



For Immediate Release

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Oak Ridge Financial Services, Inc. Announces Third Quarter 2024 Results and Quarterly Cash Dividend of \$0.12 Per Share

OAK RIDGE, N.C., October 31, 2024 (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 third quarter of 2024.

Third Quarter 2024 Highlights

- **Earnings per share** of \$0.54, compared to \$0.46 for the prior quarter and \$0.55 for the third quarter of 2023.
- **Return on equity** of 9.56%, compared to 8.57% for the prior quarter and 10.63% for the third quarter of 2023.
- **Dividends declared per common share** of \$0.12, unchanged from the prior quarter and up 20% from the third quarter of 2023.
- **Tangible book value per common share** of \$22.78 as of quarter end, compared to \$21.95 at the end of the prior quarter, and \$20.26 at the end of the comparable period in 2023.
- **Net interest margin** of 3.81%, unchanged from the prior quarter and 3.83% for the third quarter of 2023.
- **Efficiency ratio** of 67.9%, compared to 70.0% for the prior quarter and 68.7% for the comparable period in 2023.
- **Loans receivable** of \$505.5 million at quarter end, up 11.1% (annualized) from \$466.8 million as of the prior year end, and up 11.2% from \$454.5 million at the comparable quarter end in 2023.
- **Nonperforming assets to total assets** of 0.45% at quarter end, compared to 0.08% as of the prior quarter end and 0.08% at the comparable quarter end in 2023.
- **Nonperforming assets** were \$2.9 million at quarter end, compared to \$542,000 as of the prior quarter end and \$412,000 at the comparable quarter end in 2023. \$2.2 million of the total \$2.4 million increase in nonperforming assets from the prior quarter end to the current quarter end were due to the guaranteed and nonguaranteed balances of four Small Business Administration ("SBA") 7(a) loans moving to nonaccrual status during the third quarter of 2024. The balance of nonperforming loans **guaranteed** by the SBA was \$1.8 million at quarter end, with no balances as of the prior quarter end and the comparable quarter end in 2023.
- **Securities available-for-sale and held-to maturity** of \$102.4 million at quarter end, down 9.8% (annualized) from \$110.6 million as of the prior year end, and down 5.9% from \$108.9 million at the comparable quarter end in 2023.
- **Total deposits** of \$510.5 million at quarter end, up 4.7% (annualized) from \$493.1 million as of the prior year end, and up 6.5% from \$477.9 million at the comparable quarter end in 2023.
- **Total short and long-term borrowings, junior subordinated notes, and subordinated debentures** of \$70.2 million at quarter end, up 27.6% (annualized) from \$58.2 million as of the prior year end, and up 3.0% from \$68.2 million at the comparable quarter end in 2023.
- **Total stockholders' equity** of \$62.9 million at quarter end, up 7.3% (annualized) from \$58.3 million as of the prior quarter end, and up 6.9% from \$55.3 million at the comparable quarter end in 2023. At September 30, 2024, the Bank's Community Bank Leverage Ratio (CBLR) was 11.1%, down slightly from 11.2% at December 31, 2023. A bank or savings institution electing to use the CBLR will generally be considered well-capitalized and to have met the risk-based and leverage capital requirements of the capital regulations if it has a leverage ratio greater than 9.0%.

Tom Wayne, Chief Executive Officer, announced, "While our earnings per share in the third quarter of 2024 decreased compared to the comparable 2023 period, they increased from the previous quarter. We had double-digit annualized loan growth from the 2023-year end and the comparable quarter end in 2023, funded by a mix of deposits and borrowings. Despite a rise in nonperforming assets of \$2.4 million from the previous quarter, \$2.3 million and \$1.8 million of this increase pertains to the total and guaranteed balances, respectively, of four SBA loans which are also secured by real estate and personal guarantees. Our net interest margin remained stable and strong in the current quarter, with our capital and liquidity positions remaining solid at quarter end. Oak Ridge is dedicated to fostering and expanding comprehensive client relationships, offering long-term core deposit and lending solutions, alongside various products and services tailored to our clients' financial goals. We are immensely proud of our team and grateful for their dedication to serving our clients and ensuring the Bank's safe and sound management."

The Company adopted and implemented a share repurchase program in the third quarter of 2024. There were no shares repurchased during the third quarter of 2024. Between September 30, 2024, and October 30, 2024, the Company repurchased a total of 16,700 shares for \$321,000.

A quarterly cash dividend of \$0.12 per share of common stock is payable on December 3, 2024, to stockholders of record as of the close of business on November 15, 2024, which represents the 24th consecutive quarterly dividend paid by the Company. "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."

For the three months ended September 30, 2024, and 2023, net interest income was \$6.0 million and \$5.6 million, respectively. For the three months ended September 30, 2024, the annualized net interest margin was 3.81% compared to 3.83% for the third quarter of 2023, a decrease of two basis points. For the nine months ended September 30, 2024, and 2023, net interest income was \$17.5 million and \$16.4 million, respectively. For the nine months ended September 30, 2024, the annualized net interest margin was 3.80% compared to 3.88% in the same period in 2023, a decrease of eight basis points.

For the three months ended September 30, 2024, the Company recorded a provision for credit losses of \$261,000, compared to a provision for credit losses of \$137,000 in the third quarter of 2023. For the nine months ended September 30, 2024, the Company recorded a provision for credit losses of \$848,000, compared to a provision for credit losses of \$295,000 for the same period in 2023. The allowance for credit losses as a percentage of total loans was 1.06% at September 30, 2024, compared to 1.05% at December 31, 2023. Nonperforming assets represented 0.45% of total assets on September 30, 2024, compared to 0.07% on December 31, 2023. The recorded balances of nonperforming loans were \$2.9 million on September 30, 2024, compared to \$418,000 on December 31, 2023. The increase in nonperforming loans from December 31, 2023, was primarily attributable to four SBA 7(a) loans totaling \$2.3 million moving to nonaccrual status during the third quarter of 2024, of which \$1.8 million is guaranteed by the SBA.

Noninterest income totaled \$924,000 for the three months ended September 30, 2024, compared to \$1.1 million for the third quarter of 2023. There were increases and decreases in components of noninterest income from the third quarter of 2023 to the comparable quarter of 2024, with the following category significantly contributing to the overall net decrease: there were no gains on sale(s) of SBA loans during the third quarter of 2024, compared to gains of \$147,000 in the third quarter of 2023. The Company retained all its third quarter 2024 originations of SBA loans for balance sheet management purposes, while selling the guaranteed portion for most SBA loans originated in the third quarter of 2023.

Noninterest income totaled \$2.5 million for the nine months ended September 30, 2024, compared to \$3.0 million for the comparable period in 2023. There were increases and decreases in components of noninterest income from the first nine months of 2023 to the comparable period 2024, with the following category significantly contributing to the overall net decrease: There were no gains on sale(s) of SBA loans during the first nine months of 2024, compared to gains of \$475,000 in the comparable period in 2023. The Company retained all its 2024 originations of SBA loans for balance sheet management purposes, while selling the guaranteed portion for most SBA loans originated in the first nine months of 2023.

Noninterest expense totaled \$4.7 million for the three months ended September 30, 2024, compared to \$4.6 million for the comparable period in 2023. There were increases and decreases in components of noninterest expense from 2023 to 2024, with the following category significantly contributing to the overall net increase: Salaries were \$2.3 million for the three months ended September 30, 2024, compared to \$2.2 million for the comparable period in 2023. The increase in salaries is mostly due to annual merit increases to employees effective April 1, 2024. Occupancy expenses were \$658,000 for the three months ended September 30, 2024, compared to \$250,000 in the comparable period in 2023. The increase in occupancy expense is mostly due to higher property maintenance expenses in 2024 compared to 2023. Equipment expense was \$143,000 for the three months ended September 30, 2024, compared to \$208,000 in the comparable period in 2023. The decrease in equipment expense is mostly due to lower equipment depreciation expense in 2024 compared to 2023. Professional and advertising expenses were \$332,000 for the three months ended September 30, 2024, compared to \$379,000 in the comparable period in 2023. The decrease in professional and advertising expenses is mostly due to decreases in information technology contracted services in 2024 compared to 2023. Telecommunications expense was \$71,000 for the three months ended September 30, 2024, compared to \$135,000 in the comparable period in 2023. The decrease in telecommunications expense is mostly due to the reduction in unnecessary or redundant telecommunications expenses.

Noninterest expense totaled \$13.7 million and \$13.6 million for the nine months ended September 30, 2024, and 2023, respectively. There were increases and decreases in components of noninterest expense from 2023 to 2024, with the following categories significantly contributing to the overall net increase of \$31,000: Equipment expense was \$461,000 for the nine months ended September 30, 2024, compared to \$658,000 in the comparable period in 2023. The decrease in equipment expense is mostly due to lower equipment depreciation expense in 2024 compared to 2023. Occupancy expenses were \$1.0 million for the nine months ended September 30, 2024, compared to \$819,000 in the comparable period in 2023. The increase in occupancy expense is mostly due to higher property maintenance expenses in 2024 compared to 2023. Data and items processing expense was \$1.7 million for the nine months ended September 30, 2024, compared to \$1.5 million in the comparable period in 2023. The increase in data and items processing expense is mostly due to higher software licensing fees from our core processing vendor. Professional and advertising expenses were \$951,000 for the nine months ended September 30, 2024, compared to \$1.1 million in the comparable period in 2023. The decrease in professional and advertising expenses is mostly due to decreases in information technology contracted services in 2024 compared to 2023. Telecommunications expense was \$213,000 for the nine months ended September 30, 2024, compared to \$390,000 in the comparable period in 2023. The decrease in telecommunications expense is mostly due to the reduction in unnecessary or redundant telecommunications expenses.

Many communities in western North Carolina suffered significant damage from Hurricane Helene. Currently, it appears that our customers, who are predominantly located in the Piedmont Triad area of North Carolina, have been largely unaffected. The Bank made monetary donations to two organizations and our employees have donated critical supplies to support hurricane Helene relief efforts in western North Carolina.

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

At 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 | 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, 2024	December 31, 2023	September 30, 2023
	(unaudited)	(audited)	(unaudited)
ASSETS			
Cash and due from banks	\$ 10,522	\$ 7,792	\$ 9,182
Interest-bearing deposits with banks	11,308	12,633	15,294
Total cash and cash equivalents	21,830	20,425	24,476
Securities available-for-sale	83,769	91,849	90,148
Securities held-to-maturity, net of allowance for credit losses	18,668	18,706	18,720
Restricted stock, at cost	4,006	2,404	2,828
Loans receivable	505,521	466,796	454,521
Allowance for credit losses	(5,354)	(4,920)	(4,808)
Net loans receivable	500,167	461,876	449,713
Property and equipment, net	8,827	8,366	8,523
Accrued interest receivable	3,098	2,580	2,427
Bank owned life insurance	6,244	6,178	6,155
Right-of-use assets – operating leases	2,242	2,466	2,537
Other assets	4,614	4,544	5,735
Total assets	\$ 653,465	\$ 619,394	\$ 611,262
LIABILITIES			
Noninterest-bearing deposits	\$ 114,152	\$ 99,702	\$ 106,981
Interest-bearing deposits	396,346	393,442	370,881
Total deposits	510,498	493,144	477,862
Short-term borrowings	52,000	40,000	50,000
Long-term borrowings	-	-	-
Junior subordinated notes – trust preferred securities	8,248	8,248	8,248
Subordinated debentures, net of discount	9,973	9,943	9,933
Lease liabilities – operating leases	2,242	2,466	2,537
Accrued interest payable	1,021	1,154	1,094
Other liabilities	6,580	6,092	6,235
Total liabilities	590,562	561,047	555,909
STOCKHOLDERS' EQUITY			
Common stock	27,100	26,736	26,603
Retained earnings	36,575	33,364	32,161
Net unrealized loss on debt securities, net of tax	(412)	(1,580)	(3,827)
Net unrealized loss on hedging derivative instruments, net of tax	(360)	(173)	416
Total accumulated other comprehensive loss	(772)	(1,753)	(3,411)
Total stockholders' equity	62,903	58,347	55,353
Total liabilities and stockholders' equity	\$ 653,465	\$ 619,394	\$ 611,262
Common shares outstanding	2,761,870	2,732,720	2,732,020
Common shares authorized	50,000,000	50,000,000	50,000,000

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

	As of or For The Three Months Ended,				
	September 30, 2024	June 30, 2024	March 31, 2024	December 31, 2023	September 30, 2023
Return on average common stockholders' equity ¹	9.56%	8.57%	9.31%	10.44%	10.63%
Tangible book value per share	\$ 22.78	\$ 21.95	\$ 21.56	\$ 21.35	\$ 20.26
Return on average assets ¹	0.91%	0.80%	0.88%	0.95%	0.98%
Net interest margin ¹	3.81%	3.81%	3.79%	3.79%	3.83%
Efficiency ratio	67.9%	70.0%	68.3%	65.2%	68.7%
Nonperforming assets to total assets	0.45%	0.08%	0.06%	0.07%	0.07%
Allowance for credit losses to total loans	1.06%	1.06%	1.03%	1.05%	1.06%