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LEDYARD Financial Group

LEDYARD FINANCIAL GROUP REPORTS Q1 2025 EARNINGS AND DECLARES QUARTERLY DIVIDEND

(Hanover, NH – May 1, 2025) Ledyard Financial Group, Inc. (the "Company", OTCQX®: LFGP), the holding company for Ledyard National Bank (the "Bank"), today announced financial results for Q1 2025. Quarterly net income per share decreased to $0.36 from $0.40 in the prior quarter (down 10%) as increases in core business revenues were offset by declines in one-time gains and by the normalization of provision to an expense in Q1 rather than a credit in Q4. Continued robust loan growth drove balance sheet growth and net interest margin expansion, and wealth management revenues increased as a result of a carefully executed fee structure adjustment. The Company continues to leverage the integration of its banking and wealth management businesses, thereby promoting growth and the pursuit of making life better for its clients, its employees, its shareholders, and the communities it serves.

Q1 2025 Highlights

- Q1 2025 net income was $1.2 million ($0.36 per share), down $134 thousand from Q4 2024, and up $743 thousand from Q1 2024.
  - Total assets ended the quarter at $974.9 million, having grown $24.3 million or 2.6% from the prior quarter, and ending $80.6 million or 9.0% higher than a year ago, driven primarily by loan growth.
  - Loan growth in Q1 2025 continued to be robust, notably exceeding the comparable annualized 5% industry growth rate. Loans increased $28.7 million (5.0%) from the prior quarter and ended $151.0 million (33.0%) higher than a year ago.
  - Excluding funds from the wealth management business, client deposits declined $6.6 million (1.1%) in Q1 2025 and grew $20.9 million (3.7%) since a year ago. Including the wealth management balances, client deposits were down $10.6 million and up $38.6 million over Q4 2024 and Q1 2024, respectively.
  - Net interest margin widened to 2.53%, up 18 basis points from the prior quarter, as earning asset yields increased and the cost of interest-bearing liabilities declined.
  - In an ongoing effort to whittle away portions of its underwater investment portfolio, the bank sold a $1.0 million municipal bond at a loss of $105 thousand.
- Capital ratios remain well in excess of regulatory well-capitalized minimums.
- Wealth management margins increased as a result of a carefully planned fee recalibration initiative. While assets under management (AUM) ended the quarter at $2.10 billion, down 1.9% and up 4.0%

from Q4 2024 and Q1 2024, respectively, revenue from the wealth management business was up $384 thousand (10.4%) and $701 thousand (20.7%) over the corresponding previous quarters.

- Efficiency ratio improved to 80.7% in Q1 2025 from 85.9% in Q4 2024 and 89.1% a year ago.
- The Company declared a regular quarterly dividend of $0.21 per share.

"Our Q1 results reflect the continued strength and prudent management of our core businesses. Net interest margin widened, and wealth management revenues increased even as AUM declined in concert with the market declines of early 2025. With growth in credit reserves and with capital and liquidity positions remaining strong, our balance sheet is positioned for continued growth," said Peter Sprudzs, CFO.

"Our relationship-based strategic focus is delivering results. In Q1 we launched a brand refresh and announced our plans to open a financial center in the highly desirable Bedford market in southern New Hampshire. We are confident and optimistic about the future for Ledyard - the investments we have made in our people, processes, systems, and products are driving revenue growth and expanding margins, and our community presence is as strong as ever," added Josephine Moran, CEO.

Q1 2025 Results

Net income for Q1 2025 was $1.2 million ($0.36 per share) compared to $1.3 million ($0.40 per share) in Q4 2024 and $463 thousand ($0.14 per share) in Q1 2024.

Q1 2025 net interest income was $5.6 million, up $386 thousand or 7.5% from the prior quarter, and up $1.4 million or 33.1% from Q1 2024. Net interest margin (NIM) in Q1 2025 widened to 2.53% from 2.35% in Q4 2024 and was up 52 basis points from 2.01% in Q1 2024. Quarter over quarter, earning asset yields increased by 24 basis points, the cost of interest-bearing liabilities declined by 10 basis points, and other factors (most notably the contribution from derivative positions) declined 16 basis points. Reported NIM figures do not reflect the beneficial effect of the tax advantage provided by the Company's $151.8 million in municipal bond holdings.

Provision for credit losses was $488 thousand in Q1 2025, which consisted of a net $436 thousand addition to the Allowance for Credit Losses (ACL) and a $52 thousand addition to the Liability for Unfunded Commitments.

Excluding the impact of fixed asset and investment portfolio sales, Q1 non-interest revenue was up $385 thousand (9.3%) over the prior quarter, and up $779 thousand (20.7%) over the year-ago quarter. Including the impact of these one-time items, non-interest revenue for Q1 2025 amounted to $4.4 million, down $17 thousand or 0.40% from Q4 2024, and up $674 thousand or 17.9% from Q1 2024.

- Wealth management revenue amounted to $4.1 million in Q1 2025, up $384 thousand or 10.4% from Q4 2024, and up $701 thousand or 20.7% from Q1 2024.

    - AUM ended the quarter at $2.10 billion, down from $2.14 billion at the end of Q4 2024, and up 4.0% from $2.02 billion at the end of Q1 2024.
- In Q1, the company incurred a loss of $105 thousand on the sale of a $1.0 million municipal bond; in Q4, the company recognized a gain of $1.3 million on the sale of two bank properties and an offsetting $1.1 loss on the sale of various investment securities, for a combined net gain of $297 thousand.

Non-interest expense in Q1 2025 was $8.1 million, down $201 thousand (2.4%) from $8.3 million in Q4 2024, and up $995 thousand (14.1%) from $7.1 million in Q1 2024. With the Company's investment in key revenue-generating personnel and critical infrastructure driving revenue growth, the Company's efficiency ratio improved to 80.7% in Q1 2025 from 85.9% in Q4 2024 and 89.1% a year ago.

The Company continues to benefit from its investments in Low Income Housing Tax Credits and tax-exempt municipal bonds. In Q1 2025, the net tax expense was $233 thousand, for an effective tax rate of 16%.

Total assets of the Company at March 31, 2025 were $974.9 million, up $24.3 million or 2.6% over Q4 2024, and up $80.6 million or 9.0% from the end of Q1 2024, driven primarily by loan growth.

Gross loans at March 31, 2025 were $608.5 million, compared to $579.7 million at December 31, 2024 and $457.4 million at March 31, 2024, higher by 5.0% and 33.0% over the prior and year-ago quarters, respectively. Loan growth was broad-based, with a focus on residential lending programs offered as part of the Company's efforts to promote banking services to healthcare professionals.

Credit reserves amounted to $4.7 million at March 31, 2025, the sum of $4.2 million in ACL and $519 thousand in Liability for Unfunded Commitments. ACL increased $418 thousand and $855 thousand over Q4 2024 and Q1 2024, respectively, and amounted to 0.69% of gross loan balances at March 31, 2025, as compared to 0.65% and 0.73% at December 31, 2024 and March 31, 2024, respectively. The Liability for Unfunded Commitments was up $52 thousand from Q4 2024, and down $204 thousand from Q1 2024. This reserve balance is included in Other Liabilities on the balance sheet. The Company experienced net charge-offs of $18 thousand in Q1 2025, and the ACL at the end of the quarter provides 3x coverage of non-performing assets.

Client deposits excluding wealth funds decreased $6.6 million (1.1%) during Q1 2025 and increased $20.9 million (3.7%) since a year ago. Wealth management fund balances were down $4.0 million compared to Q4 2024 and up $17.7 million over Q1 2024. Including these wealth fund movements, client deposits in Q1 were down $10.6 million over Q4 2024 and up $38.6 million over Q1 2024. These outflows are consistent with the Company's expectations for seasonal deposit flows.

The Company continues to focus on maintaining a robust liquidity profile, with a diverse deposit base (roughly 80/20 retail/commercial), a small proportion of uninsured deposits (estimated at 14%), and proven access to both unsecured and secured wholesale funding channels.

Quarter-over-quarter, the Company reduced wholesale borrowings and deposits acquired through brokers or listing channels by $1.4 million. The overall maturity profile of the Company's wholesale funding was 2.7 years at quarter end, down from 3.1 years at the prior quarter end.

The Company has significant liquidity resources available to support operations, as it maintains good standing and extensive portfolios pledged at FHLB Boston and the Federal Reserve. The Company had over $255 million in readily accessible borrowing capacity as of March 31, 2025.

On March 31, 2025, shareholders' equity was $57.2 million, up $625 thousand or 1.1% from the prior quarter, and up $1.6 million or 2.9% from Q1 2024.

The Company's capital ratios remain well in excess of the levels defined by the Federal Reserve for a bank holding company to be considered well capitalized. As expected, capital ratios have trended down in the last year in concert with strategic balance sheet growth; minor methodology adjustments and the inclusion of a deferred tax asset deduction have resulted in a change to prior period Leverage ratio presentation. On March 31, 2025, the Company's book value per share excluding and including AOCI stood at $21.13 and $16.76, respectively, compared to $20.95 and $16.58, respectively, at December 31, 2024, and $20.93 and $16.49, respectively, at March 31, 2024.

Dividend Declaration

The Company is pleased to announce that a regular quarterly dividend of $0.21 per share will be paid on June 10, 2025, to shareholders of record as of May 19, 2025.

About the Company

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 OTCQX® Best 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. Sprudzs.

	For the Three Months Ended		
Income Statement (unaudited, $000s)	**3/31/2025**	12/31/2024	3/31/2024
Net interest income before provision	**$5,566**	$5,180	$4,181
Provision for credit losses	**488**	(171)	486
Net interest income after provision	**5,078**	5,351	3,695
Wealth management revenue	**4,085**	3,702	3,384
Securities gains (losses)	**(105)**	(1,051)	-
Gain on sale of fixed assets	**-**	1,348	-
Other non-interest income	**451**	449	373
Total non-interest income	**4,431**	4,448	3,757
Total revenue	**9,509**	9,799	7,451
Non-interest expense	**8,071**	8,272	7,076
Pre-tax income	**1,439**	1,528	376
Tax expense (benefit)	**233**	188	(87)
Net income	**$1,206**	$1,340	$463

	For the Three Months Ended		
Other Operating Metrics	**3/31/2025**	12/31/2024	3/31/2024
Earnings per common share, basic	**$0.36**	$0.40	$0.14
Earnings per common share, diluted	**$0.36**	$0.40	$0.14
Dividends per common share	**$0.21**	$0.21	$0.21
Return on assets	**0.46%**	0.55%	0.18%
Return on equity	**7.71%**	9.07%	2.82%
Net interest margin	**2.53%**	2.35%	2.01%
Efficiency ratio	**80.73%**	85.91%	89.14%

Balance Sheet (unaudited, $000s)	**3/31/2025**	12/31/2024	3/31/2024
Investments & interest-bearing deposits	**$305,532**	$309,875	$374,580
Gross loans	**608,472**	579,723	457,444
Allowance for credit losses	**(4,177)**	(3,759)	(3,322)
Net loans	**604,295**	575,964	454,122
Premises, equipment & other assets	**65,104**	64,743	65,661
Total assets	**$974,931**	$950,582	$894,363
Client deposits	**$726,190**	$736,785	$687,591
Brokered & institutional deposits	**69,591**	70,978	92,382
Borrowings	**93,389**	57,087	32,452
Subordinated debt	**18,000**	18,000	18,000
Other liabilities	**10,599**	11,195	8,393
Total liabilities	**917,769**	894,045	838,818
Capital	**73,708**	73,097	72,122
Accumulated other comprehensive loss	**(14,902)**	(14,916)	(14,933)
Treasury stock	**(1,644)**	(1,644)	(1,644)
Total shareholders' equity	**57,162**	56,537	55,545
Total liabilities and equity	**$974,931**	$950,582	$894,363

Other Metrics (as of stated date)	**3/31/2025**	12/31/2024	3/31/2024
Book value per share (excluding AOCI)	**$21.13**	$20.95	$20.93
Book value per share (including AOCI)	**$16.76**	$16.58	$16.49
Leverage ratio	**7.05%**	7.13%	7.84%
Risk based capital ratio	**14.01%**	14.39%	16.25%
Allowance to total loans	**0.69%**	0.65%	0.73%
Texas ratio	**1.35%**	1.42%	1.94%
Allowance to non-performing assets	**346%**	300%	198%
Assets under management (billions)	**$2.103**	$2.144	$2.021
Shares of common stock issued	**3,526,641**	3,526,641	3,483,504
Treasury shares	**115,998**	115,998	115,998
Stock price - high	**$15.50**	$15.50	$16.97
Stock price - low	**$14.13**	$13.50	$14.90
Stock price - average	**$14.82**	$14.51	$15.71

Forward-Looking Statements: *Certain statements herein constitute "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and are intended to be covered by the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Such statements may be identified by words such as "believes," "will," "would," "expects," "project," "may," "could," "developments," "strategic," "launching," "opportunities," "anticipates," "estimates," "intends," "plans," "targets" and similar expressions. These statements are based upon the current beliefs and expectations of Ledyard Financial Group, Inc.'s (the "Company's") management and are subject to significant risks and uncertainties. Actual results may differ materially from those set forth in the forward-looking statements as a result of numerous factors. Factors that could cause such differences to exist include, but are not limited to, changes in interest rates; changes in general business and economic conditions (including inflation and concerns about liquidity) on a national basis and in the local markets in which the Company operates, including changes that adversely affect borrowers' ability to service and repay the Company's loans; changes in customer behavior; turbulence in the capital and debt markets and the impact of such conditions on the Company's business activities; changes in employment levels; increases in loan default and charge-off rates; decreases in the value of securities in the Company's investment portfolio; fluctuations in real estate values; the possibility that future credit losses may be higher than currently expected due to changes in economic assumptions, customer behavior or adverse economic developments; changes in loan loss reserves; decreases in deposit levels necessitating increased borrowing to fund loans and investments; competitive pressures from other financial institutions; operational risks including, but not limited to, cybersecurity incidents, fraud, natural disasters, war, terrorism, civil unrest, and future pandemics; changes in regulation; changes in accounting standards and practices; the risk that goodwill and intangibles recorded in the Company's financial statements will become impaired; demand for loans in the Company's market area; the Company's ability to attract and maintain deposits; risks related to the implementation of acquisitions, dispositions, and restructurings; and the risk that the Company may not be successful in the implementation of its business strategy. Should one or more of these risks materialize or should underlying beliefs or assumptions prove incorrect, the Company's actual results could differ materially from those discussed. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this release. The Company disclaims any obligation to publicly update or revise any forward-looking statements to reflect changes in underlying assumptions or factors, new information, future events or other changes, except as required by law.*

Note: *Certain reclassifications have been made to the prior period information to conform to the current period presentation.*

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