



# LEDYARD

FINANCIAL GROUP

Plan well. *Live well.*

2023 ANNUAL REPORT

## TO OUR MANY CONSTITUENTS

Including Shareholders, Valued Clients, and Community Members



**Josephine Moran**  
*President & Chief  
Executive Officer  
Ledyard Financial Group  
Ledyard National Bank*



**Bruce P. King**  
*Chair, Ledyard Financial Group  
Retired, President &  
Chief Executive Officer  
New London Hospital*

In 2023, Ledyard continued to navigate the challenges of a dynamic local and global economy. Our commitment to delivering exceptional value to our clients, shareholders, and communities remained steadfast despite facing headwinds related to inflationary pressures, a high interest rate environment, market volatility, and an evolving regulatory landscape. Our strategic initiatives focused on digital transformation, client-centric services, and sustainable business practices that have propelled us towards strong growth and resilience, while also defining us as the bank that makes the lives of its clients better.

We understand that success starts with exceptional people and recognize that our employees are a core strategic asset. We've placed greater emphasis than ever on attracting and retaining the best talent possible and providing them with year-round training, education, and clear company-wide communication. Together, these initiatives ensure aligned focus on our clients across the company, along with the ability and incentive to view and help our clients holistically. This divisional alignment, known as "One Ledyard," allows us to comprehensively assist each client maximize the value of our knowledge, expertise, and full product offering.

Against this backdrop, we were thrilled to announce that Josephine Moran, formerly Ledyard's President, assumed the role of President & Chief Executive Officer effective May 18, 2023. Her promotion was part of a well-developed succession plan several years in the making and followed Kathy Underwood's retirement announcement at the Company's Annual Meeting of Shareholders. Under Josephine's leadership, Ledyard has embarked on a new journey focused on three priorities: growth, client experience, and team-member experience. Josephine joined Ledyard on January 31, 2022, as President and Chief Banking Officer. In that newly created role, and as a member of the bank's Executive Team, Josephine oversaw financial center banking and product development, as well as bank-wide operations, IT, human resources, and compliance. Prior to joining Ledyard, she was Executive Vice President, Chief Corporate Services and Consumer Lending Officer at Provident Bank, as well as EVP, Head of Retail. She also held various Executive Leadership positions in several organizations throughout her career including Wachovia/Wells Fargo, Santander, and Webster Bank.

We thank Kathy for her immense contributions to our organization and wish her the best in retirement. During her tenure, which began in 2005, Ledyard steadily grew and prospered. We are grateful for the leadership she exhibited, resulting in milestones ranging from the evolution of the bank's trust division into a full-blown, multibillion-dollar wealth management group to the extension of Ledyard's footprint into the Capital Region of New Hampshire.

The passing of the torch from Kathy to Josephine also underscored Ledyard's commitment to empowering and celebrating women leaders. In fact, Business NH Magazine recognized Ledyard as one of New Hampshire's Top Women-Led Businesses, highlighting Josephine and placing her on the cover. Our distinction as a top woman-led business is not just a testament to our commitment to diversity but also a driving force behind

## LETTER FROM THE CEO & BOARD CHAIR

our success. Our leadership includes many visionary women and has fostered a culture of inclusivity and innovation. This leadership approach has both enhanced our decision-making processes and resonated deeply with our diverse client base, contributing to our business growth and strengthening our reputation as a progressive and dynamic financial institution.



*Ledyard featured as one of New Hampshire's Top Women-Led Businesses*

As an extension of this point, we were excited to welcome Kimberly Lebron as Executive Vice President and Chief Lending Officer. Kim is responsible for leading the commercial, consumer, and mortgage lending teams with a key focus on expanding and deepening relationships. She is the only female Chief Lending Officer in the states of New Hampshire and Vermont. Kim brings with her over 30 years of experience in the financial industry, having most recently served at Thomaston Savings Bank, where she held various lending-related leadership positions since 2003. Beyond her professional achievements, Kim is a distinguished veteran who served in the United States Army from 1984 to



*Kimberly Lebron*

1990. Her service to our country showcases her sense of duty and honor, qualities that we are fortunate to have within our organization. Since joining Ledyard, Kim and her team have dedicated their efforts to helping local small businesses grow and thrive in challenging times, introducing new products and emphasizing other well-established ones such as equipment loan financing and cash management services.

2023 was a challenging year for the banking industry. Net interest income declined industry-wide due to increases in interest rates engineered by the Federal Reserve in its battle against inflation, and Ledyard, too, felt the impact. However, when news broke of several high-profile bank failures in the spring of 2023, Ledyard forged ahead even as many banks pulled back. We were able to differentiate ourselves from the pack because conservative risk management practices ensured we had ample capital and liquidity, because we remained laser-focused on serving our clients, and because our diversified business model precludes us from being distracted by the types of concerns and shortcomings that could impact less careful banks.

The investments we have made in support of our strategic growth plan will pay dividends in the long term, even as we incur their cost in the near term. 2023 net income fell short of previous years, but our investment has begun to bear fruit – growth ended the year on a high note with both loans and deposits growing in Q4 at rates that are unmatched in company history. Key results for 2023 include:

- ◆ Net Income of \$3.2 million, down from previous years as the industry retools and Ledyard invests in its future
- ◆ Total Assets at 12/31/2023 of \$856 million, up \$111 million over a year ago
- ◆ Client Deposits at 12/31/2023 of \$560 million, down 2% from the prior year



In June, Ledyard Financial Group shares began trading on OTC Markets Group's OTCQX® Best Market, upgrading from the OTCQB Venture Market. LFGP qualified for this upgrade by meeting high financial standards, following best practice corporate governance, demonstrating compliance with U.S. securities laws, and having a professional third-party, Raymond James & Associates, Inc., sponsor introduction. Upgrading to the OTCQX Market enabled us to trade alongside peer banks that meet high financial standards and that are committed to providing transparent trading for their shareholders.

- ◆ Net Recoveries in 2023 (rather than Charge-Offs) as credit quality remains high
- ◆ \$0.84 dividend for the year, unchanged from the prior year

In 2023, we continued our efforts to provide clients with the most user-friendly, convenient, and safe banking experience by expanding our capabilities in the digital and technological space with an enhanced focus on digital transformation. We integrated new technologies that have streamlined our operations and provided clients with a more seamless and secure banking experience. These advancements have significantly boosted customer satisfaction and loyalty and reflect our commitment to staying at the forefront of the banking sector, adapting to changing customer needs and technological advancements.

We upgraded our commercial loan origination system, improving the user experience for those seeking to apply online. This newly embedded technology and automation streamlines the loan process and simplifies application procedures. We're planning the launch of a similar system for consumer loans in early 2024 with features ranging from digital applications with automated approvals and loan documentation that can be signed electronically.

We also improved our digital bill pay product with an all-new responsive web design that adapts seamlessly to a wide range of devices. As an added benefit, the tool leverages an extensive network of biller and credit report data to improve the ease of input and reduce the need for manual biller entry.

The bank's commitment to security strengthened trust in our services and positioned us as a leader in safeguarding customer information in the ever-evolving digital landscape of financial services. For example, we introduced Multi-Factor Authentication (MFA) for our online banking services, which helps ensure the safety and security of client accounts and personal information by providing an additional layer of protection against unauthorized account access. We also continued to promote products such as CardValet®, allowing clients to track debit card usage, set purchase limits, and defend themselves against suspected cybercrime with features that allow them to turn their cards on and off instantly, disable lost or stolen cards, restrict purchases based on GPS location, and more – all from their mobile device.

Lastly, we upgraded our Ultimate ID® product, which was an important element of our GenGold® Member Rewards program. The new product, Ultimate ID® Plus, addresses the growing concerns around identity theft by offering dark web internet monitoring, \$1 million identity theft insurance, and BreachIQ™, which evaluates and rates a client's personal risk.



*Members of GenGold® Member Rewards program enjoy robust identity theft protection with Ultimate ID® Plus.*

## LETTER FROM THE CEO & BOARD CHAIR

We completed an important redesign of our flagship financial center in Hanover, NH, aligning it with the modern banking needs of our customers. This redesign, consistent with updates we made in recent years to some of our other financial centers, focused on creating a more welcoming, efficient, and technologically advanced environment. We introduced banking pods to foster deeper interactions, comfortable consultation areas, and additional digital displays to enhance the client experience. This transformation both modernizes our physical presence and reflects our commitment to combining technological advancements with personalized service, thereby redefining the future of in-branch banking. And for those clients seeking other opportunities to engage with us, our call center and website chat upgrades have been a monumental success, accelerating response times and improving customer satisfaction. These improvements significantly enhanced our customer support infrastructure and reflect our ongoing commitment to delivering premier service in an increasingly digital world.

By investing in these technologies, we ensure a more efficient, personalized, and accessible customer experience regardless of how it's delivered, aligning with our goal of continuous improvement in client engagement. For example, we recently invested in a cutting-edge imaging system designed to streamline our document management processes. By enabling quick and secure access to information, we've improved operational efficiency, reduced storage costs, and enhanced regulatory compliance. Moreover, clients benefit from expedited services, as their information can be retrieved and processed faster, leading to quicker transactions and improved satisfaction. Finally, the e-sign capabilities embedded in the program enable clients to electronically sign documents, eliminating the need for physical signatures and allowing for seamless and secure transactions.



*Newly redesigned interior of our Hanover Financial Center*



"Founded in 1917, Trumbull-Nelson has been serving New Hampshire and Vermont construction clients for over a century. As a result, we understand the value of long-term relationships in the community. Since 1991, Ledyard National Bank has been a valued partner of Trumbull-Nelson, providing lending resources and guidance as our business has grown and evolved over the years. Ledyard has been an integral part of our success, and the personal relationships that we have formed demonstrate that Ledyard truly cares about their clients. It is a great feeling to have a local banking partner that provides exceptional service and believes in our business."

Christian Ufford, Vice President/  
Co-Owner, Trumbull-Nelson  
Construction

## LETTER FROM THE CEO & BOARD CHAIR

In 2022 we recognized the growing need for comprehensive financial education designed for clients and prospects. To address this need, our wealth management team designed and executed a series of virtual workshops and masterclasses. In 2023, we built upon what we initiated the year before and created a program that allowed us to further showcase our knowledge, ultimately delivering the highest level of advice and guidance. Topics included Medicare planning, settling an estate, business transition planning, Roth IRAs and Roth Conversions, year-end tax planning, and more.

Business Transition Planning, one of our more popular workshops, is particularly relevant in today's economy and is one of the greatest struggles every business owner faces – deciding how and when to best exit their business. Ledyard's unique expertise in this area brings together an experienced cross-functional team of leaders from our wealth management and commercial banking divisions, as well as other key partners from the business community. Together, they offer practical guidance, strategies, and case studies to help navigate this pivotal phase of the business journey. Last year, we added an important new element to this workshop by collaborating with Marian Janes, a Retirement Coach with Ignite Growth. As she has done for more than 25 years working with executives, business owners, and professionals, Marian helped provide our attendees with an introspective view of retirement and was instrumental in helping them consider transitional options in preparation for their next steps in life.

The programs attracted nearly 400 attendees, resulting in new and expanded relationships. We continue to feel excited about offering these workshops going forward, showcasing our knowledge and ability to deliver results. This forum has become an important new tool for us, and we look forward to presenting topics that

feature our other divisions, including commercial banking, consumer lending, and private banking, as well as guest speakers from outside the bank.

**LEDYARD**  
FINANCIAL ADVISORS

**NAVIGATE BUSINESS  
TRANSITION PLANNING  
WITH CONFIDENCE**

Discover 5 Essential Actions to Prepare  
for a Successful Exit

Bryan Ducharme   Kimberly Lebron   Susan Renaud   Michael Hakoun   Chris Nesbitt   Marian Janes   Mark Beliveau

THE 5-DAY WORKSHOP • SEPTEMBER 25-29 • 12:00-12:30 PM EST

FREE

*Digital ad for our Business Transition Workshop*

Our commitment to community giving was stronger than ever. We increased our contributions to local causes, focusing on issues such as affordable housing, healthcare, environmental sustainability, and caring for the homeless. Through our partnerships with various nonprofit organizations, we not only provided financial support but also encouraged employee volunteerism. Members of the Ledyard team served on 12 boards and logged nearly 1,300 volunteer hours helping nonprofits across New Hampshire and Vermont. This approach has not only enriched the communities we serve but also fostered a sense of social responsibility within our organization, strengthening our bond with customers and spotlighting Ledyard as a socially conscious entity.



*Ledyard enjoys supporting the community through volunteer time, fundraising events, and making financial contributions.*

## LETTER FROM THE CEO & BOARD CHAIR

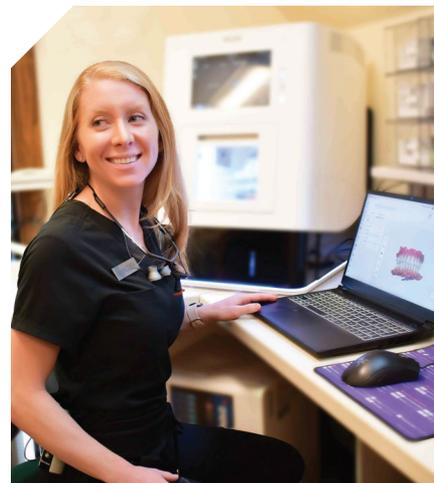
Our investment in affordable housing extends beyond mere financial support; it reflects our commitment to fostering sustainable communities and supporting the economic well-being of our customers. In this regard, we also supported housing-focused nonprofit organizations. For example, we partnered with Vital Communities, a nonprofit dedicated to engaging Upper Valley people, organizations, and communities, to create equitable solutions to our region's challenges, including affordable workforce housing. As we move forward, Ledyard remains dedicated to expanding these initiatives, continually seeking new ways to address housing affordability challenges and contribute positively to the communities we serve.



*Being integrated into our communities and supporting local organizations is one of Ledyard's key missions.*

As an extension of our commitment to community, Ledyard helped address the pressing issue of local housing needs and the growing demand for affordable housing. Understanding the pivotal role

financial institutions play in community development, we created a set of new products and offers designed to alleviate some of the financial barriers to home/apartment ownership or rentals. For example, our Renter's Advantage Loan was designed to ease the upfront financial burden of first/last month's rent and security deposit requirements by providing unsecured loans up to \$5,000 for qualified borrowers. And for homeowners, we introduced the Express Home Loan, which allowed borrowers to quickly tap into the equity of their home and finance immediate or unexpected projects with amounts up to \$10,000, no closing costs, a nominal processing fee, and an interest rate as well as monthly payments that are fixed for the life of the loan.



"Success takes a village and I'm glad Ledyard Bank is a part of mine. At Schiltz DDS we firmly believe that success in oral health care takes a supportive community to manage all aspects of business and patient care. We're immensely grateful that Ledyard Bank is a vital part of our journey to bring cutting-edge advanced dental care to the Upper Valley."

Dr. Christina Schiltz, DDS, FACP





*Charles M. Petersen, our newest Ledyard Financial Group board member*

In late fall, Charles M. Petersen joined Ledyard's Board of Directors. Charles is the former President, CEO, and Director of Biddeford Savings Bank, a \$500 million mutual bank serving York and southern Cumberland counties in Maine. Prior to that, he served as President, CEO, and Director of First Community Bank, serving Woodstock and Rutland, Vermont. We're delighted that Charles will be serving our organization, given his extensive experience in New England banking. That, combined with his deep understanding of our local communities and hands-on leadership experience, will be true assets for Ledyard and its board.

In recognition of the bank's impact on neighbors, friends, and business partners, as well as the culture we've instituted throughout the company, Ledyard received meaningful acknowledgments from our industry and community. For the first time, Ledyard was awarded the 2023 Business of the Year Pinnacle Award by the Greater Concord Chamber of Commerce. The award acknowledged Ledyard for its unprecedented work assisting clients plan for their financial futures, supporting community initiatives that focus on economic self-sufficiency, low and moderate-income housing, academic and youth programs, land and historic preservation, human services, arts and cultural activities, and more.

We were 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 ninth consecutive year. Ledyard was also recognized with high honors by multiple newspapers across the full range of our footprint. Our wealth management division was voted Best Financial Advisor Firm for the second year in a row by readers of the Concord Monitor in their annual awards contest, the Cappies. Reminiscent of last year, our second place Cappies finish in the Best Bank category highlighted our talented Concord team's success in expanding our southern market presence. We received similar accolades from the Valley News and were voted Reader's Choice Awards finalists in the categories of Best Bank and Best Financial Planning Services.

We once again earned Bauer's top (5-Star) rating for financial strength and stability. This recognition signifies that Ledyard continues to be one of the strongest banks in the nation. Having earned the (5-Star) rating continuously for 70 quarters, Ledyard also earned an even higher assignment as an "Exceptional Performance Bank." This designation is reserved solely for banks that have earned this top rating for a minimum of 10 years consecutively. Finally, Ledyard was honored as the 2023 recipient of the NH Governor's Council on Physical Activity and Health and was given the "Worksite Wellness Organization Award" for the bank's outstanding wellness initiatives. The Outstanding Achievement Awards are given annually by the Council to organizations that have accomplished significant achievements in promoting healthy lifestyles through increasing opportunities for physical activity, nutrition, and overall health for New Hampshire residents and employees.

Looking to 2024 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 continue to strive to become the bank that really makes life better – for our clients, our team members, and our communities.

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

2023 FINANCIAL HIGHLIGHTS (dollars in thousands, except "Other data")

YEARS-ENDED DECEMBER 31,	2023	2022	2021	2020	2019
<b>FINANCIAL CONDITION DATA</b>					
Assets	\$ 856,115	\$ 743,465	\$ 771,143	\$ 684,707	\$ 500,391
Investments & interest bearing deposits	369,798	314,810	364,650	276,594	137,621
Gross loans, including loans held-for-sale	418,766	362,057	362,677	371,916	325,268
Allowance for credit losses	(2,780)	(3,843)	(7,469)	(7,958)	(5,213)
Net loans, including loans held-for-sale	415,986	358,214	355,208	363,958	320,055
Deposits	660,157	570,332	675,082	589,512	393,011
Borrowings	111,799	87,978	5,627	6,729	29,783
Subordinated debt and accrued expenses	28,139	32,155	17,728	21,582	21,463
Shareholders' equity	56,020	52,999	72,706	66,884	56,134
<b>OPERATING DATA</b>					
Net interest income	\$ 17,235	\$ 18,686	\$ 18,274	\$ 16,762	\$ 16,076
Ledyard Financial Advisors income	12,656	12,779	13,169	11,614	10,887
Other non-interest income	1,486	1,400	1,699	2,023	1,843
Securities gains (losses)	(15)	(2,966)	168	1,431	(40)
Total revenue	31,362	29,899	33,310	31,830	28,766
Provision for credit losses	667	(3,634)	(450)	2,700	0
Non-interest expense	27,907	26,036	25,287	21,838	22,102
Pre-tax income	2,788	7,497	8,473	7,292	6,664
Income taxes	(377)	515	708	563	848
Net income	3,166	6,982	7,765	6,729	5,816
<b>OTHER DATA</b>					
Earnings per share, basic*	\$ 0.96	\$ 2.14	\$ 2.42	\$ 2.13	\$ 1.85
Dividends per share*	\$ 0.84	\$ 0.84	\$ 0.80	\$ 0.76	\$ 0.74
Tangible book value per share*	\$ 16.64	\$ 15.83	\$ 21.70	\$ 20.14	\$ 17.19
Shares outstanding, net of treasury*	3,367,515	3,348,395	3,350,624	3,323,110	3,265,475
Return on average assets	0.41%	0.94%	1.07%	1.11%	1.15%
Return on average equity	5.51%	12.77%	10.95%	10.97%	10.99%
Efficiency ratio	91.06%	87.10%	75.91%	68.59%	76.81%
Stock price - high*	\$ 20.00	\$ 25.70	\$ 27.25	\$ 26.00	\$ 25.00
- low*	\$ 12.95	\$ 17.80	\$ 18.99	\$ 15.16	\$ 19.10
- average*	\$ 15.64	\$ 21.12	\$ 24.13	\$ 18.75	\$ 21.05
Assets under management and custody (millions)	\$ 1,947	\$ 1,705	\$ 1,976	\$ 1,709	\$ 1,723
Equity to asset ratio	8.31%	9.44%	8.35%	8.78%	10.74%
Allowance for credit losses to total loans	0.66%	1.06%	2.06%	2.14%	1.60%
Allowance for credit losses to non-performing assets	161%	260%	526%	543%	446%
Texas Ratio	2.01%	1.73%	2.04%	2.36%	2.18%

\* Adjusted for 3-for-1 stock split. Complete Ledyard Financial Group 2023 audited financial statements can be found under "Investor Relations" at [ledyard.bank](http://ledyard.bank). Certain reclassifications have been made to the prior period information to conform to the current period presentation.

## SENIOR MANAGEMENT TEAM\*

### JOSEPHINE MORAN

*President & Chief Executive Officer*

### PETER SPRUDZS

*Executive Vice President, Chief Financial Officer*

### MICHAEL HAKOUN

*Executive Vice President & Managing Director  
Ledyard Financial Advisors*

### SUSAN A. FERNALD

*Executive Vice President & Chief Risk Officer*

### KIMBERLY LEBRON

*Executive Vice President & Chief Lending Officer*

### MICHAEL M. PARISI

*Executive Vice President & Chief Banking Officer*

### CATHERINE BARDIER

*Senior Vice President & Chief People Officer*

### JEFFREY H. MARKS

*Senior Vice President & Chief Marketing Officer*

### DOUGLAS B. PHILLIPS, CFA

*Senior Vice President & Chief Investment Officer*

### MARGIE ARBUCKLE-MORRILL

*Senior Vice President & Director of Client Services and Compliance*

### KATIE BLAKE

*Vice President & Senior Retail Banking Officer*

### SARA BLAKE

*Vice President & Controller*

### DAVE FOSS

*Senior Vice President & Chief Information Officer*

### EDWARD KUNTTU

*Senior Vice President & Credit Administration Officer*

### KATHY LECLAIR

*Senior Vice President & Private Banking Director*

### AMY OSETEK

*Senior Vice President & Senior Compliance and CRA Officer*

## BOARD OF DIRECTORS\*

### BRUCE P. KING

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

### ROBERT O. WETZEL

*Vice Chair, Ledyard Financial Group  
Retired, Senior Partner, Accenture plc*

### MARK BELIVEAU

*Partner, Gallagher, Flynn & Company, LLP*

### JAY BENSON

*CEO, Simon Pearce (U.S.) Inc.*

### JUDITH M. MALOY

*Director & CEO, Polaris Direct*

### WILHELMINA DINGEMANS MILLER

*Director, Downs Rachlin Martin, PLLC*

### JOSEPHINE MORAN

*President & Chief Executive Officer, Ledyard Financial Group*

### CHARLES M. PETERSEN

*Retired Bank CEO*

### MARGARET M. RIGHTMIRE

*Civic Leader*

### TERESA RHODES ROSENBERGER

*Senior Advisor, Bernstein Shur*

### ANDREW A. SAMWICK

*Professor of Economics, Dartmouth College*

\* As of December 31, 2023



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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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