

MAINE BUREAU OF FINANCIAL INSTITUTIONS
ORDER APPROVING APPLICATION OF ANDROSCOGGIN SAVINGS BANK,
LEWISTON, MAINE TO PURCHASE CERTAIN OF THE ASSETS AND ASSUME
CERTAIN OF THE DEPOSIT LIABILITIES OF THE LISBON FALLS BRANCH OF
NORTHEAST BANK, LEWISTON, MAINE

Androscoggin Savings Bank, Lewiston, Maine ("ASB") applied to the Superintendent of the Maine Bureau of Financial Institutions ("the Superintendent"), pursuant to Title 9-B M.R.S.A. 355, to purchase certain of the assets and assume certain of the deposit liabilities of the Lisbon Falls branch office of Northeast Bank, Lewiston, Maine ("Northeast"). ASB proposes to consolidate the acquired assets and liabilities with and into its existing branch office in Lisbon Falls.

The application was accepted for processing on March 20, 2006. Public notice, as required by Title 9-B M.R.S.A. 252.2(B), was provided by publication, posting on the Bureau's website and e-mail to interested parties affording them an opportunity to either submit written comments or request a hearing. No comments were received by the Bureau during the public comment period ending April 22, 2006.

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

ASB is a \$529 million asset universal bank that operates twelve offices in central and mid-coast Maine. Northeast is a \$565 million asset universal bank operating twelve offices in western and south-central Maine. Northeast's Lisbon Falls branch has approximately \$12 million in deposits.

Northeast's Lisbon Falls branch is located in the Lewiston-Auburn banking market, as defined by the Federal Reserve Bank of Boston. ASB operates seven offices in the Lewiston-Auburn banking market and Northeast operates five offices, including its Lisbon Falls branch, in the Lewiston-Auburn market. Thus, the two banks are direct competitors in that banking market. As of June 30, 2005, there were ten banks holding deposits of \$1,143 million in the Lewiston-Auburn banking market. ASB held the second largest deposit share, at 22%, and Northeast held the third largest, at 17%. After consummation, ASB would remain the second largest competitor in the market, with a 23% share of deposits, and Northeast would remain the third largest, with a 16% market share. The Lewiston-Auburn banking market is a moderately concentrated market, based on the Herfindahl-Hirschman Index ("HHI").¹¹ The post-acquisition HHI is 1710, an increase of 11 from the pre-acquisition HHI of 1699.

While the proposed transaction would eliminate some direct competition in the Lewiston-Auburn banking market, any adverse competitive effects would be mitigated by the market presence of eight other banking alternatives. Six of these alternatives are branches of financial institutions with total assets in excess of \$1 billion. Accordingly, the Bureau concludes that consummation of the transaction should not have a significantly adverse effect on competition in the Lewiston-Auburn banking market.

ASB has the managerial and financial resources to operate the Lisbon Falls branch without adversely affecting its overall condition. The acquisition should contribute to the long-term strength of ASB and to the financial needs and the convenience of the Lisbon Falls area. Generally, there are not significant differences in the products and services offered. Therefore, the application of Androscoggin Savings Bank to acquire the Lisbon Falls branch of Northeast Bank is approved. The applicant has requested a partial waiver of the thirty-day waiting period so that the acquisition may be consummated no later than May 19, 2006, citing operational purposes related to the systems conversion. The Superintendent has determined that these factors constitute extraordinary or unusual conditions and, therefore, the Superintendent agrees to grant the partial waiver in order that the acquisition may be consummated after the close of business on May 19, 2006. The transaction shall be completed within one year of the effective date of this Order, unless a written extension is granted by the Superintendent.

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 May 19, 2006.

/s/ Lloyd P. LaFountain III
Superintendent
Gardiner, Maine
April 25, 2006

[\[1\]](#) The Department of Justice uses the HHI, a statistical measure of concentration based on market deposits, to analyze the competitive effects of bank mergers. A market in which the post-merger HHI is above 1800 is considered to be highly concentrated. Generally, the DOJ does not challenge a bank merger in a highly concentrated market unless the acquisition increases the HHI by more than 200 points.