

BEWARE OF PHONE-BASED "VISHING" SCAMS

The FDIC has warned numerous times about "phishing" scams in which crooks send e-mails claiming to be from legitimate financial institutions, companies or government agencies asking consumers to "verify" or "re-submit" confidential information such as bank account and credit card numbers, Social Security numbers, passwords and personal identification numbers. (The term "phishing" is a high-tech variation to the concept of "fishing" for personal information.) Now, the FDIC wants you to know about "vishing," which stands for "voice phishing."

In the typical vishing scam, consumers receive an e-mail supposedly from a financial institution or government agency asking them to call a phone number to provide bank account and other "needed" information using their telephone keypad. Once entered into the automated response system, the information can be used by the crooks to gain unauthorized access to bank accounts or commit identity theft.

The bottom line: Don't call telephone numbers provided in unsolicited e-mails to provide personal identification. When in doubt, contact your financial institution using the telephone number provided in your monthly statements or on the back of your credit or debit card—NOT the number listed in the e-mail.

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Member FDIC



Peter F. Crosby,
President & CEO

President's Message

To our valued customers,

It seems hard to believe another year is coming to a close. As the frost appears upon our windows and the view changes to reveal another picturesque season in our beautiful region, I would like to reflect on the year soon passed and the exciting year to come.

This past year Passumpsic Savings Bank took some great steps forward with the introduction of a new look for our website, with added capabilities to make banking from your home or office easier and more convenient.

We will continue to embrace technological advancements including security features and updates that will benefit our customers.

Perhaps the biggest news for us in 2006 was the merger of The Siwooganock Bank and Passumpsic Savings Bank. We feel that The Siwooganock Bank was a perfect fit with us and we are excited to welcome our new customers and staff to the Passumpsic Savings Bank family! This merger has provided all our customers with more branches and a wider range of financial products and services. I would also like to personally thank all our new Siwooganock customers for the warm welcome that they have extended to us. We are excited as we move forward and become an active part of the Lancaster and Groveton communities, as we have in all the communities Passumpsic Savings Bank calls home.

As always, I thank you for choosing Passumpsic Savings Bank as your financial service provider and partner. Our commitment and investment in the people, businesses, and quality of life in our area will remain steadfast in the New Year and for generations to come.

Have a safe and happy holiday season.

Positive Growth.

Siwooganock Bank Merges with Passumpsic Savings Bank

As a result of this merger, customers of both institutions will experience an even greater level of service and convenience. Passumpsic Savings Bank now offers new offices in Lancaster and Groveton, New Hampshire, expanding our network to 11 full-service branches in northern Vermont and New Hampshire.

We are very excited to welcome so many dedicated employees from The Siwooganock Bank to the Passumpsic Savings Bank team. They are a great addition and we look forward to a strong future and the value this partnership will bring to you.

Please join us in welcoming the following staff to our Passumpsic Savings Bank team.

NEW PASSUMPSIC SAVINGS BANK BRANCHES

Lancaster, NH
117 Main Street
(603) 788-4715

Groveton, NH
40 State Street
(603) 636-1223



Groveton
Left to right: Holly Fortin (Branch Manager),
Carrie Ruch, Rose Gonyer, Dawn Fountain,
Chris Aldrich.



Lancaster
Left to right (front row): Wendy Brundle,
Terrill Platt, Brooke Perras
(back row): Brandy Cassidy (Branch Manager),
Tina Desrochers, Andrea Labrecque, Carol Stickney.



Employee of the Year

Rebecca Emerson, Electronic Payments Coordinator in Operations, was named 2006 Employee of the Year at the Annual Employee Recognition Banquet held on November 15, 2006. This award recognizes an employee who has gone above and beyond the call of duty throughout the year. Rebecca was nominated by her fellow employees.

Rebecca joined the bank in April of 2001 as an Operations Associate and became the Electronic Banking Coordinator in March of 2006. As Electronic Banking Coordinator, Rebecca is involved with Fed wire, internet banking, ATM/debit card applications and other operational functions.

Here are some comments from her coworkers: "Becky demonstrates traits not common of the average employee"; "she is a go-getter"; "she is willing to help anyone at anytime"; "Becky is very active in the community; there isn't an event that I can recall not seeing her smiling face."

As Employee of the Year, Rebecca will receive a paid day off plus a gift certificate to her favorite restaurant. In addition, a donation was made on her behalf to Norris Cotton Cancer Center North. Thank you, Rebecca, for being a part of our team.

What's the BUZZ about eStatements?

Get Your Bank Statements the Easy Way with eStatements

Would you like to eliminate paper and clutter?
Would you like to access your statement the day after it is cut?

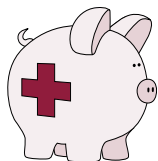
Sign up for eStatements today and you'll receive electronic versions of your eligible checking and savings accounts through Passkeybanker, our internet banking service. As an eStatement customer, you are opting to view your statement online in lieu of a paper statement being mailed to you.

- Reminders will be sent to your designated e-mail address letting you know when a new eStatement is ready to retrieve on Passkeybanker.
- You will be able to view, download and/or print statements right from the internet. Statements

will be available online for 60 days to view at your convenience, so save it to your computer and have easy access to your statement and check images any time you need them!

- To enjoy the benefits of eStatements, you simply need an e-mail address and Adobe Acrobat Reader 6.0 or higher, which is a free download at www.adobe.com.

Sign up today at www.passumpsicbank.com.
Click on the eStatements link and find out what the buzz is all about!



Health Savings Account (HSA) Now Available

If you have a high-deductible insurance plan, a Passumpsic Savings Bank Health Savings Account is a convenient way to save for future medical expenses. This interest-bearing checking account allows you to deposit pre-tax dollars and access your account whenever you need to.

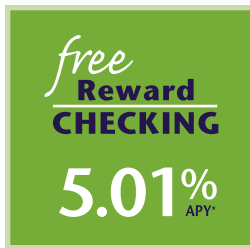
Check with your tax advisor and health insurance provider to find out if you qualify for this account.

Features of a Health Savings Account

- Tiered interest-bearing checking account
- First 50 checks free
- \$25 minimum deposit for contributions
- Unlimited transactions
- Debit card*
- Monthly maintenance fee waived with monthly direct deposit
- One-time setup fee

*While Passumpsic Savings Bank places no restrictions on the use of your debit card, the IRS assesses a 10% penalty for non-qualified withdrawals.

We've Redefined Checking Forever with Reward Checking



Have you been looking for a checking account that refunds all your foreign ATM fees and pays a high rate of interest?

Check out our new Reward Checking account! With a Reward Checking account

you can now earn 5.01% APY* and receive refunds on bank ATM fees nationwide up to \$5 per transaction.

You also get unlimited check writing, free online banking, and free bill pay, all with no monthly service fee! We've provided a way for you to get what you want just by doing more of what you probably already do! Complete these four easy requirements during a monthly activity cycle** and you qualify to earn the rewards.

- 10 Debit card transactions
- 1 Direct deposit or ACH auto debit transaction
- Access online banking at least once
- Receive electronic statement

*Annual Percentage Yield. Rate may change after the account is opened. APY is accurate as of 10/16/06. Minimum balance to open account is \$25. Personal accounts only.

**Minimum monthly electronic banking activity required will be considered from items posted to your account beginning on the 9th of the previous statement month through the 8th of the current statement month. If one or both of these days does not fall on a business day, this period will begin and/or end on the previous business day. If the required minimum monthly electronic banking activity is not performed, no interest will be paid and ATM fees will not be refunded.

Santa Fund



In mid-October, Operations Department staff organized a fundraiser to support the Northeast Kingdom Santa Fund. A potluck lunch was prepared and donated by bank staff from the St. Johnsbury Center branch and Operations Center. Employees could purchase a lunch. In addition, a silent auction of items donated by employees in the building was held and promoted bankwide. A total of \$863.90 was raised along with toys donated by Bank staff.

Chief Troy Ruggles, St. Johnsbury Fire Department, joined by Passumpsic Savings Bank Operations Department staff members (left to right) Heather McGinnis, Julie Wheeler and Melissa Sylvester.



Log on to See the New Website

Visit passumpsicbank.com and you'll be greeted by the new look of our user-friendly website. We listened to our customers talk about what they wanted in their bank's website and have launched a new site with all the features and ease of navigation you asked for. You can do more than ever before with our new eStatement feature and all the latest online banking tools to help make the most out of every visit. With our bright new graphics and a place on the homepage to inform you of new offers, we hope our website is the next best thing to visiting one of our branches.