**515,376**	506,940	509,651	529,811
Property and equipment, net	**8,779**	8,834	8,900	8,747
Accrued interest receivable	**3,302**	3,183	3,217	3,582
Bank owned life insurance	**6,398**	6,377	6,356	6,312
Right-of-use assets – operating leases	**2,159**	2,244	2,328	2,486
Other assets	**6,299**	5,594	5,243	5,516
Total assets	**$ 660,637**	$ 657,895	$ 660,285	$ 677,033
LIABILITIES		-		
Noninterest-bearing deposits	**$ 135,002**	$ 136,466	$ 128,408	$ 131,805
Interest-bearing deposits	**370,745**	405,113	406,521	415,664
Total deposits	**505,747**	541,579	534,929	547,469
Federal Funds purchased	**-**	-	-	991
Short-term borrowings	**49,500**	14,000	24,000	24,000
Long-term borrowings	**7,000**	7,000	7,000	14,000
Junior subordinated notes – trust preferred	**8,248**	8,248	8,248	8,248
Subordinated debentures, net of discount	**6,000**	6,000	6,000	6,000
Lease liabilities – operating leases	**2,159**	2,244	2,328	2,486
Accrued interest payable	**585**	512	521	716
Other liabilities	**7,085**	6,269	5,968	7,077
Total liabilities	**586,324**	585,852	588,994	610,987
STOCKHOLDERS' EQUITY		-		
Common stock	**27,591**	27,383	27,274	27,043
Retained earnings	**46,660**	44,927	43,851	40,413
Net unrealized loss on debt securities, net of tax	**(443)**	(466)	313	(1,180)
Net unrealized loss on hedging derivative instruments, net of tax	**505**	199	(147)	(230)
Total accumulated other comprehensive loss	**62**	(267)	166	(1,410)
Total stockholders' equity	**74,313**	72,043	71,291	66,046
Total liabilities and stockholders' equity	**$ 660,637**	$ 657,895	$ 660,285	$ 677,033
Common shares outstanding	**2,770,250**	2,772,150	2,741,350	2,747,170
Common shares authorized	**50,000,000**	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, 2026	March 31, 2026	June 30, 2025	June 30, 2026	June 30, 2025
Interest and dividend income:					
Loans and fees on loans	**$ 8,555**	$ 7,770	$ 8,726	**$ 16,325**	$ 17,002
Interest on deposits in banks	**91**	217	199	**308**	365
Restricted stock dividends	**53**	46	63	**100**	112
Interest on investment securities	**1,144**	1,147	1,224	**2,291**	2,506
Total interest and dividend income	**9,843**	9,180	10,212	**19,024**	19,985
Interest expense					
Deposits	**2,027**	2,445	2,684	**4,472**	5,398
Short-term and long-term debt	**703**	547	759	**1,250**	1,526
Total interest expense	**2,730**	2,992	3,443	**5,722**	6,924
Net interest income	**7,113**	6,188	6,769	**13,302**	13,061
Provision for credit losses	**241**	700	402	**941**	706
Net interest income after provision for credit losses	**6,872**	5,488	6,367	**12,361**	12,355
Noninterest income:					
Service charges on deposit accounts	**204**	205	229	**409**	456
Gain (loss) on sale of securities	**-**	224	42	**223**	42
Gain on sale of foreclosed property	**-**	(1)	-	**(1)**	-
Insurance commissions	**160**	158	188	**318**	339
Gain on sale of Small Business Administration loans	**-**	-	329	**-**	329
Debit and credit card interchange income	**292**	261	297	**554**	568
Income from Small Business Investment Company	**24**	16	15	**40**	15
Income earned on bank owned life insurance	**21**	21	22	**41**	44
Other service charges and fees	**122**	124	127	**246**	215
Total noninterest income	**823**	1,008	1,249	**1,830**	2,008
Noninterest expenses:					
Salaries	**2,564**	2,228	2,423	**4,792**	4,777
Employee Benefits	**312**	307	367	**619**	702
Occupancy	**262**	365	271	**627**	572
Equipment	**192**	183	209	**375**	373
Data and Item Processing	**512**	594	436	**1,105**	1,050
Professional & Advertising	**274**	297	220	**571**	439
Stationary and Supplies	**28**	27	29	**55**	60
Telecommunications	**70**	77	101	**147**	180
FDIC Assessment	**80**	73	120	**153**	240
Other expense	**613**	521	560	**1,135**	1,052
Total noninterest expenses	**4,907**	4,672	4,736	**9,579**	9,445
Income before income taxes	**2,788**	1,824	2,880	**4,612**	4,918
Income tax expense	**612**	364	644	**976**	1,113
Net income and income available to common shareholders	**$ 2,176**	$ 1,460	$ 2,236	**$ 3,636**	$ 3,805
Basic income per common share	**$ 0.79**	$ 0.53	$ 0.81	**$ 1.32**	$ 1.39
Diluted income per common share	**$ 0.79**	$ 0.53	$ 0.81	**$ 1.32**	$ 1.39
Basic weighted average shares outstanding	**2,770,736**	2,744,088	2,747,170	**2,757,412**	2,747,170
Diluted weighted average shares outstanding	**2,770,736**	2,744,088	2,747,170	**2,757,412**	2,747,170

OAK RIDGE FINANCIAL SERVICES, INC.
Selected Financial Data

	As Of Or For The Three Months Ended,				
	June 30, 2026	March 31, 2026	December 31, 2025	September 2025	June 30, 2025
Return on average common stockholders' equity[1]	12.10%	8.24%	13.39%	11.25%	14.13%
Tangible book value per share	$ 26.83	$ 25.99	$ 26.01	$ 24.98	$ 24.04
Return on average assets[1]	1.32%	0.90%	1.37%	1.10%	1.32%
Net interest margin[1]	4.51%	3.98%	4.10%	4.18%	4.16%
Efficiency ratio	61.8%	64.9%	63.8%	59.0%	59.1%
Nonperforming assets to total assets	1.42%	1.42%	1.07%	0.84%	0.73%
Allowance for credit losses to total loans	1.28%	1.25%	1.17%	1.19%	1.11%

[1]Annualized