

MAINE BUREAU OF FINANCIAL INSTITUTIONS
ORDER APPROVING APPLICATION OF BANGOR BANCORP, MHC,
BANGOR, MAINE TO ACQUIRE BY MERGER PEPPERELL BANCSHARES
FINANCIAL GROUP, INC., BIDDEFORD, MAINE

Bangor Bancorp, MHC, Bangor, Maine ("Bancorp") applied to the Superintendent of the Maine Bureau of Financial Institutions ("the Superintendent"), pursuant to 9-B M.R.S.A. Chapters 35 and 101, to acquire by merger 100% of the stock of **Pepperell Bancshares Financial Group, Inc.**, Biddeford, Maine ("PBFG") and thereby acquire 100% of **Pepperell Bank & Trust**, Biddeford, Maine ("PB&T"), a wholly-owned subsidiary of PBFG. Immediately after consummation of the holding company merger, PB&T will be merged with and into **Bangor Savings Bank**, Bangor, Maine ("Bangor SB"), a wholly-owned subsidiary of Bancorp.

The application was accepted for processing on June 13, 2007. 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. The Bureau received no comments during the public comment period ending July 13, 2007.

A Principal Bank Examiner of the Maine Bureau of Financial Institutions 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.

Bangor SB is a \$2.1 billion asset universal bank that operates 46 offices throughout Maine, including one office in York County. PB&T has assets of \$103 million and operates five offices in York County. After consummation of the proposed merger, Bangor SB would be the ninth largest competitor in York County with a 4% share of market deposits. The increase in competition is well within acceptable limits, based on guidelines utilized by the Department of Justice in analyzing the competitive effect of bank mergers. Therefore, the Bureau concludes that consummation of this transaction would not have a significantly adverse effect on competition.

Bangor SB has the financial and managerial resources to acquire PB&T without adversely affecting its overall condition. The proposed transaction should ensure continued service to customers of PB&T and provide them access to increased financial products and services. The proposed merger should contribute to the strength of Bangor SB and to the banking needs of York County, Maine. The terms and conditions of the transaction appear equitable to all parties. Therefore, the application of Bangor Bancorp, MHC to acquire Pepperell Bancshares Financial Group and to merge Pepperell Bank & Trust with

and into Bangor Savings Bank is approved. The applicant has requested a partial waiver of the thirty-day waiting period so that the transaction may be consummated on July 31, 2007, citing ongoing operating losses at PB&T. The Superintendent has determined that the continuing operating losses constitute extraordinary or unusual conditions and, therefore, the Superintendent agrees to grant the waiver so that the transaction may be consummated on or after July 31, 2007. 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 July 31, 2007.

/s/ Lloyd P. LaFountain III
Superintendent
Gardiner, Maine
July 16, 2007