



NEWS RELEASE

## Ledyard Reports Record Earnings for 2018

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HANOVER, N.H.--(BUSINESS WIRE)-- Ledyard Financial Group, Inc. (ticker symbol LFGP), the holding company for Ledyard National Bank, is pleased to report record earnings for 2018 of \$5,152,324, a 34% improvement over 2017. 2018 was the first time in the Company's history that net income was over \$5 million. Key contributors to reaching this milestone were:

- Total revenue grew by over \$2.3 million for the year
- Net interest income was over \$15.5 million for the first time
- Ledyard Financial Advisors revenue exceeded \$10 million for the first time
- Tax reform and the Company's ongoing strategies led to a reduction in tax expense of \$588,000

Net income for the quarter ended December 31, 2018, was \$1,220,141 or \$0.39 per share compared to \$592,465 or \$0.19 per share for the same period in 2017, an increase of \$627,676 or 106%. The 2017 results include the revaluation of the Company's net deferred tax asset position in connection with the **Tax Cuts and Jobs Acts of 2017** which resulted in a reduction in income of \$503,800. Net income for the twelve months ended December 31, 2018, was \$5,152,324 or \$1.66 per share compared to \$3,845,171 or \$1.25 per share for the same period in 2017.

Total revenue for the quarter ended December 31, 2018, was \$7,060,715 compared to \$6,520,551 for the same period in 2017, for an increase of \$540,164 or 8.3%. Total revenue for the twelve months ended December 31, 2018, was \$27,577,059 compared to \$25,275,053 for the same period in 2017, an increase of \$2,302,006 or 9.1%. Net interest income for the quarter ended December 31, 2018, was \$4,018,631 compared to \$3,696,853 for the same period in 2017, for an increase of \$321,778 or 8.7%. Net interest income for the twelve months ended

December 31, 2018, was \$15,484,130 compared to \$14,480,765 for the same period in 2017, for an increase of \$1,003,365 or 6.9%.

No funds were added to the Allowance during 2018 or during 2017. Net charge-offs for the twelve months ended December 31, 2018, were \$294,019 compared to \$190,136 for the comparable period in 2017. The total Allowance was \$5.2 million at December 31, 2018, compared to \$5.5 million at December 31, 2017. Total non-performing assets were \$3.4 million at December 31, 2018, compared to \$2.1 million for the same period in 2017. The increase in non-performing assets is due to a single loan relationship. The loans are secured by all business assets and real estate of the customer.

Ledyard Financial Advisors, a division of Ledyard National Bank, reported revenue for the quarter ended December 31, 2018, of \$2,623,399 compared to \$2,501,105 for the same period in 2017, an increase of \$122,294 or 4.9%. Revenue for the twelve months ended December 31, 2018, was \$10,511,630 compared to \$9,437,325 for the same period in 2017, for an increase of \$1,074,305 or 11.4%. Assets under management and custody at Ledyard Financial Advisors totaled approximately \$1.46 billion at December 31, 2018, a decrease of approximately \$54 million over the prior year. The decrease in assets under management was a result of the decline in equity markets that occurred during the fourth quarter. This was a key contributor to the slow-down in the rate of growth in revenue during the fourth quarter and is expected to be a factor during 2019.

Non-interest expense for the quarter ended December 31, 2018, was \$5,665,853 compared to \$5,241,589 for the same period in 2017, an increase of \$424,264 or 8.1%. Non-interest expense for the twelve months ended December 31, 2018, was \$21,650,126 compared to \$20,067,039 for the same period in 2017, for an increase of \$1,583,087 or 7.9%. A portion of the increase in non-interest expense is related to the core conversion project, one time costs associated with hiring new employees, and expenses associated with renovating facilities. Costs associated with the core system conversion are expected to continue during the first six months of 2019.

At December 31, 2018, the Company's shareholders' equity stood at \$48.5 million, compared to \$46.6 million for the same period in 2017. 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 December 31, 2018, the Company's book value per share stood at \$15.02 compared to \$14.63 for the same period in 2017.

Loans, net of the allowance for loan losses at December 31, 2018, were \$306 million, compared to \$295.1 million for the same period last year, for an increase of \$10.9 million. Total deposits at December 31, 2018, were \$409.1 million, as compared to \$401.5 million from the same period last year. Total assets of the Company were \$487.3 million at December 31, 2018, an increase of \$11 million over the prior year.

During 2018, the Company paid \$0.70 per share in dividends, compared to \$0.65 per share in 2017. On January 25,

2019, the Company announced a regular quarterly dividend of \$0.18 per share to be paid on March 1, 2019, to shareholders of record as of February 8, 2019. During the fourth quarter of 2018, the Company was pleased to have two new directors join the Board of Directors. Mark Beliveau is a partner at Gallagher, Flynn and Company, LLP and Willemien Dingemans Miller is an attorney and director at Downs Rachlin Martin, PLLC.

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 the bank'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](http://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 Twelve Months Ended	
	12/31/2018	12/31/2017	12/31/2018	12/31/2017
Total Interest Income	\$ 4,382,625	\$ 3,991,542	\$ 16,774,144	\$ 15,744,614
Total Interest Expense	363,994	294,688	1,290,014	1,263,849
Net Interest Income	4,018,631	3,696,853	15,484,130	14,480,765
Provision for Loan Losses	0	0	0	0
Non-interest Income	3,042,084	2,823,698	12,092,930	10,794,288
Non-interest Expense	5,665,853	5,241,589	21,650,126	20,067,039
Pre-tax Income	1,394,862	1,278,962	5,926,933	5,208,013
Tax Expense	174,721	686,497	774,609	1,362,842
Net Income	1,220,141	592,465	5,152,324	3,845,238
Earnings Per Common Share, basic	\$ 0.39	\$ 0.19	\$ 1.66	\$ 1.25
Earnings Per Common Share, diluted	\$ 0.38	\$ 0.19	\$ 1.64	\$ 1.23
Dividends Per Common Share	\$ 0.18	\$ 0.17	\$ 0.70	\$ 0.65
	As of	As of		
	12/31/2018	12/31/2017		
Total Assets	\$ 487,261,001	\$ 476,263,389		
Investments	144,006,011	144,408,678		
Loans Receivable, net	306,043,343	295,098,837		
Total Deposits	409,068,165	401,539,073		
FHLB Advances & Other Borrowings	25,443,725	23,971,707		
Stockholder's Equity	48,492,906	46,642,546		
Common Stock Issued	3,352,738	3,318,922		
Treasury Shares	124,206	130,847		
Total Risk Based Capital Ratio	17.63 %	16.41 %		
Book Value per Share	\$ 15.02	\$ 14.63		
Return on Assets	1.06 %	0.78 %		
Return on Equity	10.82 %	8.38 %		
Allowance for loan losses	5,215,495	5,509,514		
Allowance to total loans	1.68 %	1.83 %		

**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.

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