



NEWS RELEASE

Ledyard Financial Group Reports Q1 2024 Earnings and Declares Quarterly Dividend

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HANOVER, N.H.--(BUSINESS WIRE)-- Ledyard Financial Group, Inc. (the "Company", OTCQX: LFGP), the holding company for Ledyard National Bank (the "Bank"), today announced financial results for Q1 2024. The balance sheet growth in the quarter is evidence of the Company's unique approach to integrating its banking and wealth management businesses, and the Company remains focused on promoting growth and the pursuit of making life better for its clients, its employees, its shareholders, and the communities it serves.

Q1 2024 Highlights

- Q1 2024 net income was \$463 thousand, up \$347 thousand over Q4 2023, and down \$1.0 million from Q1 2023. The improvement over Q4 2023 is due in part to higher revenue, primarily related to the wealth management business, while the decline from the prior year can be attributed primarily to the industry-wide compression in net interest margin.
 - Total assets ended the quarter at \$894.4 million, having grown \$39.6 million or 4.6% from the prior quarter, and up \$147.6 million or 19.8% from a year ago; loan growth in Q1 2024 remained strong, with gross loan balances increasing \$38.7 million or 9.2% from the prior quarter, and up \$93.9 million or 25.8% from a year ago.
 - Client deposits were up \$127.7 million and \$162.6 million over Q4 2023 and Q1 2023, respectively. Contributing to this increase was the transfer onto the Bank's balance sheet of \$123.2 million in Ledyard Financial Advisors (LFA) client wealth management funds in January; excluding those new balances, client deposits grew \$2.4 million (0.4%) in Q1 2024 and \$37.3 million (7.1%) since a year ago.

- Capital ratios remain well in excess of regulatory well-capitalized minimums.
- Assets under management (AUM) ended the quarter at \$2.02 billion, up 3.8% and 15.4% from Q4 and Q1 2023, respectively. Revenue from the wealth management business was up \$169 thousand (5.3%) and \$290 thousand (9.4%) over the corresponding quarters.
- The Company declared a regular quarterly dividend of \$0.21 per share.

“In Q1 we remained focused on ensuring continued balance sheet strength - we added over \$120 million in client deposits from our wealth management business to bolster our already strong liquidity profile, we added nearly \$40 million in high-quality loans, and we increased credit reserves by 20%. The quarter-over-quarter earnings improvement represents a first step towards returning to more normalized performance levels, and we are maintaining our quarterly dividend,” said Peter Sprudz, CFO.

“Our ability to grow both loans and deposits in the first quarter confirmed that our growth strategy is working, especially as we continue to derive synergies from our complementary banking and wealth management businesses. We are pleased that clients and prospects are recognizing the unique value and service we provide, and we look forward to growing and deepening those relationships as our upcoming growth initiatives unfold,” added Josephine Moran, CEO.

Q1 2024 Results

Net income for Q1 2024 was \$463 thousand (\$0.14 per share) compared to \$116 thousand (\$0.04 per share) in Q4 2023 and \$1.5 million (\$0.45 per share) in Q1 2023.

Q1 2024 net interest income was \$4.2 million, essentially unchanged from the prior quarter, but down \$695 thousand or 14.3% from Q1 2023. Net interest margin (NIM) in Q1 2024 decreased to 1.98% from 2.16% in Q4 2023 and was down 91 basis points from 2.89% in Q1 2023. Reported NIM figures do not reflect the beneficial effect of the tax advantage provided by the Company's \$184.6 million in municipal bond holdings.

Provision for credit losses was \$486 thousand in Q1 2024, which was comprised of \$537 thousand directed to the Allowance for Credit Losses (ACL) and a \$51 thousand reduction in the Liability for Unfunded Commitments.

Non-interest revenue for Q1 2024 amounted to \$3.8 million, up from \$3.6 million and \$3.4 million in Q4 and Q1, 2023, respectively.

- Revenue from LFA amounted to \$3.4 million in Q1 2024, up \$169 thousand or 5.3% from \$3.2 million in Q4 2023, and up \$290 thousand or 9.4% from \$3.1 million in Q1 2023.
 - AUM ended the quarter at \$2.02 billion, up 3.8% from \$1.95 billion at the end of Q4 2023, and up 15.4%

from \$1.75 billion at the end of Q1 2023.

Non-interest expense in Q1 2024 was \$7.1 million, up \$53 thousand (0.8%) from \$7.0 million in Q4 2023, and up \$336 thousand (5.0%) from \$6.7 million in Q1 2023.

The Company continues to benefit from its investments in Low Income Housing Tax Credits and tax-exempt municipal bonds. In Q1 2024, the tax credits earned from these investments exceeded the tax liability for the quarter, resulting in a tax benefit of \$87 thousand.

Total assets of the Company at March 31, 2024 were \$894.4 million, up \$39.6 million or 4.6% from the end of Q4 2023, and up \$147.6 million or 19.8% from the end of Q1 2023, driven primarily by loan growth and new investments.

Gross loans at March 31, 2024 were \$457.4 million, compared to \$418.8 million on December 31, 2023 and \$363.5 million on March 31, 2023, higher by 9.2% for the quarter and 25.8% for the year. Loan growth has been concentrated in the commercial loan portfolio.

Credit reserves amounted to \$4.0 million on 3/31/2024, the sum of \$3.3 million in ACL and \$723 thousand in Liability for Unfunded Commitments. ACL increased \$542 thousand and \$474 thousand over Q4 2023 and Q1 2023 respectively, and amounted to 0.73% of loan balances at March 31, 2024, as compared to 0.66% and 0.78% at December 31, 2023, and March 31, 2023, respectively. The Liability for Unfunded Commitments declined \$51 thousand from the prior quarter end, and had a negligible balance in Q1 2023. This reserve balance is included in Other Liabilities on the balance sheet. The Company experienced net recoveries of \$5 thousand in Q1 2024, and the ACL at the end of the quarter provides 1.9x coverage of non-performing assets.

Client deposits were up \$127.7 million and \$162.6 million over Q4 2023 and Q1 2023, respectively. Contributing to this increase was the transfer onto the Bank's balance sheet of \$123.2 million in LFA client wealth management funds in January; excluding those new balances, client deposits grew \$2.4 million (0.4%) in Q1 2024 and \$37.3 million (7.1%) since a year ago.

The Company continues to focus on maintaining a robust liquidity profile, with a diverse deposit base (roughly 70/30 retail/commercial), a small proportion of uninsured deposits (estimated at 13%), and proven access to both unsecured and secured wholesale funding channels.

Quarter-over-quarter, the Company reduced wholesale borrowings and brokered deposits by \$88.5 million as a result of the transfer onto the Bank's balance sheet of the \$123.2 million of wealth management deposits. As part of that reduction, deposits acquired through broker and listing service channels decreased \$7.8 million from \$100.2

million to \$92.4 million. The overall maturity profile of the wholesale funding that remains has a longer term now than at the end of the prior quarter.

The Company has significant liquidity resources available to support operations due to its good standing and with extensive portfolios pledged at FHLB Boston and the Federal Reserve. The Company had over \$370 million in readily accessible borrowing capacity as of March 31, 2024.

At March 31, 2024, shareholders' equity was \$55.5 million, down \$475 thousand or 0.8% from Q4 2023, and up \$640 thousand or 1.2% from Q1 2023. These changes include the impact of changes in Accumulated Other Comprehensive Income (AOCI), which moved from an unrealized loss position of \$15.9 million at Q1 2023 to an unrealized loss position of \$14.6 million and \$14.9 million at the end of Q4 2023 and Q1 2024, respectively. These movements directly track interest rate driven changes in the market value of Available-For-Sale securities and derivative contracts used for hedging purposes.

As expected, capital ratios have declined in concert with strategic balance sheet growth, and all the Company's capital ratios remain well in excess of the amount required by the Federal Reserve for a bank holding company to be considered well capitalized. At March 31, 2024, the Company's book value per share excluding AOCI stood at \$20.93 compared to \$20.97 on December 31, 2023 and \$21.15 on March 31, 2023.

Dividend Declaration

The Company is pleased to announce that a regular quarterly dividend of \$0.21 per share will be paid on June 7, 2024 to shareholders of record as of May 17, 2024.

About the Company

Ledyard Financial Group, Inc., headquartered in Hanover, New Hampshire, is the holding company for Ledyard National Bank, founded in 1991. Ledyard National Bank is a full-service community bank offering a broad range of banking, investment, and wealth management services.

Ledyard Financial Group, Inc. shares can be bought and sold through the NASD sanctioned OTCQX[®] Best Markets under the trading symbol LFGP. For additional information about the company, stock activity, or financial results please visit the Investor Relations section of bank's website (www.ledyard.bank), or contact the Company's Chief Financial Officer, Peteris J. Sprudz (603) 640-2743; Peter.sprudz@ledyard.bank.

Income Statement (unaudited, \$000s)	For the Three Months Ended		
	3/31/2024	12/31/2023	3/31/2023
Net interest income before provision	\$ 4,181	\$ 4,153	\$ 4,876
Provision for credit losses	486	712	21
Net interest income after provision	3,695	3,441	4,855
Ledyard Financial Advisors revenue	3,384	3,215	3,094
Securities losses	-	(5)	-
Other non-interest income	373	350	337
Total non-interest income	3,757	3,560	3,431
Total revenue	7,452	7,001	8,286
Non-interest expense	7,076	7,023	6,740
Pre-tax income (loss)	376	(22)	1,546
Tax expense (benefit)	(87)	(138)	54
Net income	\$ 463	\$ 116	\$ 1,492

Other Operating Metrics	For the Three Months Ended		
	3/31/2024	12/31/2023	3/31/2023
Earnings per common share, basic	\$ 0.14	\$ 0.04	\$ 0.45
Earnings per common share, diluted	\$ 0.14	\$ 0.04	\$ 0.45
Dividends per common share	\$ 0.21	\$ 0.21	\$ 0.21
Return on assets	0.18%	0.05%	0.77%
Return on equity	2.82%	0.83%	10.32%
Efficiency ratio	89.14%	91.06%	81.14%

Balance Sheet (unaudited, \$000s)	For the Three Months Ended		
	3/31/2024	12/31/2023	3/31/2023
Investments & interest-bearing deposits	\$ 374,580	\$ 374,516	\$ 319,987
Gross loans	457,444	418,766	363,499
Allowance for credit losses	(3,322)	(2,780)	(2,848)
Net loans	454,122	415,986	360,651
Premises, equipment & other assets	65,661	64,276	66,143
Total assets	\$ 894,363	\$ 854,779	\$ 746,781
Client deposits	687,591	559,915	525,013
Brokered & institutional deposits	92,382	100,242	-
Borrowings	32,452	113,076	139,686
Subordinated debt	18,000	18,000	18,000
Other liabilities	8,393	7,526	9,178
Total liabilities	838,818	798,759	691,877
Capital	72,122	72,276	72,432
Accumulated other comprehensive loss	(14,933)	(14,612)	(15,883)
Treasury stock	(1,644)	(1,644)	(1,644)
Total shareholders' equity	55,545	56,020	54,904
Total liabilities and equity	\$ 894,363	\$ 854,779	\$ 746,781

Other Metrics (as of stated date)	For the Three Months Ended		
	3/31/2024	12/31/2023	3/31/2023
Book value per share (excluding AOCI)	\$ 20.93	\$ 20.97	\$ 21.15
Book value per share (including AOCI)	\$ 16.49	\$ 16.64	\$ 16.40
Leverage ratio	7.81%	8.31%	9.56%
Risk based capital ratio	16.25%	17.61%	19.91%
Allowance to total loans	0.73%	0.66%	0.78%
Texas ratio	1.94%	2.01%	1.48%

Allowance to non-performing assets		198%		161%		223%
Assets under management (billions)	\$	2.021	\$	1.947	\$	1.751
Shares of common stock issued		3,483,504		3,483,513		3,463,692
Treasury shares		115,998		115,998		115,998
Stock price - high	\$	16.74	\$	17.00	\$	18.71
Stock price - low	\$	14.80	\$	12.95	\$	15.22
Stock price - average	\$	15.59	\$	14.53	\$	17.17

Forward-Looking Statements: Statements concerning future performance, developments or events, expectations for growth and income forecasts, and any other guidance on future periods constitute forward-looking statements that are subject to a number of risks and uncertainties. Actual results may differ materially from stated expectations. Specific factors include, but are not limited to, loan production, competitive pressure in the banking industry, balance sheet management, net interest margin variations, the effect of changes in equity prices on assets under management, the ability to control costs and expenses, changes in the interest rate environment, financial policies of the United States government, and general economic conditions. The Company disclaims any obligation to update any such factors.

Note: Certain reclassifications have been made to the prior period information to conform to the current period presentation.

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Source: Ledyard Financial Group, Inc.