



NEWS RELEASE

Ledyard Financial Group Reports Q4 2024 and Full-Year 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 Q4 2024 and Full-Year (FY) 2024. Quarterly net income increased to \$0.40 from \$0.22 in the prior quarter (up 82%) as net interest margin expanded and the balance sheet grew, wealth management revenues increased, and the Company executed a sale-leaseback transaction coupled with \$28 million of investment portfolio sales at a loss. FY 2024 net income was \$0.98 per share, exceeding 2023 net income per share of \$0.96 by \$0.02 (2%). The Company continues to leverage the integration of its banking and wealth management businesses, thereby promoting growth and the pursuit of making life better for its clients, its employees, its shareholders, and the communities it serves.

Q4 and FY 2024 Highlights

- Q4 2024 net income was \$1.3 million (\$0.40 per share), up \$607 thousand over Q3 2024, and up \$1.2 million from Q4 2023. FY 2024 net income was \$3.3 million (\$0.98 per share) compared to \$3.2 million (\$0.96 per share) in 2023.
 - Total assets ended the quarter at \$950.6 million, having grown \$12.6 million or 1.3% from the prior quarter, and ending \$95.8 million or 11.2% higher than a year ago, driven primarily by loan growth.
 - Loan growth in Q4 2024 continued to be robust, notably exceeding the comparable annualized 3-4% industry growth rate and increasing \$47.6 million (8.9%) from the prior quarter. Loans ended \$161.0 million (38.4%) higher than a year ago.
 - Excluding funds from the wealth management business, client deposits grew \$8.1 million (1.4%) in Q4

2024 and \$29.9 million (5.3%) since a year ago. Including the wealth management balances, deposits were down \$9.4 million and up \$176.9 million over Q3 2024 and Q4 2023, respectively. Contributing to the yearly increase is the transfer onto the Bank's balance sheet of \$123.2 million in client wealth management funds in January 2024.

- Net interest margin widened to 2.35%, up 17 basis points from the prior quarter, as earning asset yields increased and the cost of interest-bearing liabilities declined.
 - In Q4, the Company executed a sale-leaseback and investment portfolio downsizing transaction in which it sold two bank properties for a gain of \$1.3 million, immediately leased them back from the buyer, and then sold \$28 million of bonds from its AFS portfolio, registering a loss of \$1.1 million on the sales.
- Capital ratios remain well in excess of regulatory well-capitalized minimums.
 - Assets under management (AUM) ended the quarter at \$2.14 billion, down 0.9% and up 10.1% from Q3 2024 and Q4 2023, respectively. Revenue from the wealth management business was up \$147 thousand (4.1%) and \$487 thousand (15.1%) over the corresponding previous quarters.
 - The Company declared a regular quarterly dividend of \$0.21 per share.

"Finishing with such a strong quarter and posting earnings in 2024 that exceed the earnings of 2023 is something we are very proud of having achieved, especially as we reflect on the uncertainty with which the banking industry entered the year. Of equal importance to the improved earnings, however, is the continued strengthening of the balance sheet that we engineered, with meaningful balance sheet rotation towards more profitable core business assets and liabilities (aided by the Q4 sale-leaseback activity), the continued build of credit reserves, and our maintenance of ample liquidity. We continue to move towards more normalized performance levels, and we are maintaining our quarterly dividend," said Peter Sprudz, CFO.

"We are pleased to have completed the second year of our strategic transformation with such a strong quarter. The widening of net interest margin, coupled with the continued growth of our core customer balances in both loans and deposits, is continued evidence that our customer-centric strategy is paying off. We continue to focus on investing in our people, in infrastructure that drives growth, and in the communities we serve, and we firmly believe we are on the right path," added Josephine Moran, CEO.

Q4 2024 Results

Net income for Q4 2024 was \$1.3 million (\$0.40 per share) compared to \$733 thousand (\$0.22 per share) in Q3 2024 and \$116 thousand (\$0.04 per share) in Q4 2023.

Q4 2024 net interest income was \$5.2 million, up \$504 thousand or 10.8% from the prior quarter, and up \$1.0 million or 24.7% from Q4 2023. Net interest margin (NIM) in Q4 2024 widened to 2.35% from 2.18% in Q3 2024 and

was up 23 basis points from 2.12% in Q4 2023. Quarter over quarter, earning asset yields increased by 6 basis points, the cost of interest-bearing liabilities declined by 24 bps, and other factors (most notably the contribution from derivative positions) declined 13 basis points. The sale-leaseback transaction did not have a material impact on Q4 2024 NII or NIM. Reported NIM figures do not reflect the beneficial effect of the tax advantage provided by the Company's \$145.9 million in municipal bond holdings.

Provision for credit losses was a credit of \$171 thousand in Q4 2024, which consisted of a net \$39 thousand addition to the Allowance for Credit Losses (ACL) and a \$210 thousand reduction in the Liability for Unfunded Commitments.

Non-interest revenue for Q4 2024 amounted to \$4.4 million, up \$516 thousand or 13.1% from Q3 2024, and up \$887 thousand or 25.0% from Q4 2023.

- Wealth management revenue amounted to \$3.7 million in Q4 2024, up \$147 thousand or 4.1% from Q3 2024, and up \$487 thousand or 15.1% from Q4 2023.
 - AUM ended the quarter at \$2.14 billion, down nominally from \$2.16 billion at the end of Q3 2024, and up 10.1% from \$1.9 billion at the end of Q4 2023.
- In Q4, the Company executed a sale-leaseback transaction and a related sale of AFS investment securities. The Company sold two of its financial center properties and immediately leased them back from the buyer, recording a \$1.3 million gain for the period. The Company then sold \$28 million in AFS investment securities (primarily tax-exempt municipal bonds) for a total loss of \$1.1 million.
 - The sale of these securities reduces the Company's risk to equity (via AFS marks and their impact on AOCI), and the elimination of the funding cost associated with the sold bonds is expected to add approximately \$500 thousand to net interest income in 2025.
 - Partially offsetting this benefit is an increase in non-interest expense; the net effect of the new lease expense to be incurred and the previous depreciation expense to be foregone is expected to be approximately \$140 thousand in 2025.

Non-interest expense in Q4 2024 was \$8.3 million, up \$601 thousand (7.8%) from \$7.7 million in Q3 2024, and up \$1.3 million (17.8%) from \$7.0 million in Q4 2023. Increases here result from the Company's continued investment in key revenue-generating personnel and critical infrastructure to support growth and manage risk.

The Company continues to benefit from its investments in Low Income Housing Tax Credits and tax-exempt municipal bonds. In Q4 2024, the net tax expense was \$188 thousand, for an effective tax rate of 12%.

Total assets of the Company at December 31, 2024 were \$950.6 million, up \$12.6 million or 1.3% over Q3 2024, and up \$95.8 million or 11.2% from the end of Q4 2023, driven primarily by loan growth.

Gross loans at December 31, 2024 were \$579.7 million, compared to \$532.2 million at September 30, 2024 and \$418.8 million at December 31, 2023, higher by 8.9% for the quarter and 38.4% for the year. Loan growth was broad-based, with a focus on residential lending programs offered as part of the Company's efforts to promote banking services to healthcare professionals.

Credit reserves amounted to \$4.2 million at December 31, 2024, the sum of \$3.8 million in ACL and \$467 thousand in Liability for Unfunded Commitments. ACL increased \$88 thousand and \$979 thousand over Q3 2024 and Q4 2023, respectively, and amounted to 0.65% of gross loan balances at December 31, 2024, as compared to 0.69% and 0.66% at September 30, 2024 and December 31, 2023, respectively. The Liability for Unfunded Commitments was down \$210 thousand from Q3 2024, and down \$307 thousand from Q4 2023. This reserve balance is included in Other Liabilities on the balance sheet. The Company experienced net recoveries of \$54 thousand for the full year of 2024, and the ACL at the end of the quarter provides 3x coverage of non-performing assets.

Client deposits excluding wealth funds grew \$8.1 million (1.4%) during Q4 2024 and \$29.9 million (5.3%) since a year ago. Wealth management fund balances were down \$17.5 million compared to Q3 2024 and up \$176.9 million over Q4 2023, the latter increase driven by the transfer onto the Bank's balance sheet of \$123.2 million of these funds in January of 2024. Including these wealth fund movements, client deposits were down \$9.4 million in Q4.

The Company continues to focus on maintaining a robust liquidity profile, with a diverse deposit base (roughly 80/20 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 \$5.6 million. The overall maturity profile of the Company's wholesale funding was 3.1 years at quarter end, down from 3.8 years at the prior quarter end.

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 \$295 million in readily accessible borrowing capacity as of December 31, 2024.

At December 31, 2024, shareholders' equity was \$56.5 million, down less than \$200 thousand or less than 1% from the prior quarter, and up \$517 thousand or 0.9% from Q4 2023. These changes include the impact of changes in Accumulated Other Comprehensive Income (AOCI), which moved from an unrealized loss position of \$14.6 million at Q4 2023 to an unrealized loss position of \$14.0 million at Q3 2024, and to an unrealized loss position of \$14.9 million at the end of Q4 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 defined by the Federal Reserve for a bank holding company to be considered well capitalized. As expected, capital ratios have trended down in the last year in concert with strategic balance sheet growth. At December 31, 2024, the Company's book value per share excluding and including AOCI stood at \$20.95 and \$16.58, respectively, compared to \$20.74 and \$16.63, respectively, at September 30, 2024, and \$20.97 and \$16.64, respectively, at December 31, 2023.

Dividend Declaration

The Company is pleased to announce that a regular quarterly dividend of \$0.21 per share will be paid on March 19, 2025, to shareholders of record as of February 26, 2025.

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		
	12/31/2024	9/30/2024	12/31/2023
Net interest income before provision	\$5,180	\$4,676	\$4,153
Provision for credit losses	(171)	164	712
Net interest income after provision	5,351	4,512	3,441
Wealth management revenue	3,702	3,554	3,215
Securities gains (losses)	(1,051)	1	(5)
Gain on sale of fixed assets	1,348	-	-
Other non-interest income	450	377	350
Total non-interest income	4,449	3,932	3,560
Total revenue	9,800	8,444	7,001
Non-interest expense	8,272	7,671	7,023
Pre-tax income (loss)	1,528	773	(22)
Tax expense (benefit)	188	40	(138)
Net income	\$1,340	\$733	\$116
	For the Three Months Ended		
Other Operating Metrics	12/31/2024	9/30/2024	12/31/2023
Earnings per common share, basic	\$0.40	\$0.22	\$0.04

Earnings per common share, diluted	\$0.40	\$0.22	\$0.04
Dividends per common share	\$0.21	\$0.21	\$0.21
Return on assets	0.55%	0.30%	0.05%
Return on equity	9.07%	4.87%	0.83%
Net interest margin	2.35%	2.18%	2.14%
Efficiency ratio	85.91%	89.11%	91.06%

Balance Sheet (unaudited, \$000s)	12/31/2024	9/30/2024	12/31/2023
Investments & interest-bearing deposits	\$309,875	\$344,501	\$374,516
Gross loans	579,723	532,164	418,766
Allowance for credit losses	(3,759)	(3,671)	(2,780)
Net loans	575,964	528,493	415,986
Premises, equipment & other assets	64,743	64,957	64,277
Total assets	\$950,582	\$937,951	\$854,779
Client deposits	\$736,785	\$746,208	\$559,915
Brokered & institutional deposits	70,978	76,543	100,242
Borrowings	57,087	32,107	113,076
Subordinated debt	18,000	18,000	18,000
Other liabilities	11,195	8,381	7,526
Total liabilities	894,045	881,239	798,759
Capital	73,097	72,356	72,276
Accumulated other comprehensive loss	(14,916)	(13,999)	(14,612)
Treasury stock	(1,644)	(1,644)	(1,644)
Total shareholders' equity	56,537	56,712	56,020
Total liabilities and equity	\$950,582	\$937,951	\$854,779

Other Metrics (as of stated date)	12/31/2024	9/30/2024	12/31/2023
Book value per share (excluding AOCI)	\$20.95	\$20.74	\$20.97
Book value per share (including AOCI)	\$16.58	\$16.63	\$16.64
Leverage ratio	7.63%	7.63%	8.31%
Risk based capital ratio	14.39%	15.05%	17.61%
Allowance to total loans	0.65%	0.69%	0.66%
Texas ratio	1.42%	1.15%	2.01%
Allowance to non-performing assets	300%	364%	161%
Assets under management (billions)	\$2.144	\$2.163	\$1.947
Shares of common stock issued	3,526,641	3,525,930	3,483,513
Treasury shares	115,998	115,998	115,998
Stock price - high	\$15.50	\$14.00	\$17.00
Stock price - low	\$13.50	\$12.77	\$12.95
Stock price - average	\$14.51	\$13.64	\$14.53

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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