



NEWS RELEASE

Ledyard Financial Group Reports Q2 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 Q2 2024. Quarter-over-quarter improvement in net income provides continued evidence that the Company's strategic plan is beginning to bear fruit. By continuing to leverage the integration of its banking and wealth management businesses, 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.

Q2 2024 Highlights

- Q2 2024 net income was \$726 thousand (\$0.22 per share), up \$263 thousand over Q1 2024, and up \$7 thousand from Q2 2023.
 - Total assets ended the quarter at \$908.0 million, having grown \$13.6 million or 1.5% from the prior quarter, and ending \$158.6 million or 21.2% higher than a year ago. Loan growth in Q2 2024 remained strong, with gross loan balances increasing \$38.8 million or 8.5% from the prior quarter, and ending \$124.4 million or 33.5% higher than a year ago.
 - Client deposits were up \$23.9 million and \$182.2 million over Q1 2024 and Q2 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 \$6.4 million (1.1%) in Q2 2024 and \$39.4 million (7.4%) since a year ago.
- Capital ratios remain well in excess of regulatory well-capitalized minimums.

- Assets under management (AUM) ended the quarter at \$2.04 billion, up 0.8% and 12.0% from Q1 2024 and Q2 2023, respectively. Revenue from the wealth management business was up \$111 thousand (3.3%) and \$358 thousand (11.4%) over the corresponding quarters.
- The Company declared a regular quarterly dividend of \$0.21 per share.

“In Q2 we remained focused on developing and maintaining a balance sheet with a product mix, liquidity profile, and capital base that supports the company’s strategic direction. With our strong liquidity position, we were able to grow loans and deposits, add to credit reserves, shrink the investment portfolio, and widen net interest margin by 13 basis points. The second quarter earnings improvement represents another step forward on our path to more normalized performance levels, and we are maintaining our quarterly dividend,” said Peter Sprudz, CFO.

“Our continued ability to grow both loans and deposits confirms that the growth pillar of our strategic plan is on track, and the widening of our net interest margin and the revenue growth in our wealth management business reveal the strength of our uniquely integrated business model. Customer satisfaction surveys confirm that we are succeeding in the pursuit of the second pillar of our strategic plan – high client engagement, and with our recent recognition as the “Best Place to Work” by the Concord Monitor’s Cappies Awards, it is clear that our efforts to reward, support, and develop our workforce are also returning value. We look forward to continued growth and evolution as our upcoming strategic initiatives unfold,” added Josephine Moran, CEO.

Q2 2024 Results

Net income for Q2 2024 was \$726 thousand (\$0.22 per share) compared to \$463 thousand (\$0.14 per share) in Q1 2024 and \$719 thousand (\$0.22 per share) in Q2 2023.

Q2 2024 net interest income was \$4.5 million, up \$301 thousand or 7.2% from the prior quarter, and up \$248 thousand or 5.8% from Q2 2023. Net interest margin (NIM) in Q2 2024 widened to 2.14% from 2.01% in Q1 2024 and was down 34 basis points from 2.48% in Q2 2023. Driven by a 33-basis point increase in loan portfolio yield, earning assets returned 16 basis points more than in Q1 2024, while the cost of interest-bearing liabilities inched up only 5 basis points. Reported NIM figures do not reflect the beneficial effect of the tax advantage provided by the Company’s \$180.1 million in municipal bond holdings. (Application of a more precise calculation methodology accounts for the 3-basis point change in the NIM reported for Q1 2024, previously reported as 1.98%.)

Provision for credit losses was \$139 thousand in Q2 2024, which consisted of a net \$87 thousand addition to the Allowance for Credit Losses (ACL), and a \$52 thousand net addition to the Liability for Unfunded Commitments.

Non-interest revenue for Q2 2024 amounted to \$3.9 million, up from \$3.8 million and \$3.6 million in Q1 2024 and Q2 2023, respectively.

- Revenue from LFA amounted to \$3.5 million in Q2 2024, up \$111 thousand or 3.3% from \$3.4 million in Q1 2024, and up \$358 thousand or 11.4% from \$3.1 million in Q2 2023.
 - AUM ended the quarter at \$2.04 billion, up 0.8% from \$2.02 billion at the end of Q1 2024, and up 12.0% from \$1.82 billion at the end of Q2 2023.

Non-interest expense in Q2 2024 was \$7.5 million, up \$430 thousand (6.1%) from \$7.1 million in Q1 2024, and up \$443 thousand (6.3%) from \$7.1 million in Q2 2023. Most of the increase over the prior quarter results from annual salary increases for staff and the deployment of new on-line capabilities.

The Company continues to benefit from its investments in Low Income Housing Tax Credits and tax-exempt municipal bonds. In Q2 2024, the net tax expense was \$33 thousand.

Total assets of the Company at June 30, 2024 were \$908.0 million, up \$13.6 million or 1.5% from the end of Q1 2024, and up \$158.6 million or 21.2% from the end of Q2 2023, driven primarily by loan growth.

Gross loans at June 30, 2024 were \$496.2 million, compared to \$457.4 million on March 31, 2024 and \$371.8 million on June 30, 2023, higher by 8.5% for the quarter and 33.5% for the year. Loan growth has been concentrated in the commercial loan portfolio.

During Q2 the Company executed a minor balance sheet repositioning in support of its growth strategy. Through the sale of \$34 million in AFS securities (a mix of floating rate securities and long-dated municipal bonds), the Company created additional capacity for loan growth and recorded a net gain of \$6 thousand.

Credit reserves amounted to \$4.2 million on June 30, 2024, the sum of \$3.4 million in ACL and \$775 thousand in Liability for Unfunded Commitments. ACL increased \$87 thousand and \$298 thousand over Q1 2024 and Q2 2023, respectively, and amounted to 0.69% of loan balances at June 30, 2024, as compared to 0.73% and 0.84% at March 31, 2024, and June 30, 2023, respectively. The Liability for Unfunded Commitments was up \$52 thousand and \$772 thousand from Q1 2024 and Q2 2023, respectively. This reserve balance is included in Other Liabilities on the balance sheet. The Company experienced net recoveries of \$5 thousand in Q2 2024, and the ACL at the end of the quarter provides 3.6x coverage of non-performing assets.

Client deposits were up \$23.9 million and \$182.2 million over Q1 2024 and Q2 2023, respectively. Contributing to these increases were net deposit inflows from LFA client wealth management funds of \$17.5 million in Q2 2024 and 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 \$6.4 million (1.1%) in Q2 2024 and \$39.4 million (7.4%) since a year ago.

The Company continues to focus on maintaining a robust liquidity profile, with a diverse deposit base (roughly 75/25 retail/commercial), a small proportion of uninsured deposits (estimated at 14%), and proven access to both unsecured and secured wholesale funding channels.

Quarter-over-quarter, the Company reduced wholesale borrowings and deposits acquired through brokers or listing channels by \$10.2 million. The overall maturity profile of the wholesale funding was 3.8 years at quarter end, effectively unchanged from the prior quarter.

The Company has significant liquidity resources available to support operations, as it maintains good standing and extensive portfolios pledged at FHLB Boston and the Federal Reserve. The Company had over \$340 million in readily accessible borrowing capacity as of June 30, 2024.

At June 30, 2024, shareholders' equity was \$55.5 million, essentially unchanged from the prior quarter, but down \$380 thousand or 0.7% from Q2 2023. These changes include the impact of changes in Accumulated Other Comprehensive Income (AOCI), which moved from an unrealized loss position of \$15.1 million at Q2 2023 to an unrealized loss position of \$14.9 million at Q1 2024, and then back to an unrealized loss position of \$15.1 million at the end of Q2 2024. These movements directly track interest rate driven changes in the market value of Available-for-Sale securities and derivative contracts used for hedging purposes.

The Company's capital ratios remain well in excess of the levels required under Basel 3 and the regulatory framework for prompt corrective action. At June 30, 2024, the Company's book value per share excluding AOCI stood at \$20.70 compared to \$20.93 on March 31, 2024 and \$21.04 on June 30, 2023.

Dividend Declaration

The Company is pleased to announce that a regular quarterly dividend of \$0.21 per share will be paid on September 6, 2024 to shareholders of record as of August 16, 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.

Income Statement (unaudited, \$000s)	For the Three Months Ended		
	6/30/2024	3/31/2024	6/30/2023
Net interest income before provision	\$ 4,482	\$ 4,181	\$ 4,234
Provision for credit losses	139	486	233
Net interest income after provision	4,343	3,695	4,002
Ledyard Financial Advisors revenue	3,495	3,384	3,137
Securities gains	6	-	-
Other non-interest income	421	373	415
Total non-interest income	3,922	3,757	3,552
Total revenue	8,265	7,452	7,554
Non-interest expense	7,506	7,076	7,063
Pre-tax income	759	376	491
Tax expense (benefit)	33	(87)	(228)
Net income	\$ 726	\$ 463	\$ 719

Other Operating Metrics	For the Three Months Ended		
	6/30/2024	3/31/2024	6/30/2023
Earnings per common share, basic	\$ 0.22	\$ 0.14	\$ 0.22
Earnings per common share, diluted	\$ 0.22	\$ 0.14	\$ 0.22
Dividends per common share	\$ 0.21	\$ 0.21	\$ 0.21
Return on assets	0.28%	0.18%	0.37%
Return on equity	4.61%	2.82%	4.97%
Net interest margin	2.14%	2.01%	2.48%
Efficiency ratio	89.31%	89.14%	90.71%

Balance Sheet (unaudited, \$000s)	6/30/2024	3/31/2024	6/30/2023
	Investments & interest-bearing deposits	\$ 349,109	\$ 374,580
Gross loans	496,232	457,444	371,804
Allowance for credit losses	(3,409)	(3,322)	(3,111)
Net loans	492,823	454,122	368,693
Premises, equipment & other assets	66,053	65,661	66,088
Total assets	\$ 907,985	\$ 894,363	\$ 749,350
Client deposits	711,442	687,591	529,222
Brokered & institutional deposits	82,366	92,382	32,368
Borrowings	32,280	32,452	108,815
Subordinated debt	18,000	18,000	18,000
Other liabilities	8,375	8,393	5,043
Total liabilities	852,463	838,818	693,448
Capital	72,224	72,122	72,656
Accumulated other comprehensive loss	(15,058)	(14,933)	(15,110)
Treasury stock	(1,644)	(1,644)	(1,644)
Total shareholders' equity	55,522	55,545	55,902

Total liabilities and equity	\$ 907,985	\$ 894,363	\$ 749,350
Other Metrics (as of stated date)	6/30/2024	3/31/2024	6/30/2023
Book value per share (excluding AOCI)	\$ 20.70	\$ 20.93	\$ 21.04
Book value per share (including AOCI)	\$ 16.29	\$ 16.49	\$ 16.56
Leverage ratio	7.78%	7.81%	9.58%
Risk based capital ratio	15.54%	16.25%	19.79%
Allowance to total loans	0.69%	0.73%	0.84%
Texas ratio	1.09%	1.94%	1.28%
Allowance to non-performing assets	360%	198%	280%
Assets under management (billions)	\$ 2.038	\$ 2.021	\$ 1.820
Shares of common stock issued	3,525,357	3,483,504	3,491,100
Treasury shares	115,998	115,998	115,998
Stock price - high	\$ 15.20	\$ 16.74	\$ 17.00
Stock price - low	\$ 13.44	\$ 14.80	\$ 13.75
Stock price - average	\$ 14.49	\$ 15.59	\$ 14.98

Forward-Looking Statements: Certain statements herein constitute “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended, and are intended to be covered by the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Such statements may be identified by words such as “believes,” “will,” “would,” “expects,” “project,” “may,” “could,” “developments,” “strategic,” “launching,” “opportunities,” “anticipates,” “estimates,” “intends,” “plans,” “targets” and similar expressions. These statements are based upon the current beliefs and expectations of Ledyard Financial Group, Inc.’s (the “Company’s”) management and are subject to significant risks and uncertainties. Actual results may differ materially from those set forth in the forward-looking statements as a result of numerous factors. Factors that could cause such differences to exist include, but are not limited to, changes in interest rates; changes in general business and economic conditions (including inflation and concerns about liquidity) on a national basis and in the local markets in which the Company operates, including changes that adversely affect borrowers’ ability to service and repay the Company’s loans; changes in customer behavior; turbulence in the capital and debt markets and the impact of such conditions on the Company’s business activities; changes in employment levels; increases in loan default and charge-off rates; decreases in the value of securities in the Company’s investment portfolio; fluctuations in real estate values; the possibility that future credit losses may be higher than currently expected due to changes in economic assumptions, customer behavior or adverse economic developments; changes in loan loss reserves; decreases in deposit levels necessitating increased borrowing to fund loans and investments; competitive pressures from other financial institutions; operational risks including, but not limited to, cybersecurity incidents, fraud, natural disasters, war, terrorism, civil unrest, and future pandemics; changes in regulation; changes in accounting standards and practices; the risk that goodwill and intangibles recorded in the Company’s financial statements will become impaired; demand for loans in the Company’s market area; the Company’s ability to attract and maintain deposits; risks related to the implementation of acquisitions, dispositions, and restructurings; and the risk that the Company may not be successful in the implementation of its business strategy. Should one or more of these risks materialize or should underlying beliefs or assumptions prove incorrect, the Company’s actual results could differ materially

from those discussed. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this release. The Company disclaims any obligation to publicly update or revise any forward-looking statements to reflect changes in underlying assumptions or factors, new information, future events or other changes, except as required by law.

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

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