



NEWS RELEASE

Ledyard Financial Group Reports Record Earnings

2020-10-26

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 and year-to-date earnings. This is the third straight quarter with record earnings. We are very proud of these results but remain focused on the emerging risk the organization faces due to the resurgence in Covid-19 cases. The pandemic's full impact on both the national and local economy continues to be highly uncertain. Our focus remains 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 third quarter and year-to-date results. As a community bank we continue to focus on the safety of our employees, our customers, and the communities we serve during these highly unusual times. We entered this crisis in a position of strength and will continue to focus on supporting the core constituents we serve. Net income for the quarter ended September 30, 2020, was \$1,717,884 or \$0.54 per share compared to \$1,579,252 or \$0.50 per share for the same period in 2019, an increase of \$138,632 or 8.8%. Net income for the nine months ended September 30, 2020, was \$4,975,996 or \$1.57 per share compared to \$4,450,057 or \$1.42 per share for the same period in 2019, an increase of \$525,939 or 11.8%. 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 could potentially have an adverse impact on our financial results.

Total revenue for the quarter ended September 30, 2020, was \$8,241,275 compared to \$7,230,476 for the same period in 2019, for an increase of \$1,010,799 or 14%. Total revenue for the nine months ended September 30, 2020, was \$23,695,050 compared to \$21,506,370 for the same period in 2019, for an increase of \$2,188,680 or 10.2%. The increase in revenue is due primarily to the sale of investment securities that resulted in gains of \$556,164 and \$1,240,639 during the third quarter and year-to-date respectively, in addition to increased financial advisor

revenue, net interest income, and gains from the sale of loans in the secondary market. Net interest income for the quarter ended September 30, 2020, was \$4,251,182 compared to \$3,999,663 for the same period in 2019, for an increase of \$251,519 or 6.3%. Net interest income for the nine months ended September 30, 2020, was \$12,362,628 compared to \$12,120,603 for the same period in 2019, for an increase of \$242,025 or 2%.

Ledyard Financial Advisors, a division of Ledyard National Bank, reported revenue for the quarter ended September 30, 2020, of \$2,931,645 compared to \$2,750,616 for the same period in 2019, an increase of \$181,029 or 6.6%. Revenue for the nine months ended September 30, 2020, was \$ 8,622,496 compared to \$8,084,198 for the same period in 2019, an increase of \$538,298 or 6.6%. Assets under management and custody at Ledyard Financial Advisors totaled approximately \$1.61 billion as of quarter-end September 30, 2020, and \$1.65 billion for the same period in 2019. The decline in assets under management was caused by Bank assets held in custody being moved to the Federal Home Loan Bank of Boston, otherwise assets under management would have increased when compared to the prior year.

Non-interest expense for the quarter ended September 30, 2020, was \$5,234,662 compared to \$5,448,700 for the same period in 2019, a decrease of \$214,038 or 3.9%. Non-interest expense for the nine months ended September 30, 2020, was \$15,704,868 compared to \$16,391,740 for the same period in 2019, a decrease of \$686,872 or 4.2%. 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.

On September 30, 2020, the Company's shareholders' equity stood at \$62.8 million compared to \$54.7 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 September 30, 2020, the Company's book value per share stood at \$18.97 compared to \$16.76 for the same period in 2019.

Loans, net of the allowance for loan losses at September 30, 2020, were \$363.7 million compared to \$309.3 million for the same period last year, an increase of \$54.3 million or 18%. Included in this loan growth is \$40 million of PPP loans to 303 of our customers, impacting 3,832 local jobs, part of the Coronavirus Aid, Relief, and Economic Security (CARES) Act. Total deposits at September 30, 2020, were \$550.5 million compared to \$385.4 million, an increase of \$165.1 million or 43% from the same period last year. Included in this deposit growth is \$80 million in brokered deposits, which provide funding at lower costs than current wholesale borrowing alternatives. Total assets of the Company were \$648 million compared to \$504.4 million at September 30, 2019, an increase of \$143.6 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 originally funded with borrowings which have been replaced with brokered deposits.

During the quarter ended September 30, 2020, \$1 million was added to the allowance, bringing the total additions to the allowance to \$2.45 million for 2020. No amounts were added to the allowance during 2019. The total Allowance was \$7.5 million at September 30, 2020 compared to \$5.2 million at September 30, 2019. Total non-performing assets were \$1.5 million at September 30, 2020 compared to \$1.6 million for the same period in 2019.

The Company is pleased to announce that on October 15, 2020 we expanded our services in Concord, NH by opening a full-service banking branch located at 74 S. Main Street. This new full-service branch features an innovative design and cutting-edge technologies including an Interactive ATM in the drive-thru, where a remote Ledyard teller can help you complete your banking transactions from the safety of your car.

The Company is also pleased to announce that it has been named one of Business NH Magazine's 2020 Best Companies to Work For, for the second year in a row. The competition's judges recognized Ledyard as an organization that proactively focuses on and strives to offer a workplace that truly engages its employees.

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 Ledyard's 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 EVP, COO and CFO, Gregory D. Steverson.

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

	For the Three Months Ended		For the Nine Months Ended	
	9/30/2020	9/30/2019	9/30/2020	9/30/2019
Total Interest Income	\$4,824,855	\$4,533,193	\$13,980,720	\$13,511,102
Total Interest Expense	573,673	533,530	1,618,092	1,390,499
Net Interest Income Before Provision	4,251,182	3,999,663	12,362,628	12,120,603
Provision for Loan Losses	1,000,000	0	2,450,000	0
Net Interest Income after Provision	3,251,182	3,999,663	9,912,628	12,120,603
Non-interest Income	3,433,928	3,229,409	10,091,783	9,431,327
Securities gains (losses)	556,164	1,405	1,240,639	(45,560)
Non-interest Expense	5,234,662	5,448,700	15,704,868	16,391,740
Pre-tax Income	2,006,612	1,781,777	5,540,182	5,114,630
Tax Expense	288,728	202,525	564,186	664,573
Net Income	1,717,884	1,579,252	4,975,996	4,450,057
Earnings Per Common Share, basic	\$ 0.54	\$ 0.50	\$ 1.57	\$ 1.42
Earnings Per Common Share, diluted	\$ 0.54	\$ 0.50	\$ 1.55	\$ 1.42
Dividends Per Common Share	\$ 0.19	\$ 0.19	\$ 0.57	\$ 0.55

Efficiency Ratio	63.52%	75.35%	66.28%	76.22%
	9/30/2020	9/30/2019		
Total Assets	\$648,000,630	\$504,400,829		
Investments and interest-bearing deposits	247,007,855	153,753,520		
Loans Receivable, net	363,652,187	309,322,903		
Deposits	470,450,806	385,355,560		
Brokered Deposits	80,013,852	0		
Borrowings	23,126,174	59,179,384		
Stockholder's Equity	62,854,827	54,672,272		
Common Stock Issued	3,447,834	3,385,418		
Treasury Shares	133,505	123,868		
Total Risk Based Capital Ratio	17.00%	18.13%		
Book Value per Share	\$18.97	\$16.76		
Return on Assets	1.13%	1.17%		
Return on Equity	11.04%	11.41%		
Allowance for Loan Losses	7,525,919	5,213,767		
Allowance as a % of Total Loans	2.03%	1.66%		

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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Ticker Symbol: LFGP

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