



Lake Ridge
BANCORP, INC.™

EQUITY UPDATE

SHAREHOLDER NEWS



Jim Tubbs
CEO



Paul Hoffmann
President

A NOTE FROM JIM AND PAUL

We would like to highlight two very important items from our recent June 14, 2023, Board of Directors meeting:

1. Our Annual Shareholder meeting will be held on August 1, 2023, at 6:00 pm, at the Madison Marriott West in Middleton. You will be receiving the official meeting notice and proxy material very soon. As you will see on the proxy card, you have a variety of ways to vote your proxy: by phone, online, or by mail. Even if you plan to attend the meeting, we encourage you to execute your proxy card as soon as possible.
2. Our Board of Directors declared a second-quarter dividend of \$0.45 per share. This dividend is payable on June 30, 2023, to shareholders of record as of June 14, 2023.

Since this dividend is a reduction from our first quarter dividend, we would like to provide you with some insight into the overall dividend decision.

- When we started our 2023 Budget, the Blue Chip economists forecasted only a couple of rate hikes equaling 50 b.p for this entire year. However, through just the first six months of 2023 alone, the Federal Reserve has moved short-term interest rates up by 125 b.p.
- This very quick rise in short-term interest rates has a negative impact on bank earnings. Our Interest Expense (what we pay on deposits) increases at a much quicker pace than our Interest Income (what we receive on loans).
- This situation is called a “Squeeze on Net Interest Margin,” and is significant because for most banks, this margin makes up 80% of the company’s revenue.
- Fortunately, we have other areas of revenue which are exceeding budget, such as Wealth Management and Crop Insurance.

All of us understand that our responsibility is to create long-term shareholder value. To achieve that, we need to be prudent managers of our Capital. With the expectation that Retained Earnings will not be at our expected levels, we believe it was appropriate to reduce our shareholder dividend this quarter. This was not a decision we made lightly knowing how important dividends are to our shareholders.

Rest assured, we will continue to work hard on managing the margin, controlling expenses, enhancing other revenue sources, and doing our best to maximize profitability.

Thank you for your continued support of Lake Ridge Bank. We appreciate the trust and confidence you place in our strong community 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

FINANCIAL UPDATE

The graphs shown in this report show consolidated results for Lake Ridge Bancorp for 2022 through May 31, 2023. For comparison purposes, pro forma information for years prior to 2022 is also shown. It should be noted that 2022 EPS number reflects Monona performance from the date of acquisition (October 3, 2022) and includes several one-time charges related to the merger.



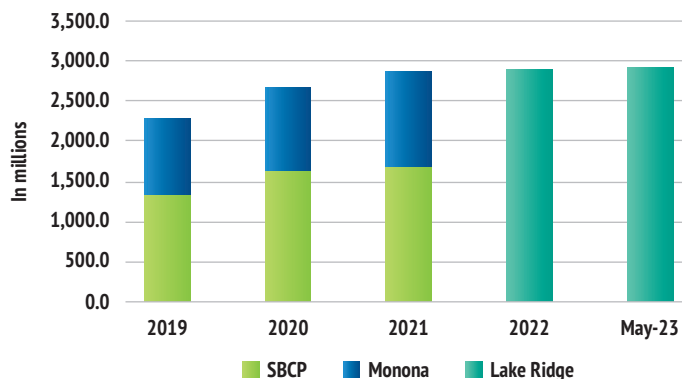
If you have questions about your investment in our bank, please contact:

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

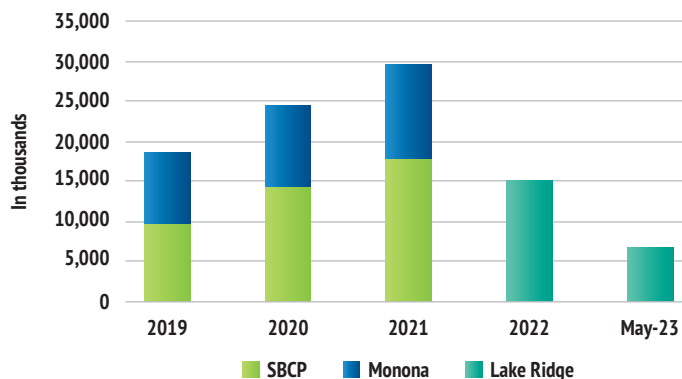
Additional assistance will be provided by:

Tami DiFulvio
 tdifulvio@lakeridge.bank
 (608) 798-5206

Assets



Net Income



Book Value Per Share

