



NEWS RELEASE

Ledyard Financial Group Reports Record Earnings

2020-07-27

HANOVER, N.H.--(BUSINESS WIRE)-- Ledyard Financial Group, Inc. (ticker symbol LFGP), the holding company for Ledyard National Bank, is proud to announce record quarterly earnings for the second quarter and year-to-date 2020. Our enthusiasm about these results is tempered by our continuing concern for those impacted by the COVID-19 pandemic and its impact on Ledyard, including our employees and the communities we serve. The pandemic's impact on both the national and local economy has lasted longer than initially expected and as a result the full impact on Ledyard is highly uncertain. We are staying focused on strengthening our financial position by building our reserve for loan losses and taking the necessary steps to preserve core earnings as evidenced by our strong second quarter and year-to-date results. As a community bank we continue to focus on our customers and their financial needs during these highly unusual times. We entered this crisis in a position of strength and we remain focused on what we need to do to ensure we are able to support the communities we serve. Net income for the quarter ended June 30, 2020, was \$1,637,173 or \$0.52 per share compared to \$1,563,045 or \$0.50 per share for the same period in 2019, an increase of \$74,128 or 4.7%. Net income for the six months ended June 30, 2020, was \$3,258,112 or \$1.03 per share compared to \$2,870,804 or \$0.91 per share for the same period in 2019, an increase of \$387,308 or 13.5%. The underlying results for the Company were extremely positive, but we are expecting significant challenges ahead, in both the level of problem loans and continued volatility in the equity markets which we expect to have an adverse impact on our financial results.

Total revenue for the quarter ended June 30, 2020, was \$8,149,150 compared to \$7,299,261 for the same period in 2019, for an increase of \$849,889 or 11.6%. Total revenue for the six months ended June 30, 2020, was \$15,453,775 compared to \$14,275,894 for the same period in 2019, for an increase of \$1,177,881 or 8.3%. Net interest income for the quarter ended June 30, 2020, was \$4,268,207 compared to \$4,065,128 for the same period in 2019, for an

increase of \$230,079 or 5%. Net interest income for the six months ended June 30, 2020, was \$8,111,446 compared to \$8,120,941 for the same period in 2019, for a decrease of \$9,495 or less than 1%. The increase in net interest income for the quarter is the result of the investment activity during March of 2020 and the addition of Paycheck Protection Program (PPP) loans during April of this year. The increase in revenue is due primarily to the sale of investment securities that resulted in gains of \$684,475.

Ledyard Financial Advisors, a division of Ledyard National Bank, reported revenue for the quarter ended June 30, 2020, of \$2,757,164 compared to \$2,758,305 for the same period in 2019, a decrease of \$1,142 or less than 1%. Revenue for the six months ended June 30, 2020, was \$5,690,850 compared to \$5,333,582 for the same period in 2019, an increase of \$357,269 or 6.7%. Assets under management and custody at Ledyard Financial Advisors totaled approximately \$1.5 billion as of June 30, 2020, which is a \$77.8 million decrease over June 30, 2019. The decline in assets under management was caused by recent volatility in equity markets as well as by Bank assets held in custody being moved to the Federal Home Loan Bank of Boston.

Non-interest expense for the quarter ended June 30, 2020, was \$5,267,249 compared to \$5,454,192 for the same period in 2019, a decrease of \$186,943 or approximately 3.4%. Non-interest expense for the six months ended June 30, 2020, was \$10,470,206 compared to \$10,943,041 for the same period in 2019, a decrease of \$472,835 or approximately 4.3%. The decrease in non-interest expense is related to cost cutting measures implemented in 2020, coupled with the Company's core conversion being completed in 2019 with no comparable expenses in 2020.

At June 30, 2020, the Company's shareholders' equity stood at \$61.2 million compared \$53.2 million for the same period in 2019. All of the Company's capital ratios are well in excess of the amount required by the Federal Reserve for a bank holding company to be considered "well capitalized." At June 30, 2020, the Company's book value per share stood at \$18.88 compared to \$16.30 for the same period in 2019.

Loans, net of the allowance for loan losses at June 30, 2020, were \$352.6 million compared to \$314.3 million for the same period last year, for an increase of \$38.3 million or 12.2%. Included in this loan growth is \$40 million of PPP loans to 303 of our customers that impacted 3,832 jobs in our local communities, part of the Coronavirus Aid, Relief, and Economic Security (CARES) Act. Total deposits at June 30, 2020, were \$448.7 million compared to \$393.1 million, an increase of \$55.6 million or 14.1% from the same period last year. Total assets of the Company were \$620.1 million at June 30, 2020, an increase of \$107.8 million over the prior year. In addition to the loan growth related to the CARES Act, the balance sheet growth was due to investments purchased during the first and second quarter when there were opportunities in the municipal bond markets. The increase in investments was funded with borrowings.

The Company provided \$1,200,000 to the Allowance during the second quarter in response to the economic conditions surrounding the COVID pandemic. No funds were added to the Allowance in the second quarter of 2019.

The total Allowance was \$6.5 million at June 30, 2020, compared to \$5.3 million for the prior year. Total non-performing assets were \$1.6 million at June 30, 2020, compared to \$2.1 million for the same period in 2019.

During May of 2020, Ledyard was ranked among the top 200 publicly traded banks and thrifts under \$2 billion in assets in the United States by American Banker Magazine. This is the sixth consecutive year Ledyard has been named to this exclusive list.

Ledyard Financial Group, Inc., headquartered in Hanover, New Hampshire, is the holding company for Ledyard National Bank. Ledyard National Bank, founded in 1991, is a full service community bank offering a broad range of banking, investment, tax and wealth management services. Stock activity information can be found in the “Investor Relations” section of our website, which includes a wealth of other information that Ledyard shareholders and prospective shareholders may find of interest.

Ledyard Financial Group, Inc. shares can be bought and sold through the NASD sanctioned “OTC Markets” under the trading symbol LFGP. Shares may be traded through an individual’s broker. For more information, please refer to the “Investor Relations” section of the bank’s website at www.ledyardbank.com or contact the Company’s Chief Financial Officer, Gregory D. Steverson.

Ledyard Financial Group, Inc.
Selected Financial Highlights
(Unaudited)

	For the Three Months Ended		For the Six Months Ended	
	6/30/2020	6/30/2019	6/30/2020	6/30/2019
Total Interest Income	\$4,804,058	\$4,550,347	\$9,155,865	\$8,977,909
Total Interest Expense	535,851	485,219	1,044,419	856,968
Net Interest Income Before Provision			8,111,446	
	4,268,207	4,065,128		8,120,941
Provision for Loan Losses	1,200,000	0	1,450,000	0
Net Interest Income After Provision	3,068,207	4,065,128	6,661,446	8,120,941
Non-interest Income				6,201,920
	3,314,932	3,234,134	6,657,855	
Securities gains (losses)	566,011	0	684,475	(46,966)
Non-interest Expense	5,267,249	5,454,192	10,470,206	10,943,041
Pre-tax income	1,681,902	1,845,070	3,533,570	3,332,854
Tax Expense	44,729	282,025	275,458	462,050
Net Income	1,637,173	1,563,045	3,258,112	2,870,804
Earnings Per Common Share, basic	\$0.52	\$ 0.50	\$1.03	\$ 0.91
Earnings Per Common Share, diluted	\$0.52	\$ 0.50	\$1.02	\$ 0.91
Dividends Per Common Share	\$0.19	\$ 0.18	\$0.38	\$ 0.36
Efficiency Ratio	64.64%	74.72%	67.75%	76.65%
	As of June 30, 2020	As of June 30, 2019		
Total Assets	\$620,114,929	\$512,356,623		
Investments	229,738,538	156,753,342		
Loans Receivable, net	352,606,790	314,276,845		

Total Deposits	448,703,986	393,129,201		
FHLB Advances & Other Borrowings	99,029,130	61,422,591		
Stockholder's Equity	61,205,197	53,168,449		
Common Stock Issued	3,375,434	3,386,214		
Treasury Shares	132,845	123,868		
Total Risk Based Capital Ratio	18.17%	17.98%		
Book Value per Share	\$18.88	\$16.30		
Return on Assets	1.15%	1.14%		
Return on Equity	11.07%	11.24%		
Allowance for Loan Losses	\$6,497,322	\$5,262,028		
Allowance as a % of Total Loans	1.81%	1.65%		

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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Gregory D. Steverson

EVP, COO, CFO

(603) 640-2666

greg.steverson@ledyardbank.com

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