



For Immediate Release

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

OAK RIDGE, N.C., January 30, 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"), announced unaudited financial results for the fourth quarter and full year of 2024, and a quarterly cash dividend of \$0.12 per share.

Full Year 2024 Highlights

- **Earnings per share** of \$2.06 for 2024, compared to \$2.10 for 2023.
- **Return on equity** of 9.27% for 2024, compared to 10.38% for 2023.
- **Dividends declared per common share** of \$0.44 for 2024, compared to \$0.30 for 2023.
- **Tangible book value per common share** of \$23.02 as of year-end 2024, compared to \$22.78 at the end of the prior quarter-end, and \$21.36 as of year-end 2023.
- **Net interest margin** of 3.83% for 2024, compared to 3.86% for 2023.
- **Efficiency ratio** of 67.7% for 2024, compared to 68.8% for 2023.
- **Loans receivable** of \$508.4 million as of December 31, 2024, up 6.9% (annualized) from \$500.2 million as of the prior quarter-end, and up 10.2% from \$461.9 million as of December 31, 2023.
- **Nonperforming assets to total assets** of 0.53% as of December 31, 2024, compared to 0.45% as of the prior quarter-end and 0.07% as of December 31, 2023.
- **Nonperforming assets** were \$3.5 million as of December 31, 2024, compared to \$2.9 million as of the prior quarter-end and \$461,000 as of December 31, 2023. \$2.8 million of the \$3.0 million increase in nonperforming assets from the prior year end to the current year end were due to the guaranteed and nonguaranteed balances of six Small Business Administration ("SBA") 7(a) loans that moved to nonaccrual status during the third and fourth quarters of 2024. The balances as of December 31, 2024, of SBA nonperforming loans **guaranteed** and **unguaranteed** by the SBA were \$2.1 million and \$700,000, respectively.
- **Securities available-for-sale and held-to maturity** of \$104.4 million as of year-end 2024, up 7.5% (annualized) from \$102.4 million as of the prior quarter-end, and down 5.6% from \$110.6 million as of year-end 2023.
- **Total deposits** of \$531.3 million at quarter-end end, up 16.2% (annualized) from \$510.5 million as of the prior quarter-end, and up 7.7% from \$493.1 million as of year-end 2023.
- **Total short and long-term borrowings, junior subordinated notes, and subordinated debentures** of \$58.2 million at quarter-end end, down 67.96% (annualized) from \$70.2 million as of the prior quarter-end, and unchanged from \$58.2 million as of year-end 2023.
- **Total stockholders' equity** of \$63.0 million as of year-end 2024, up 0.6% (annualized) from \$62.9 million as of the prior quarter-end, and up 8.0% from \$58.3 million as of year-end 2023. At December 31, 2024, the Bank's Community Bank Leverage Ratio (CBLR) was 11.04%, down slightly from 11.18% as of 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 applicable capital regulations if it has a leverage ratio greater than 9.0%.
- Ranked #8 in 2024 North Carolina Small Business Administration (SBA) 7(a) loan production.
- Recognized as one of American Banker's Top 100 Publicly Traded Community Banks under \$2 billion in assets. The rankings were based on three-year return on average equity (ROAE), a key measure of shareholder return, for 2021 to 2023.

Tom Wayne, Chief Executive Officer, announced, "While our full-year earnings per share for 2024 decreased slightly to \$2.06 compared to \$2.10 for 2023, we saw significant positive developments. In 2024, we achieved loan growth of 10.2%, alongside strong deposit growth of 7.7%. Our tangible book value per common share increased to \$23.02, up from \$21.36 at the previous year-end. We declared cash dividends of \$0.44 per common share, up from \$0.30 in 2023. We implemented a 50,000 share repurchase program and repurchased 25,100 shares during 2024. Our net interest margin remained stable at 3.83% for 2024, and our capital and liquidity positions remained strong. Despite an increase in nonperforming assets to \$3.5 million at the end of 2024, \$2.8 million of this was due to six SBA loans moving to nonaccrual status, with \$2.1 million guaranteed by the SBA. We are pleased to be ranked #8 in North Carolina for SBA 7(a) loan production and recognized among American Banker's Top 100 Publicly Traded Community Banks under \$2 billion in assets. We owe these accomplishments to our dedicated employees and the invaluable support of our Board of Directors. I am thankful for their continued commitment to serving our clients and ensuring the Bank's enduring strength and success."

A quarterly cash dividend of \$0.12 per share of common stock will be paid on March 3, 2025, to stockholders of record as of the close of business on February 18, 2025, which represents the 25th 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."

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. During the fourth quarter of 2024, the Company repurchased a total of 25,100 shares for \$321,000.

For 2024 and 2023, net interest income was \$23.7 million and \$22.1 million, respectively, and the net interest margin was 3.83% in 2024 compared to 3.86% in 2023, a decrease of three basis points. For the three months ending December 31, 2024 and 2023, net interest income was \$6.3 million and \$5.7 million, respectively. For the three months ending December 31, 2024, the net interest margin increased 13 basis points to 3.92%, compared to 3.79% in 2023.

For 2024, the Company recorded a provision for credit losses of \$1.4 million, compared to a provision for credit losses of \$727,000 in 2023. For the three months ending December 31, 2024, the Company recorded a provision for credit losses of \$514,000, compared to a provision for credit losses of \$432,000 in the same period in 2023. The allowance for credit losses as a percentage of total loans was 1.05% on December 31, 2024 and 2023. Nonperforming assets represented 0.53% of total assets on December 31, 2024, compared to 0.07% on December 31, 2023. The recorded balances of nonperforming loans were \$3.5 million on December 31, 2024, compared to \$461,000 on December 31, 2023. The \$3.0 million increase in nonperforming loans from December 31, 2023 to December 31, 2024, was primarily attributable to six SBA 7(a) loans totaling \$2.8 million moving to nonaccrual status during the third quarter of 2024, of which \$2.1 million is guaranteed by the SBA. The SBA loans are also secured by real estate and personal guarantees.

Noninterest income totaled \$3.2 million and \$3.9 million for 2024 and 2023, respectively. There were increases and decreases in components of noninterest income from 2023 to 2024, with the following categories significantly contributing to the overall net decrease: Service charges on deposit accounts were \$234,000 for 2024 compared to \$169,000 in 2023. The increase was due to a new deposit account fee established in 2024 that was not in effect during 2023. Income from Small Business Investment Company investments were \$211,000 for 2024 compared to \$395,000 in 2023. The Company received fewer income distributions from Small Business Investment Company investments in 2024 compared to 2023. Other service charges and fees were \$380,000 for 2024 compared to \$524,000 in 2023. The decrease is due to fees realized on a sold deposit relationship in 2023 with no comparable fees in 2024.

Noninterest income totaled \$784,000 and \$918,000 for the three months ended December 31, 2024 and 2023, respectively. There were increases and decreases in components of noninterest income from 2023 to 2024, with the following categories significantly contributing to the overall net decrease: Service charges on deposit accounts were \$836,000 for the quarter ended December 31, 2024, compared to \$628,000 in the 2023 quarter. The increase was due to a new deposit account fee established in 2024. Income from Small Business Investment Company investments was \$209,000 for the quarter ended December 31, 2023, with no comparable income in 2024. The Company received fewer income distributions from Small Business Investment Company investments in 2024 compared to the 2023 quarter.

Noninterest expense totaled \$18.3 million and \$17.9 million for 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 \$409,000: Occupancy expense was \$1.3 million for 2024 compared to \$1.1 million in 2023. The increase in occupancy expense is mostly due to higher property maintenance expenses in 2024 compared to 2023. Equipment expense was \$595,000 for 2024 compared to \$872,000 for 2023. The decrease in equipment expense is mostly due to lower equipment depreciation expense in 2024 compared to 2023. Data and items processing expense was \$2.3 million for 2024 compared to \$2.0 million for 2023. The increase in data and items processing expense is mostly due to higher software licensing fees paid or payable to our core processing vendor. Professional and advertising expenses were \$1.2 million for 2024 compared to \$1.4 million for 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 \$278,000 for 2024 compared to \$438,000 for 2023. The decrease in telecommunications expense is mostly due to the reduction in unnecessary or redundant telecommunications expenses.

Noninterest expense totaled \$4.7 million and \$4.3 million for the three months ended December 31, 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 \$267,000: Salaries were \$2.2 million for the three months ended December 31, 2024, compared to \$2.1 million for 2023. The increase in salaries is mostly due to higher salaries and incentive payments to employees for the three months ended December 31, 2024, compared to the same period in 2023. Employee benefits were \$370,000 for the three months ended December 31, 2024, compared to \$270,000 for 2023. The increase in employee benefits is mostly due to higher expenses related to the Bank's employee stock ownership plan and employee benefits for the three months ended December 31, 2024, compared to the same period in 2023. Occupancy expenses were \$321,000 for the three months ended December 31, 2024 compared to \$274,000 for 2023. The increase in occupancy expense is mostly due to higher property maintenance expenses in the three months ended December 31, 2024 compared to the same period in 2023. Equipment expense was \$134,000 for the three months ended December 31, 2024 compared to \$214,000 for 2023. The decrease in equipment expense is mostly due to lower equipment depreciation expense in the three months ended December 31, 2024, compared to 2023. Data and items processing expense was \$602,000 for the three months ended December 31, 2024 compared to \$494,000 for 2023. The increase in data and items processing expense is mostly due to higher software licensing fees paid or payable to our core processing vendor.

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

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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)

	December 31, 2024	September 30, 2024	December 31, 2023
	(unaudited)	(unaudited)	(audited)
ASSETS			
Cash and due from banks	\$ 8,075	\$ 10,522	\$ 7,792
Interest-bearing deposits with banks	13,102	11,308	12,633
Total cash and cash equivalents	21,177	21,830	20,425
Securities available-for-sale	85,714	83,769	91,849
Securities held-to-maturity, net of allowance for credit losses	18,662	18,668	18,706
Restricted stock, at cost	3,439	4,006	2,404
Loans receivable	514,292	505,521	466,796
Allowance for credit losses	(5,388)	(5,354)	(4,920)
Net loans receivable	508,904	500,167	461,876
Property and equipment, net	8,664	8,827	8,366
Accrued interest receivable	3,135	3,098	2,580
Bank owned life insurance	6,268	6,244	6,178
Right-of-use assets – operating leases	2,166	2,242	2,466
Other assets	5,553	4,613	4,544
Total assets	\$ 663,682	\$ 653,464	\$ 619,394
LIABILITIES			
Noninterest-bearing deposits	\$ 119,851	\$ 114,152	\$ 99,702
Interest-bearing deposits	411,464	396,346	393,442
Total deposits	531,315	510,498	493,144
Short-term borrowings	18,000	52,000	40,000
Long-term borrowings	22,000	-	-
Junior subordinated notes – trust preferred securities	8,248	8,248	8,248
Subordinated debentures, net of discount	9,983	9,973	9,943
Lease liabilities – operating leases	2,166	2,242	2,466
Accrued interest payable	709	1,021	1,154
Other liabilities	6,546	6,579	6,091
Total liabilities	600,692	590,561	561,046
STOCKHOLDERS' EQUITY			
Common stock	26,733	27,100	26,736
Retained earnings	37,771	36,575	33,365
Net unrealized loss on debt securities, net of tax	(1,771)	(412)	(1,580)
Net unrealized gain (loss) on hedging derivative instruments, net of tax	257	(360)	(173)
Total accumulated other comprehensive loss	(1,514)	(772)	(1,753)
Total stockholders' equity	62,990	62,903	58,348
Total liabilities and stockholders' equity	\$ 663,682	\$ 653,464	\$ 619,394
Common shares outstanding	2,736,770	2,732,720	2,732,020
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			For the year ended	
	December 31, 2024	September 30, 2024	December 31, 2023	December 31, 2024	December 31, 2023
Interest and dividend income:					
Loans and fees on loans	\$ 8,212	\$ 7,971	\$ 6,999	\$ 31,076	\$ 25,150
Interest on deposits in banks	217	275	240	887	903
Restricted stock dividends	64	67	45	241	186
Interest on investment securities	1,279	1,402	1,493	5,578	5,215
Total interest and dividend income	9,772	9,715	8,777	37,782	31,454
Interest expense					
Deposits	2,700	2,758	2,168	10,268	6,242
Short-term and long-term debt	786	961	925	3,777	3,155
Total interest expense	3,486	3,719	3,093	14,045	9,397
Net interest income	6,286	5,996	5,684	23,737	22,057
Provision for credit losses	514	261	432	1,361	727
Net interest income after provision for credit losses	5,772	5,735	5,252	22,376	21,330
Noninterest income:					
Service charges on deposit accounts	234	231	169	836	628
Gain on sale of securities	19	-	-	19	77
Brokerage commissions on mortgage loans	-	-	-	-	43
Insurance commissions	125	169	121	553	462
Gain on sale of Small Business Administration loans	-	-	-	-	475
Debit and credit card interchange income	285	292	301	1,174	1,225
Income from Small Business Investment Company investments	-	111	209	211	395
Income earned on bank owned life insurance	23	23	23	90	82
Other Service Charges and Fees	98	98	95	380	524
Total noninterest income	784	924	918	3,263	3,911
Noninterest expenses:					
Salaries	2,198	2,287	2,112	8,962	8,777
Employee Benefits	370	310	270	1,294	1,177
Occupancy	321	358	274	1,325	1,092
Equipment	134	143	214	595	872
Data and Item Processing	602	607	494	2,255	1,959
Professional & Advertising	298	332	295	1,249	1,377
Stationary and Supplies	21	32	36	131	129
Telecommunications	65	71	48	278	438
FDIC Assessment	118	118	110	460	418
Other expense	441	438	448	1,711	1,612
Total noninterest expenses	4,568	4,696	4,301	18,260	17,851
Income before income taxes	1,988	1,963	1,869	7,379	7,390
Income tax expense	461	460	392	1,706	1,648
Net income and income available to common	\$ 1,527	\$ 1,503	\$ 1,477	\$ 5,673	\$ 5,742
Basic income per common share	\$ 0.56	\$ 0.54	\$ 0.54	\$ 2.06	\$ 2.10
Diluted income per common share	\$ 0.56	\$ 0.54	\$ 0.54	\$ 2.06	\$ 2.10
Basic weighted average shares outstanding	2,744,609	2,761,870	2,732,720	2,752,991	2,728,094
Diluted weighted average shares outstanding	2,744,609	2,761,870	2,732,720	2,752,991	2,728,094

	As Of Or For The Three Months Ended,				
	December 31, 2024	September 30, 2024	June 30, 2024	March 31, 2024	December 31, 2023
Return on average common stockholders' equity ¹	9.63%	9.56%	8.57%	9.31%	10.44%
Tangible book value per share	\$ 23.02	\$ 22.78	\$ 21.95	\$ 21.56	\$ 21.36
Return on average assets ¹	0.91%	0.91%	0.80%	0.88%	0.95%
Net interest margin ¹	3.92%	3.81%	3.81%	3.79%	3.79%
Efficiency ratio	64.6%	67.9%	70.0%	68.3%	65.2%
Nonperforming assets to total assets	0.53%	0.45%	0.08%	0.06%	0.07%
Allowance for credit losses to total loans	1.05%	1.06%	1.06%	1.03%	1.05%

¹Annualized