



## 2016 ANNUAL REPORT

  
**LEDYARD**  
FINANCIAL GROUP



*Ledyard is committed to being the financial services institution of choice by combining innovation with unparalleled personalized client service. We offer our employees a challenging and rewarding work experience. As a result of our efforts, Ledyard clients receive exceptional financial services and our shareholders experience consistent returns.*

PHOTOGRAPHY CREDITS

Cover: Stock imagery of the New Hampshire State House, Herrick Cove Lighthouse on Lake Sunapee, and Baker Berry Library at Dartmouth College

Interior: Stock imagery and photos by Jon Gilbert Fox and Alanna Mayer

## 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*

In 2016 Ledyard National Bank commemorated its twenty-fifth anniversary, celebrating a quarter of a century of history and success. We reflected on the milestones and we remembered the people that contributed to our longevity, developed our client-centric approach to banking and made us a profitable investment for our shareholders. We did this not just to honor what came before, but to remind ourselves of why we have such loyal clients. This knowledge will be the foundation for whatever comes next, and will be infused into how we integrate technology, choose new products and services, and even how we expand into new markets.

Many of you already know our story. It began a little more than twenty-five years ago, when a few visionary residents of the Upper Valley came together to imagine something that had been missing for several years – a leading, independent resource for accessible and highly personalized banking, owned and operated by citizens of the community. This group of local business leaders envisioned a financial institution that would be known for delivering

the best products, services and advice that truly met the needs of their clients. Soon thereafter, they formed Ledyard National Bank and the community's financial landscape has never been the same.

Ledyard has evolved considerably over the years, serving the ever-increasing needs of personal, business and wealth management clients. We operate in a rapidly changing environment where new competitors disrupt industries, new technologies continue to evolve and regulations continue to be introduced. To address these challenges, we regularly make important investments in the people and technology that help our company move forward in smart and responsible ways. Our brand promise of "Plan well. Live well." means that we are committed to educating, advising and guiding our clients, as we plan their financial lives together. We are dedicated to serving their needs with innovative solutions in a high-touch manner. This vision challenges us every day and brings out our passion for delivering our very best. Over the years, this passion has resulted in industry and community recognition. For example, Ledyard regularly finds itself named in American Banker Magazine's list of top 200 publicly traded community banks in the United States. We've been voted the best financial planning service in the Valley News "Reader's Choice Awards" and best financial services firm in the Valley Business Journal's "Best of the Best" awards. In addition, the New England Financial Marketing Association has recognized us for an award-winning public relations campaign focusing on wellness and heart health.

Last year's annual report highlighted much of our early history as we looked forward to the coming twenty-fifth anniversary. We proudly shared stories that shaped our institution over two and a half decades. Now, as we review 2016, we are pleased to report a strong performance and record results, driven to a large extent by sustained engagement with our clients, prospects and the community.

### LEDYARD FINANCIAL GROUP'S 2016 FINANCIAL HIGHLIGHTS:

- Increased net income to \$4.1 million, an increase of 1.7% and a record high
- Grew revenue to \$23.5 million, an increase of 2.8% and an all-time high
- Increased earnings per share by \$0.02 to \$3.98 per share
- Maintained our dividend to common shareholders of \$1.92 per share; Ledyard's dividend per share has increased by 66% since 2007, and we've been able to maintain or increase the quarterly dividend since first declaring one in 1995
- Our regulatory capital ratios remained well in excess of the amounts required to be considered well-capitalized, the highest designation possible

Once again, revenue and net income headlined our performance. We've achieved these stellar results by continuing to build upon the foundation of a strategic plan that positions Ledyard to realize steady long-term profitable growth. Yet, the numbers tell only part of 2016's narrative relative to our execution of the strategic plan.



*New Ledyard team at the New Hampshire State House in Concord*

An integral element of Ledyard's long-term strategy is geographic expansion. To that end, we took an unprecedented leap forward in late 2016, expanding our footprint into the Concord, New Hampshire, region. In December, Ledyard proactively took advantage of emerging market dynamics and hired four experienced wealth management professionals with deep knowledge of the Concord market and surrounding cities. These four talented managers opened the first Ledyard office in Southern New Hampshire and presented

our brand of wealth management and banking to thousands of new prospects and existing clients. In the coming year, we expect to strategically introduce additional banking products and services to the Concord market, complementing the services we've just launched.

We believe that Ledyard's success is due, in no small part, to its employees. Therefore, we've made a commitment to them, their professional development and their growth as community leaders. We spend considerable time and effort creating a workplace that supports continuous learning and career development, whether through hands-on learning experiences or through coursework. Another key component of this development is our commitment to working with each and every employee on his or her unique "individual development plan." These IDPs identify strengths to pursue, weaknesses to improve upon and areas of special interest to pursue further.

Ledyard is dedicated to listening carefully to the needs of its employees through various mechanisms. A primary tool is the annual employee survey. The feedback from these surveys helps us identify the areas that are most important for enhancing skills, as well as creating energy and passion for the business. Each year we focus on a few key areas that positively impact our employees' workplace experiences, possible career trajectories and outlooks for the future. This approach has helped to reduce employee turnover, recruit new talent and increase overall job satisfaction. A second crucial mechanism for engaging employees is through a program called "Breakfast with the President." These breakfasts take place several times per year and are designed to foster conversation in a casual and comfortable environment. Every employee is invited to join a small group for breakfast

with our CEO in which discussion topics range from the professional to the personal. Many of the bank's best ideas come directly from employees who speak up in these sessions, articulating new and better ways to execute a program, tweak a procedure to create efficiencies, or even develop an improved process for collaboration and referring business across divisions. Thanks to these efforts, it's no surprise that we've seen dramatic growth and improvement in the way we refer clients and prospects to team members best qualified to fulfill the identified financial need.

In August, we welcomed Michael Parisi to our Senior Management Team. As Senior Vice President, Retail Banking Officer, Mike is responsible for the overall management of Branch Banking, including development of a new, client-centric sales and service process aimed at building stronger customer relationships. With over a decade of banking experience, Mike will further develop a culture that puts the customer first, and build skill-sets across his team to manage client relationships to their fullest capacity. We're confident that Mike will achieve much success in the coming years.

While the growth and development of our employees is paramount, we also understand that Ledyard's success is a direct result of the vitality of the communities that we serve. Ledyard takes great pride in helping to foster a stronger community through its charitable giving program. Deeply integrated in the community, we are committed to supporting and growing businesses and organizations that help the Upper Valley, Lake Sunapee and Concord regions stay vibrant and successful. Through in-kind and cash donations, as well as volunteer activities, we help nonprofit organizations succeed.



In the fall, we integrated our community-giving philosophy into our twenty-fifth 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 new Facebook page for one of five local nonprofits, choosing the organization they would most like to see receive a financial contribution from Ledyard. Each nonprofit created a short video that explained what Ledyard's tagline, "Plan well. Live well.", meant to them. We worked closely with each charity and created a comprehensive media plan to increase community exposure and awareness of their missions. In the end, over two thousand votes were cast to help us donate more than \$20,000 to these impressive organizations, and we look forward to working with them well into the future.

*Ledyard's President and CEO Kathy Underwood with Dennis E. Logue, Chair of Ledyard Financial Group, presenting the 25th Anniversary Contest grand prize to The Family Place*



## CELEBRATING 25 YEARS



One of our largest philanthropic activities of the year incorporated our vision for community wellness. Our second annual Ledyard Live Well Walking Challenge was a tremendous success, creating a healthy and fun competition among local organizations. The walking challenge evolved from our work with the American Heart Association, identifying physical activity as a key component to a healthier lifestyle. Based on that knowledge, we developed an internal walking challenge for our employees, competing in small teams to walk the most steps. It helped us achieve official recognition from the American Heart Association as a Fit

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*We signed a new partnership agreement with Dartmouth College. We exponentially expanded our marketing relationship with the college by becoming the "official bank of Dartmouth Athletics."*

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Friendly company. It also generated feedback from employees, many of whom stated that it galvanized them to join gyms, lose weight, eat better and simply pay more attention to their health.

The program was so successful that we broadened its scope by inviting community members to take part in the competition. Our first event in 2015 launched with three local companies joining us in the four-week challenge to determine which company could walk the most steps. This year's effort doubled the participation to eight companies with many more ready to join us in 2017.

It is truly gratifying to introduce something entirely new into the community. We garnered support from some of the most influential companies in our region and created a sustainable event that we will continue to build upon in the years ahead. We expect to grow the program by opening the challenge to the families of company participants and find new ways to attract, engage and educate participants.

Our tagline for the Walking Challenge campaign was, "Creating Healthier Communities One Step at a Time." The results of the four-week challenge truly supported that tagline, inspiring 644 participants to walk 148,376,063 steps, more than twice around the globe.

We're also thrilled to report that Ledyard's community integration took a big step forward in 2016 when we signed a new partnership agreement with Dartmouth College. We exponentially expanded our marketing relationship with the college by becoming the "official bank of Dartmouth Athletics." The sponsorship benefits include significant exposure at sporting events, access to Dartmouth media such as radio, web and print, access to special events and more. Most exciting of all is the introduction of twelve new co-branded debit cards featuring a variety of sports represented at Dartmouth. Exclusive to Ledyard, these debit cards should be a big hit with Dartmouth alumni, faculty, students and all those who feel a bond with the institution.

Finally, 2016 was a year in which we devoted much time, energy and resources to our cybersecurity protocols and the protection of our clients' confidential information. With ransomware and other malicious attacks continuing to escalate around the world, we take the threats very seriously and are endeavoring to take all reasonable steps to keep the data and our clients safe, including the replacement of all ATM and debit cards with the newer EMV "smart chip"-enabled cards. This past year, we also improved our mobile banking applications to enhance ease of use for our subscribers.

As we move into 2017, our key technology strategies include improving the client experience, increasing efficiencies and reducing costs, and maintaining a stable and secure IT environment. To these ends, and following on our cybersecurity focus, we will continue to upgrade our technology to support ever-increasing levels of security for the data we protect. As the threats continue to evolve, so too must our protective tactics and strategies, and we are committed to doing our reasonable best to keep ahead.

## LOOKING AHEAD TO 2017

Our purpose in the community is predicated on a few main factors: relationships, indispensable advice, and the full extent of the Ledyard banking experience. We work hard to ensure that clients want to interact with us on a regular basis – not just to deposit a check or take cash from the ATM – but because they view Ledyard as a partner in their financial journey. Our work entails solving problems, offering unique insights, providing options, making clients feel more secure and earning their trust.

As we look to 2017, we feel confident that Ledyard has exciting prospects and is well positioned to compete and succeed in a competitive banking industry that continues to evolve. We are dedicated to constantly improving the client experience, especially as it relates to both digital and mobile engagement. These initiatives range from advancing our social media presence to ensuring that we offer the products that make banking with Ledyard as easy as possible, whenever and wherever the customer resides. We are also enhancing our data analytics capabilities in order to extract the consumer insights required to proactively deliver meaningful financial options to our clients, as well as relevant offers to prospects. These actions will positively impact growth, helping to attract new clients and deepen relationships with our current customers.



## OTHER KEY GOALS 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
- Introduce new, simple and easy-to-understand products that, together with our current offering, will serve the full spectrum of client needs
- Manage risk with appropriate controls, continue to improve credit quality and ensure that risk management capabilities are in line with regulatory expectations
- Maintain strong capital and liquidity
- Further develop cybersecurity protocols
- Invest in our people so they can reach their full potential, while attracting prospective employees who want to excel and grow

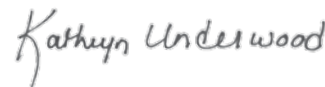
At the core of our strategy is the ability to make our clients' financial lives better by expertly matching their needs to the resources they require to reach their goals. We remain focused on being responsive to client needs and adopting the technologies that address those needs. We will continue to emphasize the Ledyard culture, reinforce it with every transaction and work as a team to deliver the best solutions for every client. We will keep building upon the platform that Ledyard cultivated over the past twenty-five years and will continue investing for the long run.

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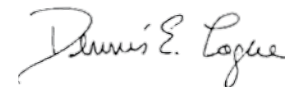
*We work hard to ensure that clients want to interact with us on a regular basis – not just to deposit a check or take cash from the ATM – but because they view Ledyard as a partner in their financial journey.*

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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



*"It was important to us to partner with a strong, independent, and trusted New Hampshire-based fiduciary. Ledyard Financial Advisors was the clear choice; a firm that provides superior service and a goal of always putting the client first. With the depth of professional expertise and tools available to us, we knew we were going to be able to continue to provide a high level of service to clients. The expansion into the Concord market, together as a team, provided a unique opportunity to deepen client relationships and provide long-term growth potential that has been received well by the community."*

Ledyard Financial Advisors, Concord office: Diane DeStefano, CFP®, CTFA, Senior Financial Advisor; Jeffrey Trombly, Senior Portfolio Manager; Karen Crump, Senior Portfolio Manager; Diane Mullin, Senior Financial Advisor



## W E A L T H   M A N A G E M E N T

Ledyard Financial Advisors is the premier wealth management firm providing integrated investment, tax and wealth management services to affluent individuals and families throughout the Upper Valley, Lake Sunapee and Concord regions, with the mission of preserving and enhancing our clients' wealth. We offer a unique combination of global investment opportunities, asset management strategies, expert financial advice and personal service and support. These services are provided by the area's largest and most experienced staff of financial advisors and portfolio managers utilizing a framework of potential wealth management issues.

2016 was another excellent year for new business development, the result of our continuing commitment to execute a consultative sales strategy. Ledyard Financial Advisors acquired thirty-five new clients and, for the fourth year in a row, \$100 million in new assets. The result was \$808,000 in new annualized fees.

In 2017, we plan to devote our attention to an evolution of sorts – the largest generational transfer of wealth in history. This wealth transfer is already taking place and having a large impact on the financial services industry. Fortunately, our Financial Advisors are well prepared to help our clients and their families navigate this complex terrain. As we've always done, we will continue to work closely with our clients to develop their "family profile." This rewarding process ultimately creates the blueprint for ensuring an effective transition as we develop lifetime relationships with the children, grandchildren and other younger beneficiaries of our current clients.





*"We've dealt with many banks over the years, but none compare with the service we receive at Ledyard National Bank. We first approached Ledyard when we decided to sell our townhouse and purchase a single-family house. At the time, we knew nothing about private banking and, frankly, didn't even think we qualified. Yet, Dan Emanuele and his team sprang into action. They helped us with appraisals, attorneys, insurance, and they found us an excellent mortgage rate. They even helped us relocate Henry, our thoroughbred! Now that is above-and-beyond service! We're very excited to be a part of the Ledyard family and look forward to working with them on our future banking needs."*

Randall Balmer and Catharine Randall at Simeon Senter Farm in Thetford Center, Vermont





## P R I V A T E   B A N K I N G

Today, more than ever, professionals of all kinds share two common characteristics – a shortage of free time and the need to address their financial responsibilities while managing their professional and personal lives. Ledyard Private Banking addresses these needs in a comprehensive and thoughtful manner, drawing upon the Private Banker's knowledge and expertise and calling upon other valued team members, to help a professional client realize its goals and remove obstacles in achieving those goals.

In 2016 Ledyard Private Banking continued to attract new client relationships with professionals, physicians, dentists, professors and business executives. In so doing, our team proved how this client segment can benefit from having a dedicated Private Banker available to address all of its banking and financial matters.

As in previous years, Ledyard Private Banking demonstrated its success by exceeding prior years' performance and 2016 fiscal year objectives. In each of the prior years, the Private Banking group doubled its mortgage origination volume. By mid-year, the Private Banking Group met its annualized origination goal and, by year end, it again met its stretched goal. This high level of activity resulted in growth of Private Banking originations by 171% compared to the prior year, accounting for 51% of Ledyard Financial Group's company-wide mortgage originations.

In 2017 and the years to come, Ledyard Private Banking will continue to raise the level of discussion among professional clients within the communities we serve. The successes of the past confirm that, if given the opportunity to raise awareness among professionals, Ledyard Private Banking will continue to deepen relationships, add value to the client's financial well-being and create new levels of profitability for the bank.



*"In April 1991, we joined the initial group of twelve officers and employees at Ledyard. As experienced community bankers, we were eager to work at the only locally owned independent bank in the Hanover market and to provide excellent personal service to our clients. The industry and technology have changed significantly over the years, but our commitment to our clients and our community remain as strong as the day we opened. Working at Ledyard has given us the opportunity for self-growth, and has allowed us to develop and foster many great client relationships. It's been a privilege to participate in the success of the bank for twenty-five years."*

Gail Trottier, Assistant Vice President & Retail Operations Officer  
Gail Broughton, Vice President & Branch Manager





## P E R S O N A L   B A N K I N G

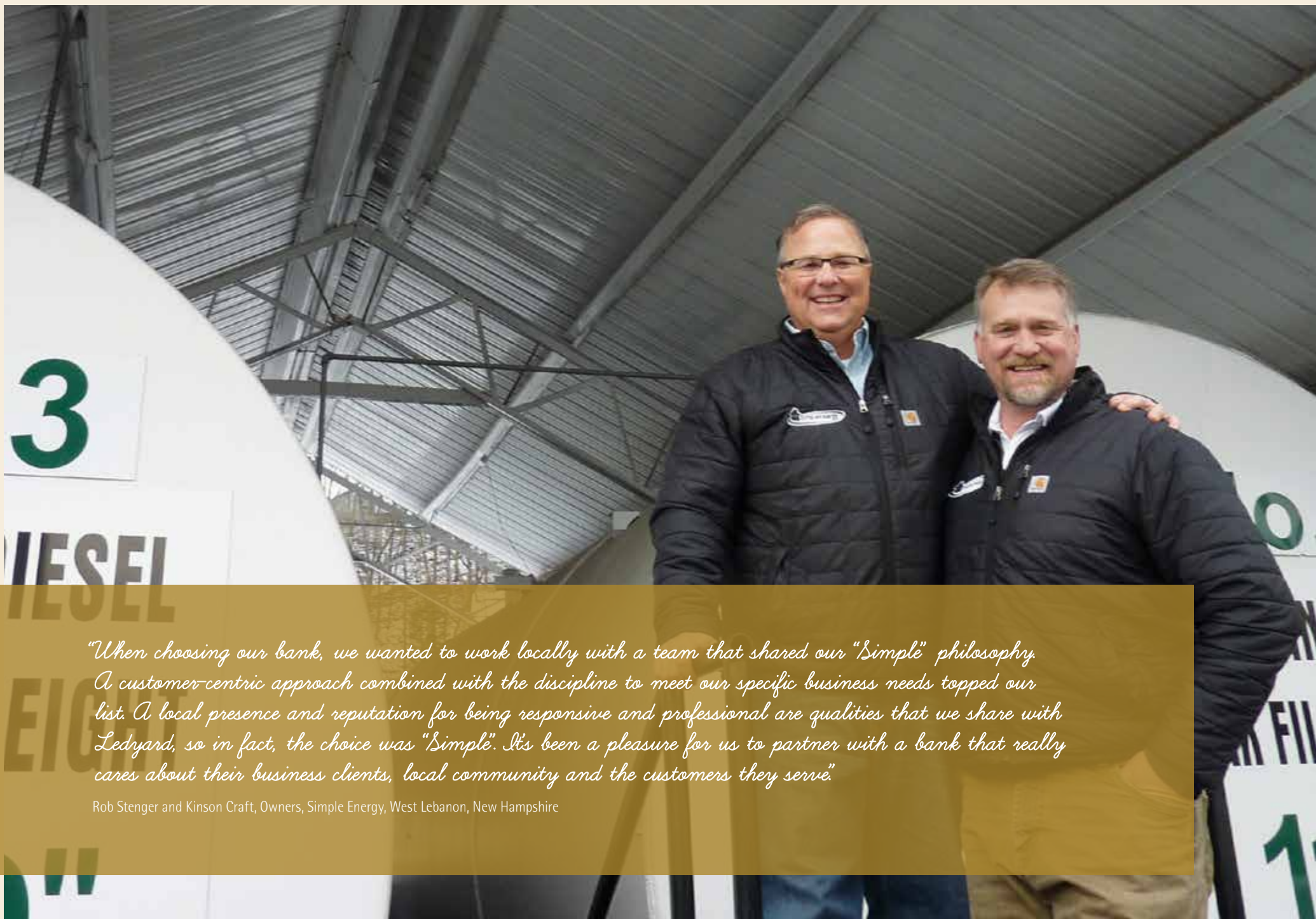
Building relationships is central to the activities of Ledyard's Personal Banking team. We invest in local families and individuals, while making a difference in the communities where we live and work.

2016 was a transformative year for the Retail Banking division. Our primary goal was to improve cross-channel referrals with internal partners, positively impacting the performance of all business lines across the bank. Our enhanced collaborative efforts allowed us to more seamlessly deliver financial solutions to our clients, ranging from mortgages and home equity loans to checking and savings accounts. One example of this is the growth of Retail-sourced Commercial Lending business by 165% compared to the previous year.

We also initiated the retraining of branch staff so that all employees are equally prepared to assist clients on any issue or need. The progress we achieved in this area, along with other adjustments to our needs-based approach to client service, contributed to the growth of branch deposits by \$24.1 million, an increase of 6.2%. This increase compares favorably to 2015 when deposits rose by 2.2%

In 2017 we will continue to deliver on our vision of helping clients through all stages of their financial lives. To accomplish this, we will focus even more heavily on creating deep and lasting relationships via a three-pronged approach:

1. Develop a branch experience that places the needs of our clients first by enhancing our employee training program and developing new tools that allow us to better understand the broad range of client needs.
2. Introduce a new staffing model that is more responsive to our clients and more cost-effective for the business.
3. Enhance our product and service offering to better align with each client's individual preferences. Continuing the great strides we took in 2016, we will work closely with our internal business partners to ensure that all clients are directed to the specialist that can best serve them. Finally, we will further enhance our convenience offerings, as demonstrated by our new Mobile Remote Deposit Capture product, allowing clients to scan checks with a smartphone's camera and transmit the scanned images to Ledyard for deposit.



*"When choosing our bank, we wanted to work locally with a team that shared our "Simple" philosophy. A customer-centric approach combined with the discipline to meet our specific business needs topped our list. A local presence and reputation for being responsive and professional are qualities that we share with Ledyard, so in fact, the choice was "Simple". It's been a pleasure for us to partner with a bank that really cares about their business clients, local community and the customers they serve."*

Rob Stenger and Kinson Craft, Owners, Simple Energy, West Lebanon, New Hampshire



## B U S I N E S S   B A N K I N G

Local businesses look to Ledyard's Business Banking team for the loans and financial services they need to thrive and create jobs, allowing us to put money back to work in our local communities.

In 2016 the commercial banking group was successful in increasing outstanding loans by \$8.6 million while improving the overall credit quality of the loan portfolio. As a result of increased calling efforts to both prospective and existing clients, the commercial group was able to increase outstanding loans to business owners by 20.9%, with new clients to the bank representing a majority of that growth. At the same time, credit quality improved with classified and criticized loans decreasing by 23.75%, and non-performing assets to total assets decreasing from .99% to .63%.

We believe the acquisition of in-market competitors by larger out of state banks provides a unique opportunity in 2017. The commercial group will look to capitalize on these opportunities by increasing our calling efforts and improving internal operations to support these activities. The calling plan will continue our 2016 focus of reaching out to business owners, and the initiative will be expanded to include our entrance into the Concord, New Hampshire, market. The increased calling efforts will be supported by an expansion of our credit department to ensure improved turnaround time on credit requests and credit quality. Additionally, information technology changes will be implemented in order to improve efficiency, allowing for improved customer service and increased time for interaction with clients.



A photograph of a woman with blonde hair, wearing a dark jacket and a red scarf, smiling in front of a Coldwell Banker Lifestyles sign. The sign is white with a blue rectangular section at the top containing the Coldwell Banker logo and the word 'LIFESTYLES' in large black letters below it. The background shows a white building with a festive garland of lights and greenery hanging from the roofline.

# COLDWELL BANKER

## LIFESTYLES

*"As an Upper Valley real estate agent, I am afforded the opportunity to work with local area banks every day. Ledyard Bank offers each of my clients top-notch service, attention to detail and unparalleled customer care; all while keeping me informed. When I refer clients to Ledyard Bank, I know that they'll be in good hands. It is wonderful to work with a bank that has the experience to seamlessly move people through the mortgage process, as well as being a beacon for the financial planning process. Ledyard meets all aspects of my clients' needs."*

Jenny Snyder, Realtor Associate with Coldwell Banker Lifestyles, Hanover, New Hampshire



## MORTGAGES & CONSUMER LENDING

Ledyard's Mortgage and Consumer Lending Team strives to provide clients with the best possible advice and solutions that meet their financing needs. The team's expertise, along with Ledyard's local decision-making process, produces an incredibly easy and fast experience for our clients.

Our monthly customer and realtor surveys, designed to garner critical feedback on our mortgage process, have been invaluable tools to help us better define our overall service delivery and communication standards. In the last year, we incorporated survey suggestions that enhanced our brand, complemented many of our other products and created powerful connections with clients for whom a home purchase will likely be the most important financial transaction of their lives. We are committed to finding the best solutions for our clients and exhaust all efforts to match each client with the right products for his or her needs. In order to do so, we listen carefully. We proactively communicate with our clients and realtor partners to ensure the service experience is beyond their expectations.

In 2016, we stayed well connected to our realtor partners, making one hundred forty-five partner visits and attending sixty local events. We also serve as knowledge providers to our clients, ensuring that they understand what to expect throughout the loan process.

### MORTGAGE AND CONSUMER LENDING 2016 HIGHLIGHTS:

- Closed 162 mortgages, totaling \$39.9 million, an increase of 13.7%. Of the 162 closed mortgages, 39 were for low to moderate income families in New Hampshire and Vermont totaling \$2.1 million
- Closed 51 home equities, totaling \$5.7 million
- Partnered with United Way to provide loans to employees of local businesses for emergency purposes; closed 16 loans in the amount of \$16,000

## 2016 FINANCIAL HIGHLIGHTS (dollars in thousands, except "Other data")

YEARS-ENDED DECEMBER 31,	2016	2015	2014	2013	2012
<b>FINANCIAL CONDITION DATA</b>					
Assets	\$ 476,306	\$ 446,070	\$ 434,289	\$ 409,516	\$ 401,800
Investments	147,337	141,598	129,070	137,826	143,966
Gross loans, including loans held-for-sale	294,866	276,673	274,324	245,097	231,705
Allowance for loan loss	(5,700)	(5,706)	(5,744)	(5,564)	(5,656)
Net loans, including loans held-for-sale	289,166	270,967	268,580	239,534	226,049
Deposits	401,984	372,937	365,682	342,245	337,294
Federal Home Loan Bank advances	20,000	14,000	14,000	15,029	9,551
Other borrowings and liabilities	11,433	15,085	12,595	14,072	16,928
Shareholders' equity	42,889	44,048	42,012	38,170	38,028
<b>OPERATING DATA</b>					
Net interest income	\$ 13,257	\$ 12,827	\$ 12,725	\$ 11,490	\$ 11,155
Ledyard Financial Advisors income	8,315	8,437	8,170	7,579	6,990
Other non-interest income	2,038	1,722	1,789	1,479	2,292
Total revenue	23,610	22,986	22,684	20,548	20,437
Provision for loan loss	0	0	0	0	0
Non-interest expense	18,474	17,811	17,619	16,626	16,794
Pre-tax income	5,136	5,174	5,065	3,922	3,643
Income taxes	1,008	1,113	1,096	913	803
Net income	4,128	4,061	3,969	3,009	2,840
<b>OTHER DATA</b>					
Earnings per share, basic	\$ 3.98	\$ 3.96	\$ 3.90	\$ 2.98	\$ 2.80
Dividends per share	1.92	1.92	1.72	1.44	1.30
Dividend payout ratio	48%	48%	44%	49%	46%
Tangible book value per share	\$ 42.08	\$ 42.81	\$ 41.19	\$ 37.65	\$ 37.72
Shares outstanding, net of treasury	1,047,787	1,028,780	1,019,888	1,013,684	1,008,271
Return on average assets	0.89%	0.93%	0.94%	0.74%	0.72%
Return on average equity	9.10%	9.26%	9.90%	7.90%	7.57%
Efficiency ratio	78.18%	77.41%	77.58%	80.79%	82.05%
Stock price - high	\$ 54.99	\$ 60.00	\$ 50.50	\$ 42.00	\$ 34.95
- low	\$ 46.00	\$ 46.25	\$ 39.59	\$ 34.35	\$ 27.25
- average	\$ 48.38	\$ 49.88	\$ 44.16	\$ 38.30	\$ 31.82
Assets under management and custody (millions)	\$ 1,157	\$ 1,071	\$ 1,093	\$ 1,064	\$ 902
Equity-to-asset ratio	9.30%	9.55%	9.17%	8.99%	8.74%
Allowance for loan losses to total loans	1.93%	2.06%	2.09%	2.27%	2.44%
Net charge-offs (Recoveries)	\$ 6,588	\$ 37,335	(\$ 179,903)	\$ 92,030	\$ 50,900
Non-performing assets	\$ 2,670,897	\$ 2,497,494	\$ 2,254,786	\$ 2,510,089	\$ 2,298,030
Allowance for loan losses to non-performing assets	213%	228%	255%	222%	246%
Texas Ratio	5.76%	5.59%	4.90%	5.84%	5.56%



SENIOR MANAGEMENT TEAM *As of February 1, 2017*

*Front Row (l-r):*

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*

*Back Row (l-r):*

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

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

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

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

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



BOARD OF DIRECTORS *As of February 1, 2017*

*Front Row (l-r):*

Cotton M. Cleveland  
*President, Mather Associates*

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

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

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

*Back Row (l-r):*

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

Margaret M. Rightmire  
*Consultant*

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

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

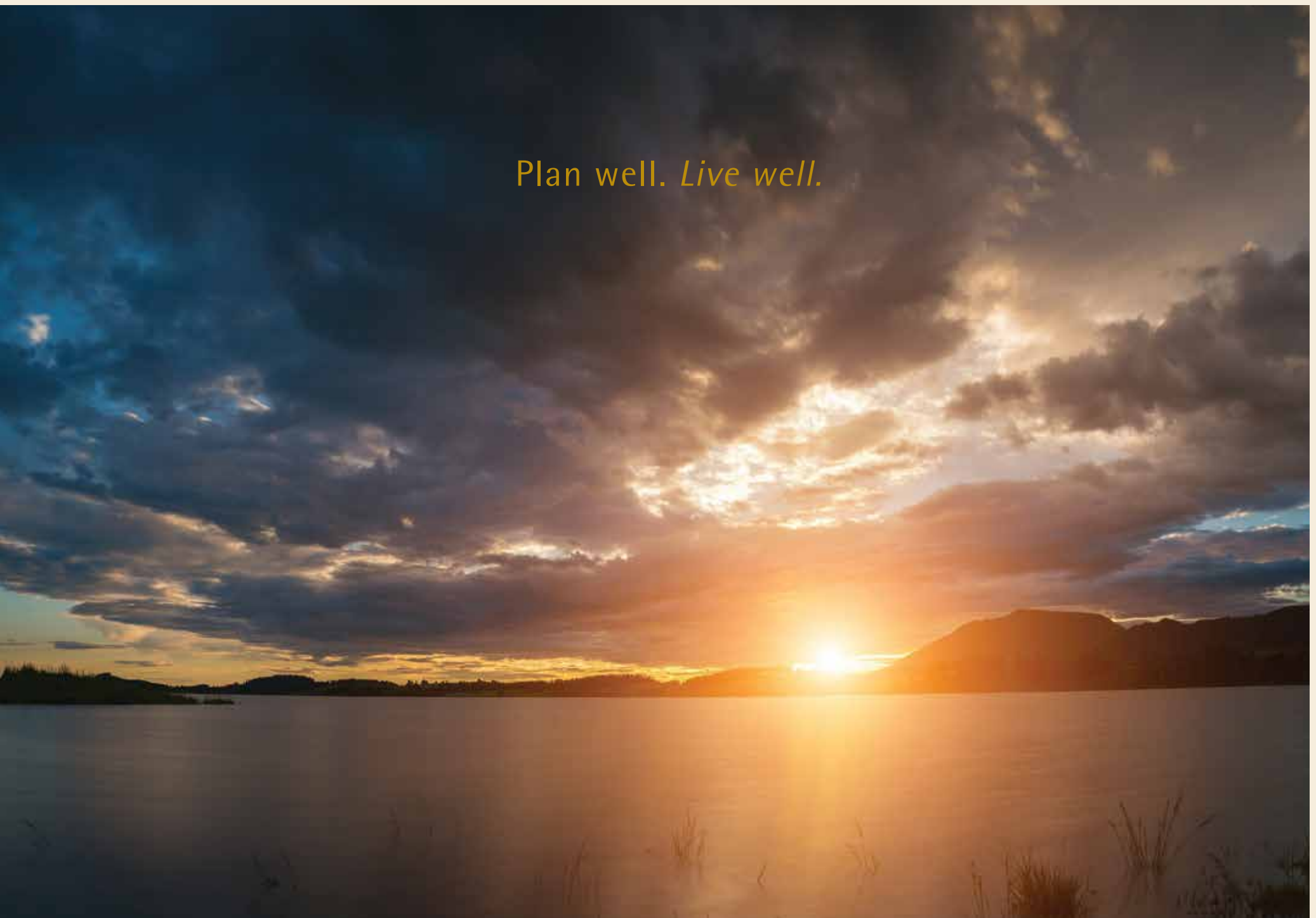
Adam M. Keller  
*Chief of Strategy and Operations, The Dartmouth Institute;  
Vice-Chair, Ledyard Financial Group*

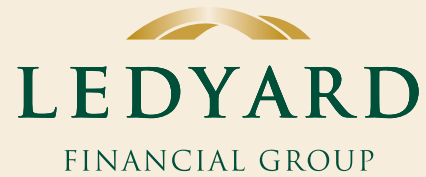
Richard W. Couch, Jr.  
*Chairman of the Board, Hypertherm, Inc.*

Bayne Stevenson  
*President, Bayson Company*



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