



Lake Ridge
BANCORP, INC.™

EQUITY UPDATE

SHAREHOLDER NEWS



A NOTE FROM PAUL AND JIM

Here we are at the end of the first quarter of 2023, and we have experienced two significant events which we would like to highlight:

1. Finalized our Bank Merger

As a reminder, back in October 2022 our two holding companies, Monona Bankshares and S.B.C.P. Bancorp, were merged to create Lake Ridge Bancorp, Inc. Even though this created one new holding company, we were still operating as two separate banks (we needed to wait until our data platform provider could convert all of our clients onto one platform). This conversion was completed and we successfully executed our bank merger on February 13, 2023. Monona Bank and State Bank of Cross Plains came together to create Lake Ridge Bank, the sixth largest bank in Wisconsin (and largest independent community bank in the Dane County area). While we are still ironing out some issues normal for a merger of this size, overall, we are very pleased with how smoothly our merger went and are very excited about what the future holds for our new bank, shareholders, clients, associates, and communities we serve.

While our name may now be Lake Ridge Bank, we assure you our new bank is the same bank, with the same knowledgeable advisors that you've enjoyed working with in the past. We simply have a new name, some new faces and product offerings, and more locations which should make your banking more convenient.

2. Disruption in the Banking Industry

The news of some recent bank failures is raising questions about the safety and soundness of the banking industry. We are very proud to tell you that Lake Ridge Bank is both safe and secure. We want to share a few highlights to emphasize our point:

- Lake Ridge Bank was created by two strong community banks coming together, with a deep bench of experienced professionals leading our organization. We stand ready to answer any questions you may have to address your concerns. It is our commitment to get through this disruption together.
- Our bank is proud of the community-based business model that has proven effective for both banks over the long-term. We build long-term relationships with our clients, and they have learned to trust us.
- The bank is well-capitalized, well above all required levels, and has access to almost \$1 billion in additional liquidity sources.
- Our loan portfolio is strong, with low levels of delinquencies and a loan loss reserve built to protect our bank.
- More than 70% of our deposits are fully-insured with the basic FDIC insurance, which proves we have a very diversified customer base.

Dividend Update

The Board of Directors of Lake Ridge Bancorp, Inc. (LRBI) is pleased to announce our 2023 first quarter dividend. At our March board meeting, it was determined that LRBI's Q1/2023 dividend will be \$0.72 per share. This dividend is payable on March 31, 2023, to shareholders of record as of March 15, 2023.

The Board is very happy with the success of our merger, our sound capital structure and current profitability. This dividend reflects our safety and soundness and a commitment to rewarding our shareholders for their investment in Lake Ridge Bancorp, Inc.

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

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

Additional assistance will be provided by:

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

In fact, here is some additional information from the Federal Deposit Insurance Corporation (FDIC) about the recent disruption in the banking system:

- The FDIC acted swiftly and decisively to protect the banking system. This is why the FDIC was created 88 years ago, and they are very good at protecting both depositors and the banks overall.
- In the entire history of the FDIC, no one has ever lost a penny of insured deposits.
- The FDIC insures up to \$250,000 in eight separate account categories, per depositor bank.
- The FDIC is funded by the banking industry and has the backing of the US Government behind it.
- The FDIC insurance fund is at an all-time high and has never been stronger.
- The FDIC has a \$100 billion line of credit with the US Treasury.
- In total, more than 99% of banks are considered “highly capitalized” and are well-above the most stringent regulatory standards.
- With both recent bank failures, the FDIC declared that all depositors greater than \$250,000 will be protected.

To conclude, we want to share some specifics about how Lake Ridge Bank is different from both the Silicon Valley Bank and Signature Bank:

- This was a liquidity situation for both banks. Because of their model of banking, which is very different than Lake Ridge Bank’s model, they could no longer access funds.
- Silicon Valley Bank used short-term deposits to invest in long-term securities. The recent rise in interest rates caused an interest rate squeeze and devaluation in their securities portfolio they could not overcome. Again, our bank is not in this situation.
- Both banks were growing super-fast with deep ties to the tech industry. They both relied on deposits from non-local sources, unlike our controlled growth model using core deposits.
- Lake Ridge Bank has a diverse client base for both our loans and especially, our deposits. Our model of community banking takes in local deposits and then lends them out to local clients that we know and trust. It is a different model because of the strong relationships we develop, as well as our in-depth knowledge about our local economies.

As you know, with any crisis, comes opportunities. We believe that this current disruption will give our bank the chance to talk about who we are and why we are different from the banks who failed. We trust in your abilities to talk with your peers and assure them we are strong, well-capitalized, and have a well-thought-out liquidity contingency plan. Our plan is to take this time to tell our story and build even stronger relationships with our clients.

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 either Jim at jtubbs@lakeridge.bank or (608) 798-5213, or Paul at phoffmann@lakeridge.bank or (608) 223-2183.

Sincerely,

Jim and Paul

