



ODNB Financial Corporation Announces Fourth Quarter 2024 Earnings; Record Quarterly Pretax Income of \$2.4 Million as Net Interest Income and Margin Continue to Improve

TYSONS CORNER, Va., January 30, 2025 – ODNB Financial Corporation (“ODNB” or the “Company”), the holding company for Old Dominion National Bank (the “Bank”) and its Centre 1st Bank division (“Centre 1st Bank”), reported financial results for the fourth quarter and year ended December 31, 2024.

“Our ability to deliver nine consecutive years of healthy balance sheet growth, is the product of our commitment to serve the dynamic needs of sophisticated local customers who value our team’s unmatched expertise and responsiveness,” Chief Executive Officer and Chairman Mark Merrill said. “With our significant earnings, revenue and net interest margin growth in the fourth quarter, we begin 2025 with strong asset quality, capital and liquidity positions that will position us to continue the profitable growth of our in-market lending and core deposit franchises for the benefit of our shareholders, customers, and community.”

Selected Highlights

- **Earnings Accelerating** – Net income grew to \$2.1 million in the quarter, compared to \$1.3 million in the third quarter of 2024 and \$1.4 million in the fourth quarter of 2023. Non-GAAP net income, excluding non-recurring items, was \$2.3 million for the fourth quarter of 2024, compared to \$1.2 million in the linked quarter and \$1.4 million in the prior year same quarter. Pretax income was a record \$2.4 million in the fourth quarter of 2024.
- **Increased Revenue** – Net interest income grew to \$9.0 million in the quarter, increasing \$549 thousand or 6.5% from the third quarter of 2024, and \$1.7 million or 23.0% from the fourth quarter of 2023. Net interest income grew to \$32.4 million for the year ended December 31, 2024, increasing \$3.2 million or 11.1% from one year ago.
- **Margin Expansion** – Net interest margin (“NIM”) expanded to 2.64% in the quarter, up 8 basis points from the third quarter of 2024 and 19 basis points from the fourth quarter of 2023.
- **Loan Growth** – Loans grew to a record \$1.18 billion at period end, increasing \$24.7 million or 8.5% annualized during the quarter and \$140.2 million or 13.4% from December 31, 2023. The Company continues to emphasize relationship-based lending to small- and mid-sized businesses, entrepreneurs and individuals in Northern Virginia and the Washington, D.C. metropolitan area, Pennsylvania, and Central Virginia.
- **Valuable Core Deposit Franchise** – Deposits grew to a record \$1.13 billion at period end, increasing \$37.0 million or 13.6% annualized during the quarter and \$141.4 million or 14.4% from December 31, 2023. Non-interest bearing deposits represented 21.1% of total deposits.
- **Pristine Asset Quality** – The Company had no non-accrual loans or other real estate owned assets (“OREO”) at December 31, 2024. The Company released \$176 thousand of provision for credit losses during the quarter as a result of improved economic forecasts in the quantitative portion of the Current Expected Credit Losses (“CECL”) model and the strong credit quality of our loan portfolio.

- **Tangible Book Value Per Share Increase** – Tangible book value per share grew to \$11.66 at December 31, 2024, from \$11.54 at September 30, 2024, and \$11.25 at December 31, 2023. Non-GAAP tangible book value per share, which excludes accumulated other comprehensive income (“AOCI”) was \$12.14 per share at December 31, 2024.
- **Sound, Well Capitalized Balance Sheet** – The Bank’s regulatory capital ratios remain well in excess of thresholds required to be considered “well capitalized,” with total risk-based capital to risk-weighted assets of 13.69% at December 31, 2024. The tangible common equity (“TCE”) to the tangible assets (“TA”) ratio for the Company was 9.61% at December 31, 2024.

Operating Results

Net interest income was \$9.0 million for the fourth quarter of 2024, compared to \$8.4 million in the linked quarter and \$7.3 million for the fourth quarter of 2023. Net interest income was \$32.4 million for the year ended December 31, 2024, compared to \$29.1 million for the year ended December 31, 2023. Net interest income growth reflected the Company’s larger balance sheet and increases in interest income that outpaced interest expense.

NIM increased to 2.64% in the fourth quarter of 2024, up 8 basis points from 2.56% in the linked quarter and 19 basis points from 2.45% in the prior year period. Full year NIM was 2.54% in 2024 and 2.64% for the prior year.

Fourth quarter 2024 NIM expansion over the comparable periods primarily resulted from the Company’s ability to reduce its cost of deposits and other fundings at a faster rate than the decline in loan yields, after policymakers began cutting the Fed Funds Target Rate in September 2024.

Non-interest income was \$541 thousand for the fourth quarter of 2024, compared to \$372 thousand in the linked quarter and \$349 thousand for the same period the year prior. Non-interest income was \$1.6 million for the year ended December 31, 2024, compared to \$1.4 million for the prior year. Non-interest income growth over comparable periods was primarily the result of increased fee-based transactions and other cash management service charges, as well as income from Bank-owned life insurance policies.

Non-interest expense totaled \$7.3 million for the fourth quarter of 2024, \$6.4 million in the linked quarter, and \$5.7 million in the fourth quarter of 2023. Non-recurring items included \$216 thousand in professional services expense for strategic initiatives in the fourth quarter of 2024, as well as the effect of a previously disclosed litigation matter that was settled in the linked quarter. Excluding non-recurring items, the Company’s non-GAAP operating expense was \$7.1 million for the fourth quarter of 2024 and \$6.6 million in the linked quarter. For the year ended December 31, 2024, non-GAAP operating expense was \$26.8 million, compared to \$23.4 million in the prior year.

Increased operating expenses for the three and twelve months ended December 31, 2024 primarily reflect investments in growth, including revenue producing personnel and related resources, data processing, as well as higher franchise taxes and FDIC deposit insurance expense reflecting the Company’s larger balance sheet.

Income tax expense of \$278 thousand was recorded for the fourth quarter of 2024, compared to \$423 thousand for the linked quarter and \$512 thousand in the prior year period. The decline in income tax expense for the fourth quarter 2024 was primarily attributable to the change in the Company’s deferred tax rate from 2023. Income tax expense was \$843 thousand and \$1.5 million for the year ended December 31, 2024 and 2023, respectively.

Net income for the fourth quarter of 2024 was \$2.1 million, compared to \$1.3 million in the linked quarter and \$1.4 million in the prior year period. Net income for the year ended December 31, 2024 was \$3.7 million compared to \$5.5 million in 2023. Non-GAAP net income, excluding non-recurring items, was \$2.3 million for the fourth quarter of 2024, \$1.2 million for the linked quarter, and \$5.2 million for the year ended December 31, 2024.

Financial Condition

Total assets grew to \$1.39 billion at December 31, 2024, increasing 2.9% from \$1.35 billion at the end of the linked quarter and 11.4% from \$1.24 billion at December 31, 2023. Gross loans were \$1.18 billion at December 31, 2024, increasing 2.1% from \$1.16 billion at the end of the linked quarter and 13.4% from \$1.04 billion at December 31, 2023. The Company continues to source high quality in-market loans contributing to double-digit asset growth year over year.

Total deposits grew to \$1.13 billion at December 31, 2024, increasing 3.4% from \$1.09 billion at the end of the linked quarter and 14.4% from \$984.2 million at December 31, 2023. As a percentage of total deposits at December 31, 2024, non-interest bearing deposits represented 21.1%, interest-bearing checking, savings and money market deposits represented 49.1%, and time deposits including brokered CDs represented 29.8%. ODNB continues to emphasize core customer deposit growth to reduce its total cost of funding and improve deposit concentration mix.

The Company's balance sheet remains highly liquid. The liquidity ratio, defined as the sum of cash and unencumbered marketable securities totaling \$163.8 million to total liabilities, was 13.1% at December 31, 2024.

Asset Quality and Capital Strength

Asset quality remained pristine. The Company's single remaining non-accrual loan, which was originated well before the current management team, was fully paid off during the fourth quarter of 2024. As a result, non-accrual loans were zero at December 31, 2024, improving from \$140 thousand, or 0.01% of total assets, at the end of the linked quarter and \$165 thousand, or 0.01% of total assets, at December 31, 2023. The Company had no non-performing assets, including other real estate owned, at December 31, 2024.

The Company released \$176 thousand of provision for credit losses during the quarter which was the result of improved economic forecasts in the quantitative portion of the CECL model and the strong credit quality of our loan portfolio. The allowance for credit losses during the fourth quarter was \$11.7 million or 0.99% of gross loans at December 31, 2024, from \$11.7 million or 1.01% of gross loans at September 30, 2024, and \$10.4 million or 1.00% at the end of 2023.

The Bank's regulatory capital ratios at December 31, 2024 remained above levels required to be considered well-capitalized, with tier one leverage of 11.15%, tier one risk based capital of 12.67%, and total risk based capital of 13.69%. The Company's tangible common equity to total assets ratio was 9.61% at December 31, 2024.

Tangible book value ("TBV") per share grew to \$11.66 at December 31, 2024, increasing from \$11.54 at the end of the linked quarter and \$11.25 at December 31, 2023. Excluding the available for sale ("AFS") securities losses reported in AOCI, non-GAAP TBV per share grew to \$12.14, increasing from \$11.94 at the end of the linked quarter and \$11.76 at December 31, 2023.

About ODNB Financial Corporation

ODNB Financial Corporation is the holding company for [Old Dominion National Bank](#), a locally owned community bank serving markets including the Washington, D.C. metro area, with its executive headquarters in the heart of Northern Virginia at Tysons Corner. ODNB serves the Washington, D.C. metro area from its full service branches in Tysons Corner and Leesburg, Va., as well as communities in Central Virginia from its Albemarle County branches and in Southeast Florida from its Boca Raton office. [Centre 1st Bank](#), a division of the Bank, serves Pennsylvania and New Jersey markets from offices in State College, Pa. ODNB offers a full range of commercial and consumer financial services in the communities it serves. The Company had nearly \$1.4 billion in assets at December 31, 2024.

Forward-Looking Statements

This news release may contain certain forward-looking statements, such as statements of the Company's plans, objectives, expectations, estimates and intentions. Forward-looking statements may be identified using words such as "expects," "subject," "will," "intends," "will be" or "would." These statements are subject to change based on various important factors (some of which are beyond the Company's control) and actual results may differ materially. Accordingly, readers should not place undue reliance on any forward-looking statements (which reflect management's analysis of factors only as of the date of which they are given). These factors include general economic conditions, trends in interest rates, the ability of the Company to effectively manage its growth and results of regulatory examinations, among other factors. The foregoing list of important factors is not exclusive.

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Use of Non-GAAP Financial Measures

Certain information set forth in this press release refers to financial measures that are determined by methods other than in accordance with generally accepted accounting principles ("GAAP"). The Company believes that certain non-GAAP measures may be helpful to investors and provide a greater understanding of its business and financial results. These measures are not necessarily comparable to similar measures that may be presented by other companies and should not be considered in isolation or as a substitute for the related GAAP measure. See the table below for reconciliations of the non-GAAP information identified herein and its most comparable GAAP measures.

	For the Three Months Ended			For the Year Ended	
	December 31, 2024	September 30, 2024	December 31, 2023	December 31, 2024	December 31, 2023
GAAP Non-Interest Expense	\$ 7,277	\$ 6,409	\$ 5,734	\$ 28,686	\$ 23,362
Non-recurring items	(216)	174	-	(1,935)	-
Non-GAAP Non-Interest Expense	<u>\$ 7,061</u>	<u>\$ 6,583</u>	<u>\$ 5,734</u>	<u>\$ 26,751</u>	<u>\$ 23,362</u>
GAAP Pre-Tax Income	\$ 2,403	\$ 1,754	\$ 1,898	\$ 4,511	\$ 6,986
Non-recurring items	216	(174)	-	1,935	-
Tax expense	(304)	(331)	(512)	(1,205)	(1,526)
Non-GAAP Net Income	<u>\$ 2,315</u>	<u>\$ 1,249</u>	<u>\$ 1,386</u>	<u>\$ 5,241</u>	<u>\$ 5,460</u>

ODNB FINANCIAL CORPORATION
Consolidated Balance Sheets (Unaudited)
(\$ in thousands except per share data)

	December 31, 2024	September 30, 2024	December 31, 2023
ASSETS			
Cash and due from banks	\$ 46,173	\$ 69,733	\$ 57,180
Federal funds sold	46,404	5,504	28,813
Cash and cash equivalents	92,577	75,237	85,993
Investment securities available-for-sale, at fair value	49,047	51,211	52,833
Investment securities held-to-maturity, at amortized cost	22,183	22,171	23,634
Restricted equity securities, at cost	10,020	9,916	9,791
Loans held for sale	709	1,504	662
Gross loans	1,182,849	1,158,178	1,042,638
Allowance for credit losses	(11,722)	(11,652)	(10,405)
Loans, net of allowance for credit losses	1,171,127	1,146,526	1,032,233
Property and equipment, net	1,269	1,100	1,150
Accrued interest receivable	5,376	5,446	4,800
Bank owned life insurance	24,394	24,195	23,624
Other assets	9,789	10,148	10,244
Total assets	<u>\$ 1,386,491</u>	<u>\$ 1,347,454</u>	<u>\$ 1,244,965</u>
LIABILITIES AND STOCKHOLDERS' EQUITY			
Liabilities			
Deposits			
Non-interest bearing demand	\$ 238,000	\$ 227,126	\$ 227,873
NOW and interest-bearing demand	277,106	265,810	242,234
Money market and savings	274,779	273,311	281,141
Time deposits	335,694	322,315	232,920
Total deposits	1,125,579	1,088,562	984,168
Federal Home Loan Bank advances	95,000	95,000	100,000
Subordinated debt, net	23,425	23,406	23,351
Accrued interest payable	1,915	1,496	1,785
Other liabilities	7,297	7,166	7,229
Total liabilities	1,253,216	1,215,630	1,116,533
Stockholders' equity			
Common stock, \$0.25 par value; 20,000,000 shares authorized	2,857	2,856	2,855
Additional paid-in capital	138,477	138,290	137,710
Accumulated deficit	(2,603)	(4,728)	(6,270)
Accumulated other comprehensive loss	(5,456)	(4,594)	(5,863)
Total stockholders' equity	133,275	131,824	128,432
Total liabilities and stockholders' equity	<u>\$ 1,386,491</u>	<u>\$ 1,347,454</u>	<u>\$ 1,244,965</u>
Common Share Data:			
Shares outstanding	11,428,765	11,425,443	11,420,613
Tangible book value per share	\$ 11.66	\$ 11.54	\$ 11.25
Tangible book value per share excluding AOCI ⁽¹⁾	\$ 12.14	\$ 11.94	\$ 11.76
Capital Ratios:			
Equity to assets	9.61%	9.78%	10.32%
Bank tier one leverage ratio	11.15%	11.32%	12.24%
Bank tier one risk based capital ratio	12.67%	12.72%	13.17%
Bank total risk based capital ratio	13.69%	13.77%	14.21%
Asset Quality:			
Allowance for credit losses	\$ 11,722	\$ 11,652	\$ 10,405
Non-accrual loans	-	140	165
Allowance for credit losses/total gross loans	0.99%	1.01%	1.00%
Net charge-offs/average loans ⁽²⁾	0.01%	0.02%	0.00%

⁽¹⁾ Non-GAAP, Accumulated Other Comprehensive Income (AOCI)

⁽²⁾ Annualized net charge-offs

ODNB FINANCIAL CORPORATION
Consolidated Statements of Income (Unaudited)
(\$ in thousands)

	For the 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	\$ 17,403	\$ 16,803	\$ 14,193	\$ 64,310	\$ 52,224
Interest bearing deposits and federal funds sold	1,076	1,161	848	3,921	1,918
Investment securities and dividend income	617	621	637	2,500	2,510
Total interest and dividend income	19,096	18,585	15,678	70,731	56,652
Interest expense					
Deposits	8,810	8,847	7,037	33,029	21,873
Federal Home Loan Bank advances and other borrowings	929	930	961	3,745	4,064
Subordinated debt	394	394	394	1,574	1,574
Total interest expense	10,133	10,171	8,392	38,348	27,511
Net interest income	8,963	8,414	7,286	32,383	29,141
Provision (recovery) for credit losses	(176)	623	3	832	158
Net interest income after provision for credit losses	9,139	7,791	7,283	31,551	28,983
Non-interest income					
Service charges on deposit accounts and other service charges	247	147	135	675	560
Gain on sale of loans, net	35	(2)	9	60	67
Bank owned life insurance income	198	197	176	770	673
Other income	61	30	29	141	65
Total non-interest income	541	372	349	1,646	1,365
Non-interest expense					
Salaries and employee benefits	4,234	4,036	3,332	16,623	14,530
Occupancy and equipment	424	548	474	2,009	1,919
Other operating expense	2,619	1,825	1,928	10,054	6,913
Total non-interest expense	7,277	6,409	5,734	28,686	23,362
Pretax income	2,403	1,754	1,898	4,511	6,986
Income tax expense	278	423	512	843	1,526
Net income	\$ 2,125	\$ 1,331	\$ 1,386	\$ 3,668	\$ 5,460
Performance Ratios:					
Net interest margin	2.64%	2.56%	2.45%	2.54%	2.64%
Efficiency ratio	76.57%	72.95%	75.10%	84.30%	76.58%
Efficiency ratio ⁽²⁾	74.37%	74.93%	75.10%	78.61%	76.58%
Non-interest income/average assets ⁽¹⁾	0.16%	0.11%	0.12%	0.13%	0.12%
Non-interest expense/average assets ⁽¹⁾	2.11%	1.92%	1.91%	2.21%	2.02%
Non-interest expense/average assets ⁽²⁾	2.05%	1.97%	1.91%	2.06%	2.02%

⁽¹⁾ Annualized non-interest income and non-interest expense for the three months ended

⁽²⁾ Non-GAAP, adjusted for non-recurring items