



INTERMEDIATE SMALL BANK

Comptroller of the Currency
Administrator of National Banks

Washington, DC 20219

PUBLIC DISCLOSURE

November 30, 2009

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Ledyard National Bank
Charter Number 22210

320 Main Street
Norwich, VT 05055-0000

Office of the Comptroller of the Currency

NEW ENGLAND (BOSTON) Field Office
99 Summer St Suite 1400
Boston, MA. 02110

NOTE: This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods consistent with safe and sound operation of the institution. This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion, or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

TABLE OF CONTENTS

INSTITUTION'S CRA RATING	2
SCOPE OF EXAMINATION.....	2
DESCRIPTION OF INSTITUTION	3
SELECTION OF AREAS FOR FULL-SCOPE REVIEW.....	4
RATINGS	4
LOAN-TO-DEPOSIT RATIO	4
FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW.....	5
STATE OF NEW HAMPSHIRE	6
STATE OF VERMONT	12
APPENDIX A: SCOPE OF EXAMINATION.....	A-1
APPENDIX B: SUMMARY OF STATE RATINGS.....	B-1

INSTITUTION'S CRA RATING: This institution is rated **Needs to Improve**.

The Lending Test is rated: Satisfactory.

The Community Development Test is rated: Needs to Improve.

Summarize the major factors supporting the institution's rating.

- The bank's level of lending, as reflected in its loan-to-deposit ratio, is reasonable.
- The majority of lending is within the assessment area (AA).
- The distribution of loans reflects a reasonable penetration among individuals of different income levels and businesses of different sizes.
- The geographic distribution of loans reflects reasonable dispersion in the moderate-income census tracts.
- The bank's community development performance demonstrates poor responsiveness to community development needs.

Scope of Examination

Ledyard National Bank (LNB) was evaluated using Intermediate Small Bank (ISB) examination procedures, which include a lending test and a community development (CD) test. The lending test evaluates the bank's record of meeting the credit needs of AA through its lending activities. The CD test evaluates the bank's responsiveness to CD needs in its AA through CD lending, qualified investments, and community development services.

The evaluation period for the lending test covers performance from January 1, 2007 through September 30, 2009. The evaluation period for the CD test is from July 26, 2004, the date of the last CRA examination, through November 30, 2009. Community development loans, investments, and services submitted by management were verified to ensure they met the regulatory definition for community development.

LNB's primary loan products, based on loan originations during the evaluation period, are residential real estate mortgage loans including home purchase, refinance, and home equity loans, and commercial loans including commercial and industrial loans, and commercial real estate loans. Residential real estate loans represent 62% and commercial loans comprise 38% of the bank's loan originations by number.

We reviewed bank generated reports and tested the accuracy of the output for our analysis. We used bank data to evaluate the bank's lending to businesses, and a random sample of 61 and 59 residential real estate loans originated or purchased in

New Hampshire (NH) and Vermont (VT), respectively, to evaluate the bank's home mortgage lending during the evaluation period.

Description of Institution

LNB is a full-service interstate bank which opened in 1991 in Hanover, NH. The main office was subsequently relocated to Norwich, VT, to take advantage of bank branching legislation. As of September 30, 2009, LNB had total assets of \$382 million and Tier 1 Capital of \$31.2 million. LNB is wholly owned by Ledyard Financial Group, Inc., a one bank holding company. The bank has an affiliate, Ledyard Financial Advisors, a wealth management firm providing investment, tax, and wealth management services in the Dartmouth-Lake Sunapee Region.

During the evaluation period, the bank did not open or close any branches. LNB has a total of seven full-service facilities with the main office in Norwich, VT, and branches in NH in the towns of Lebanon, Lyme, New London, and West Lebanon and two offices in Hanover. Automated teller machines (ATMs) are located at all seven offices. The bank also operates a remote ATM at Dartmouth College Collis Center in Hanover, NH.

LNB offers a full range of consumer and commercial banking products and services. Consumer loan products include fixed and adjustable rate mortgages, second mortgages, home improvement, home equity lines of credit, mobile home, land, vacation home, automobile, personal, collateral, overdraft protection, personal lines of credit, and credit cards. Commercial loan products include commercial mortgages, term loans, lines of credit, Small Business Administration Guaranteed, and Letters of Credit. The bank's Internet website, www.ledyardbank.com, provides detailed information on products and services for both consumers and businesses. Internet banking and telephone banking services are offered as well.

Bank management has identified the primary credit needs in the AA as affordable housing, which is compounded by limited available land, and seed money for businesses to create employment.

As of September 30, 2009, LNB reported loans of \$208 million and had a loan to total assets ratio of 54%. The loan portfolio is comprised of 83% real estate, 14% commercial, and 3% consumer. The bank's loan portfolio has grown by \$43 million or 26%, primarily through residential mortgages, since the prior CRA examination in 2004.

The following table provides a summary of the loan mix.

Loan Portfolio Summary by Loan Product September 30, 2009	
Loan Category	% of Gross Loans and Leases
Commercial Real Estate	37.5%
1-4 Family Residential Mortgage	34.1%
Commercial & Industrial	14.1%
Construction and Development	7.0%
Home Equity	4.3%
Consumer	3.0%
Other	< 1%

The bank has no financial or legal impediments to meeting the credit needs of the community. The bank was rated "Satisfactory," using small bank procedures, at the last CRA examination dated July 26, 2004.

Selection of Areas for Full-Scope Review

LNB has offices in two states, NH and VT. We selected the bank's entire AA and reviewed it as two AAs, one in each state. Both AAs received a full-scope review.

Ratings

The bank's overall rating is a blend of the state ratings. Performance in the state of NH was most heavily weighted in arriving at overall conclusions as the large majority of bank branches, loans, and deposits are located there. Six of the seven offices/branches are located in NH, and approximately 81% of deposits and 72% of loans are attributed to operations in NH. Refer to the "Scope" section under each State Area Rating section for details regarding how the areas were weighted in arriving at the respective ratings.

Conclusions with Respect to Performance Criteria

LNB's performance under the lending test is satisfactory. More weight was placed on performance in NH as the majority of loans and deposits are generated in this state. LNB's loan-to-deposit ratio is reasonable and a majority of loans are originated inside the bank's AA. The distribution of loans reflects a reasonable penetration among individuals of different income levels and businesses of different sizes. Geographic distribution of loans reflects reasonable dispersion in the moderate-income census tracts.

Loan-to-Deposit Ratio

The bank's loan-to-deposit ratio is reasonable given the bank's size, financial condition, and AA credit needs. The bank's net loan-to-deposit ratio averaged 80% over the last

22 quarters since the previous CRA examination dated July 26, 2004. During the period since the last examination, the loan-to-deposit ratio ranged from a quarterly low of 65% to a high of 87%. The uncertainty of stock market performance led to a significant deposit inflow in the past year. In addition, home mortgage refinance and purchase activity in a low rate environment fueled loan growth.

LNB's loan-to-deposit ratio is slightly lower than the national peer bank's average ratio of 84% over the same time period. Local thrift savings banks had higher loan-to-deposit ratios which is typical as they are primarily residential mortgage lenders. The bank's ratio, however, does not include a high volume of loans sold in the secondary market. Throughout the evaluation period, LNB sold 263 residential mortgage loans totaling \$60.2 million.

Lending in Assessment Area

LNB's lending inside its assessment area meets the standard for satisfactory performance. A majority of the bank's primary loan products were originated within its assessment area, with 83% of the number and 80% of the dollar amount. The following table details the bank's lending within the AA by number and dollar amount of loans.

Table 1 - Lending in LNB's AA (000's)										
Loan Type	Number of Loans					Dollars of Loans				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
Residential Real Estate Loans	327	83%	67	17%	394	73,676	84%	14,287	16%	87,963
Commercial Loans	205	83%	41	17%	246	47,502	75%	15,859	25%	63,361
Totals	532	83%	108	17%	640	121,178	80%	30,146	20%	151,324

Source: Data reported under bank collected data of residential mortgage and commercial loans.

Fair Lending or Other Illegal Credit Practices Review

We found no evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs.

State of New Hampshire

CRA Rating for New Hampshire: Satisfactory.

The Lending Test is rated: Satisfactory.

The Community Development Test is rated: Needs to Improve.

The major factors that support this rating include:

- The distribution of loans reflects a reasonable penetration among individuals of different income levels and businesses of different sizes.
- The geographic distribution of loans reflects reasonable penetration in the moderate-income census tracts.
- The bank's community development performance demonstrates poor responsiveness to community development needs.

DESCRIPTION OF INSTITUTION'S OPERATIONS IN NEW HAMPSHIRE

The bank operates primarily in the state of New Hampshire (NH). The area includes the Upper Valley and Lake Sunapee regions. This AA includes 6 branch offices and deposit-taking ATMs, as well as, the contiguous towns/cities around these offices. The AA consists of 20 continuous census tracts in a non-metropolitan area and includes towns in portions of Grafton, Merrimack, and Sullivan counties. Population in the AA is 85,000. There are two moderate-income tracts located in the town of Claremont, 15 middle-income, and three 3 upper-income tracts in the AA. The AA meets the requirements of the regulation and does not arbitrarily exclude any low- or moderate-income areas.

LNB operates in a highly competitive market with competition from regional large commercial banks and local savings banks. The bank's local competitors include Lake Sunapee Bank FSB, NH; Mascoma Savings Bank, NH; Sugar River Bank, New London, NH; Woodsville Guaranty Savings Bank, NH; and Connecticut River Bank, N.A., VT. Based on the Federal Deposit Insurance Corporation's deposit market share report, as of June 30, 2009, LNB ranked seventh in market share and held 4.5% of deposits. This further supports the strong level of competition in the bank's market area.

Economic indicators show that the NH economy has been affected by the national recession as statewide unemployment rates have steadily increased from 4% in October 2008 to 6.8% as of October 2009. However, NH's unemployment rates still remain well below the national average of 10%. Both bank management and a community contact indicated that the local economy is faring better than other parts of the state. Major employers are primarily healthcare and education sectors and include Dartmouth Hitchcock Medical Center, Dartmouth College, Hypertherm, New London Hospital, Alice Peck Day Hospital, Colby Sawyer College as well as the local school

systems.

While the national downturn in the economy and real estate is being seen in the area, median housing prices remain high relative to median incomes, and affordable housing continues to remain a challenge in the AA. The average market price for a home in the town of Hanover is highest in the AA at \$432,000, followed by New London at \$372,500, and Lyme at \$357,667.

Demographic information of LNB's NH AA is broken out in the table below.

Demographic Information for LNB's NH AA					
Income Level	Total #	% Low	% Moderate	% Middle	% Upper
Geographies (Census Tracts)	20	0%	10%	75%	15%
Population by Geography	85,085	0%	10%	72%	18%
Owner-Occupied Housing by Geography	23,687	0%	8%	79%	13%
Businesses by Geography	9,266	0%	9%	74%	17%
Family Distribution by Income Level	22,191	14%	19%	25%	42%
Household Distribution by Income Level	33,404	19%	16%	22%	43%
2000 Census Median Family Income (MFI)		\$50,942	2008 Average Market Price of Homes	\$222,000 to \$250,000	
			Median Age of Housing	44 years	
HUD Updated MFI: 2007 2008 2009		\$63,000 \$66,200 \$68,700	Families Below the Poverty Level	7.52%	
			Unemployment Rate *	6.8%	

Source: 2000 US Census data

* Data from US Bureau of Labor Statistics as of 10/09. Rate is for the entire state of NH.

SCOPE OF EVALUATION IN NEW HAMPSHIRE

Performance in the NH AA was most heavily weighted in arriving at overall conclusions as the large majority of bank branches and loans and deposits are located here.

Six of the seven offices/branches are located in NH; and approximately 81% of deposits and 72% in loans are attributed to operations in NH.

In conducting the assessment of the bank's performance, we contacted a local organization whose purpose is to advocate for affordable housing in the region. The contact indicated there was a need for affordable ownership and rental housing for low- and moderate-income individuals and families located closer to the towns where most families are employed. Also needed are bank accounts with low fees and homebuyer education programs. Opportunities for bank involvement are limited at this time due to the economic environment. Local banks, including LNB, were perceived positively for their involvement in the community.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN NEW HAMPSHIRE

LENDING TEST

The bank's performance under the lending test in NH is rated "Satisfactory." The distribution of loans reflects a reasonable penetration among individuals of different income levels and businesses of different sizes. Geographic distribution of loans reflects reasonable dispersion in the moderate-income census tracts.

Lending to Borrowers of Different Incomes and to Businesses of Different Sizes

Home Loans

The distribution of home loans to borrowers reflects reasonable penetration among borrowers of different income levels. The percent of residential real estate loans is significantly lower than the percent of low-income families in the AA. While the national downturn in the economy and real estate is being seen in the area, median housing prices remain high relative to median incomes. Lending opportunities to this group are limited given the average median home price in the AA ranges from \$222,000 to \$250,000. The towns of Hanover, New London, and Lyme far exceed the average with median home prices of \$432,000, \$372,500, and \$357,667, respectively. The maximum income that is considered low-income is \$34,349; therefore, low-income borrowers would have difficulty qualifying for a home purchase loan.

The distribution of residential real estate loans to moderate-income families is lower than the percent of moderate-income families in the AA. These families also would encounter difficulty qualifying for home purchase loans with an income range of \$34,350 to a maximum income of \$54,959. In addition, market competition for these loans is high and limits LNB's ability to originate mortgages to both low- and moderate-income families.

The following table shows the distribution of residential real estate loans among borrowers of different income levels as compared to the percent of families in each income category.

Table 2 - Borrower Distribution of Residential Real Estate Loans in NH AA									
Borrower Income Level	Low		Moderate		Middle		Upper		NA *
Loan Type	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of Number of Loans
Residential Real Estate Loans	14	5	19	10	25	16	42	62	7

Source: Loan sample (1/1/2007 to 9/30/09); 2000 US Census

*Income not available for 7% of number of loans.

Business Loans

The distribution of loans to businesses/farms reflects reasonable penetration among businesses of different sizes. The bank originated 61% in loans to small businesses/farms with gross annual revenues of \$1 million or less. This is considered reasonable as it is near to the demographic data with 75% of the area's businesses/farms are considered small businesses. Commercial lending in the NH market area is dominated by larger financial institutions.

The following table shows the distribution of commercial loans among businesses/farms of different sizes in the NH AA.

Table 2A - Borrower Distribution of Loans to Businesses/Farms in NH AA				
Business/Farms Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/Unknown	Total
% of AA Businesses/Farms	75	4	21	100%
% of Bank Loans in AA by #	61	39	0	100%
% of Bank Loans in AA by \$	38	62	0	100%

Source: Bank collected data (1/1/2007 to 9/30/09); 2000 US Census

Geographic Distribution of Loans

The geographic distribution of loans reflects reasonable dispersion throughout the NH AA. We found no conspicuous gaps or areas of low penetration in the bank's lending patterns. The NH AA has no low-income census tracts; therefore, we did not evaluate lending in these areas.

Home Loans

The bank's geographic distribution of home loans in LNB's AA reflects a reasonable dispersion throughout the moderate-income census tracts. The percent of LNB's originations of residential real estate loans in the moderate-income geographies is lower than the percent of owner-occupied housing in those geographies. The two moderate-income tracts are located in Claremont. In the past, this town did not have a local bank presence or many major employers, and as a result, many customers banked at LNB as they were employed in surrounding towns. Since the prior CRA examination, a local bank has established a branch and additional jobs have been created in Claremont resulting in decreased banking needs at LNB.

Following is a table that details the bank's performance as compared to the percentage of owner-occupied housing units in each census tract income level.

Table 3 – Geographic Distribution of Residential Real Estate Loans in NH AA								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans
Residential Real Estate Loans	0	0	8	3	79	60	13	37

Source: Loan sample (1/1/2007 to 9/30/2009); 2000 US Census

Business Loans

The bank's geographic distribution of business loans reflects reasonable dispersion throughout the moderate-income census tracts. LNB's lending to smaller businesses in moderate-income geographies is near to the level of total businesses with revenues less than \$1 million located there.

Following is a table that details the bank's performance as compared to the percentage of businesses in each census tract income level.

Table 3A - Geographic Distribution of Loans to Businesses/Farms in NH AA								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Businesses/Farms	% of Number of Loans	% of AA Businesses/Farms	% of Number of Loans	% of AA Businesses/Farms	% of Number of Loans	% of AA Businesses/Farms	% of Number of Loans
Businesses/Farms	NA	NA	9	5	74	60	17	35

Source: Loan Sample (1/1/2007 to 9/30/2009); 2000 US Census

Responses to Complaints

LNB did not receive any CRA complaints during the evaluation period.

COMMUNITY DEVELOPMENT TEST

The bank's performance under the community development test in NH is rated "Needs to Improve."

Performance under the community development test needs to improve. LNB's community development performance demonstrates poor responsiveness to community development needs in its assessment area through community development loans and investments.

Number and Amount of Community Development Loans

The bank's level of CD lending needs to improve. LNB provided no community development loans during the evaluation period in the NH AA.

Number and Amount of Qualified Investments

During the evaluation period, LNB made 41 grants/donations totaling \$60,000 to 21 community development organizations in the AA. Included in that total was a \$25,000 investment tax credit for the purpose of expanding affordable housing and/or economic opportunities for low- to moderate-income residents, helping to meet an identified need.

Extent to Which the Bank Provides Community Development Services

The bank provides a satisfactory level of community development services. During the evaluation period, eight bank officers/employees provided financial expertise and/or leadership services to nine community development organizations serving the AA. Some of these services included first time homebuyer seminars, an identified need. LNB also services, free of charge, nine residential real estate loans for an affordable housing organization.

Responsiveness to Community Development Needs

LNB's community development performance, through CD loans and investments demonstrates poor responsiveness to the needs of its AA, considering the bank's capacity and the need and availability of CD opportunities. Identified community development needs include affordable ownership and rental housing, bank accounts with low fees, and first time homebuyer education programs.

Since the last CRA examination, there have been some opportunities for CD involvement, both at the local level as well as entities that serve the AA and operate on a broader statewide or regional basis. More recently, the troubled economic conditions have challenged opportunities.

State of Vermont

CRA Rating for Vermont: Satisfactory.

The Lending Test is rated: Satisfactory.

The Community Development Test is rated: Needs to Improve.

The major factors that support this rating include:

- The distribution of loans reflects a reasonable penetration among individuals of different income levels and businesses of different sizes.
- The bank's community development performance demonstrates poor responsiveness to community development needs in its AA, through community development loans, investments, and services.

DESCRIPTION OF INSTITUTION'S OPERATIONS IN VERMONT

Ledyard National Bank has its main office in Norwich, Vermont (VT). This office also serves as the only full-service location in VT. The VT assessment area (AA) lies west of the Connecticut River and includes towns in Orange County and parts of Windsor County. The VT AA has a total population of 35,000. All census tracts in the VT AA are middle or upper-income tracts. The AA meets the requirements of the regulation and does not arbitrarily exclude any low- or moderate-income areas.

Competition in the VT AA is strong with several banks competing for customers. Competitors in the VT AA include Merchants Bank, VT; Chittenden Bank, VT; Connecticut River Bank, N.A., VT; and Randolph National Bank, VT. Larger regional banks such as Bank of America and Citizens Bank also compete for customers.

LNB ranked eighth in market share with 4.9% of deposits, based on the Federal Deposit Insurance Corporation's deposit market share report, as of June 30, 2009. This further supports the strong level of competition in the bank's market area

Due to the current recession, the unemployment rate in VT, along with the rest of the United States, has increased significantly over the last year from 4.9% in October 2008 to 6.5% in October 2009. The bank's VT AA is heavily reliant on the education and health care industries as well as the manufacturing and retail trade industries. Top employers in the VT AA include: Dartmouth Hitchcock Medical Center, Dartmouth College, Hypertherm, New London Hospital, Alice Peck Day Hospital, Colby Sawyer College, as well as the local school systems.

The information in the following table provides key demographic data about the bank's VT AA.

Demographic Information for LNB's VT AA					
Income Level	Total #	% Low	% Moderate	% Middle	% Upper
Geographies (Census Tracts)	10	0%	0%	50%	50%
Population by Geography	35,091	0%	0%	47%	53%
Owner-Occupied Housing by Geography	10,273	0%	0%	44%	56%
Businesses by Geography	4,269	0%	0%	46%	54%
Family Distribution by Income Level	9,563	14%	16%	24%	46%
Household Distribution by Income Level	14,442	18%	16%	19%	47%
2000 Census Median Family Income (MFI)		\$46,084	2008 Average Market Price for Homes	\$166,000 to \$252,000	
			Median Age of Housing	44 years	
HUD Updated MFI: 2007		\$57,300	Families Below the Poverty Level	7.65%	
2008		\$57,900			
2009		\$61,400			
			Unemployment Rate *	6.5%	

Source: 2000 US Census data

* Data from US Bureau of Labor Statistics as of 10/09. Rate is for the entire state of VT.

SCOPE OF EVALUATION IN VERMONT

Performance in the VT AA was weighted less than performance in the NH AA in arriving at overall conclusions as the large majority of bank branches and loans and deposits are located in NH.

Refer to the community contact in the state of NH section as the information provided applies to the bank's entire AA.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN VERMONT

LENDING TEST

The bank's performance under the lending test in VT is rated "Satisfactory". The distribution of loans reflects a reasonable penetration among individuals of different income levels and a poor penetration to businesses of different sizes. More weight was placed on the distribution of loans to individuals as during the evaluation period, residential mortgages represented a majority, 62%, of the bank's loan originations by number.

Lending to Borrowers of Different Incomes and to Businesses of Different Sizes

Home Loans

The distribution of home loans to borrowers reflects reasonable penetration among borrowers of different income levels. The percent of residential real estate loans is significantly lower than the percent of low-income families in the AA. While the national downturn in the economy and real estate is being seen in the area, median housing prices remain high relative to median incomes. Lending opportunities to this group are limited given the average median home price in the AA ranges from \$166,675 to \$252,383. The town of Norwich, where the bank's main office is located, far exceeds the average with a median home price of \$535,000. The maximum income that is considered low-income is \$30,699; therefore, low-income borrowers would have difficulty qualifying for a home purchase loan in the AA.

The distribution of residential real estate loans to moderate-income families is lower the percent of moderate-income families in the AA. These families also would encounter difficulty qualifying for home purchase loans with an income range of \$30,700 to a maximum income of \$49,119. In addition, market competition for these loans is high and limits LNB's ability to originate mortgages to both low- and moderate-income families.

The following table shows the distribution of residential real estate loans among borrowers of different income levels as compared to the percent of families in each income category.

Borrower Income Level	Low		Moderate		Middle		Upper		NA *
	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of Number of Loans
Residential Real Estate Loans	14	4	16	12	24	20	46	59	5

Source: Loan sample (1/1/2007 to 9/30/09); 2000 US Census

*Income not available for 5% of number of loans.

Business Loans

The distribution of loans to businesses reflects poor penetration among businesses of different sizes. The bank originated 45% in loans to small businesses with gross annual revenues of \$1 million or less. Although lending is significantly lower than demographics as 73% of the area's businesses are considered small businesses, commercial lending in the VT market area is dominated by larger financial institutions.

The following table shows the distribution of loans among businesses of different sizes in the VT AA.

Table 2A - Borrower Distribution of Loans to Businesses/Farms in VT AA				
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/ Unknown	Total
% of AA Businesses/Farms	73	4	23	100%
% of Bank Loans in AA by #	45	55	0	100%
% of Bank Loans in AA by \$	16	84	0	100%

Source: Bank collected data (1/1/2007 to 9/30/09); 2000 US Census

Geographic Distribution of Loans

An analysis of the distribution of loans by income level of geography is not meaningful as the VT AA contains no low- or moderate-income geographies.

Responses to Complaints

LNB did not receive any CRA complaints during the evaluation period.

COMMUNITY DEVELOPMENT TEST

The bank's performance under the community development test in VT is rated "Needs to Improve."

Performance under the community development test needs to improve. LNB's community development performance demonstrates poor responsiveness to community development needs in its assessment area through community development loans, investments, and services.

Number and Amount of Community Development Loans

The bank's level of CD lending needs to improve. LNB provided no community development loans during the evaluation period in the VT AA.

Number and Amount of Qualified Investments

During the evaluation period, LNB made 18 grants/donations totaling \$15,000 to nine community development organizations in the AA.

Extent to Which the Bank Provides Community Development Services

The bank provides a low level of community development services in the VT AA. During the evaluation period, two bank officers/employees provided financial expertise and/or leadership services to two community development organizations serving the AA. LNB also services, free of charge, 10 residential real estate loans for an affordable housing organization.

Responsiveness to Community Development Needs

LNB's community development performance, through CD loans, investments, and services, demonstrates poor responsiveness to the needs of its AA, considering the bank's capacity and the need and availability of CD opportunities. Identified community development needs include affordable ownership and rental housing, bank accounts with low fees, and first time homebuyer education programs.

Since the last CRA examination, there have been some opportunities for CD involvement, both at the local level as well as entities that serve the AA and operate on a broader statewide or regional basis. More recently, the troubled economic conditions have challenged opportunities.

Appendix A: Scope of Examination

The following table identifies the time period covered in this evaluation, affiliate activities that were reviewed, and loan products considered. The table also reflects the metropolitan and nonmetropolitan areas that received comprehensive examination review (designated by the term “full-scope”) and those that received a less comprehensive review (designated by the term “limited-scope”).

Time Period Reviewed	Lending Test: (01/01/07 to 09/30/09) Community Development Test: (07/26/04 to 11/30/09)	
Financial Institution	Products Reviewed	
Ledyard National Bank (LNB) Norwich, Vermont	Residential real estate loans, business/farm loans of different sizes. Community development loans, investments, and services.	
Affiliate(s)	Affiliate Relationship	Products Reviewed
None		
List of Assessment Areas and Type of Examination		
Assessment Area	Type of Exam	Other Information
State of New Hampshire: Non-metropolitan area includes portions of Grafton, Sullivan, and Merrimack counties.	Full-Scope	
State of Vermont: Non-metropolitan area includes portions of Windsor and Orange counties.	Full-Scope	

Appendix B: Summary of State Ratings

Overall Bank:	Lending Test Rating	Community Development Test Rating	Overall Bank/State/ Rating
Ledyard National Bank	Satisfactory	Needs to Improve	Needs to Improve
New Hampshire	Satisfactory	Needs to Improve	Satisfactory
Vermont	Satisfactory	Needs to Improve	Satisfactory