ODNB FINANCIAL CORPORATION

ODNB Financial Corporation Reports Second Quarter 2026 Financial Results

ODNB delivers continued margin expansion, strong year-to-date earnings growth, and significant deposit growth while preparing for merger with National Capital Bancorp, Inc.

TYSONS CORNER, Va., July 29, 2026 – 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 second quarter ended June 30, 2026.

“ODNB delivered another strong quarter, highlighted by continued net interest margin expansion, disciplined expense management, stable asset quality, and a balance sheet supported by strong capital and liquidity,” said Chairman and Chief Executive Officer Mark Merrill. “Our relationship-based banking model continues to perform well, supported by valuable customer deposit relationships, high-quality lending activity, and the ongoing execution of our organic growth strategy. Looking ahead to the second half of 2026, we are excited to continue delivering high-touch, sophisticated solutions to our clients while preparing for a successful merger with National Capital Bancorp, Inc.”

Selected Second Quarter 2026 Highlights

- **Strong Year-to-Date Earnings –** Net income was $1.6 million for the second quarter of 2026 and $5.3 million for the six months ended June 30, 2026, increasing 41.5% from $3.7 million for the prior-year period. Adjusted non-GAAP net income, excluding $650 thousand of nonrecurring merger expenses, was $2.2 million for the second quarter and $5.9 million for the six months ended June 30, 2026.

- **Continued Margin Expansion –** Net interest margin (“NIM”) expanded to 2.92% in the second quarter of 2026, compared to 2.83% in the prior quarter and 2.70% in the second quarter of 2025. For the six months ended June 30, 2026, NIM increased to 2.88%, compared to 2.70% for the prior-year period.

- **Strong Net Interest Income Growth –** Net interest income increased to $11.7 million in the second quarter of 2026, up 8.1% from the prior quarter and 23.6% from the second quarter of 2025. For the six months ended June 30, 2026, net interest income increased 21.9% to $22.6 million compared with the prior-year period.

- **Valuable Core Deposit Franchise –** Total deposits grew to a record $1.49 billion at June 30, 2026, increasing $173.1 million, or 52.6% annualized, during the second quarter of 2026. Time deposits declined $52.0 million while non-interest bearing demand, interest bearing demand, and money market and savings deposits grew $85.2 million, $108.2 million, and $31.7 million, respectively, in the current quarter. Total deposits grew $267.8 million from June 30, 2025. Deposit mix continued to improve as time deposits declined 23.0% from the prior-year period, while noninterest-bearing demand, interest bearing demand, and money market and savings deposits increased 36.0%, 62.0%, and 34.1%, respectively, from the prior-year period.

Noninterest-bearing demand deposits totaled $360.2 million and represented 24.2% of total deposits at June 30, 2026.

- **Disciplined Loan Growth** – Gross loans totaled $1.37 billion at June 30, 2026, increasing $36.5 million, or 11.0% annualized, during the quarter and $103.0 million, or 8.2%, from June 30, 2025, reflecting continued relationship-based lending across the Company's markets.

- **Adjusted Operating Efficiency –** The adjusted efficiency ratio, excluding nonrecurring merger expenses, improved to 63.46% in the second quarter of 2026, compared to 65.11% in the prior quarter and 71.81% in the second quarter of 2025.

- **Stable Asset Quality –** Nonaccrual loans declined to $11.6 million, or 0.85% of total gross loans, at June 30, 2026, compared to $13.5 million, or 1.02%, at March 31, 2026, and $14.0 million, or 1.10%, at June 30, 2025.

- **Tangible Book Value Growth –** Tangible book value per share increased to $13.13 at June 30, 2026, compared to $12.99 at March 31, 2026, and $12.12 at June 30, 2025. Tangible book value per share, excluding AOCI, increased to $13.44.

- **Well-Capitalized Balance Sheet –** Regulatory capital ratios remained well above levels required to be considered "well capitalized," with a Tier 1 leverage ratio of 11.75%, Tier 1 risk-based capital ratio of 13.99%, and total risk-based capital ratio of 14.92% at June 30, 2026. The Company's tangible equity to assets ratio was 8.37% at June 30, 2026.

- **Strategic Merger with National Capital Bancorp, Inc. –** On June 15, 2026, ODNB and National Capital Bancorp, Inc. announced a definitive merger agreement to create a top-tier community bank headquartered in Washington, D.C., with approximately $2.4 billion in total assets and 10 branches across Washington, D.C., Virginia, Maryland, Pennsylvania, and Florida. The transaction is designed to provide greater scale, expanded resources, an attractive core funding base, and meaningful long-term value creation opportunities for shareholders. The merger is expected to close in the fourth quarter of 2026, subject to the requisite approvals of each party's shareholders, all required regulatory approvals, and the fulfillment of other customary closing conditions.

Operating Results

Net income was $1.6 million for the second quarter of 2026, compared to $3.7 million in the prior quarter and $1.7 million in the second quarter of 2025. For the six months ended June 30, 2026, net income was $5.3 million, increasing 41.5% from $3.7 million for the prior-year period. Adjusted non-GAAP net income, excluding $650 thousand of nonrecurring merger expenses incurred during the second quarter of 2026, was $2.2 million for the second quarter and $5.9 million for the six months ended June 30, 2026.

Net interest income totaled $11.7 million in the second quarter of 2026, increasing 8.1% from $10.9 million in the prior quarter and 23.6% from $9.5 million in the second quarter of 2025. For the six months ended June 30, 2026, net interest income increased 21.9% to $22.6 million, compared to $18.6 million for the prior-year period. Growth in net interest income reflected higher average earning assets, higher average loan balances compared to the prior-year period, improved loan yields, and lower funding costs, partially offset by higher subordinated debt expense.

Net interest margin expanded to 2.92% in the second quarter of 2026, compared to 2.83% in the prior quarter and 2.70% in the second quarter of 2025. The linked-quarter improvement was primarily driven by lower funding costs, including a decline in the cost of total deposits to 2.59% from 2.75% in the prior quarter, together with continued strength in loan yields. The total cost of deposits declined 45 basis points from 3.04% in the second quarter of 2025. For the six months ended June 30, 2026, net interest margin increased to 2.88% from 2.70% for the prior-year period, supported by higher loan yields and a lower cost of total deposits. The Company expects continued improvement in funding costs through continued deposit repricing and deposit mix optimization, as well as improvement in earning asset yields through loan growth and repricing activity, which should support margin expansion over the remainder of 2026.

Provision expense was $2.0 million in the second quarter of 2026, compared to a recovery of $572 thousand in the prior quarter and provision expense of $672 thousand in the second quarter of 2025. For the six months ended June 30, 2026, provision expense totaled $1.4 million, compared to $692 thousand for the prior-year period. The second quarter provision reflected loan growth, changes in allowance for credit losses (ACL) model-driven inputs and assumptions, management adjustments to qualitative factors, and continued prudent reserve management to ensure the ACL under CECL (Current Expected Credit Losses) appropriately reflects expected lifetime credit losses.

Noninterest income totaled $1.2 million in the second quarter of 2026, increasing from $1.1 million in the prior quarter and $788 thousand in the second quarter of 2025. Growth over the prior-year period reflected higher service charges and other fee income, bank-owned life insurance income, wealth management income, and other income. For the six months ended June 30, 2026, noninterest income increased 59.9% to $2.3 million.

Noninterest expense totaled $8.9 million in the second quarter of 2026, compared to $7.8 million in the prior quarter and $7.4 million in the second quarter of 2025. The second quarter of 2026 included $650 thousand in nonrecurring merger expenses. Excluding these merger expenses, adjusted non-GAAP noninterest expense was $8.2 million in the second quarter of 2026. The increase in noninterest expense over the prior-year period primarily reflected continued investments in personnel and infrastructure, higher data processing costs, franchise taxes, and other operating expenses, partially offset by lower FDIC assessment expense and lower professional services expense.

Improved operating leverage continued to drive efficiency gains, resulting in an adjusted efficiency ratio of 63.46%, compared to 65.11% in the prior quarter and 71.81% in the prior-year period.

Financial Condition

Total assets increased to $1.80 billion at June 30, 2026, rising 10.8% from $1.62 billion at March 31, 2026, and 20.6% from $1.49 billion at June 30, 2025. The increase from the prior quarter was driven primarily by strong deposit growth, higher cash and cash equivalents, and continued loan growth.

Gross loans totaled $1.37 billion at June 30, 2026, increasing 2.7% from $1.33 billion at March 31, 2026, and 8.2% from $1.26 billion at June 30, 2025. The Company continues to emphasize high-quality, relationship-based loan growth across its markets while maintaining disciplined underwriting standards.

Total deposits increased to $1.49 billion at June 30, 2026, rising 13.1% from $1.32 billion at March 31, 2026, and 21.9% from $1.22 billion at June 30, 2025. Deposit mix improved during the quarter as noninterest-bearing demand deposits increased to $360.2 million, representing 24.2% of total deposits, while time deposits declined to $314.9 million, representing 21.1% of total deposits.

ODNB continues to emphasize core customer deposit relationships to support growth, reduce funding costs, and strengthen the Company's deposit franchise.

The Company's balance sheet remains highly liquid. Cash and cash equivalents totaled $302.3 million at June 30, 2026, compared to $169.5 million at March 31, 2026, and $114.1 million at June 30, 2025. The liquidity ratio, defined as the ratio of cash and unencumbered marketable securities totaling $373.9 million to total liabilities, was 22.7% at June 30, 2026.

Asset Quality and Capital Strength

Asset quality remained stable during the second quarter of 2026. At June 30, 2026, loans past due 30–89 days and accruing totaled $2.7 million, and there were no loans past due 90 days or more and still accruing. Nonaccrual loans declined to $11.6 million, or 0.85% of total gross loans, compared to $13.5 million, or 1.02%, at March 31, 2026, and $14.0 million, or 1.10%, at June 30, 2025.

The allowance for credit losses totaled $12.4 million, or 0.91% of total gross loans, at June 30, 2026, compared to $12.3 million, or 0.92%, at March 31, 2026, and $11.9 million, or 0.94%, at June 30, 2025. During the second quarter of 2026, ODNB recorded a partial charge-off of $1.8 million against one nonaccrual commercial real estate loan. This partial charge-off had no direct impact on second-quarter earnings because a specific credit reserve had been established in a prior period. Net charge-offs to average loans were 0.43% on an annualized basis for the second quarter of 2026.

The Bank's regulatory capital ratios remained well above levels required to be considered "well capitalized," with a Tier 1 leverage ratio of 11.75%, a Tier 1 risk-based capital ratio of 13.99%, and a total risk-based capital ratio of 14.92% at June 30, 2026. The Company's tangible equity to assets ratio was 8.37% at June 30, 2026.

Tangible book value per share increased to $13.13 at June 30, 2026, compared to $12.99 at March 31, 2026, and $12.12 at June 30, 2025. Tangible book value per share, excluding accumulated other comprehensive income, increased to $13.44 at June 30, 2026.

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. metropolitan area. The Bank's executive headquarters is located in the heart of Northern Virginia in Tysons Corner, with full-service branches in Tysons Corner and Leesburg, Virginia, as well as communities in Central Virginia through its Albemarle County branches and in South Florida through its Boca Raton office.

Centre 1st Bank, a wholly owned division of Old Dominion National Bank, serves customers in Pennsylvania and New Jersey from offices in State College, Pennsylvania.

ODNB Wealth Management, a wholly owned division of the Bank, serves clients from its office in Haverford, Pennsylvania.

ODNB offers a full range of commercial and consumer financial services, including commercial and industrial lending, commercial real estate financing, residential mortgage lending, deposit services, and wealth management solutions, in the communities it serves. The Company had $1.80 billion in total assets at June 30, 2026.

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 from those expressed or implied by such forward-looking statements. Accordingly, readers should not place undue reliance on any forward-looking statements (which reflect management's analysis of factors only as of the date on which they are made). These factors include general economic conditions; trends in interest rates; the Company's ability to effectively manage its growth; completion and integration of the proposed merger with National Capital Bancorp, Inc.; results of regulatory examinations; and 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 Six Months Ended	
	June 30, 2026	**March 31, 2026**	**June 30, 2025**	**June 30, 2026**	**June 30, 2025**
GAAP Non-Interest Expense	$ 8,874	$ 7,772	$ 7,393	$ 16,646	$ 14,524
Merger expenses	(650)	-	-	(650)	-
Adjusted Non-GAAP Non-Interest Expense	$ 8,224	$ 7,772	$ 7,393	$ 15,996	$ 14,524
GAAP Pre-Tax Income	$ 2,072	$ 4,737	$ 2,230	$ 6,809	$ 4,764
Merger expenses	650	-	-	650	-
Tax expense	(496)	(1,056)	(492)	(1,552)	(1,048)
Adjusted Non-GAAP Net Income	$ 2,226	$ 3,681	$ 1,738	$ 5,907	$ 3,716

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

	June 30, 2026	March 31, 2026	June 30, 2025	% Change Last Three Months	% Change Year Over Year
ASSETS					
Cash and due from banks	$ 222,095	$ 89,992	$ 72,005	146.79%	208.44%
Federal funds sold	80,253	79,500	42,059	0.95%	90.81%
Cash and cash equivalents	302,348	169,492	114,064	78.38%	165.07%
Investment securities available-for-sale, at fair value	58,809	52,196	48,898	12.67%	20.27%
Investment securities held-to-maturity, at amortized cost	12,733	15,225	19,202	-16.37%	-33.69%
Restricted equity securities, at cost	11,248	11,245	10,324	0.03%	8.95%
Loans held for sale	1,226	799	-	53.44%	100.00%
Gross loans	1,367,188	1,330,654	1,264,181	2.75%	8.15%
Allowance for credit losses	(12,435)	(12,285)	(11,929)	1.22%	4.24%
Loans, net of allowance for credit losses	1,354,753	1,318,369	1,252,252	2.76%	8.19%
Property and equipment, net	2,212	2,236	1,375	-1.07%	60.87%
Accrued interest receivable	5,433	5,633	5,470	-3.55%	-0.68%
Bank owned life insurance	32,859	32,585	24,792	0.84%	32.54%
Other assets	15,209	14,201	13,878	7.10%	9.59%
Total assets	$ 1,796,830	$ 1,621,981	$ 1,490,255	10.78%	20.57%
LIABILITIES AND STOCKHOLDERS' EQUITY					
Liabilities					
Deposits					
Non-interest bearing demand	$ 360,186	$ 274,982	$ 264,722	30.99%	36.06%
NOW and interest-bearing demand	461,161	352,943	284,670	30.66%	62.00%
Money market and savings	353,743	322,092	263,703	9.83%	34.14%
Time deposits	314,927	366,917	409,088	-14.17%	-23.02%
Total deposits	1,490,017	1,316,934	1,222,183	13.14%	21.91%
Federal Home Loan Bank advances	95,000	95,000	95,000	0.00%	0.00%
Subordinated debt, net	48,394	48,372	23,462	0.05%	106.27%
Accrued interest payable	2,681	2,071	2,449	29.45%	9.47%
Other liabilities	10,262	10,732	8,462	-4.38%	21.27%
Total liabilities	1,646,354	1,473,109	1,351,556	11.76%	21.81%
Stockholders' Equity					
Common stock, $0.25 par value; 20,000,000 shares authorized;	2,864	2,864	2,862	0.00%	0.07%
Additional paid-in capital	139,566	139,429	138,840	0.10%	0.52%
Retained earnings	11,585	10,010	1,113	15.73%	940.88%
Accumulated other comprehensive loss	(3,539)	(3,431)	(4,116)	3.15%	-14.02%
Total stockholders' equity	150,476	148,872	138,699	1.08%	8.49%
Total liabilities and stockholders' equity	$ 1,796,830	$ 1,621,981	$ 1,490,255	10.78%	20.57%
Tangible Book Value:					
Tangible book value per share	$ 13.13	$ 12.99	$ 12.12		
Tangible book value per share excluding AOCI (1)	$ 13.44	$ 13.29	$ 12.48		
Capital Ratios:					
Equity to assets	8.37%	9.18%	9.31%		
Bank tier one leverage ratio	11.75%	12.02%	10.85%		
Bank tier one risk-based capital ratio	13.99%	14.08%	12.23%		
Bank total risk-based capital ratio	14.92%	15.01%	13.21%		
Asset Quality:					
Allowance for credit losses	$ 12,435	$ 12,285	$ 11,929		
Allowance for credit losses/total gross loans	0.91%	0.92%	0.94%		
Loans past due 30-89 days and accruing	$ 2,672	$ 130	$ -		
Loans past due 90 days or more and accruing	$ -	$ 4,438	$ -		
Nonaccrual loans	$ 11,627	$ 13,513	$ 13,968		
Loans past due 30-89 days and accruing to total gross loans	0.20%	0.01%	0.00%		
Loans past due 90 days or more and accruing to total gross loans	0.00%	0.33%	0.00%		
Nonaccrual loans to total gross loans	0.85%	1.02%	1.10%		
Net charge-offs/average loans (2)	0.43%	0.00%	0.10%		

(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 Six Months 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	$ 19,915	$ 19,709	$ 18,187	$ 39,624	$ 35,607
Interest bearing deposits and federal funds sold	1,709	1,157	992	2,866	1,591
Investment securities and dividend income	623	553	602	1,176	1,210
Total interest and dividend income	22,247	21,419	19,781	43,666	38,408
Interest expense					
Deposits	8,730	8,811	8,961	17,541	17,238
Federal Home Loan Bank advances and other borrowings	919	909	919	1,828	1,832
Subordinated debt	851	836	394	1,687	788
Total interest expense	10,500	10,556	10,274	21,056	19,858
Net interest income	11,747	10,863	9,507	22,610	18,550
Provision (recovery) for credit losses	2,013	(572)	672	1,441	692
Net interest income after provision for credit losses	9,734	11,435	8,835	21,169	17,858
Non-interest income					
Service charges on deposit accounts and other service charges	262	173	206	435	403
Gain on sale of loans, net	33	3	31	36	43
Bank owned life insurance income	273	272	205	545	399
Wealth income	431	432	306	863	465
Other income	213	194	40	407	120
Total non-interest income	1,212	1,074	788	2,286	1,430
Non-interest expense					
Salaries and employee benefits	5,191	5,052	4,517	10,243	8,965
Occupancy and equipment	519	563	515	1,082	1,011
Professional services	175	171	209	346	400
Data processing	656	657	621	1,313	1,252
Franchise taxes	466	458	375	924	750
FDIC assessment	218	146	274	364	601
Merger expenses	650	-	-	650	-
Other operating expense	999	725	882	1,724	1,545
Total non-interest expense	8,874	7,772	7,393	16,646	14,524
Pre-tax income	2,072	4,737	2,230	6,809	4,764
Income tax expense	496	1,056	492	1,552	1,048
Net income	$ 1,576	$ 3,681	$ 1,738	$ 5,257	$ 3,716
Performance Ratios:					
Net interest margin	2.92%	2.83%	2.70%	2.88%	2.70%
Efficiency ratio	68.48%	65.11%	71.81%	66.86%	72.69%
Adjusted Efficiency ratio (1)	63.46%	65.11%	71.81%	64.25%	72.69%
Non-interest income/average assets (2)	0.29%	0.27%	0.22%	0.28%	0.20%
Non-interest expense/average assets (2)	2.14%	1.94%	2.02%	2.04%	2.04%
Adjusted non-interest expense/average assets (1) (2)	1.98%	1.94%	2.02%	1.96%	2.04%

(1) This is a non-GAAP financial measure. Excludes merger expenses. See our reconciliation of GAAP to non-GAAP financial measures in this release

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