



FINANCIAL GROUP

*Plan well. Live well.*

2018 ANNUAL REPORT

PHOTOGRAPHY CREDITS

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## TO OUR MANY CONSTITUENTS

*including shareholders, valued clients and community members*



Kathryn G. Underwood  
President & CEO  
Ledyard Financial Group  
Ledyard National Bank

Dennis E. Logue  
Chair, Ledyard Financial Group  
Ledyard National Bank

Reflecting upon 2018, we feel proud of the work Ledyard National Bank has done to enhance the products and services we offer, while strengthening the communities we serve every day. We are pleased to report it was a year of significant accomplishments, marked by strong performance, deeper integration into our communities and impactful engagement with our clients and prospects. It was a year that crystalized the myriad of ways in which our strategic plan is coming to fruition, as well as the many initiatives building upon each other and delivering the revenue and profitability that we forecasted to our shareholders. Our commitment to transparency went well beyond meeting legal and regulatory requirements. It opened the door for better communication and allowed us to be more responsive to the stakeholders with whom we engage.

We continued to evolve as a comprehensive financial-services institution, introducing new products and services that better addressed the ever-increasing needs of our personal, business and wealth management clients. Of course, our commitment to educating, advising and guiding our

clients on all of their financial matters has remained a top priority and key feature of the unique relationship we have with them. All of these elements combined to enhance our purpose of helping people, families and businesses prosper. Our year-end results and our dedication to delivering innovative products in a high-touch manner have, once again, resulted in industry and community recognition. For example, for the fourth year in a row we were recognized by American Banker Magazine among the top 200 publicly traded banks with under \$2 billion in assets. The rankings, based upon a three-year return on average equity, demonstrated the bank's ability to use its equity efficiently. As the only New Hampshire community bank on the list, we see it as a true testament to our employees and their unwavering dedication to our core values. We were also recognized as one of the top providers of financial services in the Valley News' annual Reader's Choice Awards.

To a large extent, Ledyard's greatest asset and distinguishing feature is our brand. It's one that has been built, maintained and enhanced for 28 years. We are all the custodians of this brand, knowing that what we do today can cement a client's experience – and our reputation. It's a great responsibility we gladly accept. We think of the Ledyard arch (or bridge) as a symbol of all the perceptions people have formed about Ledyard through the years, based on their own experiences and our reputation in the community. It represents the promise we make to our clients every day, providing them with high-touch service based on their needs and the peace of mind that accompanies the relationships we build. We also know that effective relationships start with two-way communication. We keep our ears open, learning what our clients and partners need from us. By being responsive to those needs, we earn their

loyalty. We believe every interaction with a client, whether in person, on the phone, by mail or over the internet, is an opportunity to connect and to learn what we might do to make the Ledyard experience even better. Our promise is encapsulated in a single phrase that happens to be our cherished tagline: Plan well. *Live well.*

With incredible momentum driving us forward, we proudly share our 2018 annual report and results:

## PERFORMANCE HIGHLIGHTS

### LEDYARD FINANCIAL GROUP

#### 2018 Financial highlights:

- Increased net income to \$5.2 million, an increase of 34% over 2017 and an all-time high
- Grew revenue to \$27.6 million, an increase of 9% over the prior year and a record high
- Increased earnings per share by \$0.41 to \$1.66 per share
- Raised our dividend to shareholders by \$0.05 to \$0.70 per share; we've maintained or increased the quarterly dividend since first declaring one in 1995
- Ledyard Financial Advisors' revenue grew by 12% to \$10.5 million, an all-time high
- Our regulatory capital ratios remained well in excess of the amounts required to be considered well-capitalized, the highest designation possible

Above all, we're in the service business, and delivering a personalized experience is paramount. In effect, our focus is on acting small while providing big-bank resources. This entails making a positive difference in the lives of our clients, wherever and however they need us. We help our clients make the financial transactions that improve the quality of their lives – from everyday purchases to buying a new home, and from small business capital improvements to designing a stock portfolio that invests for their children's educations. We lend to companies and help them grow, creating local jobs and impacting the economic vitality of our community. Consistently doing these things well has placed us in the enviable position of allowing us to make strategic investments in our future. As we noted last year, a major investment is earmarked for our core processing and related ancillary systems, the most critical element of the bank's infrastructure. This upgraded system will provide us with state-of-the-art technology that is secure and scalable. It will equip our organization with the precise tools necessary to deepen client relationships and help drive earnings growth. The search we undertook last year to find the ideal partner for this endeavor concluded in mid-2018, and the difficult work of transitioning to the new core began soon after. With an expected launch date in the late spring, we're already developing the data mining strategies necessary to help us build more meaningful, long-term relationships with Ledyard's clients.

To ensure that we integrate our new core system properly and efficiently, we welcomed Susan Fernald to Ledyard as Senior Vice President, Banking Operations Officer. With more than 31 years of banking experience, and with positions of increasing responsibility in Retail Branch Operations, Sue successfully managed three core conversions at other financial institutions. Her vast experience working through the conversion process will be invaluable

as she helps to lead us through the process and joins the broader effort to make us a more innovative organization.

Our presence in the Concord, New Hampshire market still feels new. It's hard to believe we opened our wealth management office at the end of 2016 and celebrated an expansion in May 2017. Over the last year, we've worked diligently to increase our presence in the market, introducing other divisions and services such as Private Banking, Commercial Lending, Mortgages and Consumer Lending. From the beginning, we imagined opening a full-service branch in the community to round out Ledyard's offerings and capabilities. We are continuing to work toward that goal as we explore the possibility of introducing an open-concept branch — a departure from our more traditional look and design, but one that can enhance the client experience while showcasing modern, forward-thinking interactive capabilities.

The Concord market expansion will offer Ledyard incredible new opportunities to grow business across all of our business lines. We're fortunate to begin the process of further immersing ourselves in that market, building upon the high level of success we achieved in 2018.

Some of the broader initiatives that contributed to our accomplishments included the following:

### FINANCIAL ADVISORS

Comprehensive wealth management continued as the foundation of the superior service provided by Ledyard Financial Advisors. This includes investment planning, tax planning, estate planning and risk management. Each client relationship is assigned a team of three professionals — a portfolio

manager, a financial advisor and an administrative associate work closely with clients to help achieve their goals and objectives.

The sales management process continued to produce superior new business results in 2018. \$160 million in new assets were acquired. This brings total assets to \$1.459 billion. 62 new clients and 171 new accounts were added.

We continued to host "Insights Dinners" in key markets such as Hanover, New London and Concord. "Women's Insights Lunches" were also scheduled in those locations. These events were designed to provide education to our clients and prospects on a variety of wealth management topics relevant to reaching financial goals — in other words, planning well in order to live well. While many of the sessions addressed current economic and market conditions, most also covered a broad range of topics, including themes such as "Talking to Your Adult Children about Money" all the way to subjects such as "Titling Assets — Why Smart People Make Big Mistakes". The feedback we received was incredibly positive and reinforced our belief that education is the key to the Ledyard brand and what our clients truly value about us.

### MORTGAGE & CONSUMER LENDING

Continuing our efforts to promote access to affordable homeownership, we rolled out several new federal government loan products. The first was a Federal Housing Administration (FHA) loan — a low 3.5% down payment option which is especially popular with first-time homebuyers seeking mortgages. The second was a Department of Veterans Affairs (VA) loan — a zero down payment option for service members, veterans and their families. Finally, we introduced a USDA Rural Development loan — a zero down payment option providing low- and moderate-income households the opportunity for homeownership in eligible rural areas.

In addition to these important additions to our product lineup, we developed a fully underwritten pre-approval/commitment to address the fact that real estate transactions are often fast paced and subject to multiple offers. It gives buyers and sellers confidence over the industry standard "pre-qualification" and is subject only to property specific items such as a purchase & sale agreement, legal/title and appraisal.

Developing and incorporating these improvements required many refinements to our workflow, which resulted in better communication, more efficient processes and reduced risk. Finally, we focused on building stronger relationships, both inside and outside of the bank. Our efforts realized positive growth in trust and confidence, allowing us to produce more with a smaller team. As Ledyard's efficiency and reputation grew, so did our visibility, resulting in the reputation as a "go-to" lender in the community.

## COMMERCIAL BANKING

Ledyard's Commercial Banking team had a strong year, partially due to their efforts in cross-business development. The commercial team worked closely with our other business lines — Retail Banking, Consumer Lending and Financial Advisors — to provide and receive training that had a large impact on each group's ability to refer new client opportunities to each other. They also took time to better understand how each individual team member's expertise could be maximally utilized on its own and as a complement to the team's other areas of expertise. For example, three of our commercial lenders boast skill sets that, when combining efforts, create unparalleled comprehensive value to our business owner partners. Bill Kidder, head of the commercial group, has over 30 years of experience helping partners grow their businesses, transition their businesses and, of course, guide partners through the day-to-day decisions that keep their businesses running smoothly. Bob Christensen, an incredible resource across many disciplines, can call upon his two decades of experience in commercial real estate development, management and leasing to help clients with those opportunities, as well. Rounding out the team's embarrassment of riches is Jason

Achmoody, a Certified Exit Planning Advisor. In addition to educating and advising our customers on all aspects of their businesses, Jason regularly educates them on the potential exit planning phase of business ownership. He ensures that when the time comes to consider such an option, Ledyard's clients are ready.

On the technology front, our imaging and archiving project continued full steam ahead. Our process calls for imaging all new information and documentation, while we systematically work backward to image all of our older documents. Eliminating paper documents and replacing them with electronic documents has incredible advantages, including easier access to information, more efficient processing of data, significantly smaller space requirements for document storage and, ultimately, allows us to spend less time filing paperwork and more time delivering superior service to Ledyard's clients.

Our focus on expertise, partnerships and technology helped boost Ledyard's 2018 commercial loan production by 12% over the previous year. We accomplished this strong growth while also focusing on excellent credit quality, maintaining a delinquency ratio of less than 0.50%, which is well below the 0.60% aggregate average ratio of all banks.

## RETAIL BANKING

Ledyard's branch banking efforts in 2018 were focused on training and coaching to our Client Service Process. This ongoing process, a continuation of what we started in 2017, layered new ideas and actions onto the fundamental concepts we methodically introduced over time. We believe consistently building upon and reinforcing our client-centric philosophy will ultimately ensure all of our customers' needs are fully explored and met with proactive, creative solutions.

As part of this process, the retail bank continued to work closely with its cross-channel business partners, collaborating on solutions for our clients in seamless ways and, again, ensuring that each client's needs are fully satisfied.

Lastly, we continued to focus on improving operational efficiencies in advance of our 2019 core system upgrade. As we alluded to earlier in this report, the upgrade will provide Ledyard's retail bank the most up-to-date client facing technology available, allowing us to better know and understand our clients which, in turn, will allow us to offer an unsurpassed level of service.

## INVESTING IN OUR PEOPLE

It's safe to say that fulfilling our commitment to clients, shareholders and the community depends on our employees. We've built a company that lives by its values, has a strong sense of purpose and gives its staff a chance to make transformational change that positively impacts the lives of others. To accomplish this objective year-over-year, we offer continuous training and development to enhance the skills and capabilities required in a fast-paced digital world. Further, we know that success starts with individuals who demonstrate an unwavering commitment to extraordinary service, a belief that strong relationships predicated on education and timely advice is paramount, and an ability to connect with colleagues, clients and prospects alike. Bill Logan, our new Senior Vice President and Manager of Ledyard's Private Banking & Brokerage division, embodies these characteristics. He joined our team in August with more than 25 years of wealth management and banking experience. His expertise centers on managing complex lending, banking, trust and investment relationships by providing customized strategies for individuals, families and institutions. Prior to joining Ledyard, Bill

was Senior Vice President and Market Leader for Citizens Bank's Private Wealth Management Team in Rhode Island and Connecticut. Prior to Citizens, Bill spent eight years as Senior Relationship Manager for Fidelity Investment's Family Office Services Group. Previously, Bill was Vice President and Team Leader for eight years at BNY Mellon Private Wealth Management in Pittsburgh, Pennsylvania. Bill is a graduate of Providence College, earned his certificate in Financial Planning from Boston University's School of Financial Management and is a Certified Wealth Strategist®. Since taking the reins of the Private Banking division, Bill's impact on the division as well as the bank has been substantial. His attention to detail, ability to work cross-functionally and desire to do whatever it takes to provide a superior banking experience for his clients has enabled us to deliver an unparalleled service level that was previously beyond our reach.

Bruce Stefany, head of our Brokerage Services division, retired at the end of 2018. Bruce's commitment to providing superior client service was a key factor in his success and how he helped Ledyard grow the brokerage portfolio.



*Bruce Stefany at his retirement party*

He will be sorely missed and we wish him and his wife, Betsy, well in retirement. While it is impossible to truly replace a Ledyard family member such as Bruce, we are extremely fortunate to have found and hired Chris Eddy. Chris joined Ledyard in March as Ledyard's new Senior Investment Consultant with Infinex Financial Group, and he brings more than 20 years of financial planning and investment management experience.

Chris joined Ledyard with the goal of

expanding our product offerings. The increased product menu includes mutual funds, ETFs, annuities, life insurance and financial plans that can be appropriate for clients that do not need comprehensive wealth management.

Prior to joining us, Chris managed a small team of financial consultants at Northway Bank, focusing on personal investment needs. He previously worked for TD Wealth Management to develop new client relationships for both individuals and nonprofit organizations. We're so excited to welcome Chris into the Ledyard family!



*Chris Eddy, Senior Financial Consultant, Infinex Financial Group located at Ledyard National Bank*



*(l-r) William Loving, Jack Hartings, Noah Wilcox, Rebeca Romero Rainey, Kathryn Underwood, Christopher Jordan, Timothy Zimmerman, R. Scott Heitkamp, Preston Kennedy*

We would be remiss if we did not share with you an additional accolade received by our CEO in 2018. Last year, we reported to you that Kathy Underwood was recognized by the Independent Community Bankers of America (ICBA) and awarded the 2017 Community Banker of the Year award for the Eastern Region of the United States. This year the ICBA went a step further, elevating Kathy to the position of Treasurer on their Board of Directors. She was the only nominee from the New England states. In this role, Kathy will continue to help the community bank industry in the fight for regulatory relief and to better compete with global banks. She will also advocate for ways to make client's lives easier and more efficient.

2018 was a significant year for our Board of Directors. In May, Dick Couch, a founding member of our Board, stepped down after serving our institution for 27 years.





*Dick Couch and Ledyard Board Member, Bayne Stevenson, celebrating Dick's retirement*

Dick is a devoted advocate for community-based institutions and served Ledyard with that passion in mind. After receiving a Bachelor of Arts and Bachelor of Engineering from Dartmouth College, Dick co-founded Hypertherm, Inc., a world leader in specialized metal-cutting equipment. A few years later he assumed the role of Hypertherm CEO and has since procured more than 60 patents in the field of plasma cutting and pollution control. Over the years, he's garnered numerous tributes, honors and awards, and assumed many prestigious roles

including his election to the National Academy of Engineering and the Thayer School of Engineering Board of Overseers at Dartmouth College.

Dick has spent decades exercising his passion for philanthropy, promoting corporate responsibility at Hypertherm and instilling those values in Ledyard's culture, as well. Dick has made Ledyard a better company, helping us to become an organization that understands the value of developing employees, sharing rewards across the company and creating company growth not just for growth's sake but for more opportunity to positively impact our community.

We're honored to call Dick a colleague and friend. His impact on Ledyard is immeasurable and we're grateful for all he's done for our institution.

## NEW DIRECTORS

While Dick's business acumen, community and institutional knowledge, and thoughtful guidance will be sorely missed, we expanded the expertise of our board with the addition of three highly respected community members with complementary skill sets. We are looking forward to their tenures with us and are confident that the bank will benefit tremendously from their insight, support and leadership.



*Teresa Rhodes Rosenberger  
President, Devine Strategies*

Teresa Rhodes Rosenberger joined our Board of Directors in January. She is the President of Devine Strategies, and the former President of FairPoint Communications in New Hampshire.

We're incredibly fortunate to have someone with Teresa's experience to help us expand our presence in the Concord market. She has extensive experience in business and nonprofit leadership, regulatory matters, government affairs, economic development and developing strategies for businesses success and

growth. Throughout her 30-year career in public policy, communications and advocacy, Teresa has been involved at both the national, state and local levels. She began her career at U.S. News and World Report magazine, and was a member of the speech writing and research staff at the White House under the presidencies of Richard Nixon, Gerald Ford and Ronald Reagan. Teresa has given much of her time to volunteer leadership roles supporting community organizations, and is currently a board member for New Hampshire Public

Television, New England Council, City of Concord Planning Board, Granite State Children's Alliance and Franklin Pierce University. Additionally, she has been named one of New Hampshire's most influential Women in Business.



*Mark Beliveau, Partner, Gallagher, Flynn & Company, LLP*

Mark Beliveau joined us in October. He is a Partner at Gallagher, Flynn and Company, LLP, a regional tax, auditing and consulting firm providing services to clients throughout the Northeast. We're looking forward to working closely with Mark, tapping into his education and professional backgrounds that we know will bring a unique perspective to Ledyard. As a partner with Gallagher, Flynn & Company, Mark provides accounting and consulting services and leads the Business Valuation and Litigation Support services team. Mark

is a graduate of the Graduate School of Professional Accounting Program at Northeastern University and completed his Bachelor's Degree at the University of Vermont. He obtained further specialized certifications from the American Institute of Certified Public Accountants (AICPA) and the National Association of Certified Valuators and Analysts (NACVA). Mark recently earned the Certified Exit Planning Advisor (CEPA) designation after completing the Exit Planning Institute's intensive CEPA five-day executive MBA-style program.

Willemien Dingemans Miller joined our board in December. She is an attorney and Director with Downs Rachlin Martin, PLLC focusing her practice



*Willemien Dingemans Miller, Director, Downs Rachlin Martin, PLLC*

exclusively in Trust and Estate Planning and Administration for over 30 years. Prior to joining our board, Willemien served on our Advisory Board for Ledyard Financial Advisors. This familiarity with our organization will help her seamlessly transition into her Director role with an understanding of Ledyard's history and practices. Willemien graduated from both the University of Virginia School of Law, and the University of Nijmegen School of Law in the Netherlands, and has been selected by her peers for recognition in the area of trusts and

estates in The Best Lawyers in America<sup>®</sup>, Best Attorneys<sup>®</sup> in New Hampshire, and New England Super Lawyers since 2008. Willemien currently serves on the Board of Directors of Vermont Public Radio.

## EDUCATION & WELLNESS

In previous annual reports, we've touched on our efforts to build a meaningful employee training program and we are proud to share a more detailed vision of our accomplishments. Over the years, many employees have asked for training through the employee surveys or even discussions with the Senior Management team. Listening to those suggestions, we've provided many opportunities for employee growth and advancement. The classes are created out of the needs of employees, their individual development plans, the career paths that have been developed and our diploma/certification program. In

essence, our training team has focused on instruction that builds the skills and experience necessary for our employees to succeed in their careers.

Training occurs across various program areas such as supervisor development, leadership, product knowledge, software skills, communication and personal development. Other programs that have been developed are "A Day in the Life of" which gives insight into what each department and the individuals within it do on a daily basis, and "Lunch and Learns" to help employees better understand the benefits afforded to them by our institution. In addition to classes provided on-site, Ledyard also provides access to online learning through multiple sources.

As we've endeavored to perfect the curriculum, its efficacy has continued to improve. Since the inception of the training program, there have been 195 internal classes, 109 instructors, 1,772 total attendances and 80 diplomas/certifications received.

Ledyard's other incredibly popular program focuses on Wellness. Our Plan well. *Live well.* tagline reaches far beyond banking and wealth management – it says a lot about our commitment to the health and wellness of our company and our community. Throughout the year, we strived to keep wellness top of mind. Our Wellness Committee crafted and implemented programs that benefited our employees, strengthened our dedication to education and increased our outreach to our neighbors. Our Live Well Walking Challenge continued into its fourth year and increased from eight participating companies to 13 including two nonprofit organizations and four companies that were first-time participants. New this year was an award given to the highest stepper across all of the organizations. The Steppin' Up Award was



*(l-r) Alanna Mayer, Marketing Manager with Ledyard National Bank; Prince Golam, Winner of the 2018 Ledyard Live Well Walking Challenge Steppin' Up Award; Michael Redmond, Executive Director of The Upper Valley Haven*

created to blend two of our programs together, wellness and charitable giving. The award recipient, Prince Golam from Six South Street Hotel, was able to select a nonprofit organization to which Ledyard would donate \$500; he chose The Upper Valley Haven.

The training program at Ledyard was expanded in 2018 to include wellness as an integral part of our ongoing education. We

offered programs in nutrition, skin cancer awareness and workplace yoga. We conducted AED and CPR training to coincide with our installation of AED units in three of our locations and we implemented policy and procedures to become a smoke-free workplace. Another important goal was to offer employees an opportunity to "know their numbers" by conducting biometric screenings. Knowing their blood pressure, cholesterol, glucose level and BMI gave our employees a snapshot into their overall health; a benefit that drew a 25% workforce participation rate.

Other programs that were new to 2018 included a corporate gym discount, vegetable and herb seed packets with planting materials, wellness bingo, step challenges for our retail teams, and events such as the Ledyard RedZone 5K and our fall apple picking event.

## COMMUNITY SUPPORT

While we spent much thought and energy on building our internal employee programs, we also took advantage of opportunities outside of the bank that helped further integrate us into the community. For example, Ledyard participated in Hanover's Celebrate the Season festivities – an annual one-night December event in which downtown businesses open their doors to the public and celebrate the holiday season in a fun,

creative way. We chose a Harry Potter theme and fully decorated our branch to look like the wizarding world's primary bank, Gringotts. The experience included photos with Harry Potter characters (our employees in costume could have won Academy Awards), arts & crafts and raffles for Harry Potter goodies. Hundreds of visitors came through our doors that night – from clients and prospects to adults and children. Ledyard was truly the talk of the town!

## LOOKING AHEAD

Since opening our doors in 1991, our progress has been steady and strong. It has positioned us well for the journey ahead. As we've grown through the years, Ledyard has continued to seize new opportunities and navigate unprecedented industry-wide challenges. Of course, the pace of change and introduction of new technology has had dramatic effects upon the banking industry and on Ledyard. Our founders, to some extent,



*(above) Ledyard employees receiving hands on CPR & AED training*

*(r) Ledyard employees enjoying a Sunday afternoon at Riverview Farm*



*(l) The Hanover Branch of Ledyard National Bank transformed into a Harry Potter themed winter wonderland for Celebrate the Season*

*(r) Ledyard employees with their families after completing the Ledyard RedZone 5K*



might not even fully recognize the company they started, but they would absolutely appreciate what hasn't changed: superior service, integrity, quality, teamwork and a commitment to the client experience. Yet, our success to date does not mean we're satisfied. We see more than a glass that is half-full. We see a bigger glass. We spend a lot of time thinking about what clients need from us today and what they'll expect from us in the future. We constantly consider how our capabilities, processes and solutions must align with our clients' needs. It's increasingly evident that regardless of how clients choose to engage with us — in our branches, by phone or via the internet — we understand they prize convenience. They seek trusted advice, but not at the expense of responsive service. We've worked hard to marry the two. We also know our clients' expectations change quickly and often mirror changes in technology. As they evolve, we will, as well. It's just one of the reasons we're positioned well for long-term profitable growth.

We have nearly three decades of experience helping our clients meet their financial goals. With each passing year, we build upon the Ledyard story. Yet, some themes are timeless — new opportunities, tough competition,

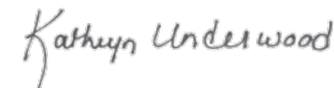
unexpected obstacles and risks. So while we feel great about where we stand today, we know we can't afford to sit back and admire our position. It's clear our strategies, plans and performance have placed us in a position to seize new opportunities and raise our ambitions. At the same time, we are always mindful of the need to navigate through changing market dynamics and ever-increasing competition. Looking ahead, we remain focused on the ingredients that have helped us deliver excellent long-term shareholder returns. We know the road ahead is challenging, but the possibilities are vast!

#### Key goals that remain consistent with years past:

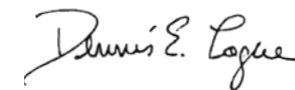
- Continue to improve key financial metrics and increase profitability
- Remain focused on growing core revenue and improving efficiency
- Grow our dividend steadily and share Ledyard's success with our shareholders
- Introduce new, simple and easy-to-understand products that, together with our current offering, will serve the full spectrum of client needs

- Serve the core financial needs of our clients
- Maintain strong capital and liquidity
- Manage risk with appropriate controls, continue to improve credit quality and ensure risk management capabilities are in line with regulatory expectations
- Further develop cybersecurity protocols
- Invest in our brand
- Invest in our people so they can reach their full potential, while attracting prospective employees who want to excel and grow

Thank you to our shareholders, clients, employees and board members for their trust, support and confidence in our company. You have been, and will continue to be, the key to Ledyard's success.



**KATHRYN G. UNDERWOOD**  
PRESIDENT & CEO  
LEDYARD FINANCIAL GROUP/LEDYARD NATIONAL BANK




**DENNIS E. LOGUE**  
CHAIR  
LEDYARD FINANCIAL GROUP/LEDYARD NATIONAL BANK

*“As the owners of a specialty dental practice, we believe in providing our patients with both exceptional clinical care and customer service. We have come to value that same level of service from Ledyard Private Banking. From our business accounts and loans to our home mortgages and beyond, their attention to detail and seamless customer service makes banking easy and allows us to focus on our patients and families.”*

Dr. Brooke Blicher and Dr. Rebekah Lucier,  
Upper Valley Endodontics





# PRIVATE BANKING

## Too busy building wealth to manage it? Private banking at Ledyard has you covered.

Successful professionals are often too busy building wealth to effectively manage it themselves. While they may be experts in their chosen fields, many do not have the training or experience to safely manage their assets. Ledyard National Bank's Private Banking offers tailored banking and financial solutions to not only manage the business needs of a professional practice but also provide the guidance and professional tools to assure stability and asset growth.

### Private Banking at Ledyard

We are a division of the bank that provides customized banking, lending and financial solutions for our affluent client base. The Private Banking Team, which was formed in 2014, works with individuals and families to design strategies and tailored solutions while providing priority service for each client.

### Typical Private Banking Clients

Professionals in the medical, dental, educational, engineering, legal and real estate fields; entrepreneurs; and business executives make up the majority of our clientele. It's a great mix of folks with varied backgrounds and experiences but with a common trait — our clients have the need for a convenient, simple and cost-effective financial relationship.

## Examples of the services and products we provide to affluent individuals and families

Our clients have customized mortgages, secured lines of credit, sometimes a commercial loan for their practice or business, high-balance checking/savings accounts, money market accounts, often an investment relationship with Ledyard Financial Advisors, and typically a net worth in excess of \$500K.

### The cost to be a Private Banking client at Ledyard

We provide these services at no additional cost to our clients. In fact, as a Private Banking client, fees on checking and savings accounts are waived and card limits are increased on debit and cash transactions.

### The number of Private Banking clients at Ledyard

We have more than 250 individuals and families who are part of the Private Banking Group, and we're expanding our team to work with more clients who would benefit from the high-touch service we provide. We want to help people Plan Well and *Live Well*.

*“Ledyard feels like a small hometown bank where we are always warmly greeted by name. The personal attention given to our financial needs exceeds any we have experienced with other banks. In a nutshell, Ledyard takes care of us!”*

*The bank impressed us from the very beginning. One of the art galleries representing my work was having an opening reception on Friday evening. To my surprised delight and honor, in the door walked a number of Ledyard officers. So very kind to be supportive!*

*At Ledyard, we see the same friendly faces at every visit and we’re grateful to be developing meaningful relationships with the Ledyard team – an aspect of the banking experience we had never encountered previously. For example, Ledyard’s branch manager proactively placed our vacation travel schedule on her calendar and let us know prior to our trip that she was “on it.” We left home with confidence, knowing that if we needed Ledyard for anything while we were away, they’d be there for us. Based on our experiences with other local financial institutions, we know this level of service and care is not the norm. Ledyard makes it a point to treat its clients like gold!”*

Marilyn and Mark Wendling








## RETAIL BANKING

Building relationships is central to the activities of Ledyard's Retail Banking team. We invest in local families and individuals, while making a difference in the communities where we live and work. We pride ourselves on incorporating the voice of our client directly into everything we do and how we do it. We regularly seek feedback from our clients, confirming what we do well and listening carefully to the critiques. We dissect our clients' banking experiences from new account opening to making a deposit to sending wires. We use the information to better understand the clients' goals and prioritize investments that will create a better banking experience. We also want to ensure we are offering consistent and thorough interactions with every client in each location and that we are interacting with them in a way that helps to best serve their financial needs.

At the branch level, implementation of our new core system will impact our ability to enhance existing client relationships, reach and track activities related to new prospects and better understand the opportunities within our business. Many relationships within Ledyard begin at account opening. It is what we do, how we interact with our client, how we listen and learn that will have a lasting impact on their financial future.



*“One of the most important relationships in the real estate business is between a broker and a lender. A large percentage of real estate transactions involve obtaining a mortgage loan to fund the purchase, so having competent, caring, lending professionals involved is paramount to a positive experience. The Mortgage and Consumer Lending team at Ledyard is that type of lending partner. They’ve demonstrated time and again that they are good listeners, knowledgeable in the intricacies of the mortgage loan process and well-qualified to guide borrowers through the multiple requirements and deadlines. They communicate often and well with all stakeholders, deliver superior service in a timely fashion and never fail to make my job as a broker both successful and pleasurable.”*

Cheryl Herrmann, Broker/Owner RE/MAX Group One REALTORS



## MORTGAGE & CONSUMER LENDING

Ledyard's Mortgage and Consumer Lending focus continues to be concentrated on providing clients with the best possible advice and solutions that meet their financing needs. Backed by Ledyard's local decision-making process, this produces an experience for our clients that is both effortless and efficient.

We are committed to putting the needs of our clients first by being truly dedicated to finding solutions that fit their individual needs. To deliver on that commitment, we recognize the most important element is to listen. We listen to our clients' needs, we listen to their short- and long-term goals, we listen to their fears and put them at ease, we listen to their feedback. We proactively communicate with our clients and realtor partners to ensure the service experience is beyond their expectations. We understand this is their unique process and we are there to support and guide them through it. We are in this together, as partners, to match each client with the right products to ensure that their goals become their reality.



*“We are extremely proud to be a part of the Ledyard Bank family. A local bank that took interest in a local company. We could not have done our business ownership transfer without the exceptional team in the commercial loan department. From day one it was clear this was a partnership between ARC Mechanical and Ledyard Bank. We discussed our goals for ARC with Jason Achmoody and Bill Kidder and they expressed, with excitement, they wanted to be a part of helping make those goals possible. With the help of Matt Ozahowski, our controller, Ledyard Bank’s guidance, and the teamwork of all our people at ARC, we feel we will be a leader in the community in the mechanical industry just like Ledyard Bank is in the banking industry. Ledyard Bank’s commitment to community and growing local business fits the values we hold as a company.”*

Jody Perkins, President & Co-Owner and  
Andy Courchesne, Operations / Sales Manager &  
Co-Owner, ARC Mechanical Contractors



## COMMERCIAL BANKING

Local businesses look to Ledyard's Commercial Lending team for the loans and financial services they need to thrive and create jobs, allowing us to put money to work in our local communities. We search for opportunities to connect clients with all of their capabilities. With big-picture focus, we are able to offer clients a unique and complete understanding of their business and their goals with comprehensive, innovative lending options. Our expertise consistently leads the way for us to serve our clients better and smarter by giving them ideas on how to use their assets in ways that perhaps they hadn't thought of before. Not only do we have the expertise in business, but also in finance which, along with our unparalleled service, sets us apart from our competitors.

Small business banking decisions are made every day in our local offices affecting our neighbors and their families. In this day and age, when banking is literally at our fingertips and a loan is just a click away, we are able to offer our clients more. Our clients don't have to turn to a faceless screen when they hope to get a loan for another expansion; they can meet with their commercial banker who is invested in them, knows their history and trusts in their vision.

# ReCOVER STORE

*“Ledyard Bank is a company that cares! They truly understand the needs of our community and always seem to be involved with the right efforts at the right time. For example, for the last several years, Ledyard has underwritten COVER Home Repair’s Ramps & Roofs Fund. This fund helps pay for the material cost of the urgent repair work required on the homes of low-income families, the elderly and people with mobility limitations using walkers and wheelchairs. In addition, they’ve been the driving force behind an incredibly successful COVER awareness radio campaign that has helped us recruit more volunteers and more financial donors. We organize over 300 volunteers per year to perform these types of urgent home repairs – having a local organization like Ledyard in our corner makes it all possible.”*

(l-r) Philip Vermeer, COVER Home Repair Board Member; Alanna Mayer, Ledyard Marketing Manager; Jeff Marks, Ledyard SVP & Chief Marketing Officer



# CHARITABLE GIVING / SPONSORSHIPS

We believe our relationship with clients and shareholders goes much further than our day-to-day interactions at the bank. As part of the community, we are committed to supporting and growing businesses and organizations that help the Upper Valley, Concord, and Lake Sunapee regions stay vibrant and successful. Through in-kind and cash donations, we help nonprofit organizations in the region succeed. Ledyard enjoys playing an active role in meeting the financial and economic developments needs of our markets and our community. As an integral part of our charitable giving program, we engage our employees and encourage them to give back to the communities we serve. A strong focus of our charitable giving program has always been to serve those in our communities that fall into the low- and moderate-income segments of our population.

Each year, we continue to build upon the breadth and depth of our giving and community support and look forward to adding new recipients in 2019.

We recognize we are only as strong as the communities that surround us, and we are proud to sponsor the hard work of the nonprofits organizations and lend a helping hand in the many ways we are able.



*William E. Kidder, Senior Vice President and Senior Lending Officer, Ledyard National Bank, presenting the 2018 Citizen of the Year Award to Bill Hammond at the annual Norwich Women's Club Gala*

## 2018 COMMUNITY CONTRIBUTIONS:

19 Days of Norwich ■ American Heart Association ■ Ausbon Sargent Preservation Land Trust ■ AVA Gallery ■ Bishop Brady High School ■ Canterbury Shaker Village ■ Capital Region Food Program ■ Capitol Center for the Arts ■ CHaD ■ Children's Literacy Foundation ■ Concord Community Concert Association ■ Concord Family YMCA ■ Concord Hospital Trust ■ Concord Regional Visiting Nurse Association ■ Connecticut River Conservancy ■ COVER Home Repair ■ Dartmouth Athletics – Big Green Sports Properties ■ Dartmouth-Hitchcock Heart & Vascular Center ■ David's House ■ Disability Rights Center of New Hampshire ■ Everybody Wins! ■ Fairlee Community Arts ■ Friends of Norris Cotton Cancer Center ■ Global Campus Shiremont ■ Good Beginnings ■ Good Life Programs & Activities ■ Good Neighbor Health Clinics ■ Grafton County Senior Citizens Council ■ Granite State Independent Living ■ Greater Concord Chamber of Commerce ■ Hanover Chamber of Commerce ■ Hanover Conservancy ■ Hanover Improvement Society ■ Hanover Rotary Club ■ Hartford Area Chamber of Commerce ■ Headrest ■ Howe Library ■ Intown Record ■ Kearsarge Area Council on Aging ■ Kearsarge Kares ■ Lake Sunapee Region Chamber of Commerce ■ Lake Sunapee Region VNA & Hospice ■ Lebanon Alumni Association ■ Listen Community Services ■ Lyme Pumpkin Festival ■ Making Strides Against Breast Cancer ■ Montshire Museum of Science ■ Neighbors Unite ■ New London Barn Playhouse ■ New London Hospital ■ New London Rotary Club ■ NH Food Bank ■ NH Jump\$tart Coalition ■ NH Legal Assistance ■ NH Women's Foundation ■ Northern Stage ■ Norwich Historical Society ■ Norwich Lions Club ■ Norwich Nursery School ■ Norwich Women's Club ■ Ottauquechee Health Foundation ■ Robert E. Ammel Jr. Memorial Scholarship Fund ■ SCORE ■ Second Growth ■ Silent Warriors ■ Skip Matthews Memorial Run ■ \*park! ■ Special Needs Support Center ■ StoneLedge Stables ■ Sunapee Board of Realtors - Neighbors Helping Neighbors ■ Sutton Central School ■ The Family Place ■ The Fells Historic Estate and Gardens ■ The Lyme Foundation ■ The Mayhew Program ■ Town of Hartford Parks & Recreation ■ Upper Valley Habitat for Humanity ■ Upper Valley Haven ■ Vermont Center for Ecostudies ■ Vital Communities ■ Whaleback ■ Willing Hands ■ WISE

## MEET OUR DIRECTORS

*“In banking, as in health care, we are fortunate to have valuable local resources in our community. I never truly knew what a community bank was until I joined Ledyard’s Board of Directors. It has been satisfying to be part of an organization that cares, and to see firsthand how local employees, local knowledge and local commitment better the lives of our neighbors. Beyond financial health, Ledyard invests in our region by promoting wellness through education, its annual walking challenge and its partnership with the American Heart Association. ‘Plan well, Live well’ perfectly reflects the bank’s philosophy, capabilities and their ongoing promise to our community.”*

Bruce P. King, President & Chief Executive Officer,  
New London Hospital





# LEDYARD

*“I joined Ledyard Bank’s Board of Directors nearly 20 years ago. It’s been incredibly fulfilling to serve on a local board that has real decision-making responsibilities resulting in powerful and positive impacts to the communities we serve. I also feel strongly about Ledyard’s core values. The leadership is outstanding and every employee cares deeply about the health and well-being of their clients and the region. ‘Plan well. Live well.’ is more than just their tagline; it’s the philosophy that is honored in the many ways they guide, educate and support their clients and community.”*

Cotton M. Cleveland, President, Mather Associates



2018 FINANCIAL HIGHLIGHTS (dollars in thousands, except "Other Data")

YEARS-ENDED DECEMBER 31,	2018	2017	2016	2015	2014
<b>FINANCIAL CONDITION DATA</b>					
Assets	\$ 488,062	\$ 476,630	\$ 476,306	\$ 446,070	\$ 434,289
Investments	143,306	142,798	147,337	141,598	129,070
Gross loans, including loans held-for-sale	311,258	300,608	294,866	276,673	274,324
Allowance for loan loss	(5,215)	(5,510)	(5,700)	(5,706)	(5,744)
Net loans, including loans held-for-sale	306,043	295,098	289,166	270,967	268,580
Deposits	409,066	401,498	401,984	372,937	365,682
Federal Home Loan Bank advances	16,433	13,966	20,000	14,000	14,000
Other borrowings and liabilities	14,071	14,523	11,433	15,085	12,595
Shareholders' equity	48,493	46,643	42,889	44,048	42,012
<b>OPERATING DATA</b>					
Net interest income	\$ 15,484	\$ 14,481	\$ 13,257	\$ 12,827	\$ 12,725
Ledyard Financial Advisors income	10,512	9,437	8,315	8,437	8,170
Other non-interest income	1,682	1,427	2,038	1,722	1,789
Total revenue	27,678	25,345	23,610	22,986	22,684
Provision for loan loss	0	0	0	0	0
Non-interest expense	21,752	20,137	18,474	17,811	17,619
Pre-tax income	5,927	5,208	5,136	5,174	5,065
Income taxes	775	1,363	1,008	1,113	1,096
Net income	5,152	3,845	4,128	4,061	3,969
<b>OTHER DATA</b>					
Earnings per share, basic*	\$ 1.66	\$ 1.25	\$ 1.34	\$ 1.32	\$ 1.30
Dividends per share*	\$ 0.70	\$ 0.65	\$ 0.64	\$ 0.64	\$ 0.57
Dividend payout ratio	42%	52%	48%	48%	44%
Tangible book value per share*	\$ 15.02	\$ 14.63	\$ 14.03	\$ 14.27	\$ 13.73
Shares outstanding, net of treasury*	3,228,532	3,188,075	3,057,978	3,086,430	3,059,664
Return on average assets	1.06%	0.78%	0.89%	0.93%	0.94%
Return on average equity	10.82%	8.38%	9.10%	9.26%	9.90%
Efficiency ratio	78.51%	79.45%	78.25%	77.49%	77.67%
Stock price - high*	\$ 24.00	\$ 22.99	\$ 18.33	\$ 20.00	\$ 16.83
- low*	\$ 21.05	\$ 17.78	\$ 15.33	\$ 15.42	\$ 13.20
- average*	\$ 22.17	\$ 20.16	\$ 16.13	\$ 16.63	\$ 14.72
Assets under management and custody (millions)	\$ 1,459	\$ 1,513	\$ 1,157	\$ 1,071	\$ 1,093
Equity-to-asset ratio	10.11%	9.47%	9.30%	9.55%	9.30%
Allowance for loan losses to total loans	1.68%	1.83%	1.93%	2.06%	2.09%
Allowance for loan losses to non-performing assets	153%	266%	213%	228%	255%
Texas Ratio	6.76%	4.31%	5.76%	5.59%	4.90%

*Front Row (l-r):*

Barbara S. Graf  
*Senior Vice President & Human Resources Director*

Gregory D. Steverson  
*Executive Vice President, Chief Operating Officer  
& Chief Financial Officer*

Kathryn G. Underwood  
*President & Chief Executive Officer*

Dennis B. Mitchell, CFP®  
*President & Managing Director, Ledyard Financial Advisors*

Michael T. Urnezis  
*Senior Vice President, Senior Consumer &  
Mortgage Lending Officer*

*Back Row (l-r):*

Michael M. Parisi  
*Senior Vice President & Senior Retail Banking Officer*

William R. Logan, CWS®  
*Senior Vice President & Private Banking Manager*

William E. Kidder, Jr.  
*Senior Vice President & Senior Lending Officer*

Darcy D. Rogers  
*Senior Vice President, Chief Information Officer  
& Director of Operations*

*Absent:*

Jeffrey H. Marks  
*Senior Vice President & Chief Marketing Officer*



*Front Row (l-r):*

**Bruce P. King**  
*President & Chief Executive Officer,  
New London Hospital*

**Robert O. Wetzel**  
*Retired, Senior Partner, Accenture plc*

**Kathryn G. Underwood**  
*President & Chief Executive Officer, Ledyard Financial Group*

**Dennis E. Logue**  
*Steven Roth Professor of Management Emeritus,  
Tuck School of Business, Dartmouth College; Chair,  
Ledyard Financial Group*

**Margaret M. Rightmire**  
*Vice Chair, Ledyard Financial Group*

*Back Row (l-r):*

**Cotton M. Cleveland**  
*President, Mather Associates*

**Bayne Stevenson**  
*Retired, former President, Bayson Company*

**Douglas G. Britton**  
*Retired, former President, Britton Lumber Company, Inc.;  
Secretary, Ledyard Financial Group*

**Andrew A. Samwick**  
*Professor of Economics; Director,  
Nelson A. Rockefeller Center at Dartmouth College*


*Absent*

**Mark Beliveau**  
*Partner, Gallagher, Flynn & Company, LLP*

**Willemien Dingemans Miller**  
*Director, Downs Rachlin Martin, PLLC*

**Teresa Rhodes Rosenberger**  
*President, Devine Strategies*



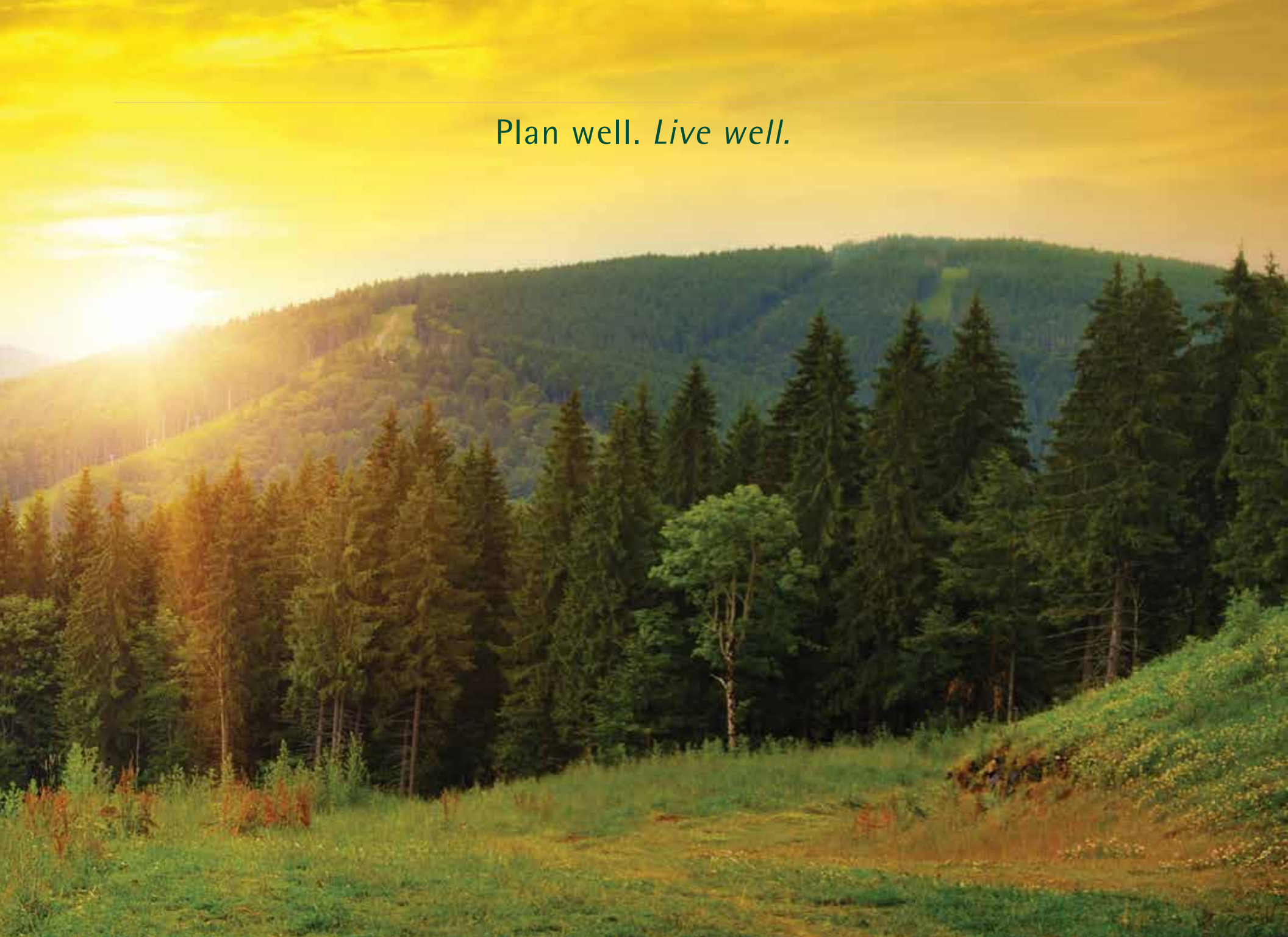


*The Merriam-Webster dictionary defines a bridge as a structure carrying a pathway or roadway over a depression or obstacle. In essence, a bridge provides passage. It eliminates obstacles. It creates connections and provides opportunities.*

*It's no wonder that Ledyard chose a bridge, or arch, as its primary emblem. The Ledyard arch symbolizes the ways in which we connect people, ideas and communities. Further, it epitomizes the ways in which we connect dreams with reality.*



Plan well. *Live well.*





# LEDYARD

FINANCIAL GROUP

## LEDYARD NATIONAL BANK

### CONCORD

1 PILLSBURY STREET 603.513.4100

### HANOVER

38 S. MAIN STREET 603.643.2244  
LEBANON STREET AT PARK STREET 603.643.2244

### LEBANON

ROUTE 120 AT OLD ETNA ROAD 603.448.2220

### LYME

ON THE GREEN 603.795.2288

### NEW LONDON

178 COUNTY ROAD 603.526.7725

### NORWICH, VERMONT

320 MAIN STREET 802.649.2050

### WEST LEBANON

67 MAIN STREET 603.298.9444

## KWIKNET INTERNET BANKING

LEDYARDBANK.COM

## KWIKTEL PHONE BANKING

1.888.KWIKTEL (1.888.594.5835)

 EQUAL HOUSING LENDER     MEMBER FDIC

## LEDYARD FINANCIAL ADVISORS

### CONCORD

1 PILLSBURY STREET 603.513.4100

### HANOVER

2 MAPLE STREET 603.643.0044

### NEW LONDON

178 COUNTY ROAD 603.526.9251

Plan well. Live well.

*Personal and business banking relationships within the retail bank are subject to FDIC insurance coverage limits. Investment, tax and wealth management services offered by Ledyard Financial Advisors are not insured by the FDIC, are not deposits or other obligations of, or guaranteed by the Bank or any affiliate, and are subject to investment risk including the possible loss of principal amount invested.*