

MAINE BUREAU OF FINANCIAL INSTITUTIONS
ORDER APPROVING APPLICATION OF BANKNORTH GROUP, INC.,
PORTLAND, MAINE TO ACQUIRE BY MERGER AMERICAN FINANCIAL
HOLDINGS, INC., NEW BRITAIN, CONNECTICUT

Banknorth Group, Inc., Portland, Maine ("BKNG") 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 by merger American Financial Holdings, Inc., New Britain, Connecticut ("AMFH"), and thereby acquire American Savings Bank, New Britain, Connecticut ("American"), a wholly-owned subsidiary of AMFH. American will then be merged into Banknorth, National Association, Portland, Maine ("Banknorth"), a wholly-owned subsidiary of BKNG.

The application was accepted for processing on November 6, 2002. 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 either submit written comments or request a hearing. One comment was received by the Bureau during the public comment period ending September 10, 2001.

A Principal Bank Examiner of the Maine Bureau of Financial Institutions conducted an investigation of this transaction. The scope of the review was limited to the impact of the acquisition of AMFH within the State of Maine. The acquisition of AMFH is also subject to approval by the Connecticut Commissioner of Banking and the subsequent bank merger is subject to approval by both the Office of the Comptroller of the Currency, Banknorth's primary regulator, and the Connecticut Commissioner of Banking. All evidence and pertinent material that were considered by the Examiner were also considered by the Superintendent in reaching his decision.

BKNG is a Maine-chartered banking and financial services company headquartered in Portland, Maine. BKNG operates primarily through Banknorth, which has over 300 branches and 400 ATMs in Maine, New Hampshire, Massachusetts, Vermont, New York and Connecticut. In addition to a traditional range of commercial and consumer banking services and products, Banknorth offers insurance, investment planning, money management, leasing, merchant services, mortgage banking, government banking and other financial services. BKNG is the third largest banking company in New England and one of the 35 largest commercial banking companies in the US. As of September 30, 2002, BKNG had consolidated assets of \$22.6 billion.

AMFH is the savings and loan holding company for American, a full service community bank that operates 34 banking offices in 21 communities throughout

central Connecticut. As of September 30, 2002, AMFH had consolidated assets of \$2.9 billion.

The financial and managerial resources of BKNG and AMFH are satisfactory and the future prospects of the institutions, both individually and collectively, are considered satisfactory. Because AMFH does not operate any offices in Maine, the proposed transaction will have minimal, if any, effect on competition, convenience and needs, or on other financial institutions within Maine.

Accordingly, the application of Banknorth Group, Inc. to acquire American Financial Holdings, Inc. is approved. The transaction shall be completed within one year of the effective date of this Order, unless the Superintendent grants a written extension.

The one comment received addressed the alleged cancellation of the major medical benefit program of current retirees of AMFH. While BKNG intends to terminate the existing program offered by AMFH, AMFH retirees will be provided a choice between the two programs that are currently offered to BKNG retirees. This transfer of AMFH employee benefit plans to BKNG employee benefit plans is consistent with the Merger Agreement, which includes a provision stating that BKNG would transfer all current and former employees of AMFH to its various employee benefit plans. The commenter did not oppose the transaction nor request a hearing and, therefore, in light of the alternative choices of benefit programs being offered by BKNG, no further action by the Bureau is necessary.

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 February 9, 2003.

/s/ Howard R. Gray, Jr.
Superintendent
Gardiner, Maine
January 9, 2003