Lake Ridge
BANCORP, INC.™

Q4 | 2024

EQUITY UPDATE

SHAREHOLDER NEWS

CEO UPDATE

It's certainly hard to believe that the year 2024 will soon be a distant memory.

As we approach the close of another year, I want to take a moment to reflect on the progress we have made, the challenges we've faced, and the bright future that lies ahead for our bank, our clients and the communities we serve.

Highlights for 2024:

- One of our key focuses for the year was to grow deposits. We know that long-term franchise value will come from having a strong core deposit base. We were very pleased that total deposits grew over $160 million or about 7% from the prior year.
- With the Federal Reserve starting to reduce short-term interest rates, our net interest margin (the difference between what we receive in interest versus what we pay in interest) has started to rebound and improve. In fact, we have seen an improvement ever since April.
- Our wealth management department has done a phenomenal job in 2024. They had a record year, exceeding $6 million in total revenue, which is an 11% increase over the prior year.
- In addition, our residential mortgage division is having their strongest quarter since early 2023. We are hopeful this will continue into the coming year.

Challenges for 2024:

- Total loan growth was pretty flat this year. With the higher interest rate environment and rising construction costs, we saw many projects put on hold. Hopefully this will rebound in 2025.
- All in all, the quality of our loan portfolio is very strong. Unfortunately, we took a significant charge off on a company that had been in business for more than 25 years. Good news, this was an isolated incident and not a precursor of things to come.
- With the Federal Reserve lowering interest rates this year more slowly than anticipated, our interest expense was 30% higher this year compared to last year. This is the main component why our Return on Average Assets (ROAA) will be lower than the prior year.

Positive Outlooks for 2025:

- It appears the interest rate (normalized yield curve) environment will be more favorable for the banking industry, which will increase overall profitability.
- With changes in the political sector, there is strong speculation that many of the newly proposed regulations will be delayed or even overturned. This will help us to be more Customer Centric than dealing with more regulations.
- With a growing regional economy in the five counties we serve, we are optimistic for decent loan and deposit growth through next year.
- Our strategic investment in technology, product offerings, associate career development and community engagement, positions us well for future success.

On behalf of our Board of Directors and our entire team, I want to thank you for your continued support. We wish you and your families a wonderful holiday season and a very prosperous 2025.

Sincerely,

Jim Tubbs

Dividend Update

The Board of Directors of Lake Ridge Bancorp, Inc. (LRBI) is pleased to announce our 2024 fourth quarter dividend. At our December 18th board meeting, it was determined that LRBI's Q4/2024 dividend will be $0.45 per share.

This dividend is payable on December 31, 2024, to shareholders of record as of December 18, 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 to purchase additional shares of stock with their dividend.

If you have any questions about your investment in our bank, contact:

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

Season's greetings, and best wishes for a happy, healthy New Year!

From your friends at Lake Ridge Bank.

FINANCIAL UPDATE

The graph shown in this report show results for Lake Ridge Bancorp, Inc. through November 30, 2024.