

# ADVISORS. PARTNERS. NEIGHBORS.

2022 ANNUAL REPORT



  
**LEDYARD**  
FINANCIAL GROUP  
*Plan well. Live well.*

## TO OUR MANY CONSTITUENTS

*Including Shareholders, Valued Clients, and Community Members*



**KATHRYN G. UNDERWOOD**

*Chief Executive Officer  
Ledyard Financial Group  
Ledyard National Bank*

**BRUCE P. KING**

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

Ledyard's motto, Plan well. Live well., has never been more relevant than in the past few years. The tagline's guiding principle has helped us adapt to an ever-changing and uncertain environment. We've relied on strong teamwork and collaboration across all our divisions — along with the support of enhanced technological capabilities and communication channels — to thrive, grow, and exceed our clients' expectations.

Our shared experiences and collective commitment to Ledyard's strategies give us confidence that we can manage through all challenges, large and small. We remain as focused as ever on our clients, shareholders, and communities via strategic choices that reinforce one another, leading to value creation and growth. Ledyard's success in the highly competitive banking industry requires agility, responsiveness to evolving needs, innovation, enhanced data analytics, and brand building — all stemming from an empowered, accountable organization that fully understands and embraces Ledyard's values, principles, and purpose.

With optimism and momentum driving us forward, we proudly share our 2022 annual report and results:

**LEDYARD FINANCIAL GROUP'S 2022 FINANCIAL HIGHLIGHTS:**

- ◆ Achieved net income of \$6.98 million and EPS of \$2.14, the second highest annual earnings on record
- ◆ Increased our annual dividends to shareholders by 5% to \$0.84
- ◆ Achieved revenue from our financial advisory business of \$12.8 million, down only 3% from the prior year in the face of a 16% drop in the S&P 500 Index
- ◆ Issued \$18 million of subordinated debt to help drive growth
- ◆ Improved our regulatory capital ratios already in excess of amounts required to be considered well-capitalized
- ◆ Maintained a strong liquidity profile to help ensure capacity to grow

Last year, we detailed the many ways in which the organization expanded its capabilities in the digital and technological space, always with the goal of providing clients with the most user-friendly, convenient, and safe banking experience. We continued along that path in 2022 by further improving our online and mobile banking platform with enhanced features and capabilities. Our simplified interface is easier than ever to navigate with increased speed and performance. We also upgraded our consumer lending online application tool, improving the user experience for those seeking to apply online for a mortgage, home equity loan, or other consumer lending product. Our new embedded technology and automation create an experience that streamlines the loan process, eliminates complicated procedures, and makes it more efficient for the applicant to supply information.

On a related note, we're very close to introducing a similar technology and experience for those applicants seeking to apply online for a commercial loan, and we expect to introduce the process early in the new year. While we continued to enhance our services and product set in 2022, we also prioritized our succession planning by hiring top-tier banking leaders, several of whom are now members of our senior management team.

In the first quarter of the year, Josephine Moran joined Ledyard, accepting the position of President & Chief Banking Officer, reporting directly to our CEO, Kathy Underwood. In this newly created role, and as a member of the bank's Executive Committee, Josephine oversaw branch banking and product development, as well as bank-wide operations, IT, human resources, and compliance. One of the many purposes of Josephine's role has been to significantly improve the collaboration and linkages between the departments she oversees, thereby creating efficiencies and initiatives that focus on revenue generation and profitability. Prior to joining us, she was Executive Vice President, Chief Corporate Services and Consumer Lending Officer at Provident Bank. She also served as the EVP and Director of Retail Banking at Provident Bank, Senior Vice President/Regional Manager/Retirement Services Director at Webster Bank, and EVP/Director of Retail Banking at Columbia Bank. We're honored and excited for Josephine to leverage all her years of leadership, community banking, investment services, and lending experience to help lead Ledyard into the future.



JOSEPHINE MORAN  
President & Chief Banking Officer



PETER SPRUDZS  
Senior Vice President  
Chief Financial Officer

Later in the year, we welcomed Peter Sprudz to the bank as our new Senior Vice President, Chief Financial Officer. Peter succeeded Greg Steverson, who worked closely with Peter on the transition before retiring in December after 20 years with the company. Peter has spent his career in finance, treasury, and risk management for public and private companies, both large and small. Most recently he was the Chief Finance and Risk Officer for BMG Money. He also served as the Senior Vice President, Treasury and Finance for Credit One Bank; the Senior Vice President, Finance for Flagstar Bank; and as the Director of Finance for the Federal Home Loan Mortgage Corporation (Freddie Mac). As we enter a new phase of growth for the bank, we're confident that Peter's energy and vision will help to lead Ledyard into its next chapter of success. At the same time, we thank Greg for his immense contribution to our organization and wish him joy and relaxation in his retirement.

As our enhanced product set and leadership group came together, we focused our efforts on communicating with our clients more frequently and in a more targeted manner. Having improved our insight into Ledyard's core-system data, we were able to consistently extract, segment, and translate the information into meaningful outreach that best matched a client's financial needs with our product and service solutions. By regularly reaching out to our customers and proactively providing them with relevant financial options, we successfully developed even deeper relationships predicated on trust and thoughtful, data-driven guidance. For instance, we reintroduced products such as Zelle®, allowing clients to send money to friends and family in a fast and safe manner, while also promoting rewards products such as uChoose Rewards, our debit card incentive program in which clients can earn and redeem points for travel, gift cards, merchandise, and more.

It's important to note that our client communication efforts were also designed to educate readers, make them more astute consumers, and help them stay safer in a digital world. For example, many of our client communications, reinforced by our website and social media posts, provided information on common cyber-scams, along with hints and tips to recognize such fraudulent attacks and defend against them. We built upon these messages and

themes by introducing new products such as Ultimate ID<sup>®</sup>, an exciting element of our GenGold<sup>®</sup> Member Rewards program. The product addresses the growing concerns around identity theft through the program's services, including credit bureau monitoring, dark web internet monitoring, and inquiry alerts. And understanding that our business clients are as susceptible to scams as our personal clients, we introduced Positive Pay, part of our Cash Management services offering, as a means of reducing a company's probability of being subjected to unauthorized check and ACH fraud. As a final note on security, in addition to our desire to protect clients, we also spend considerable resources to protect ourselves from cyber-fraud. One of the new measures we put in place was a transition of our internet domain from ledyardbank.com to Ledyard.bank. Far from a cosmetic change, .bank is a gated domain registered specifically for banks, similar to .gov or .edu. It is subject to an annual reverification process and entails the implementation of additional security requirements that help protect our organization, its clients, and its vendors against potential breaches.

LEDYARD  
FINANCIAL ADVISORS

FREE

**NAVIGATE RETIREMENT WITH CONFIDENCE**  
Discover 5 Essential Action Steps To Live With More Certainty About Retirement

Susan Renaud Doug Phillips Hosted by Michael Hakoun Kathy LeClair John O'Dowd Pollyanna King

THE 5-DAY WORKSHOP STARTS OCTOBER 17TH • WWW.LEDYARDWORKSHOP.COM

Furthering our commitment to showcasing our expertise and, ultimately, delivering the highest level of advice and guidance, our wealth management team designed and executed the first of many virtual workshops for clients and prospects. The fall workshop titled, "Navigate Retirement with Confidence," was delivered over the course of a week and focused on the five essential steps to take in order to live with more certainty about retirement. The sessions ranged from identifying the primary mistakes investors make and how to avoid

them to tax planning considerations to optimize any personal situation. As the week concluded, the workshop attracted 130 attendees and resulted in significant new and extended revenue. We're very excited to continue offering these workshops going forward, showcasing our knowledge and ability to deliver results. We envision this forum as an important new tool for us, and we expect to present topics that will feature our other divisions, including commercial banking, consumer lending, and private banking.

We're pleased to tell you that we've made several new hires to the wealth management line of business, including Kathy LeClair, Senior Vice President and Director of Ledyard Private Banking. With over 40 years of banking experience in the Southern New Hampshire and Boston markets, including her work with high net worth individuals and families on their banking, lending, financial planning, and investment needs, Kathy is positioned as a key contributor to the growth we see in that area as well as our ongoing interest in regional expansion.

As always, we're incredibly proud of the ways in which we impact our community outside the workplace. Ledyard's newly formed volunteer



Ledyard's Private Banking team



Ledyard's volunteer teams enjoyed working on projects for COVER Home Repair and Granite VNA & Hospice.



Donations from our Holiday Food Drive were collected in all our locations and delivered to local food shelves.

committee formalized the company's commitment to help its neighbors in need and provided opportunities for employees to make a lasting, positive impact on the areas we serve. Our 36 volunteers, making up roughly a third of the bank's employee base, recorded nearly 850 volunteer hours at nonprofit organizations across New Hampshire and Vermont.

On a separate note, we're delighted to sponsor, along with the Concord Monitor newspaper, a new program in the Capital Region called Hometown Heroes. This program seeks to honor any and all individuals or groups who make their communities a better place in which to live and work. Each week a new story is told, acting as a catalyst for others to draw inspiration and make a difference in their own way. Through Hometown Heroes, Ledyard learned so much about the area's charitable organizations and, in addition to simply making a financial donation, we chose to partner with them. For example, recognizing the amazing work of Friends of Forgotten Children, we created an entire campaign around their mission. We used our financial centers throughout the holiday season to collect coats, scarves, gloves, and other items that will keep those in need warm through the winter months.

As an extension of our community work, as well as the culture we've instituted throughout the company, Ledyard received meaningful acknowledgments from our industry and community. For the third year in a row, Ledyard was named by *American Banker Magazine* as One of the Best Banks to Work For in 2022, ranking 27th out of 90 recognized banks. Additional recognition came in the form of being named one of New Hampshire's Best Companies to Work For by *Business NH Magazine*. These two awards distinguish us as a company that understands the new workplace realities with flexibility a consistent focus. Further, they underscore the bank's efforts to build an internal culture that supports employee development, encourages community involvement, promotes work-life balance, and offers programs that enhance healthy living, such as Ledyard's many wellness initiatives. 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 eighth consecutive year. And finally, Ledyard was recognized with highest honors by multiple newspapers across



the full range of our footprint. First, our wealth management division was voted Best Financial Advisor Firm by readers of the Concord Monitor in their annual awards contest, the Cappies. We were also voted Best Financial Planning Services Firm in the Valley News Reader's Choice Awards. Our second place Cappies finish in the Best Bank category is an amazing accomplishment, recognizing that we opened the doors to our first branch in the region only two years ago. This achievement is a testament to the hard work of our talented Concord team and serves to motivate us even more to become the number-one bank of choice for those living in our southern market.



*Bruce King was elected as the new Chair of the Board of Directors of Ledyard Financial Group, Inc. and Ledyard National Bank. Bruce, retired President and CEO of New London Hospital, has served on the Ledyard Board since 2014 and has served as Co-Vice Chair of the Board since 2019.*

As we head into the new year, we'd like to take a moment to thank Margaret Rightmire, our outgoing Board Chair, for her leadership and all that she's done for the bank. Margaret has served on the Ledyard Board since 2011, served as Board Chair since 2019, and will continue to be an integral board director in the years ahead.

We believe that we're better positioned than ever to address the needs of our personal, business, and wealth management clients through education, advice, guidance, technology, and product set. To do so, we're dedicated to attracting, retaining, and developing the best talent. In fact, our confidence in Ledyard's future success is rooted in the confidence we have in our employees – a trust that our people seek sustained excellence and are accountable to winning results.

And while we continue to invest heavily in needs such as human resources and digital tools that transform the ways in which we interact with our customers, we're also executing a plan to upgrade Ledyard's financial centers. This year we completed a full makeover of our facility in Norwich, VT. Its new, innovative design is modeled after our financial center in Concord and boasts cutting-edge technologies including an Interactive ATM in the drive-through, where a remote Ledyard teller can help complete banking transactions.

Following our work in Norwich, we began a similar redesign effort in our Hanover, NH financial center with an anticipated spring 2023 completion date. These

*Newly redesigned interior of our Norwich Financial Center*



physical transformations, along with Ledyard's high level of personalized service, offer an enhanced experience that meets the personal and business banking needs of the community, helps to support local businesses, and contributes to the economic growth of the area. Regarding this last point, we want to be certain that our work is meaningful and impactful. To that end, we partnered with a company that specializes in measuring and improving customer satisfaction and loyalty. We now utilize a consistent, formal approach across all divisions to ask for honest client feedback with an emphasis on what we do well and what we need to improve upon. To date, we're thrilled with the overall results of aggregated measurements and detailed comments. At the same time, we see opportunities for continuous improvement and will integrate those ideas into our future deliverables.

Looking to 2023 and beyond, we'll be working on ways to reinforce our vision for growth. As we further develop infrastructure that helps our staff conveniently provide more and better products and services, we will strive to become the bank that really makes life better – for our clients, our team members, and our communities.

With these objectives in place, we expect to extend our track record of financial strength and profitability.

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**

Chief Executive Officer  
Ledyard Financial Group/Ledyard National Bank

**BRUCE P. KING**

Retired, President & Chief Executive Officer  
New London Hospital  
Chair, Ledyard Financial Group



*William Kidder, SVP & Senior Lending Officer, was awarded one of NH Business Finance Authority's Granite State Awards in recognition of his exceptional work helping businesses access capital.*

*Bill received the award for Loan Participation of the Year for FitKids Childcare & River Valley Club in Lebanon which will add 60 new, much-needed childcare spots in the Upper Valley along with 70 new jobs.*

*"These lenders have gone above and beyond in their efforts leveraging BFA programs, making loans happen to help New Hampshire businesses succeed," stated James Key-Wallace, Executive Director of the New Hampshire Business Finance Authority. "The Granite State Awards are an important recognition of the critical work done by lenders across the state. The health of our communities depends on the health of our economy, and these lenders have worked diligently with local businesses to create hundreds of jobs for New Hampshire families."*

YEARS-ENDED DECEMBER 31,	2022	2021	2020	2019	2018
<b>FINANCIAL CONDITION DATA</b>					
Assets	\$ 743,465	\$ 771,143	\$ 684,707	\$ 500,391	\$ 488,062
Investments & interest bearing deposits	314,810	364,650	276,594	137,621	143,306
Gross loans, including loans					
held-for-sale	362,057	362,677	371,916	325,268	310,776
Allowance for loan loss	(3,843)	(7,469)	(7,958)	(5,213)	(5,215)
Net loans, including loans					
held-for-sale	358,214	355,208	363,958	320,055	305,561
Deposits	570,332	675,082	589,512	393,011	409,066
Advances from Federal Home Loan Bank					
and other borrowings	87,978	5,627	6,729	29,783	16,433
Subordinated debt and accrued expenses	32,155	17,728	21,582	21,463	14,071
Shareholders' equity	52,999	72,706	66,884	56,134	48,493
<b>OPERATING DATA</b>					
Net interest income	\$ 18,686	\$ 18,274	\$ 16,762	\$ 16,076	\$ 15,484
Ledyard Financial Advisors income	12,779	13,169	11,614	10,887	10,512
Other non-interest income	1,400	1,699	2,023	1,843	1,682
Securities gains (losses)	(2,966)	168	1,431	(40)	0
Total revenue	29,899	33,310	31,830	28,766	27,678
Provision for loan loss	(3,634)	(450)	2,700	0	0
Non-interest expense	26,036	25,287	21,838	22,102	21,752
Pre-tax income	7,497	8,473	7,292	6,664	5,927
Income taxes	515	708	563	848	775
Net income	6,982	7,765	6,729	5,816	5,152
<b>OTHER DATA</b>					
Earnings per share, basic*	\$ 2.14	\$ 2.42	\$ 2.13	\$ 1.85	\$ 1.66
Dividends per share*	\$ 0.84	\$ 0.80	\$ 0.76	\$ 0.74	\$ 0.70
Tangible book value per share*	\$ 15.83	\$ 21.70	\$ 20.14	\$ 17.19	\$ 15.02
Shares outstanding,					
net of treasury*	3,348,395	3,350,624	3,323,110	3,265,475	3,328,532
Return on average assets	0.94%	1.07%	1.11%	1.15%	1.06%
Return on average equity	12.77%	10.95%	10.97%	10.99%	10.82%
Efficiency ratio	87.10%	75.91%	68.59%	76.81%	78.51%
Stock price					
- high*	\$ 25.70	\$ 27.25	\$ 26.00	\$ 25.00	\$ 24.00
- low*	\$ 17.80	\$ 18.99	\$ 15.16	\$ 19.10	\$ 21.05
- average*	\$ 21.12	\$ 24.13	\$ 18.75	\$ 21.05	\$ 22.17
Assets under management					
and custody (millions)	\$ 1,705	\$ 1,976	\$ 1,709	\$ 1,723	\$ 1,459
Equity to asset ratio	9.44%	8.35%	8.78%	10.74%	10.11%
Allowance for loan losses					
to total loans	1.06%	2.06%	2.14%	1.60%	1.68%
Allowance for loan losses					
to non-performing assets	260%	526%	543%	446%	153%
Texas Ratio	1.73%	2.04%	2.36%	2.18%	6.76%

\* Adjusted for 3-for-1 stock split. Complete Ledyard Financial Group 2022 audited financial statements can be found under "Investor Relations" at ledyard.bank. Certain reclassifications have been made to the prior period information to conform to the current period presentation.

## SENIOR MANAGEMENT TEAM\*

**KATHRYN G. UNDERWOOD***Chief Executive Officer***JOSEPHINE MORAN***President & Chief Banking Officer***GREGORY D. STEVERSON***Executive Vice President, Chief Operating Officer  
& Chief Financial Officer (Retired 12/31/22)***PETER SPRUDZS***Senior Vice President & Chief Financial Officer***MICHAEL HAKOUN***Executive Vice President & Managing Director  
Ledyard Financial Advisors***CATHERINE BARDIER***Senior Vice President & Human Resources Director***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***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***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  
Chair, Ledyard Financial Group***JUDITH M. MALOY***Director & CEO, Polaris Direct***WILHELMINA DINGEMANS MILLER***Director, Downs Rachlin Martin, PLLC***MARGARET M. RIGHTMIRE***Civic Leader***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***Chief Executive Officer, Ledyard Financial Group***ROBERT O. WETZEL***Retired, Senior Partner, Accenture plc  
Co-Vice Chair, Ledyard Financial Group**\* As of December 31, 2022*

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.*Follow us on   