



Lake Ridge
BANCORP, INC.™

EQUITY UPDATE

SHAREHOLDER NEWS

A NOTE FROM JIM AND PAUL



On June 12, 2024, we hosted our annual shareholder meeting. For those who attended, we hope you enjoyed the event and found it informative and worthwhile. If you were unable to attend, you can review the presentation on our website at www.lakeridge.bank in the LRB Shareholders area (link at the bottom of the home page). A brief summary of some of the information that was shared at the meeting includes:

- **Vern Jesse**, Chairman of the Board, opened the meeting and announced the election of Mark Burish and Pete Gunderson as Class I directors, and Cathy Durham, Steve Eager, Chris Homburg, and Jim Tubbs as Class II directors, as well as the ratification of Wipfli, LLC as the company's independent accounting firm. 68.27% of all outstanding shares were represented either in person or by proxy.
- **Paul Hoffmann**, President, discussed Lake Ridge Bank's mission, vision and values, as well as our bank's four strategic initiatives to ensure our bank and communities prosper which include enhancing associate engagement, making banking easy for our clients, creating great client experiences and gaining full banking relationships. Paul also shared that Lake Ridge Bank is now the 6th largest bank in Wisconsin with the 3rd largest balance of deposits in Dane County. He encouraged all shareholders to have their dividends either automatically deposited into their bank account or to consider signing up for our Dividend Reinvestment Program (DRIP).
- **Jim Tubbs**, CEO, provided an in-depth analysis and explanation of what has transpired in the banking industry in the past 18-months and how it has directly impacted Lake Ridge Bank. He discussed how rapidly rising interest rates, the inverted yield curve, and the unpredictability of the Fed's rate cuts have been negatively impacting our banks' profitability. Since deposit costs have risen faster than loan revenue, our net interest margin has been squeezed. You can find more specific information about the impact of this rate cycle on the back of this newsletter.

Jim also shared some steps our bank is taking to improve our profitability, including reducing interest rates on some products, reducing staff through voluntary retirements and department realignments, reviewing vendor contracts and marketing expenses, and analyzing office and space needs. Jim also discussed some positive aspects of our current situation, specifically our diversified revenue sources that our wealth management, mortgage, crop insurance and credit/debit card income provide. We also have a high level of core deposits, strong credit quality, and a depth of experienced associates to continue to grow our bank and create long-term shareholder value.

We thank you for the trust and confidence you place in us to manage your investment in Lake Ridge Bank. If you have any questions, please feel free to contact Jim at jtubbs@lakeridge.bank or Paul at phoffmann@lakeridge.bank.

Sincerely,

Jim and Paul

Dividend Update

The Board of Directors of Lake Ridge Bancorp, Inc. (LRBI) is pleased to announce our 2024 second quarter dividend. At our June board meeting, it was determined that LRBI's Q2/2024 dividend will be \$0.45 per share.

This dividend is payable on July 3, 2024, to shareholders of record as of June 26, 2024.

While the Board acknowledges the challenging economic environment we are currently operating in, this dividend reflects our commitment to rewarding shareholders for their investment in Lake Ridge Bancorp, Inc.

We encourage all shareholders to consider signing up for our Dividend Reinvestment Program (DRIP). Nearly 30% of our shareholders have already elected to take advantage of this program and purchase additional shares of stock with their dividend.

Your primary contact for questions about your investment in our bank is:

Joanne Bell
jbelle@lakeridge.bank
(608) 223-2187

WHAT ARE MY SHARES WORTH?

The book value increased approximately 7% compared to 2022. We are also showing an additional value data point for the Employee Stock Ownership Plan (ESOP) valuation. Since many clients ask what their stock is worth, we are providing some data points to help determine our stock's current value. Please note stock sale prices may vary depending on the goals, motivation, and timing needs of the buyer and seller.



DATA POINTS:

Book value per share (12/31/2022)	\$121.53
Book value per share (12/31/2023)	\$129.20
ESOP valuation (12/31/2023)	\$126.05

HOW THIS RATE CYCLE IS IMPACTING LAKE RIDGE BANK.

The largest impact on Lake Ridge Bank's financial performance has been the rapid increase in our interest expense. As you can see from the table, while we have been able to increase our interest income, our interest expense has increased much more than expected due to the Fed aggressively increasing short-term interest rates. We expect this cycle will change in the future, but until it does, banks will continue to face a reduced interest margin.

NET INTEREST INCOME COMPONENTS

In Thousands	2022 (PF)	2023	Change
Interest Income	\$105,290	\$137,956	31%
Interest Expense	\$13,445	\$62,097	362%
Net Interest Income	\$91,845	\$75,859	(17%)

As a Percentage of Average Assets	2022 (PF)	2023
Interest Income	3.70%	4.68%
Interest Expense	0.47%	2.11%
Net Interest Income	3.23%	2.57%