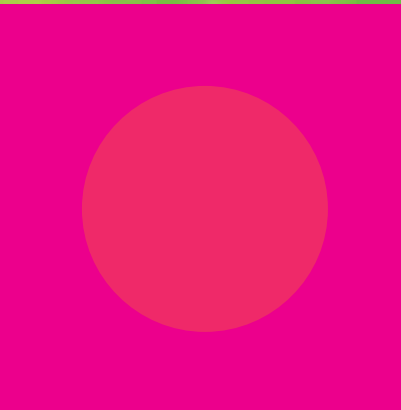


Encouraging **community** growth



2010 Annual Report

Message from the President



"May you live in interesting times," is an oft quoted Ancient Chinese saying. Clearly, we are living in interesting times, which makes the banking business quite challenging. I am pleased to report that Biddeford Savings met the challenges in 2010 and we have entered 2011 with good momentum and great optimism for our future.

Biddeford Savings earned net income of \$1,461,850 for 2010, compared to \$1,088,713 the previous year. The improved performance was driven by loan growth, increased fee income from the residential mortgage business, and careful expense control. Loans grew by over \$10 million during the year with most of the growth coming from new commercial loan customers. Fee income was primarily from the Residential Mortgage area, as many of our customers were able to lock in low rates by refinancing last year. Expenses were managed well, as our non-interest expenses grew just 1.2% for 2010 (compared to 2009). Our loan portfolio continues to perform well, our delinquency and loss rates are among the best in the State of Maine. At December 31, 2010 we had total assets of \$314,356,117 and capital of \$31,857,257 for a capital ratio of 10.13%.

In 2010 we spent a great deal of time on staff development. Our entire staff went through service training, sales training, and product training. We formalized our service standards as part of the training and conducted surprise service audits to help us ensure that we are truly treating our customers like owners.

As you will see in this report, our commitment to service excellence is paying dividends with many satisfied customers who recognize that we offer a special level of service quality.

As part of our sales training we began an Employee Referral Program and our staff made over 700 internal referrals in 2010. I am extremely pleased by our staff's performance in this key area. There will be continued training in 2011 as we work to further improve our service and sales results.

As we have turned our focus to 2011 we are excited by the prospects for our new Kennebunk Branch, which will open in May. Approximately 10% of our customers live in the Kennebunks and we look forward to being able to better serve them once the new branch is open. In recent months we have been actively working to expand our customer base in the Kennebunks and have brought many great new relationships to the bank already, two of which are featured in this report. I hope you will take the time to stop in and see the branch once it opens. Please be sure to say hello to Rhonda Hebert, the Branch Manager, and her staff when you do.

For the young and young at heart, please check us out online at biddefordsavings.com and in the social media where we are on Facebook, LinkedIn, and Twitter. By the middle of 2011 we will offer online account opening and we are looking to add mobile banking later this year. The pace of technological change seems to be accelerating and we are doing our best to stay in the lead pack among community banks.

Our challenges are real but we are doing well and are well positioned for the future. Your support is appreciated and, as always, I invite you to call or email me to let me know how we are doing.

A handwritten signature in black ink, appearing to read "Charles M. Petersen". The signature is fluid and cursive, with a long horizontal stroke at the end.

Charles M. Petersen
President & CEO

phone: 207-571-5655

email: cpetersen@biddefordsavings.com



When it came time to make a dream happen, Biddeford Savings was right on the mark with **Annie Talmage** (left) and **Erica Knudsen** of **Anniebells** in Kennebunkport.

When Erica moved to Maine from Pennsylvania, she became fast friends with Annie Talmage, who owned a Kennebunk flower shop, *Anniebells*. When the two met, they discovered a mutual passion for flowers and all things gardening.

When they heard about a shop space available on Dock Square in late December 2010, they spoke with the landlord and two days later signed a lease for the space. Things happened so fast, they didn't have the right opportunity to tell their husbands. "We decided to get the two families together and break the big news that we were opening a shop in three months," recalls Erica, with a chuckle.

The families pooled resources and rebuilt the space, putting up new walls, rewiring electrical, and replacing floors. For financial support, they turned to Biddeford Savings.

"We chose Biddeford Savings because we saw the branch being built in Kennebunk and heard they supported local businesses. Community involvement is very important to us," recalls Erica.

"We needed financing and a credit line within two weeks so we could attend the New York Gift Show, which was key for us. Biddeford Savings pulled it off. They set up all our accounts, ordered our checks, and got our line of credit in place right when we needed it. Even the small details – like the zipper bags we wanted for each day of the week – were taken care of with a smile."

"Everyone was so kind and accommodating," adds Annie. "That's something you just don't see that often anymore, especially with banks getting so big. Biddeford Savings is like part of our family now."

Annie and Erica cut the ribbon for *Anniebells* on April 1, followed by a big celebration with family, friends, and supporters, including their newest fans from Biddeford Savings.

Ryan's Corner House Irish Pub & Restaurant KENNEBUNK



Joe and Tracy Ryan

When **Joe and Tracy Ryan** came to live in America in 2009 to explore new opportunities, they thought that they were leaving behind their years of pub ownership. A second-generation pub owner, Joe sold his pub in Dromcollogher, County Limerick, when he recognized that the Irish economy was sagging and the future there wasn't bright. While playing golf one day with newly acquired friends in Kennebunkport, Joe was paired with Charles Petersen, president and CEO of Biddeford Savings, another lefty, like Joe. Part way through the round, they began to talk about what each did for a living. Joe told Charles that when he was ready to start a new business, he would call.

After taking some time to relax and enjoy life in Kennebunkport, Joe and Tracy began to miss the excitement and camaraderie of pub ownership. When their friend purchased the Yellow House property in Kennebunk's Lower Village with space available, Joe and Tracy decided it was time to open a new Irish pub & restaurant. They knew who to call.

"I didn't need money for the project but I needed a bank that I could work with every day," recalls Joe. "I had a great relationship with the Bank of Ireland when I owned my previous pub and I was looking for the same thing here. I went to Charles and Chris (Chris Doiron, commercial lender) and said, 'Guys, this is what I'm doing.' Right away they told me that if there was anything they could do to help, they were ready.

"I had a camaraderie with Biddeford Savings right away," recalls Joe. "I wanted a new bank and a fresh start. I'm looking forward to building a future with them."

CUSTOMER PROFILE

Kevin's Electric OLD ORCHARD BEACH/BIDDEFORD

When **Kevin Beaulieu** graduated from trade school in Presque Isle in 1987, he worked for a few different employers in southern Maine before tiring of the layoff/start cycle typical of the economy of the time. So, he decided to start his own electrical business, but even that seemed limiting. His interest in building had him looking in many directions, even property development after he built and sold his first home in 1990.

In the past 20 years, Kevin's Electric, Inc. has grown dramatically by dealing with all aspects of electrical installations for residential, commercial, and industrial customers, as well as by providing excavation, concrete, and property development services. Some of Kevin's customers include JC Penney, McDonald's, Gap, and Banana Republic, as well as wireless towers all over New England.

He came to Biddeford Savings during the market downturn two years ago. He and a friend wanted to partner on a project in Biddeford but discovered that, despite their record of success, no bank would talk with them, except one.

"I received a call from Dan Colby (a commercial lender) at Biddeford Savings saying that he wanted to meet with us," recalls Kevin. "He took the time to tour several of our past projects then told us that the bank liked what it saw and would like to help us. That meant a lot.

"Life is challenging enough," adds Kevin. "Biddeford Savings makes it a lot easier – they're local and they believe in our community; that says it all to me."

CUSTOMER PROFILE

Frederick Bros.
Fuel Oil & Propane SCARBOROUGH

For more than 65 years, Frederick Bros. Oil & Propane has thrived based on their greatest strength: their family and their employees. Founded by brothers Donald and Phil Frederick, and run today by Don's sons, Kevin and Jeff, the company has continually employed family members for three generations.

"There are several large oil and propane companies that offer products and services similar to ours," notes **Laurie Frederick**, office manager and one of the many Frederick family members who work at the company. "Our difference is that we're local. We care about our customers. We care about our community. And when people call, they get someone on the line that they know – and it's usually a family member or an employee they know well. That's something our customers rely on."

It must be working. The company was voted the #1 fuel company three years in a row.

When Frederick Bros. went looking to establish a relationship with a new bank, they sought out, and found, a local bank that valued the same characteristics that built their business: integrity, a local commitment, and outstanding service. They found it all at Biddeford Savings.

"Biddeford Savings is a perfect choice," notes Laurie. "They're friendly, easy to work with and their fee structure is very attractive. We thoroughly enjoy working with them."



Kevin Beaulieu



From left: Kevin Frederick, Devin Frederick, Laurie Frederick, Nathan Frederick, and Jeff Frederick.



It's hard to know which is the best description for Doug Foglio, Sr.: entrepreneur or community advocate. Since 1962, when he started his business as a 17 year-old sanding roads for the town of Waterboro with a 1952 Ford 500 dump truck, Doug has demonstrated an independent spirit and a love for his community.

When his father, a plumber, was having a hard time finding reliable contractors to install septic systems, Doug decided to fill the gap. He bought a utility tractor with a backhoe and started digging on Memorial Day 1963. He hasn't looked back since. After 45 years, Foglio, Inc., is one of southern Maine's largest and most successful excavation companies constructing roads, sewer and water systems, commercial properties, and homes. The company also owns gravel pits and quarries. Doug also has a second family business – Foglio Land Development Company – that manages the construction of condominiums for residents 55+. Joining him in the company are his sons: Douglas, Jr., Dwayne, Dale, and Darren, as well as three grandsons, Justin, Adam, and Josh.

Doug has never forgotten the community where he was raised. He has served as fire chief, selectman, participated on various town committees, and is currently president of the Waterboro Land Trust. When choosing a bank, Doug wanted to work with a financial institution that shared his commitment to the local community.

"With Biddeford Savings, you're not a number, you're a person," says Doug. "They're local, upfront, honest, and they do what they agree to do. They're also large enough to meet our needs and polite enough to service us in a friendly way as we grow."

Doug has also made a point of recruiting the bank's support for his beloved community. Together with a group of loyal Waterboro Land Trust volunteers, Foglio, Inc., and Biddeford Savings are helping to develop Waterboro's Bob Fay Memorial Park, installing picnic tables, walking paths, and fireplaces, to create a place where residents can picnic, fish, swim, hike, or just soak in the sun on a summer day. The bank is also working with Doug and his company to develop a dog park in town.

*"I love Waterboro," says Doug.
"And I also appreciate the fact that Biddeford Savings cares about its communities. Together we make a great team."*

Statement of Condition December 31

Assets	2010	2009
Cash and cash equivalents	\$ 8,249,832	\$ 9,763,566
Investment securities	62,312,173	67,093,157
FHLB stock	3,962,500	3,962,500
Loans	224,138,852	213,984,267
Reserve for loan losses	(1,484,735)	(1,422,800)
Net loans	222,654,117	212,561,467
Premises and equipment	7,316,175	7,138,268
Accrued interest receivable	913,385	1,066,204
Investment in P&C Insurance	4,235,164	4,186,492
Other assets	4,712,771	2,370,651
	\$ 314,356,117	\$ 308,142,305
Liabilities and Capital		
Non-interest bearing deposits	\$ 12,967,259	\$ 10,970,472
Interest bearing deposits	201,062,223	198,027,855
Total deposits	214,029,482	208,998,327
Customer repurchase agreements	2,378,267	3,786,636
FHLB borrowings	63,316,353	62,333,905
Other liabilities	2,774,758	2,474,587
TOTAL LIABILITIES	282,498,860	277,593,455
Undivided profits	32,312,190	30,850,340
Accumulated other comprehensive loss	(454,933)	(301,490)
TOTAL CAPITAL	31,857,257	30,548,850
	\$ 314,356,117	\$ 308,142,305

INCOME STATEMENT

For the period ending December 31,

	2010	2009
Interest and dividend income	\$ 13,890,007	\$ 14,788,558
Interest expense	4,900,969	6,591,193
Net interest income	8,989,038	8,197,365
Provision for loan losses	368,436	254,837
Net interest income after provision for loan losses	8,620,602	7,942,528
Operating income	1,241,358	1,471,066
Securities gains / (losses)	282,760	223,030
Operating expenses	8,167,153	8,069,106
Income before income taxes	1,977,567	1,567,518
Income taxes	515,717	478,805
NET INCOME	\$ 1,461,850	\$ 1,088,713

Officers, Directors and Corporators

PRESIDENT & CHIEF EXECUTIVE OFFICER

Charles M. Petersen

EXECUTIVE VICE PRESIDENT & CLERK

Dale E. Huot

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*Chief Financial Officer
& Treasurer*

Jay D. St. John
*Head of Residential &
Consumer Lending*

Peter C. Sylvestre
Senior Loan Officer

Maureen E. Weeks
*Sales Manager &
Branch Administrator*

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Risk Manager

Lorina J. Boucouvalas
Branch Manager/Loan Officer

Elizabeth D. Boudreau
Marketing Officer

Lynn J. Chase
Comptroller & Assistant Treasurer

Ann T. Coffin
Deposit Services Manager

Daniel F. Colby
Commercial Lender

Cynthia E. Convery
Commercial Lender

Keith B. Gosselin
Information Technology Officer

Barbara D. Jacques
BSA & Security Officer

Susan F. Lessard
*Branch Manager/
Loan Officer*

Laurie L. Warchol
Business Development Officer

Thomas D. Welt
IT Liaison/Facilities Officer

ASSISTANT VICE PRESIDENTS

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Commercial Lender

Nicole M. Dube
Branch Manager/Loan Officer

Rhonda J. Hebert
Branch Manager/Loan Officer

Rebecca A. Moulin
Loan Operations Manager

Gail L. Nason
*Branch Manager/
Loan Officer*

BANK OFFICERS

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*Assistant Branch Manager/
Loan Officer*

J. Elaine Friedman
Loan Officer

Christine L. Gonneville
*Assistant Branch Manager/
Loan Officer*

Susan E. Rocray
*Assistant Branch Manager/
Loan Officer*

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Carl A. Goodwin
Joyce D. Haley
Keith R. Jacques, Esq.
Wayne A. Sherman
Jeffrey S. Worthing

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Gervais Dube
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Douglas C. Foglio, Sr.
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Linda C. Gelinas
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Frank G. Paul
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Barbara Poirier
Joline Pothier
Michael S. Reilly
Dr. Danielle Ripich
Eleanor Rolnick, D.C.
Deborah R. Roy
Bruce L. Ruben
James Sandler
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David Saunders
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Dean P. Wolfahrt
Dr. Sarah A. Wormwood
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Victor A. Wright

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Gilbert L. Domingue
Norman R. Faucher
Frederick R. Fay
Constance C. Laflamme
John L. Moore
Carolyn C. Myers
General Wallace Nutting
Robert J. Quinn

LOCATIONS

Biddeford

254 Main Street
284-5906

417 Alfred Street
282-8991

Kennebunk

65 Portland Road, U.S. Route 1
985-4696

Scarborough

360 US Route 1 #102
883-3004

Waterboro

846 Main Street
247-3031

Commercial Banking Center

234 Main Street, Biddeford
284-5906



Biddeford Savings