



NEWS RELEASE

Ledyard Financial Group Reports Record Quarterly Earnings

2022-07-27

HANOVER, N.H.--(BUSINESS WIRE)-- Ledyard Financial Group, Inc. (ticker symbol LFGP), the holding company for Ledyard National Bank, is proud to announce record earnings for the second quarter of 2022. This is the tenth consecutive quarter of record earnings and while uncertainty continues in the economy, these results are evidence of the strength of our core businesses and financial condition. Despite the economic uncertainty, our attention remains on strengthening our financial position and continuing to execute on our strategic initiatives.

Net income for the quarter ended June 30, 2022, was \$2,073,185 or \$0.64 per share compared to \$1,957,272 or \$0.61 per share for the same period in 2021, an increase of \$115,913 or 5.9%. Net income for the six months ended June 30, 2022, was \$4,117,738 or \$1.27 per share compared to \$3,793,143 or \$1.18 per share for the same period in 2021, an increase of \$324,595 or 8.6%. The underlying results for the Company were extremely positive. The Company is well positioned to navigate any difficulties that we may encounter in the future, and we remain focused on supporting our core businesses. The decline in the equity markets during 2022 coupled with the decrease in loans primarily due to the payoff of CARES act loans did affect our second quarter results.

Total revenue for the quarter ended June 30, 2022, was \$8,227,579 compared to \$8,390,562 for the same period in 2021, for a decrease of \$162,983 or 1.9%. Total revenue for the six months ended June 30, 2022, was \$16,912,220 compared to \$16,649,545 for the same period in 2021, for an increase of \$262,675 or 1.6%. Net interest income for the quarter ended June 30, 2022, was \$4,565,230 compared to \$4,624,242 for the same period in 2021, for a decrease of \$59,012 or 1.3%. Net interest income for the six months ended June 30, 2022, was \$9,259,259 compared to \$9,069,515 for the same period in 2021, for an increase of \$189,744 or 2.1%. The quarter-to-date

decline was due to the increase in CARES act loans paying off in the prior year's quarter which accelerated earnings. The increase in our net interest income on a year-to-date basis was due primarily to an increase in investments and interest-bearing deposits and our ability to manage the cost of our deposits and borrowings. Overall our spread has improved compared to the prior year. The improvement in spread has mostly offset the decline in income from loan balances.

Ledyard Financial Advisors, a division of Ledyard National Bank, reported revenue for the quarter ended June 30, 2022, of \$3,267,509 compared to \$3,305,576 for the same period in 2021, a decrease of \$38,067 or 1.2%. Revenue for the six months ended June 30, 2022 was \$6,636,209 compared to \$6,385,831 for the same period in 2021, an increase of \$250,378 or 3.9%. Assets under management and custody at Ledyard Financial Advisors totaled approximately \$1.68 billion as of June 30, 2022, which is a \$199 million decrease compared to June 30, 2021. Since the end of 2021, the equity markets are down, and interest rates are up. These trends have contributed to a decline in AUM since the end of 2021 of \$294 million. Without a recovery in the equity markets this will continue to have a negative impact on revenue from assets under management.

Non-interest expense for the quarter ended June 30, 2022, was \$5,979,715 compared to \$6,106,181 for the same period in 2021, a decrease of \$126,466 or 2.1%. Non-interest expense for the six months ended June 30, 2022, was \$12,464,124 compared to \$12,354,453 for the same period in 2021, an increase of \$109,671 or less than 1%.

At June 30, 2022, the Company's shareholders' equity stood at \$47.2 million compared to \$70.8 million for the same period in 2021. The decrease in shareholders' equity is due to the decline in Other Comprehensive Income, which was in an unrealized loss position of \$20.2 million at June 30, 2022, contrasted with an unrealized gain position of \$9.5 million at June 30, 2021. The change in this account was directly related to the change in values on securities and derivative contracts due to changes in interest rates. The value in this account is excluded when calculating our regulatory capital ratios. 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" and the Company has significant levels of liquidity resources available to support operations during these unusual times. At June 30, 2022, the Company's book value per share excluding Other Comprehensive Income stood at \$20.07 compared to \$18.26 for the same period in 2021.

Loans, net of the allowance for loan losses at June 30, 2022, were \$347.5 million compared to \$354.4 million for the same period last year, for a decrease of \$6.9 million or 1.9%. The decline in loans relates primarily to the CARES Act loans forgiven and to other loans that prepaid early. Total deposits at June 30, 2022, were \$566.4 million compared to \$624.2 million, a decrease of \$57.8 million or 9.3% from the same period last year. Included in the deposit balance fluctuation is \$70 million in brokered deposits that were moved into the wholesale funding market as a more affordable cost of funding. Total assets of the Company were \$733.8 million at June 30, 2022, an increase of

\$19.3 million over the prior year. The growth in total assets was due to investments purchased during 2021.

No funds were added to the Allowance during 2022. The total Allowance was \$7.47 million at June 30, 2022, compared to \$8.04 million for the prior year. Total non-performing assets were \$2.6 million at June 30, 2022, compared to \$1.2 million for the same period in 2021.

The Company is pleased to announce that Bruce P. King was elected as the new Chair of the Board of Directors of Ledyard Financial Group, Inc. Mr. King has served on the Ledyard board since 2014 and has served as Co-Vice Chair of the Board since 2019 and is replacing Margaret Rightmire, who will continue to serve as a Board member.

The Company is also pleased to be ranked among the Top 200 publicly traded banks and thrifts under \$2 billion in assets in the United States by American Banker Magazine for the eighth consecutive year.

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, 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.

	Operating Data			
	For the Three Months Ended 6/30/2022	For the Three Months Ended 6/30/2021	For the Six Months Ended 6/30/2022	For the Six Months Ended 6/30/2021
Loan interest income	\$ 3,113,248	\$ 3,529,962	\$ 6,234,482	\$ 7,082,112
Investment interest income	1,841,434	1,434,891	3,668,449	2,840,819
Total interest income	4,954,682	4,964,853	9,902,931	9,922,931
Interest expense on deposits	155,909	187,344	320,044	431,202
Interest expense on borrowings	233,543	153,267	323,628	422,214
Total interest expense	389,452	340,611	643,672	853,416
Net interest income before provision	4,565,230	4,624,242	9,259,259	9,069,515
Provision for loan losses	-	-	-	50,000
Net interest income after provision	4,565,230	4,624,242	9,259,259	9,019,515
Ledyard Financial Advisors revenue	3,267,509	3,305,576	6,636,209	6,385,831
Securities gains (losses)	-	(32,630)	272,412	275,827
Other non-interest income	394,840	493,374	744,340	918,371
Total revenue	8,227,579	8,390,562	16,912,220	16,649,544
Non-interest expense	5,979,715	6,106,181	12,464,124	12,354,453
Pre-tax income	2,247,864	2,284,381	4,448,096	4,245,091

Tax expense	174,679	327,109	330,358	451,948
Net income	2,073,185	1,957,272	4,117,738	3,793,143
Earnings per common share, basic	\$ 0.64	\$ 0.61	\$ 1.27	\$ 1.18
Earnings per common share, diluted	\$ 0.63	\$ 0.60	\$ 1.25	\$ 1.17

	Financial Condition Data	
	As of 6/30/2022	As of 6/30/2021
Total assets	\$ 733,760,463	\$ 714,425,234
Investments & interest-bearing deposits	322,008,420	314,124,489
Gross loans	354,977,870	362,420,132
Allowance for loan loss	7,466,425	8,039,722
Net loans	347,511,445	354,380,410
Premises, equipment & other assets	64,240,600	45,920,337
Deposits	566,438,046	554,222,283
Brokered Deposits	8,371	70,009,249
Borrowings	93,366,211	8,827,399
Subordinated debt	18,000,000	-
Other liabilities	8,753,838	10,603,526
Capital	69,084,458	63,031,340
Other comprehensive income	(20,242,538)	9,492,595
Treasury stock	(1,647,922)	(1,761,159)
Total shareholder's equity	47,193,998	70,762,776

	Other Data	
	As of 6/30/2022	As of 6/30/2021
Dividends per common share	\$ 0.42	\$ 0.39
Book value per share (excluding OCI)	20.07	18.26
Book value per share (including OCI)	14.05	21.09
Efficiency ratio	73.70%	74.20%
Stock price - high	25.25	27.25
Stock price - low	20.25	18.99
Stock price - average	22.86	23.54
Common stock issued	3,476,426	3,479,450
Treasury shares	116,258	124,244
Assets under management and custody	1,681,577,341	1,880,055,894
Leverage ratio	9.15%	8.67%
Risk based capital ratio	19.82%	17.09%
Return on assets	1.08%	1.07%
Return on equity	13.35%	11.02%
Allowance to total loans	2.10%	2.22%
Texas ratio	2.95%	1.86%
Allowance for loan losses to non-performing assets	291.00%	652.63%

SENSITIVITY TO MARKET RISKS

	Economic Value of Equity (000s)		
	Minus 100BP	Base	Plus 200 BP
Total Assets	736,216	705,822	643,534
Total Liabilities	606,185	577,178	541,775
Economic Value of Equity	130,031	128,644	101,759
Economic Value of Equity Ratio	17.7%	18.2%	15.8%

Sensitivity to Interest Rates - Net Interest Income (NII in 000s)

	Current Year					
NII	Y1	Y2	Y3	Y4	Y5	
Up 200 BP	19,767	20,577	22,348	24,044	25,845	
Base	20,161	21,145	22,083	23,084	24,155	
Down 100BP	20,042	20,191	20,554	21,125	21,672	
	Prior Year					
NII	Y1	Y2	Y3	Y4	Y5	
Up 200 BP	19,619	20,032	21,403	22,666	24,535	
Base	19,654	20,137	20,620	21,350	22,225	
Down 100BP	19,327	18,886	18,779	18,934	19,088	
			-----Difference-----			
NII	Y1	Y2	Y3	Y4	Y5	
Up 200 BP	148	545	945	1,378	1,310	
Base	507	1,008	1,463	1,734	1,930	
Down 100BP	715	1,305	1,775	2,191	2,584	

Source: Internal asset liability management reports for the second quarter of 2022.

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

Source: Ledyard Financial Group, Inc.