



ODNB Financial Corporation Reports First Quarter 2025 Financial Results

First three months of 2025 marked by record pretax earnings and continued margin expansion, double-digit annual loan and deposit growth, and pristine asset quality

TYSONS CORNER, Va., April 29, 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 first quarter ended March 31, 2025.

“ODNB’s exceptional first quarter results reflect our continued focus on high-quality loan and deposit relationships as fundamental to the strategic growth of our franchise,” Chairman and Chief Executive Officer Mark Merrill said. “We also successfully launched a full-service wealth management division, reaching almost \$400 million in total assets under management in the first quarter of 2025, and expanding the suite of product and service offerings to our customers.”

Mr. Merrill added, “Our team continues to stay close to our customers carefully monitoring the impact of federal policymaking on the DC metropolitan economy. We expect ODNB to continue benefiting from its pristine asset quality, abundant liquidity, and strong capital position. We remain focused on providing personalized service and sophisticated solutions to individuals, nonprofits, small to mid-sized businesses and seasoned project sponsors inside and outside the Washington area. Our geographic diversity is intentional, with more than a quarter of the Bank’s relationships associated with customers across Pennsylvania and Central Virginia.”

Selected First Quarter 2025 Highlights

- **Record Pretax Earnings** – Pretax income was a record \$2.5 million, compared to \$2.4 million in the linked quarter and \$1.1 million in the prior year period.
- **Strong Earnings** – Net income was \$2.0 million, compared to \$2.1 million in the fourth quarter of 2024 and \$890 thousand in the first quarter of 2024. Excluding non-recurring items in the fourth quarter of 2024, non-GAAP net income was \$2.3 million in the linked quarter.
- **Increased Revenue** – Net interest income grew to \$9.0 million, increasing \$80 thousand or 0.9% from the fourth quarter of 2024, and \$1.8 million or 24.9% from the first quarter of 2024.
- **Margin Expansion** – Net interest margin (“NIM”) expanded for the fifth consecutive quarter, increasing to 2.73%, up 9 basis points from the fourth quarter of 2024 and 27 basis points from the first quarter of 2024.
- **Loan Growth** – Loans grew to a record \$1.23 billion at period end, increasing \$43.8 million or 15.0% annualized during the quarter and \$176.4 million or 16.8% from March 31, 2024.
- **Valuable Core Deposit Franchise** – Deposits grew to a record \$1.18 billion at period end, increasing \$52.4 million or 18.6% annualized during the quarter and \$194.2 million or 19.7% from March 31, 2024. Non-interest bearing deposits represented 19.6% of total deposits on March 31, 2025.

- **Pristine Asset Quality** – The Company had zero non-accrual loans or other real estate owned assets (“OREO”) on March 31, 2025, with \$20 thousand in provision expense recorded to primarily support continued loan growth, building reserves to \$11.9 million at period end.
- **Tangible Book Value Per Share Growth** – Tangible book value per share grew to \$11.91 at March 31, 2025, from \$11.66 at December 31, 2024, and \$11.31 at March 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 13.47% at March 31, 2025. The equity to assets ratio for the Company was 9.45% at March 31, 2025.

Operating Results

Net interest income was \$9.0 million for the first quarter of 2025, increasing \$80 thousand from \$9.0 million in the linked quarter and \$1.8 million from \$7.2 million for the first quarter of 2024. Net interest income growth reflected the Company’s larger balance sheet and the acceleration of interest income that outpaced interest expense.

NIM increased to 2.73% in the first quarter of 2025, up 9 basis points from 2.64% in the linked quarter and 27 basis points from 2.46% in the prior year period. First quarter 2025 NIM expansion primarily resulted from the Company’s ability to reduce its cost of interest-bearing deposits while also increasing the average yield on earning assets from the prior year period. The average cost of interest-bearing deposits declined to 3.72% in the first quarter of 2025, down 22 basis points from the linked quarter and 20 basis points from the prior year period. The average yield on earning assets remained flat from the linked quarter and increased 22 basis points from the prior year period.

Non-interest income was \$474 thousand for the first quarter of 2025, compared to \$541 thousand in the linked quarter and \$362 thousand for prior year period. The decrease from the linked quarter was primarily due to lower fee-based transactions and other cash management service charges, as well as lower gains on mortgage loans originated for sale, partially offset by wealth management income. Non-interest income growth over the prior year period was primarily the result of increased fee-based transactions, other cash management service charges, Bank-owned life insurance, and wealth management income. The Company expects fee income associated with its new wealth management division to increase in future periods due to the ramp up to nearly \$400 million in total assets under management at March 31, 2025, coupled with continued growth throughout the year.

Total non-interest expense was \$7.0 million for the first quarter of 2025, \$7.3 million in the linked quarter, and \$6.5 million in the prior year period. Lower operating expense in the first quarter of 2025, compared to the linked quarter, reflected reductions in professional services, data processing costs and other operating expenses, which more than offset investments in revenue producing personnel and related resources. Increased operating expense from the prior year period primarily resulted from investments in infrastructure and personnel to support balance sheet growth, FDIC deposit insurance expense, and higher franchise taxes, partially offset by reductions in occupancy and equipment, marketing, and professional services expenses.

Income tax expense of \$556 thousand was recorded for the first quarter of 2025, compared to \$278 thousand for the linked quarter and \$172 thousand in the prior year period. The increase in income tax expense was primarily attributable to the increase in the Company’s tax rate to 21.9% in the first quarter 2025, from 11.6% and 16.2% in the linked quarter and prior year period, respectively. During the fourth quarter 2024 and prior year period, the Company had credits for both federal and state to offset the tax expense during that period.

Net income was \$2.0 million for the first quarter of 2025, \$2.1 million in the linked quarter, and \$890 thousand in the year ago period. Fourth quarter 2024 non-GAAP net income excluding non-recurring items was \$2.3 million.

Financial Condition

Total assets grew to \$1.44 billion at March 31, 2025, increasing 4.0% from \$1.39 billion at the end of the linked quarter and 16.4% from \$1.24 billion at March 31, 2024. Gross loans were \$1.23 billion at March 31, 2025, increasing 3.7% from \$1.18 billion at the end of the linked quarter and 16.8% from \$1.05 billion at March 31, 2024. The Company continued to source high quality in-market loans contributing to double-digit annual asset growth.

Total deposits grew to \$1.18 billion at March 31, 2025, increasing 4.7% from \$1.13 billion at the end of the linked quarter and 19.7% from \$983.7 million at March 31, 2024. As a percentage of total deposits at March 31, 2025, non-interest bearing deposits represented 19.6%, interest-bearing checking, savings and money market deposits represented 45.1%, and time deposits including brokered CDs represented 35.3%. ODNB continues to emphasize core customer deposit relationships 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 \$172.7 million to total liabilities, was 13.2% at March 31, 2025.

Asset Quality and Capital Strength

Asset quality remained pristine in the first quarter of 2025. Non-accrual loans remained at zero on March 31, 2025 and December 31, 2024, after the Company's single remaining non-accrual loan, originated prior to mid-2016, was fully paid off in the fourth quarter of last year. Previously, legacy non-accrual loans were just \$165 thousand, or 0.01% of total assets on March 31, 2024. The Company had no non-performing assets, including other real estate owned, at March 31, 2025.

While indefinitely maintaining zero non-accrual loans is not believed to be likely for any bank, ODNB believes that the quality and track records of the borrowers it serves, the proactive customer relationships the current management team has built since mid-2016, and the stringent underwriting criteria the Bank employs are expected to enable the Company to maintain attractive long-term asset quality metrics relative to peers.

The Company recorded \$20 thousand in provision for credit losses during the quarter, primarily to support continued loan growth. The allowance for credit losses was \$11.9 million or 0.97% of gross loans at March 31, 2025, \$11.7 million or 0.99% at December 31, 2024, and \$10.2 million or 0.97% on March 31, 2024.

The Bank's regulatory capital ratios at March 31, 2025 remained above levels required to be considered well-capitalized, with tier one leverage of 11.33%, tier one risk based capital of 12.48%, and total risk based capital of 13.47%. The Company's equity to assets ratio was 9.45% at March 31, 2025.

Book value per share grew to \$11.91 at March 31, 2025, increasing from \$11.66 at the end of the linked quarter and \$11.31 at March 31, 2024. Non-GAAP book value, excluding available for sale ("AFS") securities losses reported in accumulated other comprehensive income ("AOCI"), grew to \$12.31 per share at March 31, 2025, increasing from \$12.14 at the end of the linked quarter and \$11.85 at March 31, 2024.

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 South Florida from its Boca Raton office. [Centre 1st Bank](#), a division of the Bank, serves Pennsylvania and New Jersey from offices in State College, Pa. ODNB Wealth Management, a wholly owned division of the Bank, serves clients from its office in Haverford, Pa. ODNB offers a full range of commercial and consumer financial services in the communities it serves. The Company had \$1.44 billion in assets at March 31, 2025.

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		
	March 31, 2025	December 31, 2024	March 31, 2024
GAAP Non-Interest Expense	\$ 6,963	\$ 7,277	\$ 6,543
Non-recurring items	-	(216)	-
Non-GAAP Non-Interest Expense	<u>\$ 6,963</u>	<u>\$ 7,061</u>	<u>\$ 6,543</u>
GAAP Pre-Tax Income	\$ 2,534	\$ 2,403	\$ 1,062
Non-recurring items	-	216	-
Tax expense	(556)	(304)	(172)
Non-GAAP Net Income	<u>\$ 1,978</u>	<u>\$ 2,315</u>	<u>\$ 890</u>

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

	March 31, 2025	December 31, 2024	March 31, 2024
ASSETS			
Cash and due from banks	\$ 65,584	\$ 46,173	\$ 29,872
Federal funds sold	36,660	46,404	46,050
Cash and cash equivalents	102,244	92,577	75,922
Investment securities available-for-sale, at fair value	49,268	49,047	51,519
Investment securities held-to-maturity, at amortized cost	21,194	22,183	22,146
Restricted equity securities, at cost	10,217	10,020	9,825
Loans held for sale	686	709	-
Gross loans	1,226,621	1,182,849	1,050,200
Allowance for credit losses	(11,920)	(11,722)	(10,218)
Loans, net of allowance for credit losses	1,214,701	1,171,127	1,039,982
Property and equipment, net	1,319	1,269	1,217
Accrued interest receivable	5,557	5,376	4,855
Bank owned life insurance	24,587	24,394	23,808
Other assets	12,415	9,789	10,261
Total assets	<u>\$ 1,442,188</u>	<u>\$ 1,386,491</u>	<u>\$ 1,239,535</u>
LIABILITIES AND STOCKHOLDERS' EQUITY			
Liabilities			
Deposits			
Non-interest bearing demand	\$ 230,931	\$ 238,000	\$ 205,066
NOW and interest-bearing demand	276,543	277,106	230,940
Money market and savings	254,650	274,779	267,970
Time deposits	415,816	335,694	279,764
Total deposits	1,177,940	1,125,579	983,740
Federal Home Loan Bank advances	95,000	95,000	95,000
Subordinated debt, net	23,444	23,425	23,369
Accrued interest payable	1,853	1,915	1,324
Other liabilities	7,647	7,297	6,885
Total liabilities	1,305,884	1,253,216	1,110,318
Stockholders' equity			
Common stock, \$0.25 par value; 20,000,000 shares authorized	2,862	2,857	2,856
Additional paid-in capital	138,656	138,477	137,882
Accumulated deficit	(625)	(2,603)	(5,380)
Accumulated other comprehensive loss	(4,589)	(5,456)	(6,141)
Total stockholders' equity	136,304	133,275	129,217
Total liabilities and stockholders' equity	<u>\$ 1,442,188</u>	<u>\$ 1,386,491</u>	<u>\$ 1,239,535</u>
Common Share Data:			
Shares outstanding	11,446,764	11,428,765	11,424,376
Tangible book value per share	\$ 11.91	\$ 11.66	\$ 11.31
Tangible book value per share excluding AOCI ⁽¹⁾	\$ 12.31	\$ 12.14	\$ 11.85
Capital Ratios:			
Equity to assets	9.45%	9.61%	10.42%
Bank tier one leverage ratio	11.33%	11.15%	12.32%
Bank tier one risk based capital ratio	12.48%	12.67%	13.37%
Bank total risk based capital ratio	13.47%	13.69%	14.41%
Asset Quality:			
Allowance for credit losses	\$ 11,920	\$ 11,722	\$ 10,218
Non-accrual loans	-	-	165
Allowance for credit losses/total gross loans	0.97%	0.99%	0.97%
Net charge-offs/average loans ⁽²⁾	0.00%	0.01%	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		
	March 31, 2025	December 31, 2024	March 31, 2024
Interest and dividend income			
Loans and fees on loans	\$ 17,419	\$ 17,403	\$ 14,495
Interest bearing deposits and federal funds sold	599	1,076	772
Investment securities and dividend income	609	617	635
Total interest and dividend income	<u>18,627</u>	<u>19,096</u>	<u>15,902</u>
Interest expense			
Deposits	8,277	8,810	7,302
Federal Home Loan Bank advances and other borrowings	913	929	963
Subordinated debt	394	394	394
Total interest expense	<u>9,584</u>	<u>10,133</u>	<u>8,659</u>
Net interest income	<u>9,043</u>	<u>8,963</u>	<u>7,243</u>
Provision (recovery) for credit losses	<u>20</u>	<u>(176)</u>	<u>-</u>
Net interest income after provision for credit losses	<u>9,023</u>	<u>9,139</u>	<u>7,243</u>
Non-interest income			
Service charges on deposit accounts and other service charges	197	247	139
Gain on sale of loans, net	12	35	8
Bank owned life insurance income	194	198	185
Other income	71	61	30
Total non-interest income	<u>474</u>	<u>541</u>	<u>362</u>
Non-interest expense			
Salaries and employee benefits	4,280	4,234	4,214
Occupancy and equipment	496	424	506
Other operating expense	2,187	2,619	1,823
Total non-interest expense	<u>6,963</u>	<u>7,277</u>	<u>6,543</u>
Pretax income	<u>2,534</u>	<u>2,403</u>	<u>1,062</u>
Income tax expense	<u>556</u>	<u>278</u>	<u>172</u>
Net income	<u>\$ 1,978</u>	<u>\$ 2,125</u>	<u>\$ 890</u>
Performance Ratios:			
Net interest margin	2.73%	2.64%	2.46%
Efficiency ratio	73.16%	76.57%	86.04%
Efficiency ratio ⁽²⁾	73.16%	74.37%	86.04%
Non-interest income/average assets ⁽¹⁾	0.14%	0.16%	0.12%
Non-interest expense/average assets ⁽¹⁾	2.02%	2.11%	2.16%
Non-interest expense/average assets ⁽²⁾	2.02%	2.05%	2.16%

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

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