

ENERGIZING RELATIONSHIPS.
EMBRACING TECHNOLOGY.
EXPANDING OPPORTUNITY.

2021 ANNUAL REPORT




LEDYARD
FINANCIAL GROUP
Plan well. Live well.

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

As another year of historic and unprecedented circumstances draws to a close and we slowly begin to adapt to the Covid-19 pandemic, we hope that you and your families are healthy and safe. It's fair to say that the global health crisis has continued to challenge us, both personally and professionally. What we've navigated together is nothing short of extraordinary. Despite the complexities presented by the unknown, it has been a year of hope and increased optimism. We're incredibly proud of our employees, leadership team and board of directors as they demonstrated, once again, their dedication to our clients, partners, each other, Ledyard's values and its "Plan well. Live well." philosophy. Their care and compassion did not go unnoticed!

Our team of banking professionals adjusted to an ever-changing operating environment, with many working remotely or employing a hybrid structure, splitting time between the office and home. We're proud of all our employees who consistently went the extra mile for their clients, whether at the desk, the branch drive-up or even the kitchen table! Our employees, once again, proved that they are flexible, adaptable, and creative in the ways they seamlessly took care of Ledyard's clients – just one more extension of the "Plan well. Live well." mindset.

For all the disruption that the pandemic has wrought, last year's record performance demonstrates that our financial position remains strong and our core businesses continue to thrive in a difficult operating environment.

LEDYARD FINANCIAL GROUP'S 2021 FINANCIAL HIGHLIGHTS:

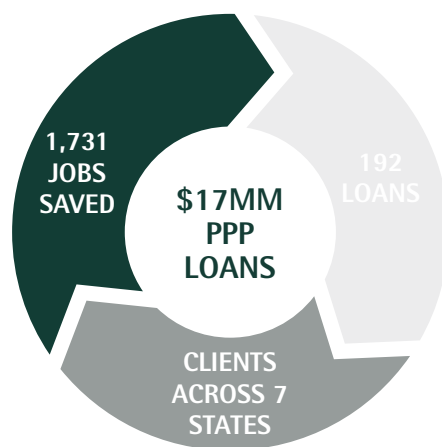
- ◆ Increased net income to **\$7.77 million**, an increase of 15.4% over 2020 and a record high
- ◆ Grew revenue to **\$33.3 million**, an increase of 4.7% over the prior year and an all-time high
- ◆ Increased earnings per share by \$0.29 to **\$2.42 per share**
- ◆ Our dividend to shareholders increased by \$0.04 to **\$0.80 per share**; we've maintained or increased the quarterly dividend since first declaring one in 1995
- ◆ Ledyard Financial Advisors revenue grew by 13.4% to **\$13.2 million**, an all-time high
- ◆ Our regulatory capital ratios remained well in excess of the amounts required to be considered well-capitalized



From the moment I met Ledyard Bank's Commercial team, I knew that Lakes Media had a partner in our business that truly took interest in our success. One very valuable lesson I learned about life was from my mom: She used to say "Dirk, you don't really know someone till you've been through GOOD times and BAD times." Well, during the Covid crisis things weren't good until Ledyard proactively reached out to me to suggest I apply for PPP funding. They were always accessible and there for me! While many businesses around us suffered because their banks didn't return phone calls, Ledyard overcommunicated and swiftly handled our PPP funding giving us the ability to continue operating. It's in these moments you truly learn about people and institutions. I'm a lifelong Ledyard customer because they've earned my deepest respect.

Dirk Nadon, Owner & General Manager
Lakes Media New Hampshire
WWLK-FM / Lakes FM 101.5
WLKZ-FM / 104.9 The Hawk

Some say that the best relationships are forged during challenging times, and we've experienced that sentiment many times in the last few years. Notably, our Commercial Banking team's commitment to helping our business clients understand the SBA's PPP process helped them utilize the program to its maximum benefit and, most importantly, survive and thrive. Their perseverance and tireless efforts helped our clients keep their restaurants open, store shelves stocked, medical practices running and day-care facilities open. To add additional perspective, in 2021 Ledyard produced over 190 PPP loans totaling \$17 million and saving more than 1,700 jobs. These results come on top of our outstanding PPP accomplishments of 2020 when we disbursed over \$40 million into the local economy.



While politics and the pandemic garnered so much of the past year's headlines, Ledyard quietly strengthened its foundation through significant investments in technology, products/processes and people. In August, Dennis Mitchell, Ledyard's head of the Wealth Management division for the previous decade, retired and passed the baton to Michael Hakoun, our new Managing Director of Ledyard Financial Advisors. We thank Dennis for his immense contribution to our organization and wish him joy and relaxation in his retirement. At the same time, we welcome Michael with enthusiasm and look forward to the many advancements the Financial Advisors will undergo during his tenure. One of these leaps forward incorporates the use of advanced technology that complements the personal relationships we've built with our clients.

Ledyard's new Live Well Planning Tool allows our advisors and portfolio managers to better plan across the client life cycle, addressing needs as they evolve. This digital tool enhances the interactive and collaborative processes and fosters a deeper understanding of clients' goals, including how to achieve them.

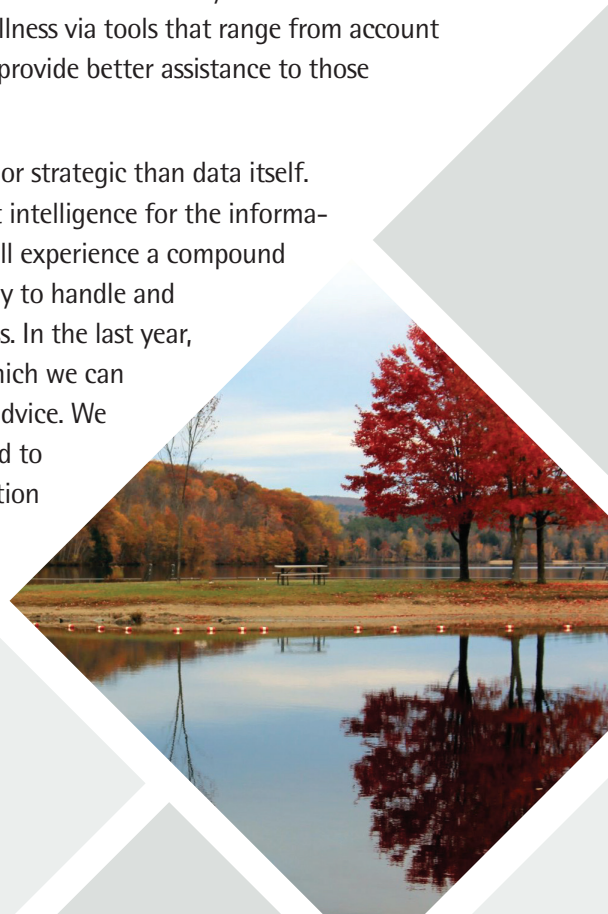
**OUR FOCUS IS ON
MAKING THE
BANKING EXPERIENCE
MORE RELEVANT,
MORE CONVENIENT
AND SAFER
THAN EVER.**

The Live Well Planning Tool is just one example of how the bank, across its many divisions, helps clients strategize and implement a plan to accomplish the things they truly care about. Our approach focuses on future needs and aspirations, leveraging scenario planning exercises to help pre-experience the potential outcomes such as selling a business, buying a second home, financing a child's education or retiring. The power that clients experience by having their full financial "picture" in one place is comforting, instructive and immeasurable. It's important to understand that the ways in which we use client information offers a stark contrast to Financial Technology companies such as Robinhood. While most Fintechs are narrowly focused, they do not "put it all together" comprehensively the way Ledyard does. It's often the simple questions that

matter most – "what's important to you?" or "what are your goals and challenges?" And because we know our clients, their families and their aspirations we can even address less obvious questions such as, "how do I navigate Medicare and Social Security?" As we noted above, the technology must complement the people in order to be most effective, and we believe we've hit the right balance to maximize client outcomes.

This type of insight is core to Ledyard's focus on making the banking experience more relevant, more convenient and safer than ever. For example, in addition to enhancements that improved our online banking platform or streamlined our online consumer loan application process, we also introduced a more sophisticated Personal Financial Management tool for our clients called MoneyMap. This PFM tool securely provides clients with a seamless ability to view all their data in a single platform and enables them to maintain or achieve financial wellness via tools that range from account aggregation to debt management. Ultimately, our digital offerings will help us provide better assistance to those that seek our expertise.

Building upon our discussion above, we believe that no asset is more necessary or strategic than data itself. Recently, International Data Corporation, the premier global provider of market intelligence for the information technology market, forecasted that global data creation and replication will experience a compound annual growth rate of 23% over the next few years. Therefore, having a strategy to handle and interpret this deluge of facts and figures is critical to the success of our business. In the last year, we've made significant progress in this area by carefully considering ways in which we can leverage our core-system information in order to provide the best service and advice. We are working diligently to put in place necessary processes and resources required to extract, segment and translate the data we have into actionable insight and action that best matches a client's financial needs to Ledyard's product and service solutions. By regularly reaching out to our customers and proactively providing them with intelligent financial options, we'll undoubtedly develop even deeper relationships that are predicated on trust, shared experiences and thoughtful data-driven guidance.



As we mentioned earlier, it's very gratifying to witness the ways in which Ledyard's hard work and commitment to its neighbors have made a lasting, positive impact on the areas we serve. In addition to our work as bankers, we also enthusiastically immersed ourselves in community activities, partnering with local nonprofit organizations to help those most in need. For example, a team of employees volunteered at the Willing Hands garden at Cedar Circle Farm & Education Center in East Thetford, Vermont, where they prepared nearly 400 lbs. of cabbage, peppers and onions for distribution. The food was distributed to area food pantries. Another team came together at Whitman Brook Orchard to harvest a record-breaking 2630 POUNDS of apples that was distributed throughout the Upper Valley to help feed the hungry.

As an extension of our community work, Ledyard received meaningful acknowledgments from our industry and community. For the second year in a row, Ledyard was named by American Banker as One of the Best Banks to Work For in 2021. We were also 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 seventh year in a row. And finally, Ledyard was voted Business with the Friendliest Employees in the Valley News Reader's Choice Awards, a designation that inspires us to continue finding ways to invest in our employees, create meaningful jobs and offer a workplace that allows our staff to fully utilize their talents and abilities.

**IN THE END, WELL
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\$30,000.**

Against this backdrop, Ledyard celebrated its 30-year anniversary in the fall. As we've done to celebrate large milestones in the past, we integrated our community-giving philosophy into our 30th anniversary celebration. We kicked off a charitable giving campaign that served as our thank-you to the community for allowing us to serve its financial needs. We asked community members to vote via Ledyard's Facebook page for the nonprofit organization they would most like to see receive a financial contribution from Ledyard. Each of the 10 nonprofits created a short video that explained what "community" meant to them. We worked closely with each charity and created a broad media plan to increase community exposure and awareness of their missions. In the end, well over two thousand votes were cast to help us donate \$30,000 to these impressive organizations, and we look forward to working with them in the future.



As part of the bank's 30th anniversary celebration, Ledyard employees proudly present community recognition awards to Concord Coalition to End Homelessness, LISTEN, Hartford Dismas House, West Central Behavioral Health (L to R).

Ledyard National Bank and Willing Hands Come Together in Recognition of NH Bank's Give Back



Willing Hands recovers fresh food from farms, grocery stores, restaurants and wholesalers, and delivers it year-round, for free, to 80 social service organizations across the Upper Valley of Vermont and New Hampshire. Their work is made possible by a strong and wide network of volunteers, food donors and recipient organizations. Together, they serve 30,000 individuals annually with 4 million servings while mitigating nearly 1 million pounds of carbon dioxide emissions from food that would have otherwise gone to waste.



On Thursday, October 7th, Ledyard National Bank's team of eight volunteers came together at the beautiful, hillside Whitman Brook Orchard to harvest a record-breaking 2630 POUNDS of apples. These apples are now in the refrigerated storage at the Willing Hands facility in Norwich, Vermont, and will be distributed throughout the Upper Valley to our neighbors in need. Whitman Brook Orchard has donated apples to Willing Hands for the past 12 years.

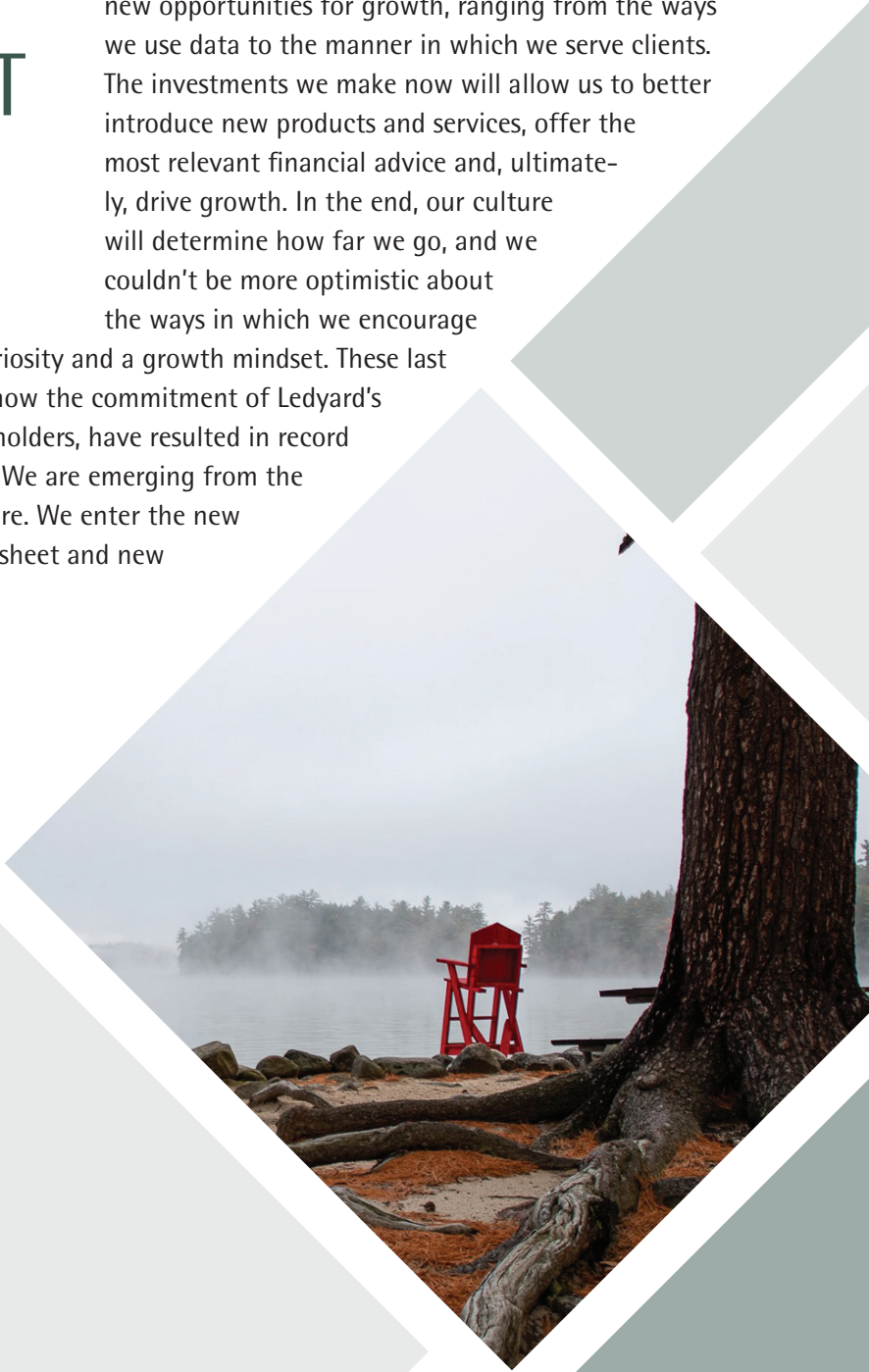


And on Saturday, October 9th, another Ledyard National Bank team of five, including Kathy Underwood, Ledyard's CEO, and her husband, John, worked at Cedar Circle Farm and Education Center in East Thetford, Vermont, where they prepared nearly 400 lbs. of cabbage, peppers and onions for distribution. All of the food grown in this 2-acre vegetable garden is done so under volunteer power and is distributed to many area food pantries through Willing Hands. Our combined efforts build a stronger community in so many ways.

WE HAVE A CLEAR PLAN FOR GROWTH, A STRONG BALANCE SHEET AND NEW CAPABILITIES.

continuous learning, creative thinking, constant curiosity and a growth mindset. These last few years have afforded us the opportunity to see how the commitment of Ledyard's people, as well as the trust of our clients and shareholders, have resulted in record earnings and even greater prospects for the future. We are emerging from the pandemic more resilient and aligned than ever before. We enter the new year with a clear plan for growth, a strong balance sheet and new capabilities that make us very optimistic!

With the current pace of change, it's difficult to look too far into the crystal ball. Yet, since our inception 30 years ago, our long-term thinking has enabled us to grow stronger. We will continue employing that strategy, seeking solutions for tomorrow's challenges and endeavoring to enrich the lives of our clients, colleagues and communities. Interestingly, the immense disruptions we've encountered have presented us with new opportunities for growth, ranging from the ways we use data to the manner in which we serve clients. The investments we make now will allow us to better introduce new products and services, offer the most relevant financial advice and, ultimately, drive growth. In the end, our culture will determine how far we go, and we couldn't be more optimistic about the ways in which we encourage



As we noted in last year's report, we are better positioned than ever to address the 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 past years:

- ◆ 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 tools that maximize our data management and targeting capabilities
- ◆ 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

KATHRYN G. UNDERWOOD
President & CEO
Ledyard Financial Group/Ledyard National Bank

Margaret M. Rightmire

Margaret M. Rightmire
Chair
Ledyard Financial Group/Ledyard National Bank



2021 FINANCIAL HIGHLIGHTS (dollars in thousands, except "Other data")

YEARS-ENDED DECEMBER 31,	2021	2020	2019	2018	2017
FINANCIAL CONDITION DATA					
Assets	\$ 771,143	\$ 684,707	\$ 500,391	\$ 488,062	\$ 476,630
Investments & interest bearing deposits	364,650	276,594	137,621	143,306	142,798
Gross loans, including loans					
held-for-sale	362,677	371,916	325,268	310,776	300,608
Allowance for loan loss	(7,469)	(7,958)	(5,213)	(5,215)	(5,510)
Net loans, including loans					
held-for-sale	355,208	363,958	320,055	305,561	295,098
Deposits	675,082	589,512	393,011	409,066	401,498
Federal Home Loan					
Bank advances	5,627	6,729	29,783	16,433	13,966
Other borrowings and liabilities	17,728	21,582	21,463	14,071	14,523
Shareholders' equity	72,706	66,884	56,134	48,493	46,643
OPERATING DATA					
Net interest income	\$ 18,274	\$ 16,762	\$ 16,076	\$ 15,484	\$ 14,481
Ledyard Financial Advisors income	13,169	11,614	10,887	10,512	9,437
Other non-interest income	1,699	2,023	1,843	1,682	1,388
Net gain (loss) on sale of securities	168	1,431	(40)	0	39
Total revenue	33,310	31,830	28,766	27,678	25,345
Provision for loan loss	(450)	2,700	0	0	0
Non-interest expense	25,287	21,838	22,102	21,752	20,137
Pre-tax income	8,473	7,292	6,664	5,927	5,208
Income taxes	708	563	848	775	1,363
Net income	7,765	6,729	5,816	5,152	3,845
OTHER DATA					
Earnings per share, basic*	\$ 2.42	\$ 2.13	\$ 1.85	\$ 1.66	\$ 1.25
Dividends per share*	\$ 0.80	\$ 0.76	\$ 0.74	\$ 0.70	\$ 0.65
Tangible book value per share*	\$ 21.70	\$ 20.14	\$ 17.19	\$ 15.02	\$ 14.63
Shares outstanding,					
net of treasury*	3,350,624	3,323,110	3,265,475	3,328,532	3,188,075
Return on average assets	1.07%	1.11%	1.15%	1.06%	0.78%
Return on average equity	10.95%	10.97%	10.99%	10.82%	8.38%
Efficiency ratio	75.91%	68.59%	76.81%	78.51%	79.45%
Stock price					
- high*	\$ 27.25	\$ 26.00	\$ 25.00	\$ 24.00	\$ 22.99
- low*	\$ 18.99	\$ 15.16	\$ 19.10	\$ 21.05	\$ 17.78
- average*	\$ 24.13	\$ 18.75	\$ 21.05	\$ 22.17	\$ 20.16
Assets under management					
and custody (millions)	\$ 1,976	\$ 1,709	\$ 1,723	\$ 1,459	\$ 1,513
Equity-to-asset ratio	8.35%	8.78%	10.74%	10.11%	9.47%
Allowance for loan losses					
to total loans	2.06%	2.14%	1.60%	1.68%	1.83%
Allowance for loan losses					
to non-performing assets	526%	543%	446%	153%	266%
Texas Ratio	2.04%	2.36%	2.18%	6.76%	4.31%

* Adjusted for 3-for-1 stock split. Complete Ledyard Financial Group 2021 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*

Michael Hakoun

*Executive Vice President & Managing Director
Ledyard Financial Advisors*

Katie-Lee P. Blake

Vice President & Regional Retail Manager

Bliss Dayton, CRCM

Senior Vice President & Compliance Officer

Susan 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

Scott Laughinghouse

Senior Vice President & Market Executive

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*

BOARD OF DIRECTORS*

Mark Beliveau

Partner, Gallagher, Flynn & Company, LLP

Jay Benson

CEO, Simon Pearce US

Cotton M. Cleveland

President, Mather Associates

Bruce P. King

*Retired, President & Chief Executive Officer,
New London Hospital
Co-Vice Chair, Ledyard Financial Group*

Judith M. Maloy

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 & Chair, Department of Economics,
Dartmouth College
Co-Vice Chair, Ledyard Financial Group*

Kathryn G. Underwood

*President & Chief Executive Officer,
Ledyard Financial Group*

Robert O. Wetzel

Retired, Senior Partner, Accenture plc

* As of December 31, 2021



FINANCIAL GROUP

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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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