



NEWS RELEASE

Ledyard Financial Group Reports Revised Q4 2022 and FY 2022 Earnings

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HANOVER, N.H.--(BUSINESS WIRE)-- Ledyard Financial Group, Inc. (ticker symbol LFGP), the holding company for Ledyard National Bank, today announced revised financial results for Q4 2022 and FY 2022.

As illustrated in the tables below, the revision relates entirely to the magnitude of the reduction in the Company's allowance for loan losses (ALLL) in Q4 and a related reduction in tax expense. The Company continuously assesses the appropriateness of its ALLL balance, and ALLL reductions in 2022 were driven primarily by changes to the qualitative factors relating to the dissipation of pandemic-driven concerns. The revision reflects an evolved view of the current economic environment, with the net result of a larger ending reserve balance and a correspondingly smaller reduction of reserves than previously reported. The revision is not a response to concerns about any individual credit, or groups of credits. All other components of net income are unchanged, confirming the strength and resiliency of the Company's core banking and wealth management businesses. The Company remains focused on building and leveraging infrastructure that promotes growth and the pursuit of making life better for its clients, its employees and the communities it serves.

Balance Sheet (unaudited, \$000s)*	12/31/2022		Change
	As Reported	Revised	
Cash and Investments	317,800	317,800	-
Gross Loans	362,057	362,057	-
ALLL	2,777	3,843	1,066
Net Loans	359,280	358,214	(1,066)
Other Assets	67,485	67,485	-

Total Assets	744,564	743,498	(1,066)
Total Liabilities	690,589	690,499	(90)
Equity	53,975	52,999	(976)
Total Liabilities and Equity	744,564	743,498	(1,066)

Income Statement (unaudited, \$000s)*	For the Three Months Ended 12/31/2022		
	As Reported	Revised	Change
Net interest income before provision	4,929	4,929	-
Provision for loan losses	3,950	2,884	(1,066)
Net interest income after provision	8,879	7,813	(1,066)
Securities gains / (losses)	(3,239)	(3,239)	-
Other non-interest income	3,362	3,362	-
Non Interest Expense	7,083	7,083	-
Pre Tax Income	1,920	854	(1,066)
Tax expense	160	70	(90)
Net Income	1,760	784	(976)

Income Statement (unaudited, \$000s)*	For the Twelve Months Ended 12/31/2022		
	As Reported	Revised	Change
Net interest income before provision	18,722	18,722	-
Provision for loan losses	4,700	3,634	(1,066)
Net interest income after provision	23,422	22,356	(1,066)
Securities gains / (losses)	(2,966)	(2,966)	-
Other non-interest income	14,177	14,177	-
Non Interest Expense	26,070	26,070	-
Pre Tax Income	8,563	7,497	(1,066)
Tax expense	605	515	(90)
Net Income	7,956	6,982	(976)

*Tables include rounding differences

Net income for Q4 2022 was \$784k (\$0.24 per share) compared to \$2.08 million in Q3 2022 (\$0.64 per share) and \$2.00 million (\$0.62 per share) for the same period in 2021. For the full year, net income totaled \$6.98 million (\$2.14 per share) compared to \$7.77 million (\$2.42 per share) for 2021.

Q4 2022 net interest income before provision was \$4.93 million, up \$429k or 10% from Q3 2022, and up \$369k or 8% from Q4 2021. Most of the increase over prior periods is attributable to widening spreads, as deposit costs have increased by only a few basis points and asset yields have benefitted from variable-rate asset repricing and the addition of higher-yielding assets. The difference between the yield on assets and the cost of interest-bearing liabilities was 2.95% in Q4 2022, as compared to 2.67% in Q3 2022 and 2.52% in Q4 2021. For the full year, net interest income before provision was \$18.72 million, up \$445k or 2% over the \$18.28 million recorded in 2021.

With credit quality remaining strong, \$2.88 million was released from the ALLL during Q4 2022. Coupled with a \$750k release in Q3 2022, releases from the ALLL amounted to \$3.63 million during 2022, compared to total releases of \$450k during 2021.

Non-interest revenue for Q4 2022 amounted to \$3.36 million after excluding a loss of \$3.24 million incurred in a securities sale (or \$123k with the loss included). For comparison, non-interest revenue totals were \$3.43 million and \$3.71 million in Q3 2022 and Q4 2021, respectively. For the full year 2022, non-interest revenue amounted to \$11.21 million, down \$3.82 million from \$15.03 million in 2021, but down only \$857k if the Q4 2022 securities loss is excluded.

- The \$3.24 million loss in Q4 2022 arises from an investment portfolio restructuring transaction in which lower-yielding assets were replaced with assets at higher (more current) yields, this transaction is expected to yield elevated net interest income in future periods.
- Revenue from Ledyard Financial Advisors amounted to \$3.03 million for Q4 2022, down 2.6% and 11.0% from \$3.11 million and \$3.41 million in Q3 2022 and Q4 2021, respectively. For the full year, financial advisory revenue amounted to \$12.78 million, down 3% from \$13.17 million in 2021.
 - Assets Under Management (AUM) ended the year at \$1.70 billion, up 6% for the quarter, but down 14% from \$1.97 billion at the prior year-end.
 - The Company continues to attract new client relationships and assets; AUM and revenue here has consistently trended in concert with global market asset values.

Non-interest expense in Q4 2022 was \$7.08 million compared to \$6.49 million in Q3 2022 and \$6.71 million in Q4 2021, representing increases of \$593k and \$370k over Q3 2022 and Q4 2021, respectively. Non-interest expense for all of 2022 was \$26.07 million compared to \$25.29 million in 2021, an increase of \$784k or 3.1%, well below the 6.5% rise in the Consumer Price Index for 2022. Worth noting is that Q4 2022 non-interest expense included some non-recurring items amounting to approximately \$400k.

Total assets of the Company at December 31, 2022 were \$743.5 million, up \$14.0 million from the end of Q3 2022 due primarily to growth in loans and borrowings, and down \$25.6 million from year-end 2021 due primarily to reductions in the value of investment portfolio securities and the related impact on equity (see discussion below). Loans at December 31, 2022, were \$362.0 million, compared to \$353.6 million on September 30, 2022 and \$362.7 million at the end of 2021. Core deposits at December 31, 2022 were \$570.3 million, up \$2.6 million over Q3 2022 and down \$44.7 million from the end of 2021.

The ALLL totaled \$3.8 million at December 31, 2022, compared to \$6.7 million at the end of Q3 2022 and \$7.5 million at the end of 2021. The ALLL at 12/31/2022 now provides 2.6x coverage of non-performing assets.

At December 31, 2022, shareholders' equity stood at \$53.0 million, up \$5.5 million from the end of Q3 2022 and down \$18.7 million from year-end 2021. These changes include the impact of changes in Accumulated Other Comprehensive Income (AOCI), which moved from an unrealized gain position of \$8.1 million at December 31, 2021 to an unrealized loss position of \$21.6 million at the end of Q3 2022 before improving to a smaller loss position of \$16.1 million at December 31, 2022. These movements directly track interest rate driven changes in the market value of Available-For-Sale securities and derivative contracts used for hedging purposes. From the perspective of overall balance sheet management and valuation, these unrealized losses are offset to a large degree by an increase in the economic value of the Company's deposit liabilities, an increase that is not recognized in the financial statements.

All of the Bank's and Company's capital ratios are well in excess of the amount required by applicable banking regulators to be considered well capitalized. At December 31, 2022, the Company's book value per share excluding AOCI stood at \$20.63 compared to \$20.55 on September 30, 2022 and \$19.25 on December 31, 2021. (Note: AOCI is excluded when calculating regulatory capital ratios.)

The Company has significant liquidity resources available to support operations, including good standing as a borrower at the Federal Reserve and at the Federal Home Loan Bank of Boston, extensive portfolios pledged at these same institutions to facilitate easy access to funding, and the ability to access wholesale deposit sources previously deployed but untapped as of December 31, 2022.

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 OTC 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		
	12/31/2022	9/30/2022	12/31/2021
Net interest income before provision	4,929	4,500	4,560
Provision for loan losses	2,884	750	500
Net interest income after provision	7,813	5,250	5,060
Ledyard Financial Advisors revenue	3,030	3,112	3,406
Securities gains (losses)	(3,239)	-	(108)
Other non-interest income	332	322	415
Total non-interest income	123	3,434	3,714
Non-interest expense	7,083	6,490	6,713
Pre-tax income	854	2,194	2,060
Tax expense	70	115	63
Net income	\$ 784	\$ 2,079	\$ 1,997
Earnings per common share, basic	\$ 0.24	\$ 0.64	\$ 0.62
Earnings per common share, diluted	\$ 0.24	\$ 0.63	\$ 0.61

Income Statement (unaudited, \$000s)	For the Twelve Months Ended	
	12/31/2022	12/31/2021
Net interest income before provision	18,722	18,277
Provision for loan losses	3,634	450

Net interest income after provision	22,356	18,726
Ledyard Financial Advisors revenue	12,779	13,169
Securities gains (losses)	(2,966)	168
Other non-interest income	1,398	1,696
Total non-interest income	11,210	15,033
Non-interest expense	26,070	25,286
Pre-tax income	7,497	8,473
Tax expense	515	708
Net income	\$ 6,982	\$ 7,765

Other Operating Metrics	For the Twelve Months Ended		
	12/31/2022		12/31/2021
Earnings per common share, basic	\$ 2.14	\$	2.42
Earnings per common share, diluted	\$ 2.13	\$	2.38
Dividends per common share	\$ 0.84	\$	0.80
Return on assets	0.94%		1.07%
Return on equity	12.77%		10.95%
Efficiency ratio	87.10%		75.91%
Stock price - high	25.70		27.25
Stock price - low	17.80		18.99
Stock price - average	21.12		24.13

Balance Sheet (unaudited, \$000s)	12/31/2022	9/30/2022	12/31/2021
Investments & interest-bearing deposits	\$ 317,800	\$ 317,304	\$ 356,836
Gross loans	362,057	353,551	362,677
Allowance for loan loss	3,843	6,720	7,469
Net loans	358,214	346,831	355,208
Premises, equipment & other assets	67,485	65,344	\$ 57,062
Total assets	\$ 743,498	\$ 729,479	\$ 769,106
Core Deposits	570,332	567,746	615,074
Brokered Deposits	-	-	60,009
Borrowings	91,270	87,434	11,421
Subordinated debt	18,000	18,000	-
Other liabilities	10,897	8,901	9,897
Total liabilities	690,499	682,081	696,401
Capital	70,730	70,561	66,168
Other comprehensive income	(16,087)	(21,519)	8,192
Treasury stock	(1,644)	(1,644)	(1,655)
Total shareholder's equity	52,999	47,398	72,706
Total liabilities and equity	\$ 743,498	\$ 729,479	\$ 769,106

Other Metrics (as of stated date)	12/31/2022	9/30/2022	12/31/2021
Book value per share (excluding OCI)	\$ 20.63	\$ 20.55	\$ 19.25
Book value per share (including OCI)	\$ 15.83	\$ 14.13	\$ 21.70
Leverage ratio	9.44%	9.46%	8.35%
Risk based capital ratio	19.70%	19.99%	15.60%
Allowance to total loans	1.06%	1.90%	2.06%
Texas ratio	1.73%	3.58%	2.04%

Allowance for loan losses to non-performing assets		260%		212%		526%
Assets under management (billions)	\$	1.705	\$	1.598	\$	2.024
Shares of common stock issued		3,464,393		3,469,490		3,467,362
Treasury shares		115,998		115,998		116,738

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.