

STAYING CLOSE TO  
**CLIENTS AND COMMUNITY**  
EVEN WHEN WE'RE APART



2020  
ANNUAL REPORT

## TO OUR MANY CONSTITUENTS

*including shareholders, valued clients and community members*



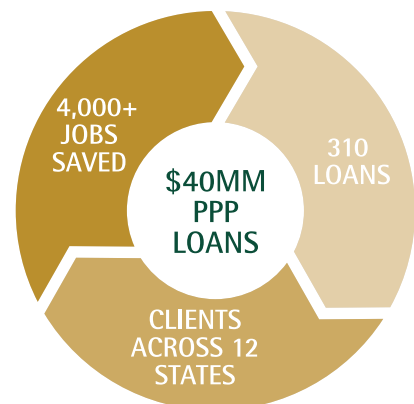
Kathryn G. Underwood  
*President & CEO*  
*Ledyard Financial Group*  
*Ledyard National Bank*

Margaret M. Rightmire  
*Chair, Ledyard Financial Group*  
*Ledyard National Bank*

Against the extraordinary and challenging backdrop of 2020, we hope you and your families are healthy and safe. By virtually any measure, the COVID-19 pandemic adversely impacted our communities, ranging from the ways in which we conduct our daily lives and interact with family, friends and colleagues to the ways in which we support local small businesses and economies. It also highlighted the need for effective collaboration between financial institutions and government in supporting families and businesses in their time of need. We are grateful to the health care workers, first responders and all who serve on the front lines of the pandemic for keeping us safe despite facing substantial risk. We are also incredibly proud of the myriad of ways in which Ledyard's bankers have responded to the significant challenges with conviction and resilience, supported essential services and played crucial roles in the ongoing recovery.

We know difficult times often bring out the best in people, and in 2020, we saw that to be true. Ledyard's motto, Plan well. Live well., has never been more relevant and purposeful than in the past year. The tagline's guiding principle, defined by thoughtful planning, helped us adapt quickly to a new environment that was ever-changing and complex. Relying on strong teamwork and collaboration across all our divisions, and supported by enhanced technological capabilities and communication channels, we developed a relief program in a matter of weeks that would have typically taken many months to roll out. In essence, the pandemic showcased our knowledge, skillsets and abilities to provide guidance when it mattered most.

It brought us great satisfaction to realize that our business clients rested a bit easier knowing that Ledyard was working tirelessly and consistently on their behalf as they digested information released by the government in real-time, interpreted the rules and requirements and distilled the information into understandable and actionable instructions delivered to client inboxes by morning. Ledyard's work related to the Paycheck Protection Program (PPP) helped make our local businesses stronger and better positioned for the future. The results of our PPP efforts are shown in the graph to the right.



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Financially, Ledyard was on solid ground well before the pandemic struck in early 2020. Our ongoing effort to build and maintain strong capital levels truly paid off during this time of severe stress. As we proudly state every year, the bank was well-capitalized, focused on asset quality as well as risk reduction and strategically positioned to weather just such a storm. To a large extent, our success in 2020 reflected a fundamental truth: Community banks like Ledyard play a vital role in the economic health, stability and prosperity of our country. To that end, we worked closely with our local nonprofit partners to better identify and support the organizations most impacted by the pandemic, including funding for hospitals and health care professionals. We also engaged our Marketing team to collaborate with local chambers of commerce to launch "Shop Local" campaigns across the region, designed to educate the public on the value of purchasing locally as well as to create awareness for businesses that struggled.

In 2021, our focus will remain on strengthening our financials, maintaining our liquidity position and taking the necessary steps to preserve core earnings. Last year's record performance demonstrates that our financial condition remains strong and our core businesses continue to thrive in a difficult operating environment.

#### LEDYARD FINANCIAL GROUP'S 2020 FINANCIAL HIGHLIGHTS:

- Increased net income to **\$6.7 million**, an increase of 16% over 2019 and a record high
- Grew revenue to **\$31.8 million**, an increase of 11% over the prior year and an all-time high
- Increased earnings per share by \$0.28 to **\$2.13 per share**
- Our dividend to shareholders increased by \$0.02 to **\$0.76 per share**; we have maintained or increased the quarterly dividend since first declaring one in 1995
- Ledyard Financial Advisors revenue grew by 6.7% to **\$11.6 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

From an operational standpoint, Ledyard had the tools in place to seamlessly serve its clients and provide for all their financial needs. The bank helped customers better understand the digital banking landscape to take advantage of its online and mobile tools. Our major, multiyear investments in our people, technology and processes proved to be invaluable in navigating what many consider to be a "new normal." As the year evolved, we were incredibly pleased with the large-scale adoption of so many of Ledyard's digital tools. Our upgraded online, mobile and telephone banking capabilities formed the backbone of the bank's socially distanced banking procedures. In addition to other core technology offerings such as person-to-person payments and eWallet, we also successfully integrated our first of many interactive teller machines (ITM) into our new Concord branch. The ITM is essentially a "branch in a box" system that uses touchscreens and video technology to offer a virtual version of the in-person banking experience — an ATM with live video chat that offers safety, convenience and



While we focused heavily in 2020 on our clients, we also had the opportunity and privilege to give back to our industry. Last year, Kathy Underwood was appointed to the Federal Reserve's First District Community Depository Institutions Advisory Council (CDIAC). The CDIAC's members represent the six states in New England and provide a diverse perspective on the economy, lending conditions and other issues facing community banks, credit unions and thrift institutions. Kathy was also named as the recipient of the Sandra J. Pattie Distinguished Leadership Award at Banking New England's annual New England Women in Banking Conference. The award was presented to her as a female role model who made an exceptional mark on the region's banking industry.

increased teller service hours. Even with our full suite of virtual banking possibilities, we also understood that some clients required in-person meetings or support. In such situations, we happily accommodated those clients by scheduling appointments in advance and preparing safe office spaces in which to conduct business.

While much of what we just described relates to our Personal Banking division, it is important to recognize that Ledyard's service levels, whether digital or in-person, were elevated across all our business lines. For example, one of Ledyard Financial Advisors' most significant accomplishments was helping wealth management clients endure this historic period extremely well and prosper through it. While the country experienced the fastest bear market in history, followed by a deep recession and eventual recovery, our Financial Advisors communicated frequently, providing timely advice and making crucial adjustments to client portfolios as necessary. In the end, nearly all clients, with guidance from their Ledyard teams, stuck to their financial plans and closed the year with solid returns. We believe our strong community reputation, emphasis on continually building upon the client relationship and our commitment to ensure each client's success are three of the most important factors that contributed to Ledyard Financial Advisors' growth in 2020, collecting new assets of \$154.6 million.

As we mentioned earlier, it is very gratifying to witness the ways in which Ledyard's hard work and commitment to its neighbors has made a lasting, positive impact on the areas we serve. As an extension of that work, Ledyard received meaningful acknowledgments from our industry and community. Ledyard was named by American Banker as one of the Best Banks to Work For in 2020, and for the second year in a row, we were named one of Business NH Magazine's 2020 Best Companies to Work For. We also received the Banking Choice Award

for Overall Quality in New Hampshire from Rivel Banking Benchmarks and American Business Media, publishers of Banking New England Magazine. Finally, Ledyard was ranked among the Top 200 publicly traded banks and thrifts under \$2 billion in assets in the United States by American Banker Magazine for the sixth year in a row.

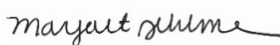
While there is still much uncertainty heading into 2021, we feel very good about our future opportunities and the ways in which we will continue to invest in it. Further, as we continue to see encouraging signs of improved economic activity, we look forward to becoming an even larger and more integral part of our clients' financial lives. In fact, we are better positioned than ever to address the ever-increasing needs of our personal, business and wealth management clients through education, advice, guidance, technology and product set. The following is a sampling of 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
- 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
- Invest in our brand
- Invest in technology and cybersecurity
- Invest in our people

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



**MARGARET M. RIGHTMIRE**  
Chair  
Ledyard Financial Group/Ledyard National Bank



Above: The intrepid group included (from left) board members Judith Maloy and Teresa Rosenberger, Ledyard's Board Chair Margaret Rightmire, Ledyard's President and CEO Kathy Underwood, Concord Mayor Jim Bouley, Concord Chamber of Commerce President Timothy Sink, SVP & Director of Sales and Product Development Mike Parisi, Concord Branch Manager Christos Hatzidakis, along with Joe and Meghann Spain of JH Spain Commercial Services, LLC, who were the contractors for the building project.

To right: Mike Parisi, SVP & Director of Sales and Product Development

It was a joyful day on October 13, 2020, when we celebrated our new branch opening in Concord, New Hampshire with a ribbon cutting ceremony. Despite the combination of rain and the pandemic, we persevered and gathered safely to open the doors at 74 South Main Street.

This exciting expansion enables us to offer even more services in Concord with our cutting-edge technology and highly personalized service, meeting the personal and business banking needs of the community, helping to support local businesses and contributing to the economic growth of the area.



2020 FINANCIAL HIGHLIGHTS (dollars in thousands, except "Other Data")

YEARS-ENDED DECEMBER 31,	2020	2019	2018	2017	2016
<b>FINANCIAL CONDITION DATA</b>					
Assets	\$ 684,707	\$ 500,391	\$ 488,062	\$ 476,630	\$ 476,306
Investments & interest bearing deposits	276,594	137,621	143,306	142,798	147,337
Gross loans, including loans					
held-for-sale	371,916	325,268	310,776	300,608	294,866
Allowance for loan loss	(7,958)	(5,213)	(5,215)	(5,510)	(5,700)
Net loans, including loans					
held-for-sale	363,958	320,055	305,561	295,098	289,166
Deposits	589,512	393,011	409,066	401,498	401,984
Federal Home Loan					
Bank advances	6,729	29,783	16,433	13,966	20,000
Other borrowings and liabilities	21,582	21,463	14,071	14,523	11,433
Shareholders' equity	66,884	56,134	48,493	46,643	42,889
<b>OPERATING DATA</b>					
Net interest income	\$ 16,762	\$ 16,076	\$ 15,484	\$ 14,481	\$ 13,257
Ledyard Financial Advisors income	11,614	10,887	10,512	9,437	8,315
Other non-interest income	2,023	1,843	1,682	1,388	1,588
Net gain (loss) on sale of securities	1,431	(40)	0	39	450
Total revenue	31,830	28,766	27,678	25,345	23,610
Provision for loan loss	2,700	0	0	0	0
Non-interest expense	21,838	22,102	21,752	20,137	18,474
Pre-tax income	7,292	6,664	5,927	5,208	5,136
Income taxes	563	848	775	1,363	1,008
Net income	6,729	5,816	5,152	3,845	4,128
<b>OTHER DATA</b>					
Earnings per share, basic*	\$ 2.13	\$ 1.85	\$ 1.66	\$ 1.25	\$ 1.34
Dividends per share*	\$ 0.76	\$ 0.74	\$ 0.70	\$ 0.65	\$ 0.64
Tangible book value per share*	\$ 20.14	\$ 17.19	\$ 15.02	\$ 14.63	\$ 14.03
Shares outstanding,					
net of treasury*	3,323,110	3,265,475	3,328,532	3,188,075	3,057,978
Return on average assets	1.11%	1.15%	1.06%	0.78%	0.89%
Return on average equity	10.97%	10.99%	10.82%	8.38%	9.10%
Efficiency ratio	68.59%	76.81%	78.51%	79.45%	78.25%
Stock price					
- high*	\$ 26.00	\$ 25.00	\$ 24.00	\$ 22.99	\$ 18.33
- low*	\$ 15.16	\$ 19.10	\$ 21.05	\$ 17.78	\$ 15.33
- average*	\$ 18.75	\$ 21.05	\$ 22.17	\$ 20.16	\$ 16.13
Assets under management					
and custody (millions)	\$ 1,709	\$ 1,723	\$ 1,459	\$ 1,513	\$ 1,157
Equity-to-asset ratio	8.78%	10.74%	10.11%	9.47%	9.30%
Allowance for loan losses					
to total loans	2.14%	1.60%	1.68%	1.83%	1.93%
Allowance for loan losses					
to non-performing assets	543%	446%	153%	266%	213%
Texas Ratio	2.36%	2.18%	6.76%	4.31%	5.76%

\* Adjusted for 3-for-1 stock split. Complete Ledyard Financial Group 2020 audited financial statements can be found under "Investor Relations" at ledyardbank.com. Certain reclassifications have been made to the prior period information to conform to the current period presentation.

## SENIOR MANAGEMENT TEAM\*

**Kathryn G. Underwood**  
*President & Chief Executive Officer*

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

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

**Susan A. Fernald**  
*Senior Vice President & Senior Banking Operations Officer*

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

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

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

**Michael M. Parisi**  
*Senior Vice President & Director of Sales and Product Development*

**Paul W. St. Martin**  
*Senior Vice President & Chief Technology Officer*

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

\*As of December 31, 2020

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*Partner, Gallagher, Flynn & Company, LLP*

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*CEO, Simon Pearce US*

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

**Bruce P. King**  
*Retired, President & Chief Executive Officer,  
New London Hospital  
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*Director & CEO, Polaris Direct*

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

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

**Teresa Rhodes Rosenberger**  
*Senior Advisor, Bernstein Shur*

**Andrew A. Samwick**  
*Professor of Economics at Dartmouth College  
Co-Vice Chair, Ledyard Financial Group*



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

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



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*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.*

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