

MAINE BUREAU OF FINANCIAL INSTITUTIONS
ORDER APPROVING APPLICATION OF CHITTENDEN CORPORATION,
BURLINGTON, VERMONT TO ACQUIRE 100% OF THE STOCK OF OCEAN
NATIONAL CORPORATION, KENNEBUNK, MAINE

Chittenden Corporation, Burlington, Vermont ("Chittenden") applied to the Superintendent of the Maine Bureau of Financial Institutions ("the Superintendent"), pursuant to 9-B M.R.S.A. Chapter 101, to acquire 100% of the stock of Ocean National Corporation, Kennebunk, Maine ("ONC") and thereby acquire its wholly-owned subsidiary, Ocean National Bank, Kennebunk, Maine ("ONB").

The application was accepted for processing on November 19, 2001. Public notice, as required by Title 9-B M.R.S.A. §252(2)(B), was provided by publication and mail to interested parties affording them an opportunity to submit written comments or request a hearing. The Bureau received no comments during the public comment period ending December 27, 2001.

A Principal Bank Examiner of the Maine Bureau of Banking conducted an investigation of this transaction. All evidence and pertinent material considered by the Examiner was also considered by the Superintendent in reaching his decision.

Chittenden is a registered bank holding company operating four commercial banks, including Maine Bank & Trust Company, with 54 offices in Vermont, 12 in New Hampshire, 18 in Massachusetts and 15 in Maine. Chittenden also owns a full-service insurance agency, a full-service broker-dealer and a nonbank mortgage company. ONC is a registered bank holding company whose sole subsidiary is ONB. ONB operates ten offices in York County, Maine and one branch office in Portsmouth, New Hampshire.

As of September 30, 2001, Chittenden had total deposits of \$3.6 billion and ONB had total deposits of \$223 million. Chittenden and ONB are direct competitors in two banking markets as defined by the Federal Reserve Bank of Boston. In the Portland banking market, Chittenden, operating through Maine Bank & Trust Company, has a 3.7% market share and ONC has a .6% share. After the acquisition, Chittenden would have a 4.3% share and rank sixth of the 14 banking organizations operating in the market. In the Portsmouth, New Hampshire banking market, Chittenden has a 5.1% market share and ONC has a 4.7% share. After the acquisition, Chittenden would have a 9.8% share and rank fourth of the 11 banking organizations operating in the market. Both markets are dominated by substantially larger banking organizations: in the Portland market, the three largest organizations hold 70% of market deposits and in the Portsmouth market, the three largest organizations hold 64% of market deposits. The increase in deposit levels is well within the guidelines

utilized by the United States Department of Justice in analyzing the competitive effect of bank mergers. Accordingly, the Bureau concludes that consummation of this transaction would not have a significantly adverse effect on competition.

The financial and managerial resources of Chittenden and ONC are satisfactory and the future prospects of both institutions, individually and combined, are considered satisfactory. ONC, however, was cognizant of the current and prospective economic, regulatory and competitive climate facing independent community banking organizations. Both Chittenden and ONC should benefit from increased efficiencies produced by consolidation of operations and economies of scale. Additionally, inasmuch as Chittenden offers a broader range of products and services than ONB currently does, ONB is expected to expand its product offerings.

The terms and conditions of the transaction appear equitable to all parties. The proposed merger should contribute to the strength of Chittenden and to the banking needs of southern Maine. Therefore, the application of Chittenden Corporation to acquire Ocean National Corporation is approved, subject to Chittenden/Ocean National Bank entering into an agreement with the Superintendent as required by Title 9-B M.R.S.A. §1013(3)(A).

Chittenden has requested a partial waiver of the thirty-day waiting period so that the acquisition may be consummated on the close of business January 31, 2002. The reasons cited include the systems and accounts conversion that has been scheduled for that date. Inasmuch as there were no objections received during the public comment period, the Superintendent agrees to grant the partial waiver in order that this transaction may be consummated after the close of business on January 31, 2002. The transaction shall be completed within one year of the effective date of this Order, unless the Superintendent grants a written extension.

Any person aggrieved by this Order shall be entitled to a judicial review of the Order in accordance with the Maine Administrative Procedure Act, Title 5, Chapter 375, subchapter VII.

By order of the Superintendent, effective close of business January 31, 2002.

/s/ Howard R. Gray, Jr.
Superintendent
Gardiner, Maine
January 4, 2002

The Hirfindahl-Hirschman Index ("HHI"), a statistical measure of concentration based on market deposits in analyzing bank mergers, increases only 5 points, to

1948, in the Portland banking market and, in the Portsmouth banking market, the HHI increases only 48 points, to 1739.