2007
ANNUAL
REPORT

Committed to growth.
Dedicated to community.

LEDYARD
FINANCIAL GROUP

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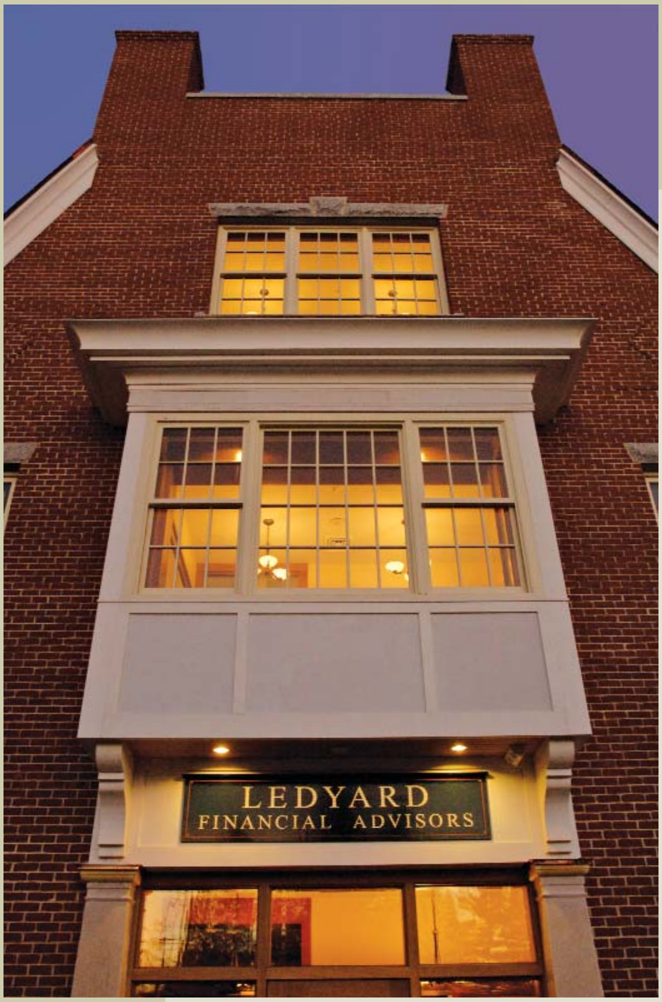

ON THE COVER:

The new Ledyard Financial Advisors building at 2 Maple Street in Hanover, New Hampshire. Our headquarters, designed for Ledyard Financial Advisors, support our mission of providing personalized and comprehensive investment and wealth management services and education. The spacious and comfortable interior is configured to encourage client-advisor meetings. Other features include:

~ *an investment and financial resource room for client use*

~ *on-site personal tax return preparation services*

~ *multiple client and family meeting rooms*

~ *reserved on-site street level parking for clients*

To our fellow owners,
our loyal customers,
and members of our communities:

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

Dennis E. Logue
Chair, Ledyard Financial Group/
Ledyard National Bank

The year 2007 was, perhaps, the most transformative year in the history of Ledyard National Bank. We took a large step forward with the creation of Ledyard Financial Group, the holding company for Ledyard National Bank. This represents a significant development in how we plan to execute and grow our business in the years to come. The holding company allows us to pursue growth initiatives while also offering the flexibility necessary for more aggressive strategic options. We're entering a new era for Ledyard Financial Group – one that will enhance shareholder value, improve our product mix and take customer service to an even higher level than what our customers have come to expect from us.

Before we further engage in a discussion of the future, let's acknowledge the success of 2007, in which Ledyard Financial Group reported record earnings. We should also note that *US Banker* magazine ranked Ledyard National Bank as one of the top 100 most successful banks in the nation amongst a peer group of public banks with less than $1 billion in assets*. We are very proud of our record, made possible by the skill and hard work of our employees as well as the trust and devotion of our customers.

We reported last year on the groundbreaking for the new headquarters of the Investment & Trust Services division. In addition to a new building, the division received a new name – Ledyard Financial Advisors. The re-branding reflects our updated vision of comprehensive investment and wealth management. It captures the essence of our mission – to deliver the most relevant and personalized service to our clients. We are confident that the advice and solutions we offer to our clients are unparalleled. And we're committed to adding services that will ensure a comprehensive, one-stop option for those whom we serve. One such example is our newly created tax service. We will prepare a client's personal income tax returns, calculate and remit estimated payments, and provide year-round tax advice. In the coming year, we are planning to add insurance policy reviews as well as brokerage services for small accounts, IRA's, and tax deferred college savings plans. Our ribbon cutting ceremony for the Ledyard Financial Advisors building was held on February 14, 2008.

** Based on the bank's three-year average Return on Equity.*

"We are confident that the advice and solutions we offer to our clients are unparalleled."

We often reflect on the original vision of an independent community bank established by our founders 17 years ago. We hold true to that vision today, our continued success demonstrating the sustainability of those ideas, even through challenging financial times. Our guiding principles truly resonate with those looking for more than the impersonal banking experiences they might find at larger institutions. These principles include true relationship banking, a customer satisfaction focus, and a deep sense of community responsibility. This was demonstrated by our sponsorship support of many significant and worthy causes – Northern Stage, Opera North, David's House, Lake Sunapee Region VNA, and The Hopkins Center's Big Apple Circus, to name a few.

In the coming years, the opportunities for Ledyard Financial Group are outstanding. We are committed to the concept of continuous improvement and enhancing shareholder value. With that in mind, we made two important hires. Robert Boon joined Ledyard Financial Advisors in August as the division's Executive Vice President and Managing Director. Bob's experience and expertise will be instrumental in guiding his team of 24 advisors and managers to deliver the best solutions for our clients. In December, Jeff Marks accepted the position of Senior Vice President of Marketing and Client Experience Officer. Jeff will lead our initiatives in marketing/advertising, public relations, and corporate communications. He will also be accountable for developing the Bank's client experience program and ensuring the highest level of customer service.

We will always strive to be the community bank of choice in the regions we serve. We solicit insight and suggestions from the most important perspective of all – that belonging to the customers and shareholders whom we serve. We thank you for your support and look forward to strengthening the partnerships we've built with you, our shareholders and customers, in 2008.

Kathryn Underwood

Kathryn Underwood
President & CEO, Ledyard Financial Group/ Ledyard National Bank

Dennis E. Logue

Dennis E. Logue
Chair, Ledyard Financial Group/ Ledyard National Bank

LEDYARD'S SENIOR MANAGEMENT TEAM

"We will strive to deliver superior returns to our shareholders and ensure that our status as trusted financial partners will never be taken for granted."

Seated left to right:

Darlene E. Romano
Senior Vice President, Human Resources & Finance, Ledyard National Bank

Jeffrey H. Marks
Senior Vice President, Marketing & Client Experience, Ledyard National Bank

Martha P. Candon
Senior Vice President & Senior Retail Banking Officer, Ledyard National Bank

Gregory D. Steverson
Executive Vice President & Chief Financial Officer, Ledyard Financial Group/ Ledyard National Bank

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

Standing left to right:

Robert T. Boon
Executive Vice President & Managing Director, Ledyard Financial Advisors, Ledyard National Bank

Darcy D. Rogers
Senior Vice President & Chief Operations Officer, Ledyard National Bank

Mark S. Clough
Senior Vice President & Senior Loan Officer, Ledyard National Bank

D. Rodman Thomas
Senior Vice President & Chief Compliance Officer, Ledyard Financial Advisors, Ledyard National Bank

BOARD of DIRECTORS

"We are grateful to have the knowledge and expertise of our Board of Directors. They are community members who provide strong guidance to Ledyard."

Front row, seated left to right:

Dennis E. Logue
Steven Roth Professor of Management Emeritus, Tuck School of Business, Dartmouth College and Chair, Ledyard Financial Group/ Ledyard National Bank

Deirdre Sheerr-Gross
Principal, Sheerr and White Residential Architecture

Middle row, left to right:

Kathryn G. Underwood
President and Chief Executive Officer, Ledyard Financial Group/ Ledyard National Bank

Bayne Stevenson
President, Bayson Company

Back row, left to right:

Adam M. Keller
Executive Vice President, Finance and Administration, Dartmouth College

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

James W. Varnum
Retired President, Dartmouth-Hitchcock Alliance & Mary Hitchcock Memorial Hospital and Co-Vice Chair, Ledyard Financial Group/Ledyard National Bank

Douglas G. Britton
President, Britton Lumber Co., Inc., and Secretary, Ledyard Financial Group/ Ledyard National Bank

Frederick A. Roesch
Retired, Senior Vice President, Citigroup/Citibank and Co-Vice Chair, Ledyard Financial Group/Ledyard National Bank

Richard W. Couch, Jr.
Chairman, President and Chief Executive Officer, Hypertherm, Inc.

Cotton M. Cleveland
President, Mather Associates

Not Pictured:

L. Joyce Hampers
Attorney, Former U.S. Assistant Secretary of Commerce and President, Joymark, Inc.

LEDYARD FINANCIAL GROUP

Committed to growth. Dedicated to community.

Ledyard National Bank was founded in 1991 by an entrepreneurial group of business leaders with extensive financial services experience. From the beginning, our strategy has been to be an independent resource for accessible and highly personalized banking that is owned and operated by committed citizens of the community while, at the same time, providing outstanding returns for our shareholders.

This strategy has allowed us to grow parallel with the needs of the people within the markets we serve. We have expanded the breadth and scope of our financial offerings over time in order to meet the requirements of an increasingly sophisticated customer base. Our balanced perspective, combining community focus and current expertise, enables us to offer customized financial solutions coupled with superior personal service from local experts you know and trust.

In 2007, to accommodate our evolving role as one of the area's leading financial services providers, we formed Ledyard Financial Group, Inc. as the holding company for Ledyard National Bank. As we move forward, this will provide us with greater flexibility in managing our business. It will better enable us to leverage our resources while remaining true to our original mission of providing our shareholders with strong returns and providing excellent service to the communities we serve.

We are building on our history and providing a more seamless and "holistic" approach to banking and wealth management. No matter what stage of life our customers may be in, they can turn to Ledyard for the solutions they need.

Ledyard Vice President and Mortgage Loan Officer David Skewes (right) congratulates his customers, Liz and Matt, on the purchase of their first home. The couple took advantage of one of our low down payment mortgages specifically tailored for first-time home buyers.

"What truly sets Ledyard apart is our untiring commitment to delivering excellent service every time."

LEDYARD NATIONAL BANK

Community-focused banking.

At Ledyard National Bank, we offer a broad range of innovative personal and commercial financial products and services. From online and mobile banking to remote deposit capture for our commercial customers, we provide the latest in secure, technology-enhanced banking solutions. With seven full-service offices, local decision-making and responsive employees, Ledyard has become the bank of choice in the region.

We work hard at providing community-focused banking to our customers. And what truly sets Ledyard apart is our untiring commitment to delivering excellent service every time. Whether it's a phone call or a personal bank visit, outstanding personal service is always part of the equation.

Banking is a collaborative relationship. All of us at Ledyard – from our board of directors to our management and staff – are members of the community we serve. This "on the scene" knowledge allows us to provide appropriate and personalized solutions where other financial institutions could not. By using local deposits to fund local business loans and mortgages, a larger percentage of our investment stays right here to help expand and vitalize the community.

This is the distinct advantage Ledyard National Bank provides.

LEDYARD FINANCIAL ADVISORS' PORTFOLIO MANAGERS

Pictured from front, counterclockwise:

Christopher C. Ng
Portfolio Manager, Ledyard Financial Advisors, Ledyard National Bank

Julie A. Courtemanche
Investment Specialist, Ledyard Financial Advisors, Ledyard National Bank

J.T. Underwood
Chief Investment Strategist, Ledyard Financial Advisors, Ledyard National Bank

Jon E. Molesworth
Senior Portfolio Manager, Ledyard Financial Advisors, Ledyard National Bank

Constance B. Aldrich
Investment Support Manager, Ledyard Financial Advisors, Ledyard National Bank

"Understanding that wealth management can be a complex and emotional issue, we take the time to listen and are always available to our clients when they need to discuss their concerns."

LEDYARD FINANCIAL ADVISORS' TAX SERVICES

Center:

Douglas C. Gross, CPA
Tax & Financial Planning Officer, Ledyard Financial Advisors, Ledyard National Bank

Right:

Roxanne M. Russell
Tax Administrator, Ledyard Financial Advisors, Ledyard National Bank

LEDYARD FINANCIAL ADVISORS

Investment and wealth management.

The establishment of Ledyard Financial Advisors represents an increased emphasis on comprehensive wealth management and is a direct reflection of the high level of financial knowledge and expertise that clients have come to expect from Ledyard.

By engaging clients in extensive discussions about their broader goals and aspirations, our financial advisors can get a complete understanding of the "big picture" needs of each client in order to develop strategies that address those needs. This requires an advisor who is a disciplined and experienced financial professional, but who also has the interpersonal skills necessary to gain such insight, even when a client may not be able to articulate specific objectives.

This is one of the most important aspects, and differences, Ledyard Financial Advisors provides. We are proud of the feedback we receive from our clients and recognize the multitude of reasons that have made Ledyard the wealth management resource of choice for discerning individuals. Whether our clients seek investment expertise, desire convenient access to comprehensive financial counseling, or seek to establish an enduring relationship with trusted advisors, we strive to meet and exceed those expectations every day.

Understanding that wealth management can be a complex and emotional issue, we take the time to listen and are always available to our clients when they need to discuss their concerns. This philosophy of personalized, caring service ultimately fosters relationships that can span generations.

13 KEY WEALTH MANAGEMENT ISSUES:

1. Investment
2. Insurance
3. Retirement/IRA
4. Taxes
5. Liabilities
6. Stock Options
7. Business Succession
8. Durable Power of Attorney
9. Family Gifting
10. Charitable Gifting
11. Titling of Assets
12. Executor/Trustee Selection
13. Distribution of Wealth

A framework for managing wealth.

Ledyard Financial Advisors employs a "framework" for managing wealth that focuses on 13 key areas. These certainly include an investment plan, but extend well beyond into insurance issues, retirement planning, tax returns, business succession, all the way to wealth distribution.

The Advisor also helps coordinate and interface with external resources as required – attorneys, CPAs, insurance professionals and third party solutions. In fact, Ledyard clients have the flexibility to create a personal financial plan that employs customized options from a variety of resources.

Under one roof.

At Ledyard Financial Advisors, we want to simplify our clients' financial lives by offering a "single source" solution. With a staff of 24 experienced professionals, we now have a new, expansive and dedicated headquarters in Hanover, New Hampshire, which better supports the enhanced services available to our clients all under one roof.

Our new headquarters complements the pre-existing full-service office in New London, New Hampshire. Our officers there can leverage any of the additional resources housed within the new headquarters. As always, when a client cannot visit us, we will gladly travel from any of our locations to the client's desired meeting destination.

Community support and stewardship.

Through ongoing, prioritized reinvestment and active participation, we support community organizations that make a difference in a wide spectrum of people's lives.

We are proud to help organizations throughout the Upper Valley and Lake Sunapee Region that support the causes of education, contribute to improving the health and well-being of children and adults, provide community development resources, or advance the arts and humanities.

Our support is not only monetary. As volunteers, many Ledyard employees and board members serve on community boards or donate their time to a wide variety of area organizations. In 2007 alone, that amounted to over 3,000 volunteer hours. Such community involvement is a vital part of our success. We are proud to give back to those we serve.

Moving forward.

As we look ahead, Ledyard Financial Group will continue to improve our products and services, to build on our past efforts, and to strengthen our client and community relationships. We will strive to deliver superior returns to our shareholders and ensure that our status as trusted financial partners will never be taken for granted.

Welcome to a new era of community banking and wealth management.

We at Ledyard Financial Group...

are committed to being the financial services institution of choice by combining innovation with unparalleled personalized customer service. We will offer our employees a challenging and rewarding work experience.
As a result of our efforts, Ledyard customers will receive superlative financial services and our shareholders will experience consistent and superior returns.

Welcome to Ledyard Financial Group.

RIBBON CUTTING for LEDYARD FINANCIAL ADVISORS' NEW HEADQUARTERS

"We are building on our history and providing a more seamless and 'holistic' approach to banking and wealth management."

Holding ribbon, left to right:

Robert T. Boon
Executive Vice President & Managing Director, Ledyard Financial Advisors, Ledyard National Bank

D. Rodman Thomas
Senior Vice President & Chief Compliance Officer, Ledyard Financial Advisors, Ledyard National Bank

First row on stairs, left to right:

Henry V. Hayes
Lender, Chittenden Bank

Randy Mudge
Architect, R.T. Mudge and Associates

Bayne Stevenson
President, Bayson Company and Member, Board of Directors, Ledyard Financial Group/ Ledyard National Bank

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

Dennis E. Logue
Chair, Ledyard Financial Group/ Ledyard National Bank

Back row, left to right:

Robert Meyer
Project Manager, Bayson Company

Tim Estes
General Contractor, Estes and Gallup

LEDYARD
FINANCIAL GROUP

LEDYARD

OFFICES

LEDYARD NATIONAL BANK

HANOVER: 38 Main Street | 603-643-2244 | Lobby, Walk-Up and ATM
Lebanon Street at Park Street | 603-643-7457 Lobby, Drive-Up and ATM
Dartmouth College | Collis Center ATM

LEBANON: Route 120 at Old Etna Road | 603-448-2220 | Lobby, Drive-Up and ATM
Centerra Park/River Valley Club ATM

LYME: On The Green | 603-795-2288| Lobby and ATM

NEW LONDON: 178 County Road | 603-526-7725 | Lobby, Drive-Up and ATM

NORWICH, VERMONT: 320 Main Street | 802-649-2050 | Lobby, Drive-Up and ATM

WEST LEBANON: 67 Main Street | 603-298-9444 | Lobby, Drive-Up and ATM
Powerhouse Mall ATM

WHITE RIVER JUNCTION, VERMONT: Gateway Motors | Sykes Avenue ATM

INTERNET BANKING: www.ledyardbank.com

KWIKTEL PHONE BANKING: 1-888-KWIKTEL (1-888-594-5835)

MEMBER FDIC

LEDYARD FINANCIAL ADVISORS

HANOVER: 2 Maple Street | 603-643-0044

NEW LONDON: 178 County Road | 603-526-7725

PHOTOGRAPHY BY JON GILBERT FOX

LEDYARD
FINANCIAL GROUP

LEDYARD
FINANCIAL GROUP

2007
ANNUAL REPORT
and FINANCIAL
STATEMENTS

Committed to growth.
Dedicated to community.

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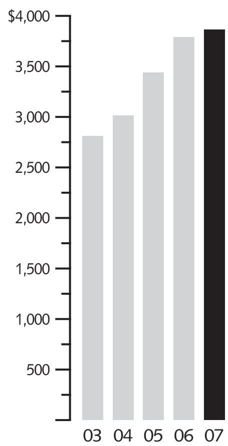
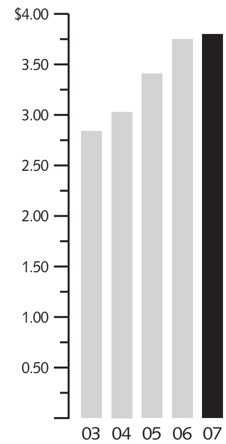
Years-ended December 31, *(dollars in thousands, except per share data)*	**2007**	2006	2005	2004	2003
Financial Condition Data					
Assets	**$ 325,803**	$ 320,230	$ 285,495	$ 268,869	$ 242,761
Investments	**53,706**	48,278	60,601	65,467	61,005
Net Loans, including loans held for sale	**228,879**	218,869	194,893	175,189	157,406
Deposits	**276,933**	271,142	240,828	227,614	205,710
Federal Home Loan Bank Advances	**1,551**	3,214	8,857	11,981	10,493
Shareholders' Equity	**30,517**	27,271	24,391	21,849	19,716
Operating Data					
Net Interest Income	**$ 12,480**	$ 12,099	$ 11,486	$ 10,053	$ 9,631
Provision for Loan Loss	**705**	525	780	325	340
Non-interest Income	**6,754**	6,282	5,834	5,330	4,864
Non-interest Expense	**12,306**	11,894	11,354	10,452	9,767
Income Taxes	**2,362**	2,176	1,748	1,593	1,578
Net Income	**3,862**	3,787	3,439	3,013	2,810
Other Data					
Earnings per Share, basic	**$ 3.80**	$ 3.75	$ 3.43	$ 3.03	$ 2.84
Dividends per Share	**$ 1.16**	$ 1.08	$ 0.98	$ 0.91	$ 0.85
Dividend Payout Ratio	**31%**	29%	29%	30%	30%
Book Value per Share	**$ 29.95**	$ 26.99	$ 24.16	$ 21.96	$ 19.92
Shares Outstanding	**1,018,996**	1,010,246	1,009,746	994,895	990,679
Return on Average Assets	**1.20%**	1.31%	1.25%	1.20%	1.17%
Return on Average Equity	**13.37%**	14.66%	14.85%	14.56%	14.90%
Equity to Asset Ratio	**9.37%**	8.52%	8.54%	8.13%	8.12%
Allowance for Loan Losses to Total Loans	**1.45%**	1.27%	1.21%	1.35%	1.31%

Gregory D. Steverson,
Executive Vice President
& Chief Financial Officer,
Ledyard Financial Group/
Ledyard National Bank

Net Income
(in thousands)



Earnings Per Share
(in dollars)



MANAGEMENT'S FINANCIAL DISCUSSION

Review of Financial Statements

The discussion and analysis which follows focuses on the factors affecting the Bank's financial condition at December 31, 2007 and 2006 and its results of operations for the years ended December 31, 2007 and 2006. The Financial Statements and Notes to the Financial Statements should be read in conjunction with this review.

Statement of Income

Net income was $3,861,653, or $3.80 per share for the twelve months ended 2007 as compared to $3,786,919, or $3.75 per share for 2006, an increase of $74,734, or 1.97%. Increased net interest income and higher Ledyard Financial Advisors income accounted for the majority of the change.

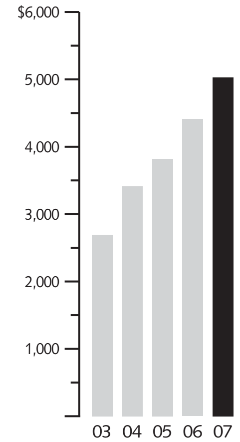
Net interest income before the provision for loan loss totaled $12,479,924 for the year ended December 31, 2007, as compared to $12,099,357 for the year ended December 31, 2006. The increase of $380,567, or 3.15%, was primarily attributable to an increase in interest income on loans.

Interest and fees on loans totaled $16,079,947 for the year ended December 31, 2007, as compared to $14,185,722 for 2006. This increase of $1,894,225, or 13.35%, was due to an increase in loan balances. Investment income for the year ended December 31, 2007, totaled $3,870,930 as compared to $2,820,087 for 2006, an increase of $1,050,843, or 37.26%. The increase was due primarily to higher average balances in fed funds sold and securities available for sale.

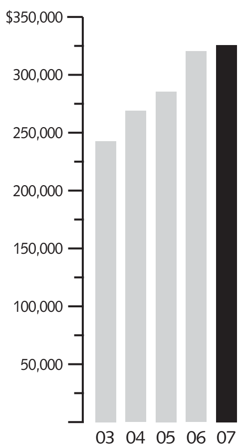
The Bank's interest expense on deposits was $6,782,369 for the year ended December 31, 2007, as compared to $4,127,673 for the year ended December 31, 2006, an increase of $2,654,696, or 64.32%. This increase was the result of increases in deposit volumes, primarily money market accounts and time deposits. Interest expense on borrowed funds decreased $90,195, or 11.58% for the year ended December 31, 2007 totaling $688,584 as compared to $778,779 at December 31, 2006. The decrease was primarily due to the decrease in borrowings from the Federal Home Loan Bank.

During 2007, the Bank added $705,000 to its provision for loan losses and realized net charge-offs of $129,122 resulting in an allowance for loan losses totaling $3,360,003, or 1.45% of total loans. The determination of an appropriate level of allowance for loan losses (the "allowance"), and subsequent provision for loan losses, which would affect earnings, is based on management's judgment of the adequacy of the allowance based on analysis of various economic factors and review of the bank's loan portfolio, which may change due to numerous factors. In determining the adequacy of the allowance management reviews the loan portfolio to ascertain whether

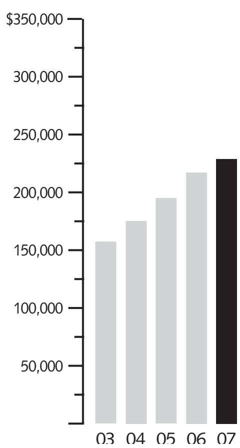
Ledyard Financial Advisors
Gross Income
(in thousands)



Total Assets
(in thousands)



Net Loans including loans held for sale
(in thousands)



there are specific loans which require additional reserves and to assess the collectability of the loan portfolio in the aggregate. Non-performing loans are examined on an individual basis to determine the estimated probable loss on these loans. In addition, the ongoing evaluation process includes a formal analysis of the allowance each quarter. Management believes that the allowance at December 31, 2007 was appropriate given the current economic conditions in the Bank's service area.

Non-interest income totaled $6,754,146 in 2007 as compared to $6,282,237 in 2006, an increase of $471,909, or 7.51%. Gross income from the Bank's Ledyard Financial Advisors Division totaled $5,026,952 up from $4,410,810 in 2006, an increase of $616,142, or 13.97%. This increase was primarily attributable to increases in assets under management and market conditions during the first half of the year. Service fees and other non-interest income decreased slightly by $144,233 during 2007. Non-interest expense totaled $12,305,817 for 2007 as compared to $11,894,164 in 2006, an increase of $411,653, or 3.46%.

Financial Condition

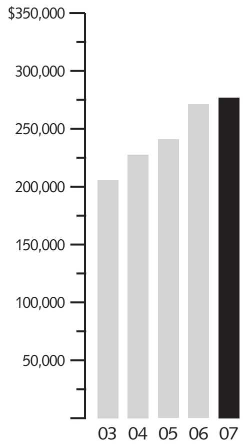
At year-end, total assets were $325,805,353 compared to $320,229,558 at December 31, 2006, an increase of $5,575,795, or 1.74%. The change in assets consisted primarily of an increase of $9,910,506 in net loans, including loans held for sale and by a $5,421,995 decrease in fed funds sold, certificates of deposit and investment securities ("investments").

The Bank maintains investments in fed funds sold, certificates of deposit and investment securities in order to diversify its revenue, as well as to provide interest rate and credit risk diversification. These investments also provide for liquidity and funding needs. As mentioned above, total investments decreased $5,421,995, or 6.56%. This decrease consisted of increases to fed funds sold of $11,149,783 and increases in securities available for sale of $10,776,481, a decrease in certificates of deposit of $22,000,000, and a decrease in securities held to maturity of $5,346,709. During 2007, the bank purchased $17,277,463 of available-for-sale securities and realized proceeds from maturities and paydowns of available for sale and held to maturity securities totaling $12,161,869.

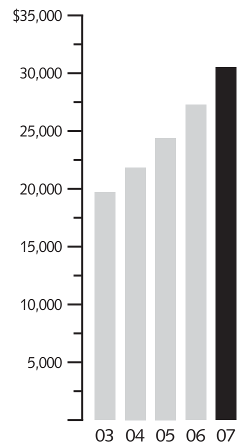
The Bank provides loans to customers primarily located within its geographic market area. Net loans, including loans held for sale, totaled $228,779,037 at December 31, 2007, a $9,910,506, or 4.53% increase from a year ago. This reflects the strong loan growth experienced in the commercial and residential real estate loan portfolios.

Commercial loans consist of (i) loans secured by various corporate assets, (ii) loans to provide working capital in the form of secured and unsecured lines of credit, and (iii) commercial real estate loans secured by income-producing commercial real estate. The Bank focuses on lending to

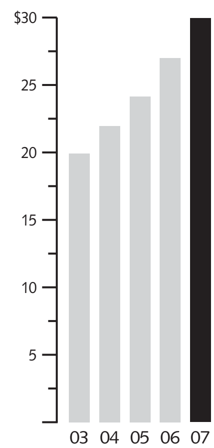
Total Deposits
(in thousands)



Shareholders' Equity
(in thousands)



Book Value per share
(in dollars)



financially-sound small and medium-sized business customers within its geographic marketplace. Total commercial loans increased by $16,057,632, or 12.42%, during 2007.

Residential real estate loans consist of loans secured by one-to-four family residences. The Bank usually retains adjustable-rate mortgages in its portfolio and will generally sell fixed-rate mortgages. Residential real estate loans increased by $121,297, or 0.15%, in 2007.

Consumer loans are originated by the Bank for a wide variety of purposes designed to meet the needs of its customers. Consumer loans include overdraft protection, automobile, boat, recreation vehicles, home equity, and secured and unsecured personal loans. Consumer loans decreased by $4,085,264, or 44.22%, in 2007.

Premises and equipment totaled $8,341,219 at December 31, 2007 as compared to $8,644,308 at December 31, 2006. The net decrease of $303,089, or 3.51%, can be attributed to depreciation during 2007.

Deposits continue to represent the Bank's primary source of funds. In 2007, total deposits increased by $5,791,298, or 2.14% over 2006, ending the year at $276,933,492. Comparing year-end balances in 2007 to 2006, demand deposits increased by $4,018,407, NOW accounts increased by $813,447, certificates of deposit increased by $6,921,694 and money market and savings accounts decreased by $5,962,250.

Borrowings supplement deposits as a source of liquidity. In addition to borrowings from the FHLB, the Bank purchases federal funds and sells securities under agreements to repurchase. Total borrowings were $16,310,681 at December 31, 2007 compared to $20,603,624 at December 31, 2006, a decrease of $4,292,943. The majority of the borrowings were related to securities sold under agreements to repurchase followed by advances from the Federal Home Loan Bank. In addition to the liquidity sources discussed above, the Bank believes the investment portfolio and residential loan portfolio provide a significant amount of contingent liquidity that could be accessed in a reasonable time period through sales if needed. The Bank believes that the level of liquidity is sufficient to meet current and future funding requirements.

Shareholders' equity was $30,517,338 on December 31, 2007 compared to $27,270,995 on December 31, 2006, an increase of $3,246,343. The increase was primarily attributable to net income of $3,861,653 less $1,180,885 in cash dividends to the Bank's shareholders. The Bank's book value on December 31, 2007 was $29.95 per share based on 1,018,996 shares outstanding, an increase of $2.96 per share, or 10.97% from a year earlier.

BERRY. DUNN. MCNEIL & PARKER

B D M P

CERTIFIED PUBLIC ACCOUNTANTS
MANAGEMENT CONSULTANTS

TO the BOARD of DIRECTORS & SHAREHOLDERS of LEDYARD FINANCIAL GROUP, INC. and SUBSIDIARY:

We have audited the accompanying consolidated balance sheets of Ledyard Financial Group, Inc. and Subsidiary (the Company) as of December 31, 2007 and 2006, and the related consolidated statements of income, changes in shareholders' equity and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Ledyard Financial Group, Inc. and Subsidiary as of December 31, 2007 and 2006, and the consolidated results of their operations and their consolidated cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.

Berry, Dunn, McNeil & Parker

Berry, Dunn, McNeil & Parker
Portland, Maine
February 20, 2008

CONSOLIDATED BALANCE SHEETS

December 31, 2007 and 2006

	2007	2006
ASSETS		
Cash and due from banks	**$ 7,931,388**	$ 7,269,808
Federal funds sold	**23,524,991**	12,375,208
Certificates of deposit	**–**	22,000,000
Total cash and cash equivalents	**31,456,379**	41,645,016
Securities available-for-sale	**30,480,552**	19,704,071
Securities held-to-maturity	**22,134,195**	27,480,904
Nonmarketable equity securities	**1,091,100**	1,092,650
Loans held for sale	**–**	1,602,750
Loans receivable, net of allowance for loan losses of $3,360,003 in 2007 and $2,784,125 in 2006	**228,779,037**	217,265,781
Accrued interest receivable	**1,295,380**	1,081,957
Bank premises and equipment, net	**8,341,219**	8,644,308
Other assets	**2,227,491**	1,712,121
	$ 325,805,353	$ 320,229,558
LIABILITIES AND SHAREHOLDERS' EQUITY		
Deposits		
Demand	**$ 46,872,571**	$ 42,854,164
NOW accounts	**47,774,789**	46,961,342
Money market accounts	**99,230,628**	104,629,163
Savings	**12,999,246**	13,562,961
Time, $100,000 and over	**31,947,282**	26,176,118
Other time	**38,108,976**	36,958,446
Total deposits	**276,933,492**	271,142,194
Securities sold under agreements to repurchase	**14,759,226**	17,389,539
Advances from Federal Home Loan Bank	**1,551,455**	3,214,085
Accrued expenses and other liabilities	**2,043,842**	1,212,745
Total liabilities	**295,288,015**	292,958,563
Commitments and contingencies (Notes 5, 11, 12, 13, 14 and 15)		
Shareholders' equity		
Common stock, $1.00 par value; 5,500,000 shares authorized; 1,018,996 and 1,010,246 shares issued and outstanding in 2007 and 2006, respectively	**1,018,996**	1,010,246
Additional paid-in capital	**9,577,926**	9,279,378
Retained earnings	**19,747,532**	17,066,764
Accumulated other comprehensive loss	**172,884**	(85,393)
Total shareholders' equity	**30,517,338**	27,270,995
	$ 325,805,353	$ 320,229,558

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENTS of INCOME

Years Ended December 31, 2007 and 2006

	2007	2006
Interest and dividend income		
Interest and fees on loans	**$ 16,079,947**	$ 14,185,722
Investment securities	**2,246,570**	2,049,556
Other interest-earning assets	**1,624,360**	770,531
Total interest and dividend income	**19,950,877**	17,005,809
Interest expense		
Deposits	**6,782,369**	4,127,673
Borrowed funds	**688,584**	778,779
Total interest expense	**7,470,953**	4,906,452
Net interest income	**12,479,924**	12,099,357
Provision for loan losses	**705,000**	525,000
Net interest income after provision for loan losses	**11,774,924**	11,574,357
Noninterest income		
Ledyard Financial Advisors division income	**5,026,952**	4,410,810
Service fees	**1,122,831**	1,407,541
Other	**604,363**	463,886
Total noninterest income	**6,754,146**	6,282,237
Noninterest expense		
Salaries and employee benefits	**6,852,143**	6,385,375
Occupancy and equipment	**2,060,396**	1,884,207
Other general and administrative	**3,393,278**	3,624,582
Total noninterest expense	**12,305,817**	11,894,164
Income before income taxes	**6,223,253**	5,962,430
Income tax expense	**2,361,600**	2,175,511
Net income	**$ 3,861,653**	$ 3,786,919
Basic earnings per share	**$ 3.80**	$ 3.75
Diluted earnings per share	**$ 3.77**	$ 3.73
Weighted average numbers of shares outstanding	**1,016,331**	1,009,788

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENTS of CHANGES in SHAREHOLDERS' EQUITY

Years Ended December 31, 2007 and 2006

	COMMON STOCK	ADDITIONAL PAID-IN CAPITAL	RETAINED EARNINGS	ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)	TOTAL
BALANCE, DECEMBER 31, 2005	$ 1,009,746	$ 9,214,466	$ 14,370,371	$ (203,447)	$ 24,391,136
Comprehensive income					
Net income	–	–	3,786,919	–	3,786,919
Change in net unrealized depreciation on securities available-for-sale, net of tax of $60,815	–	–	–	118,054	118,054
Total comprehensive income	–	–	3,786,919	118,054	3,904,973
Cash dividends paid, $1.08 per share	–	–	(1,090,526)	–	(1,090,526)
Fair value of stock warrants vested during the year	–	56,487	–	–	56,487
Stock warrants exercised, 500 shares	500	8,425	–	–	8,925
BALANCE, DECEMBER 31, 2006	$ 1,010,246	$ 9,279,378	$ 17,066,764	$ (85,393)	$ 27,270,995
Comprehensive income					
Net income	**–**	**–**	**3,861,653**	**–**	**3,861,653**
Change in net unrealized depreciation on securities available-for-sale, net of tax of $133,000	**–**	**–**	**–**	**258,277**	**258,277**
Total comprehensive income	**–**	**–**	**3,861,653**	**258,277**	**4,119,930**
Cash dividends paid, $1.16 per share	**–**	**–**	**(1,180,885)**	**–**	**(1,180,885)**
Fair value of stock warrants vested during the year	**–**	**92,000**	**–**	**–**	**92,000**
Stock warrants exercised, 8,750 shares	**8,750**	**206,548**	**–**	**–**	**215,298**
BALANCE, DECEMBER 31, 2007	**$ 1,018,996**	**$ 9,577,926**	**$19,747,532**	**$ 172,884**	**$30,517,338**

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENTS of CASH FLOWS

Years Ended December 31, 2007 and 2006

	2007	2006
Cash flows from operating activities		
Net income	$ 3,861,653	$ 3,786,919
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation and amortization	643,772	709,015
Provision for loan losses	705,000	525,000
Deferred income tax benefit	(353,100)	(163,200)
Fair value of stock warrants vested during the year	92,000	56,487
(Increase) decrease in accrued income receivable	(213,423)	17,834
Increase in accrued expenses and other liabilities	982,897	52,965
(Increase) decrease in other assets	(403,132)	173,930
Net decrease (increase) in loans held for sale	1,602,750	(740,000)
Net cash provided by operating activities	6,918,417	4,418,950
Cash flows from investing activities		
Proceeds from maturities of securities available-for-sale	6,891,222	1,776,694
Proceeds from maturities and paydowns of securities held-to-maturity	5,270,647	18,337,790
Net redemption of FHLB stock	1,550	625,200
Purchase of securities available-for-sale	(17,277,463)	(8,318,601)
Net increase in loans to customers	(12,218,256)	(23,760,934)
Purchase of bank premises and equipment	(307,522)	(393,882)
Net cash used by investing activities	(17,639,822)	(11,733,733)
Cash flows from financing activities		
Net increase in deposits	5,791,298	30,314,589
Proceeds from long-term FHLB borrowings	–	2,000,000
Repayment of long-term FHLB borrowings	(1,662,630)	(7,642,995)
Net (decrease) increase in securities sold under agreements to repurchase	(2,630,313)	7,129,705
Proceeds from exercise of stock warrants	215,298	8,925
Cash dividends paid on common stock	(1,180,885)	(1,090,526)
Net cash provided by financing activities	532,768	30,719,698
Net (decrease) increase in cash and cash equivalents	(10,188,637)	23,404,915
Cash and cash equivalents, beginning of year	41,645,016	18,240,101
Cash and cash equivalents, end of year	$ 31,456,379	$ 41,645,016
Supplementary cash flow information:		
Interest paid on deposits and borrowed funds	$ 7,451,246	$ 4,817,250
Income taxes paid	$ 2,391,836	$ 2,355,371

The accompanying notes are an integral part of these consolidated financial statements.

NATURE OF BUSINESS

Ledyard Financial Group, Inc. (the Company) is headquartered in Hanover, New Hampshire and, as a bank holding company, it provides financial services to its customers through its wholly-owned bank subsidiary, Ledyard National Bank (the Bank). The Bank provides retail and commercial banking and investment and trust services through its office locations in Central New Hampshire and Vermont.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Company are in conformity with U.S. generally accepted accounting principles and general practices within the banking industry. The following is a description of the more significant policies.

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of the Company and its wholly-owned bank subsidiary. All intercompany accounts and transactions have been eliminated in consolidation. With the required regulatory approval, the Company became the bank holding company of Ledyard National Bank effective in October 2007.

Use of Estimates

In preparing financial statements in conformity with U.S. generally accepted accounting principles, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Material estimates that are particularly susceptible to significant change in the near term relate to the determination of the allowance for loan losses and the valuation of other real estate owned. In connection with the determination of the allowance, management obtains independent appraisals for collateral securing significant loans. Accordingly, the ultimate collectibility of a substantial portion of the Bank's loan portfolio is susceptible to changes in local market conditions.

While management uses available information to recognize losses on loans, future additions to the allowance may be necessary based on changes in local economic conditions. In addition, regulatory agencies, as an integral part of their examination process, periodically review the Bank's loan portfolio. Such agencies may require the Bank to recognize additions to the allowance based on their judgments about information available to them at the time of their examination.

Significant Group Concentrations of Credit Risk

The Company's operations are affected by various risk factors, including interest rate risk, credit risk, and risk from geographic concentration of lending activities. Management attempts to manage interest rate risk through various asset/liability management techniques designed to match maturities of assets and liabilities. Loan policies and administration are designed to provide assurance that loans will only be granted to creditworthy borrowers, although credit losses are expected to occur because of subjective factors beyond the control of the Company. Although the Company has a diversified loan portfolio and economic conditions are stable, most of its lending activities are conducted within the geographic area where it is located. As a result, the Company and its borrowers may be especially vulnerable to the consequences of changes in the local economy. In addition, a substantial portion of the Company's loans are secured by real estate.

Cash and Cash Equivalents

For purposes of the statements of cash flows, cash and cash equivalents include cash and due from banks, federal funds sold and certificates of deposit.

The Company's due from bank accounts, at times, may exceed federally insured limits. The Company has not experienced any losses in such accounts. The Company believes it is not exposed to any significant risk on cash and cash equivalents.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Investment Securities

Debt securities that management has the positive intent and ability to hold to maturity are classified as held-to-maturity and carried at cost, adjusted for amortization of premiums and accretion of discounts over the period to call or maturity using methods approximating the interest method. Securities not classified as held-to-maturity, including equity securities with readily determinable fair values, are classified as available-for-sale and are carried at fair value. Nonmarketable equity securities, consisting of stock in the Federal Home Loan Bank and Federal Reserve Bank, are carried at cost and evaluated for impairment. Unrealized gains and losses on securities available-for-sale are reported as a net amount in other comprehensive income or loss, net of tax. Declines in the fair value of investment securities below their cost that are deemed to be other-than-temporary are reflected in earnings as realized losses. Cost of securities is recognized using the specific identification method.

Loans Held for Sale

Loans originated and intended for sale in the secondary market are carried at the lower of cost or estimated fair value in the aggregate. Net unrealized losses, if any, are recognized through a valuation allowance by charges to income.

Loans

Loans that management has the intent and ability to hold for the foreseeable future or until maturity or pay-off are stated at the amount of unpaid principal, reduced by deferred loan fees and an allowance for loan losses.

Loans past due 30 days or more are considered delinquent. Management is responsible to initiate immediate collection efforts to minimize delinquency and any eventual adverse impact on the Company.

In general, consumer loans will be charged off if the loan is delinquent for 120 consecutive days. Commercial and real estate loans are charged off in part or in full if they are considered uncollectible.

Loans considered to be impaired are reduced to the present value of expected future cash flows or to the fair value of collateral, by allocating a portion of the allowance for loan losses to such loans. If these allocations cause the allowance for loan losses to require an increase, such increase is reported as provision for loan losses. Small balance homogeneous loans are collectively evaluated for impairment.

Loan interest income is accrued daily on the outstanding balances. Accrual of interest is discontinued when a loan is specifically determined to be impaired or management believes, after considering collection efforts and other factors, that the borrower’s financial condition is such that collection of interest is doubtful. Any unpaid interest previously accrued on those loans is reversed from income. Interest income is generally not recognized on specific impaired loans unless the likelihood of further loss is remote. Interest payments received on such loans are generally applied as a reduction of the loan principal balance. Interest income on other nonaccrual loans is recognized only to the extent of interest payments received. Loans are returned to accrual status when all the principal and interest amounts contractually due are brought current and future payments are reasonably assured.

Loan origination and commitment fees and certain direct origination costs are being deferred and the net amount amortized as an adjustment of the related loan’s yield. The Company is generally amortizing these amounts over the contractual life.

Allowance for Loan Losses

The allowance for loan losses is maintained at a level which, in management’s judgment, is adequate to absorb credit losses inherent in the loan portfolio. The amount of the allowance is based on management’s evaluation of the collectibility of the loan portfolio, including the nature of the portfolio, credit concentrations, trends in historical loss experience, specific impaired loans, and economic conditions. Allowances for impaired loans are generally determined based on collateral values or the present value of estimated cash flows. The allowance is increased by a provision for loan losses, which is charged to expense, and reduced by charge-offs, net of recoveries.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Credit Related Financial Instruments

In the ordinary course of business, the Company has entered into commitments to extend credit, including commitments under credit card arrangements, commercial letters of credit and standby letters of credit. Such financial instruments are recorded when they are funded.

Other Real Estate Owned

Real estate properties acquired through or in lieu of loan foreclosure are initially recorded at the lower of the carrying amount or fair value less estimated selling cost at the date of foreclosure. Any write-downs based on the asset's fair value at the date of acquisition are charged to the allowance for loan losses.

After foreclosure, these assets are carried at the lower of their new cost basis or fair value less cost to sell. Costs of significant property improvements are capitalized, whereas costs relating to holding property are expensed. Valuations are periodically performed by management, and any subsequent write-downs are recorded as a charge to operations, if necessary, to reduce the carrying value of a property to the lower of its cost or fair value less cost to sell.

Premises and Equipment

Land is carried at cost. Premises and equipment are stated at cost, less accumulated depreciation. The provision for depreciation is computed over the estimated useful life of the related asset, principally by the straight-line method. Improvements to leased property are amortized over the lesser of the term of the lease or life of the improvements.

Income Taxes

The Company recognizes income taxes under the asset and liability method. Under this method, deferred tax assets and liabilities are established for the temporary differences between the book bases and the tax bases of the Company's assets and liabilities at enacted tax rates expected to be in effect when the amounts related to such temporary differences are realized or settled. Adjustments to the Company's deferred tax assets are recognized as deferred income tax expense or benefit based on management's judgment relating to the realizability of such assets.

Earnings Per Share

Basic earnings per share data is computed based on the weighted average number of the Company's common shares outstanding during the year. Potential common stock is considered in the calculation of weighted average shares outstanding for diluted earnings per share, and is determined using the treasury stock method.

Stock Warrant Plans

In December 2004, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards (SFAS) No. 123 (revised 2004), *Share Based Payment*. SFAS No. 123(R) requires entities issuing stock options in exchange for services to measure the fair value of the options at the grant date and to recognize the fair value of those options as expense, generally over the period in which they vest. On January 1, 2006 the Company adopted the provisions of SFAS No. 123(R) using a modified prospective application. Using this application, SFAS No. 123(R) applies to options granted or modified in periods beginning after December 15, 2005. Additionally, compensation cost for the portion of outstanding options for which requisite service has not been rendered as of the effective date shall be recognized as the service is rendered on or after the effective date.

Ledyard Financial Advisors Assets and Fees

Assets held by Ledyard Financial Advisors (a division of Ledyard National Bank) for its customers, other than trust cash on deposit at the Bank, are not included in these financial statements because they are not assets of the Bank. Fees that Ledyard Financial Advisors earns are recorded on the accrual basis.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(concluded)*

Comprehensive Income

Accounting principles generally require that recognized revenue, expenses, gains and losses be included in net income. Although certain changes in assets and liabilities, such as unrealized gains and losses on available-for-sale securities, are reported as a separate component of the equity section of the balance sheet, such items, along with net income, are components of comprehensive income.

2. CASH AND DUE FROM BANKS

The Bank is required to maintain certain reserves of vault cash or deposits with the Federal Reserve Bank (FRB). The amount of this reserve requirement, included in cash and due from banks, was approximately $679,000 and $138,000 as of December 31, 2007 and 2006, respectively.

3. SECURITIES

The amortized cost and fair value of securities, with gross unrealized gains and losses, follow:

	2007			
	AMORTIZED COST	GROSS UNREALIZED GAINS	GROSS UNREALIZED LOSSES	FAIR VALUE
Securities Available-for-Sale				
U.S. Government sponsored enterprises	$ 5,117,527	$ 62,653	$ (499)	$ 5,179,681
State and municipal	6,921,159	43,325	(36,413)	6,928,071
Collateralized mortgage obligations	1,809,959	43,260	–	1,853,219
Mortgage-backed securities	16,369,960	197,647	(48,026)	16,519,581
Total securities available-for-sale	$ 30,218,605	$ 346,885	$ (84,938)	$ 30,480,552
Securities Held-to-Maturity				
U.S. Government sponsored enterprises	$ 1,987,287	$ 22,476	$ (1,082)	$ 2,008,681
State and municipal	2,060,744	15,691	–	2,076,435
Collateralized mortgage obligations	785,909	–	(12,132)	773,777
Mortgage-backed securities	17,300,255	29,306	(183,548)	17,146,013
Total securities held-to-maturity	$ 22,134,195	$ 67,473	$ (196,762)	$ 22,004,906

3. SECURITIES *(continued)*

	2006			
	AMORTIZED COST	GROSS UNREALIZED GAINS	GROSS UNREALIZED LOSSES	FAIR VALUE
Securities Available-for-Sale				
U.S. Government sponsored enterprises	$ 9,093,883	$ 23,863	$ (33,244)	$ 9,084,502
State and municipal	628,293	3,456	–	631,749
Mortgage-backed securities	10,111,278	42,454	(165,912)	9,987,820
Total securities available-for-sale	$ 19,833,454	$ 69,773	$ (199,156)	$ 19,704,071
Securities Held-to-Maturity				
U.S. Government sponsored enterprises	$ 1,982,429	$ –	$ (19,506)	$ 1,962,923
State and municipal	2,629,817	8,000	(2,557)	2,635,260
Collateralized mortgage obligations	853,923	–	(27,308)	826,615
Mortgage-backed securities	22,014,735	10,589	(599,579)	21,425,745
Total securities held-to-maturity	$ 27,480,904	$ 18,589	$ (648,950)	$ 26,850,543

At December 31, 2007 and 2006, securities with a carrying value of $28,269,949 and $29,883,423, respectively, were pledged to secure public deposits and for other purposes required or permitted by law.

The amortized cost and fair value of debt securities by contractual maturity at December 31, 2007 follow:

	AVAILABLE-FOR-SALE		HELD-TO-MATURITY	
	AMORTIZED COST	FAIR VALUE	AMORTIZED COST	FAIR VALUE
Within one year	**$ 5,117,527**	**$ 5,179,681**	**$ 1,000,000**	**$ 998,918**
Over one year through five years	**918,579**	**937,100**	**2,308,597**	**2,344,608**
Over five years through ten years	**2,386,498**	**2,396,033**	**501,602**	**501,715**
Over ten years	**3,616,082**	**3,594,938**	**237,832**	**239,875**
	12,038,686	**12,107,752**	**4,048,031**	**4,085,116**
Collateralized mortgage obligations and mortgage-backed securities	**18,179,919**	**18,372,800**	**18,086,164**	**17,919,790**
Total	**$ 30,218,605**	**$ 30,480,552**	**$ 22,134,195**	**$ 22,004,906**

There were no sales of securities available-for-sale or securities held-to-maturity during 2007 and 2006.

NOTES to CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2007 and 2006

3. SECURITIES *(concluded)*

Information pertaining to securities with gross unrealized losses at December 31, 2007 and 2006, aggregated by investment category and length of time that individual securities have been in a continuous loss position, follows:

December 31, 2007

	LESS THAN 12 MONTHS		12 MONTHS OR GREATER		TOTAL	
	FAIR VALUE	GROSS UNREALIZED LOSSES	FAIR VALUE	GROSS UNREALIZED LOSSES	FAIR VALUE	GROSS UNREALIZED LOSSES
U.S. Government sponsored enterprises	**$ –**	**$ –**	**$ 1,997,675**	**$ (1,581)**	**$ 1,997,675**	**$ (1,581)**
State and municipal	**3,261,976**	**(36,413)**	**–**	**–**	**3,261,976**	**(36,413)**
Collateralized mortgage obligations	**–**	**–**	**773,777**	**(12,132)**	**773,777**	**(12,132)**
Mortgage-backed securities	**–**	**–**	**16,204,699**	**(231,574)**	**16,204,699**	**(231,574)**
Total	**$ 3,261,976**	**$ (36,413)**	**$ 18,976,151**	**$ (245,287)**	**$22,238,127**	**$ (281,700)**

December 31, 2006

	LESS THAN 12 MONTHS		12 MONTHS OR GREATER		TOTAL	
	FAIR VALUE	GROSS UNREALIZED LOSSES	FAIR VALUE	GROSS UNREALIZED LOSSES	FAIR VALUE	GROSS UNREALIZED LOSSES
U.S. Government sponsored enterprises	$ –	$ –	$ 6,921,359	$ (52,750)	$ 6,921,359	$ (52,750)
State and municipal	499,350	(2,557)	–	–	499,350	(2,557)
Collateralized mortgage obligations	–	–	826,615	(27,308)	826,615	(27,308)
Mortgage-backed securities	1,782,153	(12,136)	25,209,709	(753,355)	26,991,862	(765,491)
Total	$ 2,281,503	$ (14,693)	$ 32,957,683	$ (833,413)	$ 35,239,186	$ (848,106)

Management evaluates securities for other-than-temporary impairment at least on a quarterly basis, and more frequently when economic or market concerns warrant such evaluation. Consideration is given to: (1) the length of time and the extent to which the fair value has been less than cost; (2) the financial condition and near-term prospects of the issuer; and (3) the intent and ability of the Company to retain its investment in the issuer for a period of time sufficient to allow for any anticipated recovery in fair value.

These unrealized losses related principally to current interest rates for similar types of securities. In analyzing an issuer's financial condition, management considers whether the securities are issued by the federal government or its agencies, whether downgrades by bond rating agencies have occurred, and the results of reviews of the issuer's financial condition. As management has the ability to hold debt securities until maturity, or for the foreseeable future if classified as available-for-sale, no declines are deemed to be other-than-temporary.

4. LOANS

The composition of net loans at December 31 is as follows:

	2007	2006
Commercial	**$ 69,948,886**	$ 60,389,111
Commercial real estate	**75,406,690**	68,908,833
Residential real estate	**81,573,293**	81,451,996
Consumer	**5,153,707**	9,238,971
Subtotal	**232,082,576**	219,988,911
Allowance for loan losses	**(3,360,003)**	(2,784,125)
Net deferred loan costs	**56,464**	60,995
Loans, net	**$ 228,779,037**	$ 217,265,781

At December 31, 2007 and 2006, nonaccrual loans were $1,433,668 and $520,528, respectively. There were no loans 90 days past due and still accruing interest at December 31, 2007 and 2006.

An analysis of the allowance for loan losses follows:

Years Ended December 31,	2007	2006
Balance at beginning of year	**$ 2,784,125**	$ 2,383,359
Provision for loan losses	**705,000**	525,000
Loans charged off	**(142,113)**	(128,915)
Recoveries of loans previously charged off	**12,991**	4,681
Balance at end of year	**$ 3,360,003**	$ 2,784,125

The following is a summary of information pertaining to impaired loans:

Years Ended December 31,	2007	2006
Impaired loans with a valuation allowance	**$ 2,594,417**	$ 520,528
Total impaired loans	**$ 2,594,417**	$ 520,528
Valuation allowance related to impaired loans	$ **750,480**	$ 130,132
Average investment in impaired loans	$ **1,557,473**	$ 595,211

Interest income recognized on impaired loans during 2007 amounted to $123,592. No interest income was recognized on impaired loans during 2006. No additional funds are committed to be advanced in connection with impaired loans.

5. PREMISES AND EQUIPMENT

A summary of the cost and accumulated depreciation of premises and equipment follows:

	2007	2006
Land and improvements	**$ 1,922,993**	$ 1,922,993
Buildings and improvements	**7,224,331**	7,223,330
Equipment	**4,001,924**	3,695,403
	13,149,248	12,841,726
Accumulated depreciation	**(4,808,029)**	(4,197,418)
	$ 8,341,219	$ 8,644,308

Depreciation, included in occupancy and equipment expense, amounted to $610,611 and $627,729 for the years ended December 31, 2007 and 2006, respectively.

Pursuant to the terms of noncancelable lease agreements in effect at December 31, 2007, pertaining to premises and equipment, future minimum rent commitments under various operating leases are as follows:

2008	**$ 74,325**
2009	**473,033**
2010	**464,233**
2011	**420,233**
2012	**376,402**
Thereafter	**1,565,890**
	$ 3,774,116

The leases contain options to extend for periods from three to ten years. The cost of such extensions is not included above. Total rent expense for the years ended December 31, 2007 and 2006 amounted to $169,505 and $160,654, respectively.

6. DEPOSITS

At December 31, 2007, the scheduled maturities of time deposits are as follows:

2008	**$ 62,346,181**
2009	**7,195,791**
2010	**257,879**
2011	**97,200**
2012	**159,207**
	$ 70,056,258

Deposit accounts with related parties were $4,663,033 and $4,981,000 at December 31, 2007 and 2006, respectively.

7. SECURITIES SOLD UNDER AGREEMENTS TO REPURCHASE

Securities sold under repurchase agreements mature within twelve months and are collateralized by securities in the Bank's investment portfolio.

The maximum amount of repurchase agreements outstanding at any month-end during 2007 and 2006 was $25,599,539 and $25,951,442, respectively. The average amount of repurchase agreements outstanding during 2007 and 2006 was $16,702,183 and $13,647,735, respectively. The weighted average interest rate on repurchase agreements outstanding at December 31, 2007 and 2006 was 3.59% and 3.94%, respectively.

All securities collateralizing the repurchase agreements are under the Bank's control.

8. ADVANCES FROM FEDERAL HOME LOAN BANK

The Bank's fixed-rate advances with the Federal Home Loan Bank (FHLB) of $1,551,455 at December 31, 2007 mature through 2013. At December 31, 2007 and 2006, interest rates of fixed-rate advances ranged from 2.90% to 4.33%.

Outstanding FHLB borrowings are secured by a blanket lien on qualified collateral consisting primarily of loans with first mortgages secured by one to four family properties, certain unencumbered investment securities, and other qualified assets.

The contractual maturities of advances are as follows:

	2007	2006
2007	**$ –**	$ 1,000,000
2008	**500,000**	500,000
2009	**733,489**	1,349,393
2013	**317,966**	364,692
Total	**$ 1,551,455**	$ 3,214,085

9. INCOME TAXES

Allocation of federal and state income taxes between current and deferred portions is as follows:

	2007	2006
Current tax expense		
Federal	**$ 2,422,000**	$ 2,025,630
State	**292,700**	313,081
	2,714,700	2,338,711
Deferred tax benefit		
Federal	**(318,400)**	(123,200)
State	**(34,700)**	(40,000)
	(353,100)	(163,200)
	$ 2,361,600	$ 2,175,511

The income tax provision differs from the expense that would result from applying federal statutory rates to income before income taxes, as follows:

	2007	2006
Computed tax expense	**$ 2,115,906**	$ 2,027,226
Increase (reduction) in income taxes resulting from:		
Tax exempt income	**(80,169)**	(41,143)
State taxes, net of federal benefit	**197,386**	141,831
(Income) from life insurance	**(8,226)**	24,517
Incentive stock options	**31,280**	19,206
Other	**105,423**	3,874
	$ 2,361,600	$ 2,175,511

9. INCOME TAXES *(concluded)*

The components of the net deferred tax asset, included in other assets, are as follows:

	2007	2006
Deferred tax assets		
Net unrealized loss on securities available-for-sale	**$ –**	$ 44,000
Allowance for loan losses	**1,175,700**	903,100
Employee benefit plans	**261,500**	213,200
Other	**35,400**	42,700
	1,472,600	1,203,000
Deferred tax liabilities		
Net unrealized gain on securities available-for-sale	**89,000**	–
Depreciation	**225,200**	264,700
Other	**126,300**	126,300
	440,500	391,000
Net deferred tax asset	**$ 1,032,100**	$ 812,000

No valuation allowance is deemed necessary for the deferred income tax asset.

10. EARNINGS PER SHARE

The following sets forth the computation of basic and diluted earnings per share for 2007 and 2006:

	2007	2006
Net income, as reported	**$ 3,861,653**	$ 3,786,919
Weighted-average shares outstanding	**1,016,331**	1,009,788
Effect of dilutive employee stock options	**6,574**	4,740
Effect of unvested stock grant	**450**	1,000
Adjusted weighted-average shares and assumed conversion	**1,023,355**	1,015,528
Basic earnings per share	**$ 3.80**	$ 3.75
Diluted earnings per share	**$ 3.77**	$ 3.73

11. FINANCIAL INSTRUMENTS WITH OFF-BALANCE-SHEET RISK

The Company is a party to financial instruments with off-balance-sheet risk in the normal course of business to meet the financing needs of its customers and to reduce its own exposure to fluctuations in interest rates. These financial instruments include commitments to extend credit, standby and commercial letters-of-credit, and interest rate caps and floors written on adjustable rate loans. Such instruments involve, to varying degrees, elements of credit and interest rate risk in excess of the amount recognized in the balance sheets. The contract or notional amounts of those instruments reflect the extent of involvement the Company has in particular classes of financial instruments.

The Company's exposure to credit loss in the event of nonperformance by the other party to the financial instrument for commitments to extend credit and standby letters-of-credit is represented by the contractual notional amount of those instruments. The Company uses the same credit policies in making commitments and conditional obligations as it does for on-balance-sheet instruments. For interest rate caps and floors written on adjustable rate loans, the contract or notional amounts do not represent exposure to credit losses.

11. FINANCIAL INSTRUMENTS WITH OFF-BALANCE-SHEET RISK *(concluded)*

The Company generally requires collateral or other security to support financial instruments with credit risk.

At December 31, 2007 and 2006, the following financial instruments were outstanding whose contract amounts represent credit risk:

	CONTRACT AMOUNT	
	2007	2006
Commitments to grant loans	**$ 52,963,883**	$ 53,149,638
Commercial and standby letters-of-credit	**$ 3,858,605**	$ 11,551,895

Commitments to extend credit are agreements to lend to a customer as long as there is no violation of any condition established in the contract. Commitments generally have fixed expiration dates or other termination clauses and may require payment of a fee.

The commitments for equity lines of credit may expire without being drawn upon. Therefore, the total commitment amounts do not necessarily represent future cash requirements. The amount of collateral obtained, if it is deemed necessary by the Company, is based on management's credit evaluation of the customer.

Since many of the commitments are expected to expire without being drawn upon, the total commitment amounts do not necessarily represent future cash requirements. The Company evaluates each customer's creditworthiness on a case-by-case basis. The amount of collateral obtained, if deemed necessary by the Company upon extension of credit, is based on management's credit evaluation of the counterparty. Collateral held varies, but may include accounts receivable, inventory, property, plant and equipment, and income producing commercial property.

Standby letters-of-credit are conditional commitments issued by the Company to guarantee the performance of a customer to a third party. Those guarantees are primarily issued to support private borrowing arrangements. The credit risk involved in issuing letters-of-credit is essentially the same as that involved in extending loan facilities to customers.

At times, the Company places interest rate caps and floors on loans written by the Company to enable customers to transfer, modify, or reduce their interest rate risk.

12. LEGAL CONTINGENCIES

Various legal claims arise from time to time in the normal course of business which, in the opinion of management, will have no material effect on the Company's financial statements.

13. SHAREHOLDERS' EQUITY AND REGULATORY MATTERS

The Company and its bank subsidiary are subject to various regulatory capital requirements administered by the FRB and the Office of the Comptroller of the Currency (OCC). Failure to meet minimum capital requirements can result in mandatory and possible additional discretionary actions by regulators that, if undertaken, could have a direct material effect on the Company's consolidated financial statements.

These capital requirements represent quantitative measures of the Company's assets, liabilities and certain off-balance sheet items as calculated under regulatory accounting practices. The Company's capital amounts and classification are also subject to qualitative judgments by its regulators about components, risk weightings and other factors.

Quantitative measures established by regulation to ensure capital adequacy require the Company to maintain minimum amounts and ratios of total and Tier 1 capital (as defined in the regulations) to risk-weighted assets (as defined) and of Tier 1 capital to

13. MINIMUM REGULATORY CAPITAL REQUIREMENTS *(concluded)*

average assets (as defined). Management believes that, as of December 31, 2007, the Company and its bank subsidiary meet all capital requirements to which they are subject. As of December 31, 2007, the most recent notification from the OCC categorized the banking subsidiary as well capitalized under the regulatory framework for prompt corrective action. To be categorized as well as capitalized, a financial institution must maintain minimum total risk-based, Tier 1 risk-based and Tier 1 leverage ratios as set forth in the following tables. There are no conditions or events since the notification that management believes have changed the Bank's category. Prompt corrective action provisions are not applicable to bank holding companies.

The actual capital amounts and ratios for the Bank are presented below. The capital ratios for the Company are not materially different from those presented below.

	ACTUAL		MINIMUM CAPITAL REQUIREMENT		MINIMUM TO BE WELL CAPITALIZED UNDER PROMPT CORRECTIVE ACTION PROVISIONS	
	AMOUNT	RATIO	AMOUNT >	RATIO >	AMOUNT >	RATIO >
			(dollars in thousands)			
December 31, 2007						
Total Capital to Risk-Weighted Assets	**$ 32,804**	**14.1%**	**$ 18,580**	**8.0%**	**$ 23,225**	**10.0%**
Tier 1 Capital to Risk-Weighted Assets	**$ 29,895**	**12.9%**	**$ 9,290**	**4.0%**	**$ 13,935**	**6.0%**
Tier 1 Capital to Average Assets	**$ 29,895**	**9.3%**	**$ 12,912**	**4.0%**	**$ 16,141**	**5.0%**
December 31, 2006						
Total Capital to Risk-Weighted Assets	$ 30,140	13.3%	$ 18,149	8.0%	$ 22,687	10.0%
Tier 1 Capital to Risk-Weighted Assets	$ 27,356	12.1%	$ 9,075	4.0%	$ 13,612	6.0%
Tier 1 Capital to Average Assets	$ 27,356	8.8%	$ 12,405	4.0%	$ 15,506	5.0%

The ability of the Company to pay cash dividends depends on the receipt of dividends from its banking subsidiary. The Company, as the sole shareholder of the banking subsidiary, is entitled to dividends from legally available funds when and as declared by the banking subsidiary's Board of Directors.

In December 2007, the Board of Directors of the Company approved the 2007 Common Stock Repurchase Program, which permits the Company to purchase 30,000 shares of its authorized and issued common stock for a one-year period, expiring on December 13, 2008. The authority may be exercised from time to time and in such amounts as market conditions warrant. Any repurchases are intended to make appropriate adjustments to the Company's capital structure, including meeting share requirements related to employee benefit plans and for general corporate purposes. The Company is dependent on dividends from its banking subsidiary to fund these share repurchases.

14. EMPLOYEE BENEFITS

The Company sponsors a 401(k) profit sharing plan which covers all employees who are at least 21 years of age and who have completed one year of employment. Eligible employees contribute a percentage of their annual compensation to the 401(k) plan and the Company matches a certain portion of employee contributions. In addition, the Company may make discretionary contributions on behalf of employees under the plan. For the years ended December 31, 2007 and 2006, expense attributable to the plan amounted to $580,082 and $501,738, respectively.

Included in accrued expenses and other liabilities in the balance sheets at December 31, 2007 and 2006 are liabilities established pursuant to deferred compensation agreements with certain officers of the Company of $660,272 and $538,376, respectively. An adjustment was made in 2006 to reflect a reduction of benefits to a former officer. Deferred compensation expense (benefit) related to these plans amounted to $121,896 and $(121,362) for the years ended December 31, 2007 and 2006, respectively.

15. WARRANTS

Warrants to purchase shares of the Company's common stock at various exercise prices have been granted to certain members of the organizing group, key management, and employees of the Company prior to April 2006. The warrants vest in three years and expire ten years from the date the warrant was granted.

On April 19, 2006, the shareholders of the Company approved the 2006 Stock Option and Incentive Plan (the "current plan"). The maximum number of shares of stock reserved and available for issuance under this Plan is 50,000 shares. Awards may be granted in the form of incentive stock options and restricted stock, or any combinations of the preceding, and the exercise price shall not be less than 100% of the fair market value on the date of grant. No stock options are exercisable more than ten years after the date the stock option is granted. The stock options vest over a three-year period.

On January 1, 2006, the Company adopted the provisions of SFAS No. 123(R) for the incentive stock option grants relating to the current plan and previous plans. In accordance with the provisions of SFAS No. 123(R), the Company recorded approximately $92,000 and $56,487 of compensation expense during the years ended December 31, 2007 and 2006, respectively. Total compensation expense related to nonvested awards not yet recognized is $130,676 as of December 31, 2007 and is expected to be recognized over a weighted average period of 1.7 years.

Under the current plan, the Company granted 450 shares of restricted stock in 2007 with a fair value of $43.95 at grant date. This grant vests over three years and comprises the Company's nonvested stock awards at December 31, 2007. The Company granted 1,000 shares of restricted stock in 2006 with a fair value of $42.00 at grant date. The grant vested in 2007. At the closing price on December 31, 2007 of $50.30, the total fair value of restricted stock awards vested during 2007 was $50,300.

The fair value of warrants granted during 2007 and 2006 was $7.22 and $6.75, respectively. The fair value of each warrant granted is estimated on the date of grant using the Black-Scholes options-pricing model with the following weighted-average assumptions:

	2007	2006
Dividend yield	**2.30%**	2.70%
Risk-free interest rate	**4.05%**	4.64%
Expected life	**10 Years**	10 Years
Expected volatility	**6.49%**	9.75%

The expected volatility is based on historical volatility of a peer group of similar entities.

15. WARRANTS *(concluded)*

A summary of warrant activity as of December 31, 2007 and changes during the year then ended is presented below:

	SHARES	WEIGHTED AVERAGE EXERCISE PRICE	WEIGHTED AVERAGE REMAINING CONTRACTUAL LIFE	AGGREGATE INTRINSIC VALUE
Outstanding at beginning of year	57,666	$ 36.51		
Granted	12,950	51.86		
Exercised	(7,750)	29.99		$ 157,403
Forfeited or expired	(22,641)	35.50		
Outstanding at December 31, 2007	40,225	$ 43.28	6.9 years	$ 282,380
Exercisable at December 31, 2007	20,592	$ 38.69	4.8 years	$ 239,103

The aggregate intrinsic value of warrants exercised during 2007 and 2006 was $140,306 and $12,575, respectively.

Information pertaining to warrants outstanding at December 31, 2007 is as follows:

	WARRANTS OUTSTANDING			WARRANTS EXERCISABLE	
RANGE OF EXERCISE PRICES	NUMBER OUTSTANDING	WEIGHTED AVERAGE REMAINING CONTRACTUAL LIFE	WEIGHTED AVERAGE EXERCISE PRICE	NUMBER EXERCISABLE	WEIGHTED AVERAGE EXERCISE PRICE
$32.00 - $41.84	27,925	5.7 years	$ 39.32	20,592	$ 38.69
$43.95 - $53.52	12,300	9.7 years	52.28	–	–
Outstanding at end of year	40,225	6.9 years	$ 43.28	20,592	$ 38.69

The remaining number of warrants available to be granted was 53,200 and 44,500 at December 31, 2007 and 2006, respectively.

16. OTHER NONINTEREST INCOME AND EXPENSES

The components of other noninterest income and expenses which are in excess of 1% of total revenues (total interest and dividend income and noninterest income) and not shown separately in the statements of income are as follows for the years ended December 31:

	2007	2006
Income		
Gain on sale of loans	$ 286,184	$ 238,571
Expenses		
Credit card charges	$ 288,797	$ 767,767
Advertising	319,481	371,532
	$ 608,278	$ 1,139,299

17. RELATED PARTY TRANSACTIONS

The Company has had, and may be expected to have in the future, transactions in the ordinary course of business with directors, principal officers, their immediate families and affiliated companies in which they are principal shareholders (commonly referred to as related parties), all of which have been, in the opinion of management, on the same terms, including interest rates and collateral, as those prevailing at the time for comparable transactions with others. Loans granted to related parties amounted to $1,348,200 and $1,715,808 at December 31, 2007 and 2006, respectively.

During January 2007, the banking subsidiary entered into a long-term lease with a company whose sole owner is a director and shareholder of the Company. This lease is for space that is the new headquarters for the Bank's Ledyard Financial Advisors division. The lease has an initial term of 10 years and calls for initial annual payments of $320,000. The lease has three five-year options to renew.

18. FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair value of a financial instrument is the current amount that would be exchanged between willing parties, other than in a forced liquidation. Fair value is best determined based upon quoted market prices. However, in many instances, there are no quoted market prices for the Company's various financial instruments. In cases where quoted market prices are not available, fair values are based on estimates using present value or other valuation techniques. Those techniques are significantly affected by the assumptions used, including the discount rate and estimates of future cash flows. Accordingly, the fair value estimates may not be realized in an immediate settlement of the instrument. SFAS No. 107, *Disclosure About Fair Value of Financial Instruments*, which prescribes fair value disclosures, excludes certain financial instruments and all nonfinancial instruments from its disclosure requirements. Accordingly, the aggregate fair value amounts presented may not necessarily represent the underlying fair value of the Company.

The following methods and assumptions were used by the Company in estimating fair value disclosures for financial instruments:

Cash and cash equivalents: The carrying amounts of cash and short-term instruments approximate fair values.

Securities: Fair values for securities, excluding Federal Home Loan Bank stock and Federal Reserve Bank stock, are based on quoted market prices. The carrying value of Federal Home Loan Bank Stock and Federal Reserve Bank stock approximates fair value based on the redemption provisions of the Federal Home Loan Bank and Federal Reserve Bank.

Loans held for sale: Fair values of loans held for sale are based on commitments on hand from investors or prevailing market prices.

Loans receivable: For variable-rate loans that reprice frequently and with no significant change in credit risk, fair values are based on carrying values. Fair values for other loans are estimated using discounted cash flow analyses, using interest rates currently being offered for loans with similar terms to borrowers of similar credit quality. Fair values for nonperforming loans are estimated using discounted cash flow analyses or underlying collateral values, where applicable.

Deposit liabilities: The fair values disclosed for demand deposits (e.g., interest and non-interest checking, passbook savings, and certain types of money market accounts) are, by definition, equal to the amount payable on demand at the reporting date (i.e., their carrying amounts). The carrying amounts of variable-rate, fixed-term money market accounts and certificates of deposit approximate their fair values at the reporting date. Fair values for fixed-rate certificates of deposit are estimated using a discounted cash flow calculation that applies interest rates currently being offered on certificates to a schedule of aggregate expected monthly maturities on time deposits.

18. FAIR VALUE OF FINANCIAL INSTRUMENTS *(concluded)*

Securities sold under agreements to repurchase: The carrying amounts of borrowings under repurchase agreements maturing within ninety days approximate their fair values.

Advances from Federal Home Loan Bank: The fair values of these borrowings are estimated using discounted cash flow analyses based on the Company's current incremental borrowing rates for similar types of borrowing arrangements.

Accrued interest: The carrying amounts of accrued interest approximate fair value.

Off-balance-sheet instruments: The Company's off-balance-sheet instruments consist of loan commitments. Fair values for loan commitments have not been presented as the future revenue derived from such financial instruments is not significant.

The estimated fair values, and related carrying or notional amounts, of the Company's financial instruments are as follows:

	2007		2006	
	CARRYING AMOUNT	**FAIR VALUE**	CARRYING AMOUNT	FAIR VALUE
Financial assets				
Cash and cash equivalents	**$ 31,456,379**	**$ 31,456,379**	$ 41,645,016	$ 41,645,016
Securities available-for-sale	**30,480,552**	**30,480,552**	19,704,071	19,704,071
Securities held-to-maturity	**22,134,195**	**22,004,906**	27,480,904	26,850,543
Federal Home Loan Bank and Federal Reserve Bank stock	**1,091,100**	**1,091,100**	1,092,650	1,092,650
Loans and loans held for sale, net	**228,779,037**	**229,196,631**	218,868,531	219,551,650
Accrued interest receivable	**1,295,380**	**1,295,380**	1,081,957	1,081,957
Financial liabilities				
Deposits	**276,933,492**	**278,223,037**	271,142,194	272,900,503
Repurchase agreements	**14,759,226**	**14,759,226**	17,389,539	17,389,539
Advances from Federal Home Loan Bank	**1,551,455**	**1,550,825**	3,214,085	3,373,807
Accrued interest payable	**228,928**	**228,928**	209,221	209,221

BOARD of DIRECTORS, SENIOR MANAGEMENT and OFFICERS

BOARD OF DIRECTORS

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President, Mather Associates

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Chairman, President and Chief Executive Officer, Hypertherm, Inc

L. Joyce Hampers
Attorney, Former U.S. Assistant Secretary of Commerce and President, Joymark, Inc.

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Executive Vice President, Finance and Administration, Dartmouth College

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Deirdre Sheerr-Gross, AIA
Principal, Sheerr and White, Residential Architecture

Bayne Stevenson
President, Bayson Company

Kathryn G. Underwood
President and Chief Executive Officer, Ledyard Financial Group/Ledyard National Bank

James W. Varnum
Retired President, Dartmouth-Hitchcock Alliance and Mary Hitchcock Memorial Hospital and Co-Vice Chair, Ledyard Financial Group/ Ledyard National Bank

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Robert T. Boon
Executive Vice President and Managing Director, Ledyard Financial Advisors/Ledyard National Bank

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Senior Vice President and Senior Retail Banking Officer, Ledyard National Bank

Mark S. Clough
Senior Vice President and Senior Loan Officer, Ledyard National Bank

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Senior Vice President and Chief Operations Officer, Ledyard National Bank

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D. Rodman Thomas
Senior Vice President and Chief Compliance Officer, Ledyard Financial Advisors/Ledyard National Bank

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Personal Banking Officer

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Assistant Vice President and Personal Banking Officer

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Senior Vice President and Chief Investment Strategist, Ledyard Financial Advisors

Deanna C. Wilson
Vice President and Financial Advisor, Ledyard Financial Advisors

As of March 13, 2008

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Ledyard National Bank

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Data Processing and Information Systems Manager

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Commercial Loan Processor

Amanda S. Chase
Customer Service Representative

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Client Services Assistant, Ledyard Financial Advisors

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Cara J. Dyke
Office Supervisor

Kachina Earthrowl
Customer Service Representative

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Finance Specialist and Training Coordinator

Michelle J. Fellows
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Mortgage Processor

Brian S. Fraser
Office Manager, Lyme

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Customer Service Representative

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Customer Service Representative, Receptionist

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Customer Service Representative

Jillian K. Ireland
Customer Service Representative

Elizabeth T. Knox
Float Teller, Customer Service Representative

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Customer Service Representative

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As of March 13, 2008

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As of March 13, 2008

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Lebanon Street at Park Street | 603-643-7457 Lobby, Drive-Up and ATM
Dartmouth College | Collis Center ATM

LEBANON: Route 120 at Old Etna Road | 603-448-2220 | Lobby, Drive-Up and ATM
Centerra Park/River Valley Club ATM

LYME: On The Green | 603-795-2288| Lobby and ATM

NEW LONDON: 178 County Road | 603-526-7725 | Lobby, Drive-Up and ATM

NORWICH, VERMONT: 320 Main Street | 802-649-2050 | Lobby, Drive-Up and ATM

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