



Lake Ridge
BANCORP, INC.™

2023 ANNUAL SHAREHOLDERS MEETING

GO FAR. GO TOGETHER. ₁



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W E L C O M E T O T H E

2023 Annual Shareholders Meeting

The meeting will start promptly at 6:00 pm.

Thank you for your investment in Lake Ridge Bancorp, Inc.



ANNUAL SHAREHOLDERS MEETING

AGENDA

I. Welcome – Vern Jesse, Chairman of the Board

II. Financial Overview – Tim Ryan, Chief Financial Officer

III. Creation of Lake Ridge Bank – Paul Hoffmann, President

IV. State of the Industry – Jim Tubbs, Chief Executive Officer



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2023 ANNUAL SHAREHOLDERS MEETING

I. WELCOME

Vern Jesse, Chairman of the Board



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2023 ANNUAL SHAREHOLDERS MEETING

VERIFICATION OF A QUORUM

Total Shares Outstanding	1,967,653
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Shares Voted

Percent Voted

Quorum Established

ELECTION OF CLASS I DIRECTORS



Steve Grundahl



Paul Hoffmann



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APPOINTMENT OF WIPFLI LLP

To ratify the appointment of Wipfli, LLP as the Company's independent registered public accounting firm.



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2023 ANNUAL SHAREHOLDERS MEETING

THANK YOU, NANCY AND CHARLIE



Nancy Kiefer



Charlie Saeman



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INTRODUCTION OF CURRENT DIRECTORS



Vern Jesse
Chair



Jim Tubbs
CEO



Sam Ballweg
Director
Holding Company



Mike Blake
Director
Holding Company and Bank



Mark Burish
Director
Holding Company



Tim Carey
Director
Bank



Cathy Durham
Director
Holding Company and Bank



Steve Eager
Director
Holding Company



Tom Gannon
Director
Holding Company



Pete Gunderson
Director
Bank



Chris Homburg
Director
Holding Company and Bank



Greg Jones
Director
Bank



Ron Krantz
Director
Holding Company and Bank



Dan Kuehn
Director
Bank



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2023 ANNUAL SHAREHOLDERS MEETING

II. FINANCIAL OVERVIEW

Tim Ryan, Chief Financial Officer



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Financial Performance and Update

2022 Financial results were impacted by several adjustments related to the merger.

Created a lot of noise in 2022 and 2023.

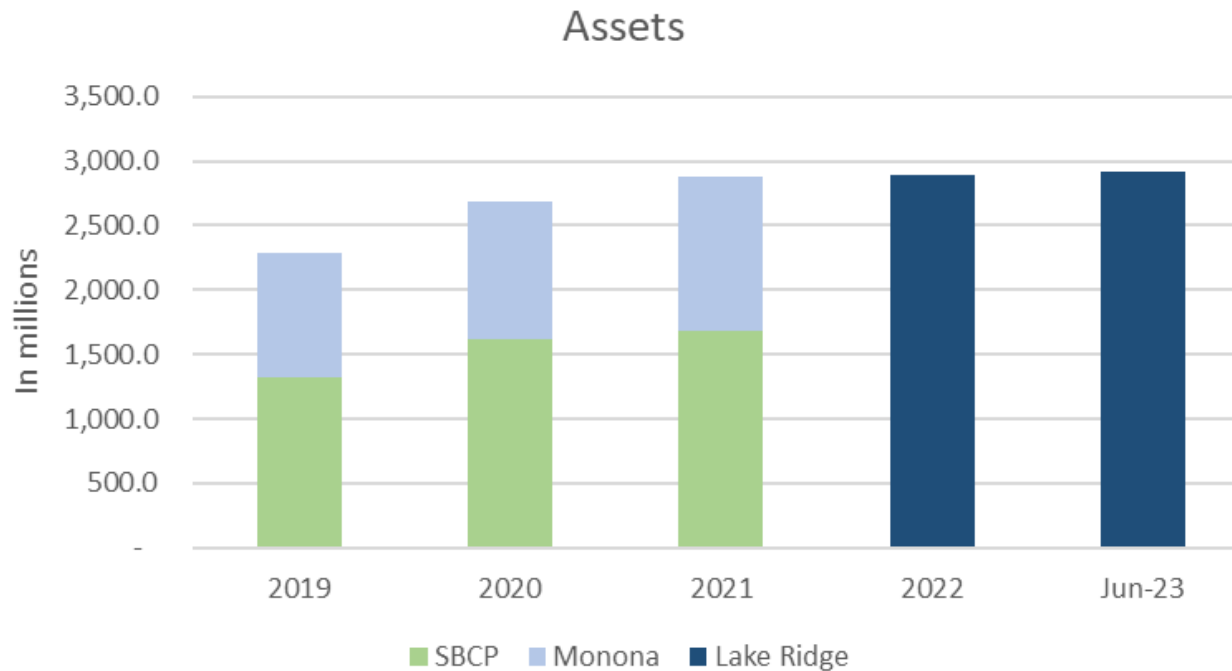
Through June 2023 we have been impacted by rapid increase in interest rates and three bank failures.

Fed continues to raise rates and to remove excess liquidity causing deposits to decrease.



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Financial Performance and Update



As of June 2023, assets have grown 1% to \$2.92 billion.

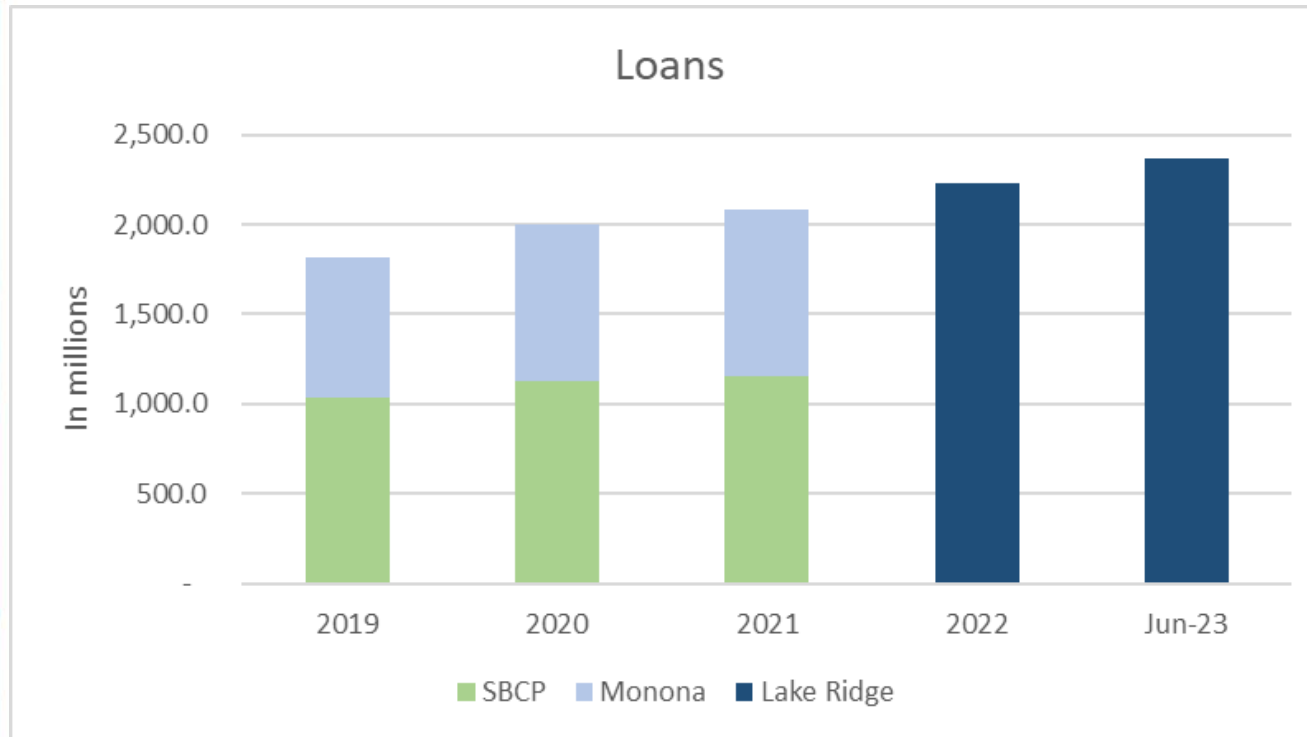
Year-end balances are generally higher due to excess municipal and corporate deposits.

Growth likely to be slower as the economy adjusts to higher interest rates.



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Financial Performance and Update



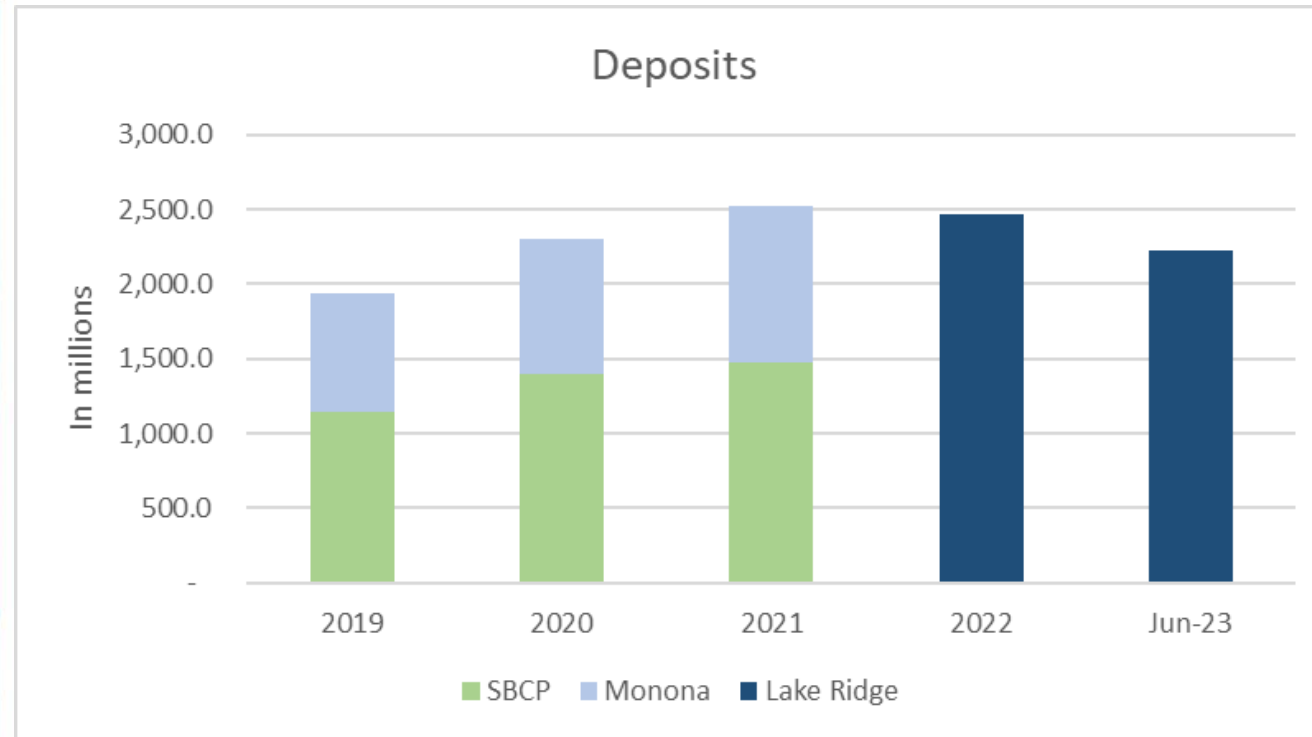
As of June 2023, loans have grown 6% to \$2.37 billion.

Growth coming from multi-family and construction type projects.



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Financial Performance and Update



As of June 2023, deposit balances have decreased by 10%.

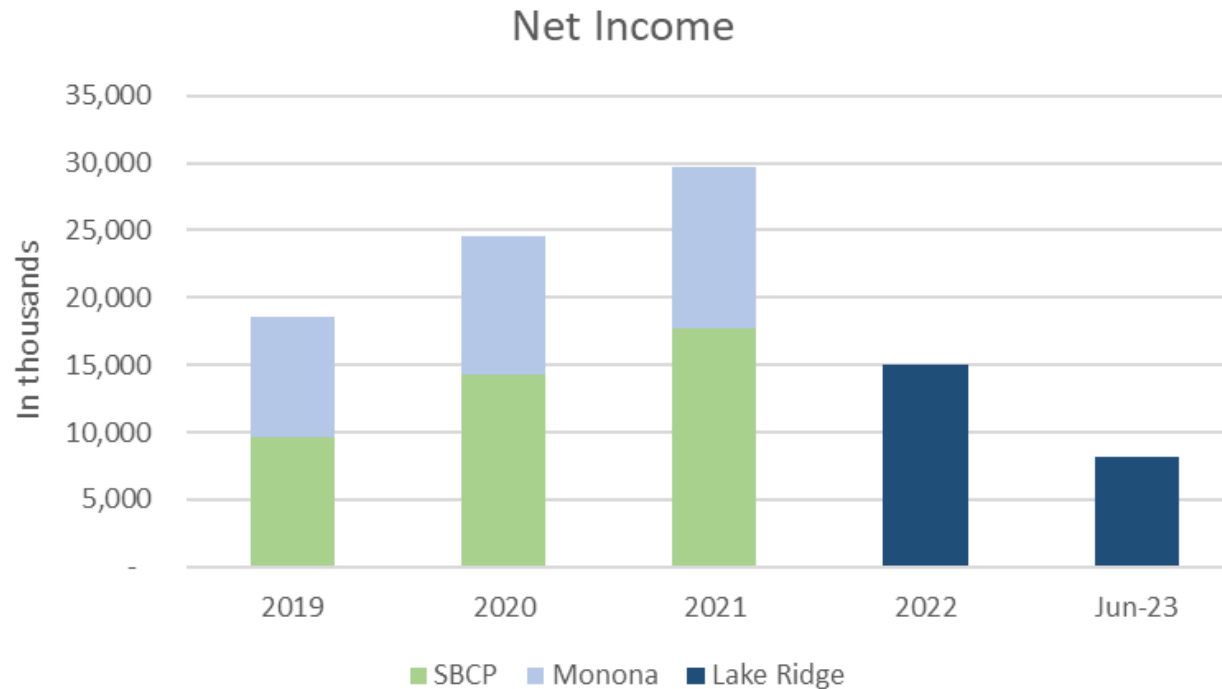
Higher rates, normal balance fluctuations, and depositors using cash to fund projects.

Impact from merger minimal.



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Financial Performance and Update



2022 and 2023 include one-time merger-related adjustments.

YTD 2023 interest expense is twice the total expense for all of 2022.

Only three months of Monona activity is included in 2022.



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Financial Performance and Update

On a pro forma basis 2022 net income was \$31.3 million

Merger related items decreased net income by \$7.8 million

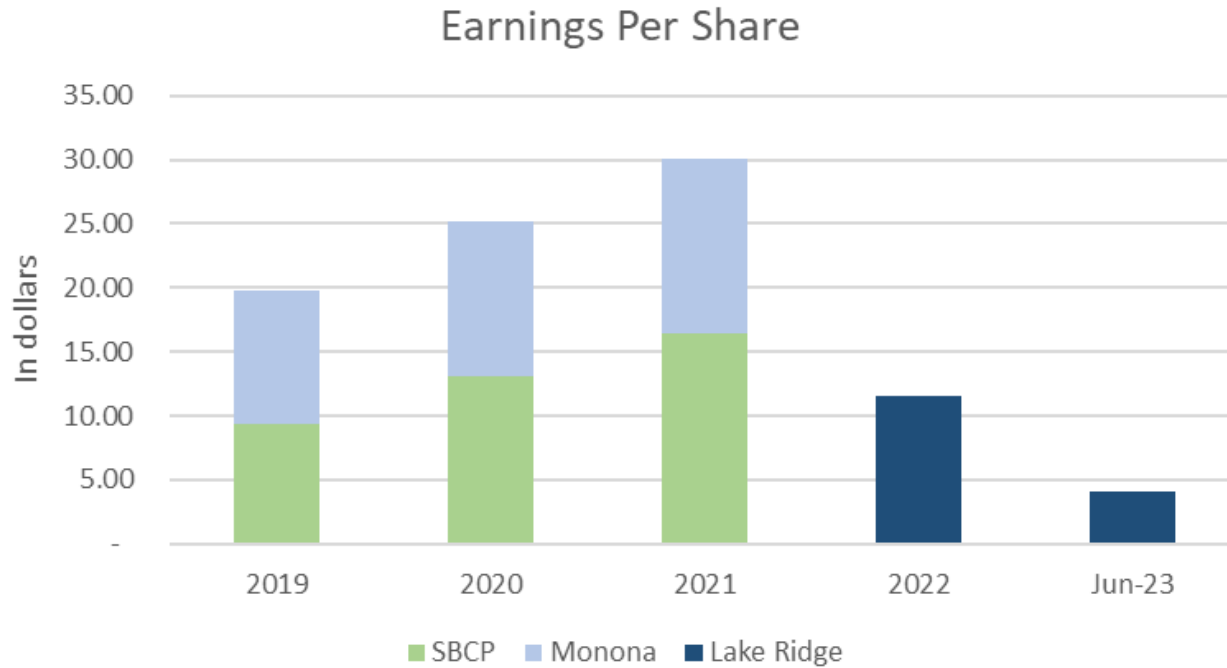
Add in Monona's nine-month performance of \$8.5 million

2023 net income includes \$2.8 million of additional merger related charges mostly related to the data processing conversion



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Financial Performance and Update



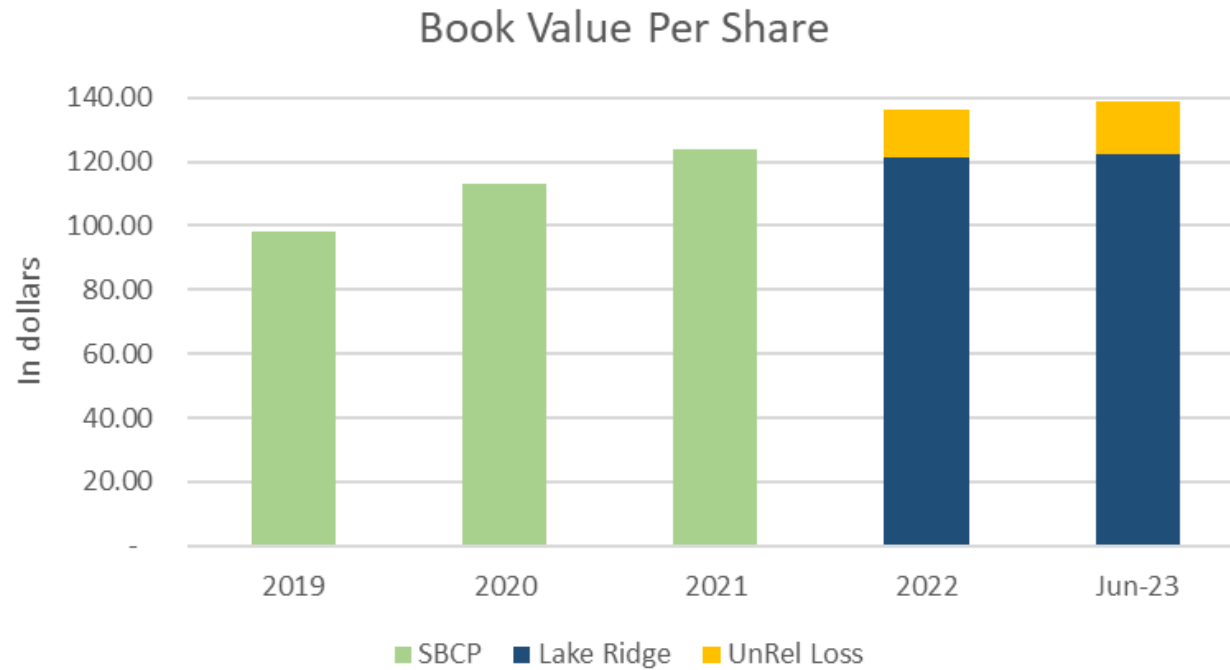
Earnings per share impacted by items mentioned in net income discussion.

2021 and 2020 include impact of PPP originations and stronger residential mortgage volume.



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Financial Performance and Update



Book value is down slightly from year end 2021 but was impacted by large **unrealized** loss position.

Adding back that impact book value as of June 2023 is \$138.89 per share.



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Financial Performance and Update

Loan growth was strong during the first half of 2023 but likely will be impacted by Fed increasing borrowing rates

2023 decrease in deposits related to normal fluctuations, higher market rates, and clients spending down excess funds

2023 EPS impacted by higher interest costs especially higher short-term rates



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2023 ANNUAL SHAREHOLDERS MEETING

III. CREATION OF LAKE RIDGE BANK

Paul Hoffmann, President



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Why did we create LRB?

- We knew it would create long-term viability and shareholder success to bring two great local banks together.
- Continue the legacy of community-focused banking with scale.
- Create synergies that mean together we are better than we are apart.



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How did we become LRB?

Consolidation of Seven (7) Area Community Banks

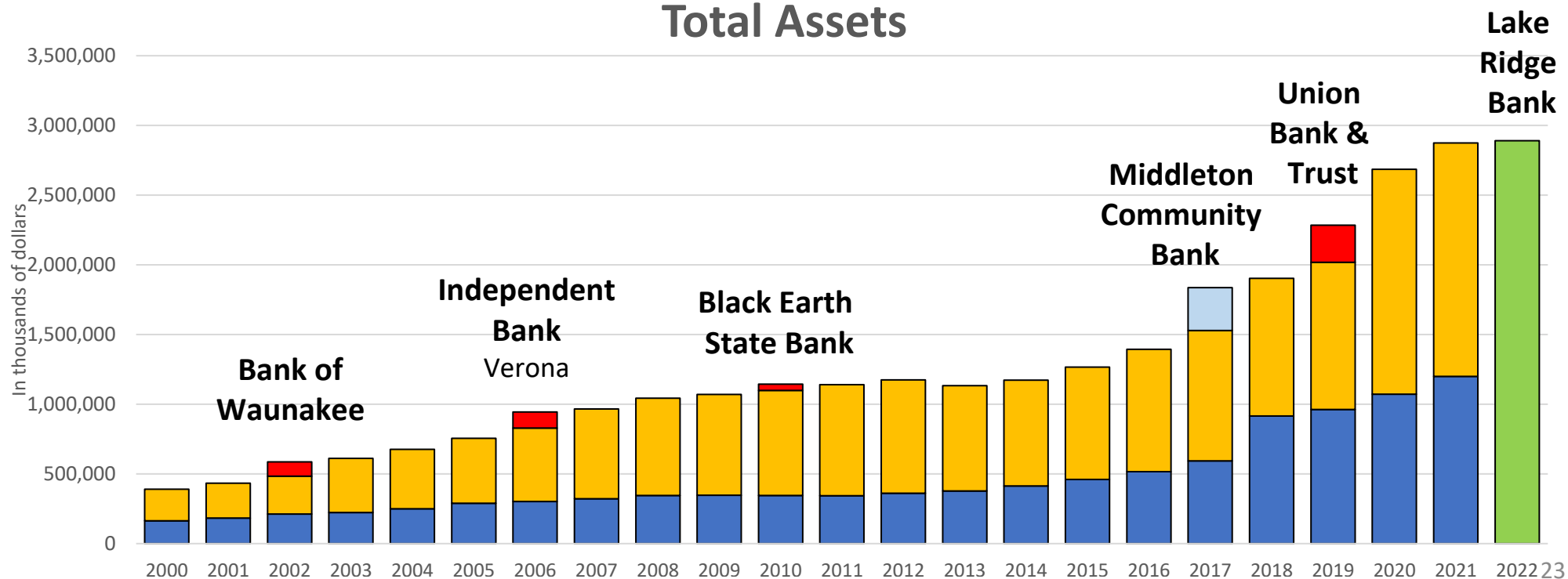
- 2023 - **State Bank of Cross Plains** (est. 1908) and
- **Monona Bank** (est. 1991)
- 2019 - **Union Bank & Trust**, Evansville (est. 1897)
- 2017 - **Middleton Community Bank** (est. 1995)
- 2010 - **Black Earth State Bank** (est. 1904)
- 2006 - **Independent Bank**, Verona (est. 1904)
- 2002 - **Bank of Waunakee** (est. 1912)



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More Growth than just Acquisitions

Total Assets





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Who is LRB now?

- Asset Size: \$2.9 Billion
- Wealth Management Assets: \$1 Billion +
- Number of Associates: 368
- Number of Shareholders: 1,386



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Full-Service Bank

- **Deposits & Loans**
(Business, Consumer, Mortgages, & Credit Cards)
- **Products and Services**
(Mobile, Zelle, Bill-Pay, Treasury Management, Executive Banking, Prime Time, and more!)
- **Wealth Management**
(Trust & Financial Advisors)
- **Crop Insurance!**

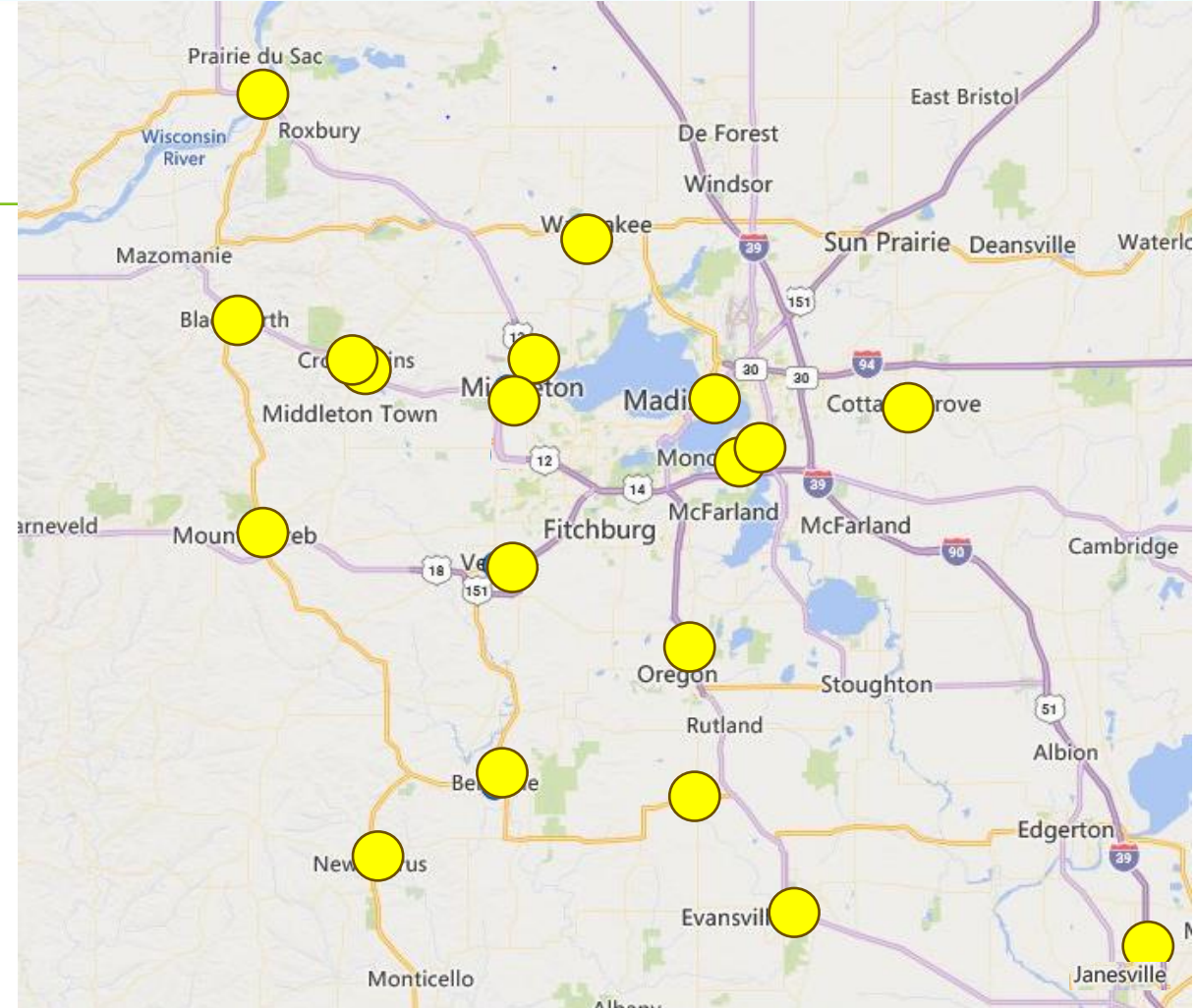




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Where are we?

- **21** Locations
- **16** Communities
- **11** Communities where we are #1 in Deposits
- **Dane, Green, Rock and Sauk Counties**





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Name, Image, and Likeness (NIL)

- New Name. It was important to find a new name that represented both of us. Geographic reference to Lakes and Ridges which is genuine, authentic Wisconsin.
- New Image. A new logo & colors.
- New Likeness. A new brand.



Lake Ridge
Bank™



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Culture of LRB and Values

- We are a community bank. It is who we are and how we make our decisions.
- Our goal is to gain complete relationships with our clients through extraordinary service. We want to be their “bank”.
- Make it easy for clients to bank with us where and when they want to.



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Future of the LRB

- Our communities grow and prosper because we make them better places to live and work.
- Provide an extraordinary client experience both in-person and digitally.
- Retain and hire outstanding associates giving them opportunities to contribute, lead, and succeed.
- Enhance our shareholders' returns, equity, and dividends.



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2023 ANNUAL SHAREHOLDERS MEETING

IV. STATE OF THE INDUSTRY

Jim Tubbs, Chief Executive Officer

SILICON VALLEY BANK COLLAPSE
CNBC MARCH 2023

RIISING INTEREST RATES SQUEEZE SMALL BANKS
WSJ July 2023

REBOUND IN RATES PRESSURE BANKS

WSJ July 2023

MOODY'S DOWNGRADES 11 REGIONAL BANKS INCLUDING U.S.BANCORP
WSJ April 2023

CREDIT UNIONS REPORT RECORD SETTING PLUNGE IN DEPOSITS
American Banker July 2023

LANDING SQUEEZE IS RISK FROM BANK FALLOUT
WSJ April 2023



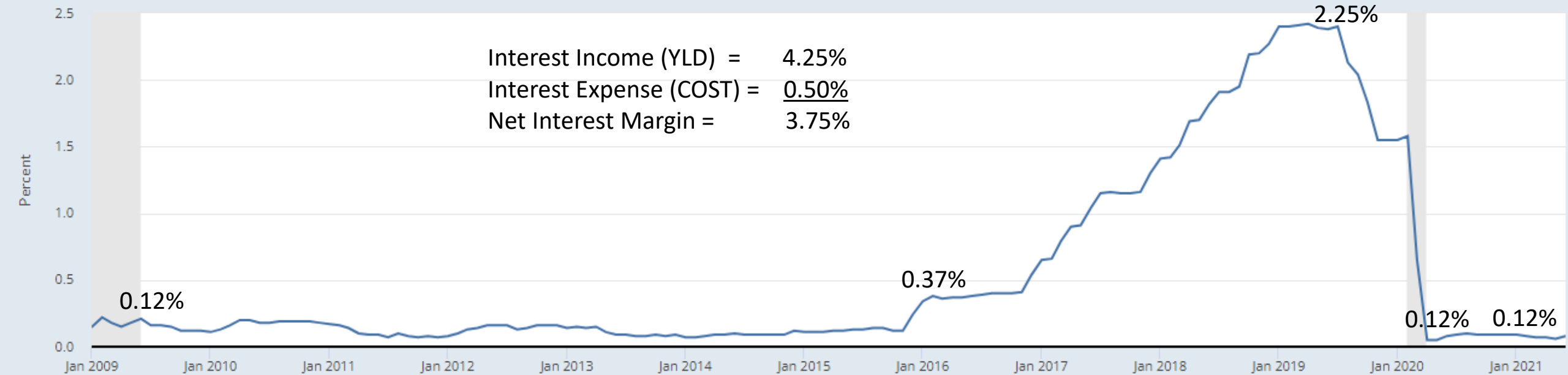
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INDUSTRY HEADWINDS

- I. Rapid Rising Short-Term Interest Rates
- II. Inverted Yield Curve
- III. Reduction in Liquidity

Fed Funds Rates, 2008 - 2021

FRED — Federal Funds Effective Rate



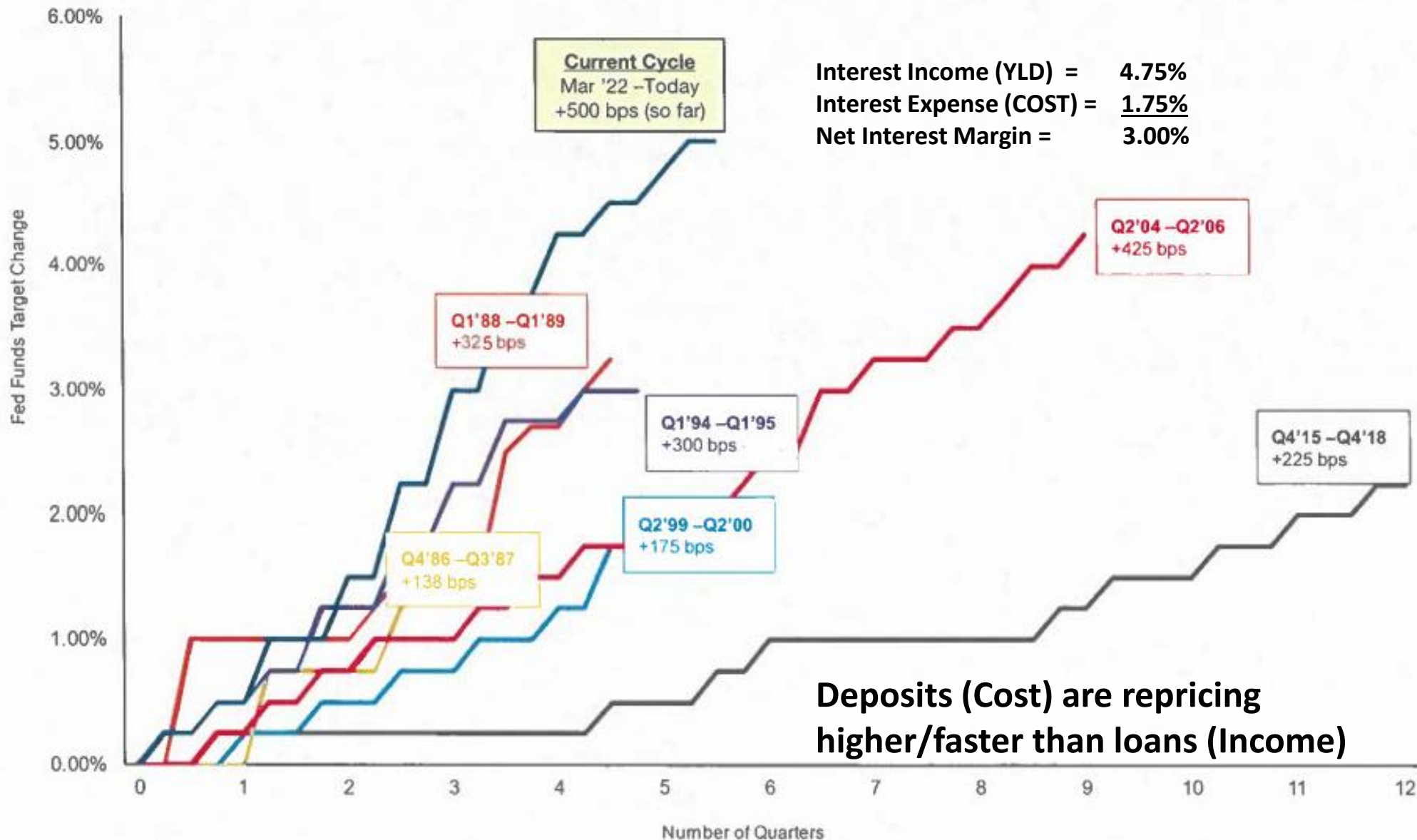
Interest Income (YLD) = 4.25%
 Interest Expense (COST) = 0.50%
 Net Interest Margin = 3.75%



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Unprecedented Fed Action to Tame Inflation

Fed Rate Hikes Over Time, by Previous Cycle





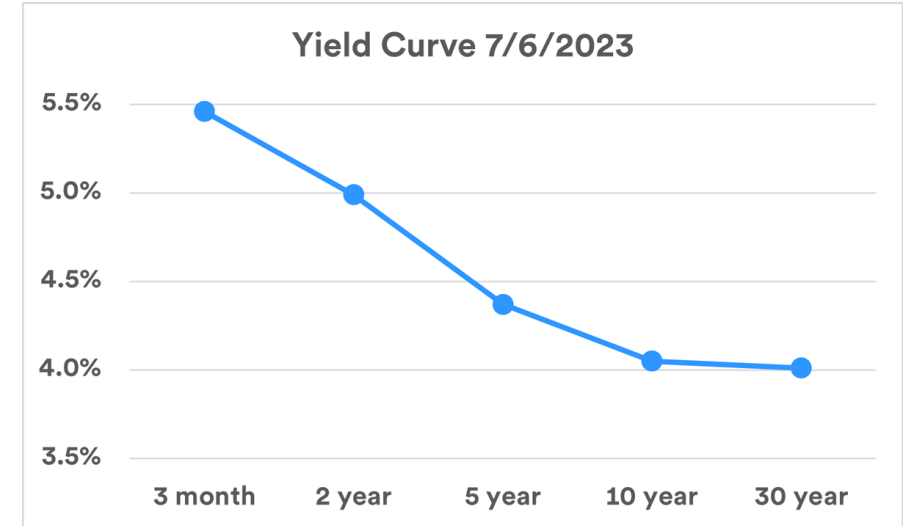
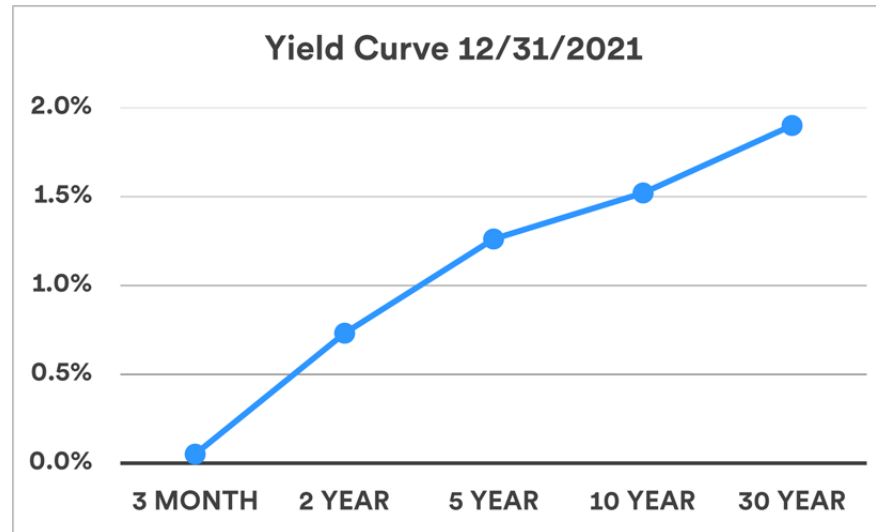
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Markets Remove Expectation for 2023 Cuts

Projected Cuts by Year-End 2023 from 2023 Peak



II. Inverted Yield Curve

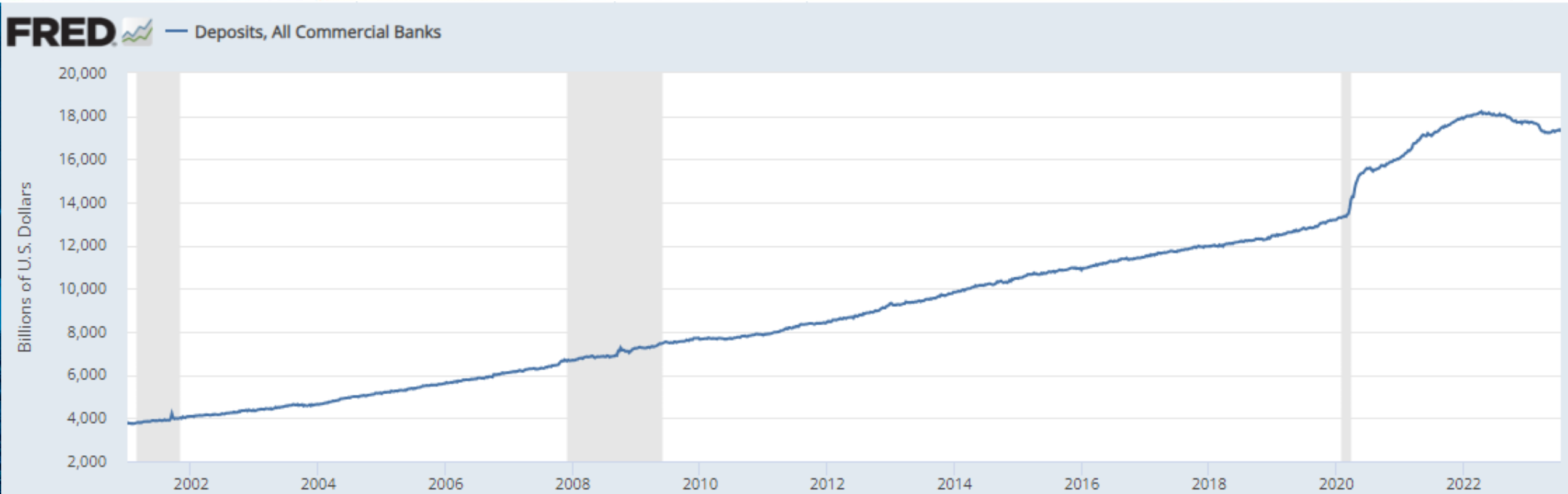


Deposits (short-term liabilities) reprice higher/faster than loans (long-term assets)



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III. Reduction of Liquidity



For the first time ever, there was a reduction in deposits. As banks fight for deposits, cost continues to rise



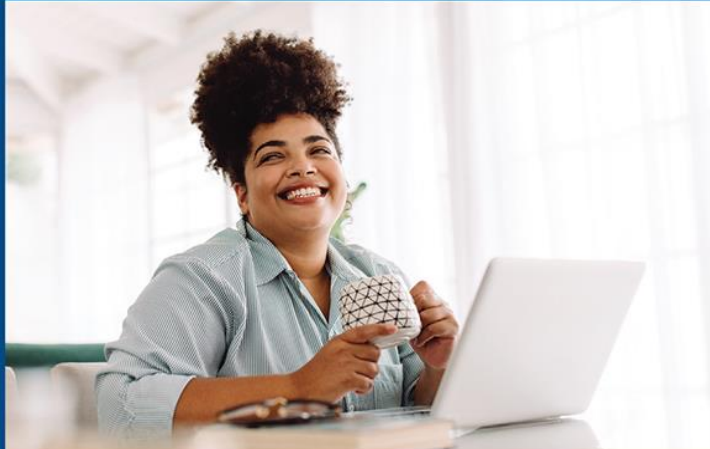
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CD RATES SO GOOD THEY'LL MAKE YOU SMILE.



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Bank™

Go Far. Go Together.



5.09%
APY*
9 MONTHS

5.35%
APY*
15 MONTHS

* The Annual Percentage Yield (APY) is effective as of July 18, 2023. \$1,000 minimum required to open this CD. Must maintain minimum daily balance of \$1,000 to earn stated APY. Penalty for early withdrawal. Offer subject to change without notice. Please see financial institutions.

6430 Bridge Road, Monona, WI 53713 • www.lakeridge.bank • (608) 223-3000

Member FDIC



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So, Why Did The Dividend Get Reduced?

- Less profitability due to rapidly rising short-term interest rates while the yield curve is inverted, and liquidity (deposits) is shrinking.

Causes the Net Interest Margin to be squeezed.



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Our #1 Priority

Create Long-term Shareholder Value

- In order to do this, we sometimes need to preserve short-term earnings to obtain long-term goals.

What Are My Shares Worth?

DATA POINTS:

Book Value (including unrealized loss) per share: \$122.34

Book Value (excluding unrealized loss) per share: \$138.89

Fairness Opinion at the Time of Merger: \$138.12

Be careful using “last trade value.” You do not know the motivations of the buyer and/or seller.

Items On The Horizon

1. Dividend Reinvestment Plan (DRIP)

- You will have the option of receiving additional shares of stock instead of receiving cash dividend
- Benefit to the shareholder – increase ownership in the company
- Benefit to the Bank – cost effective way to raise capital



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Items On The Horizon

2. Create Greater Liquidity for Shares

- We now have almost 1,400 current owners
- Contract with online trading platform service
- Create a greater presence on “pink sheets”
- Possibly become listed/go public

Pros vs. Cons



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Any Questions?



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**THANK YOU FOR YOUR
INVESTMENT AND TRUST IN
LAKE RIDGE BANK**

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