

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 LIVERMORE FALLS BRANCH  
OF SKOWHEGAN SAVINGS BANK, SKOWHEGAN, 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 Livermore Falls branch office of Skowhegan Savings Bank, Skowhegan, Maine ("SSB"). ASB proposes to consolidate the acquired assets and liabilities with and into its existing branch office in Livermore Falls.

The application was accepted for processing on October 19, 2004. 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 November 22, 2004

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 her decision.

ASB is a \$480 million universal bank that operates twelve offices in central and mid-coast Maine. SSB is a \$385 million savings bank operating eleven branch offices in central Maine. The Livermore Falls branch, SSB's only office in Androscoggin County, has approximately \$8 million in deposits.

SSB's Livermore Falls branch is located in the Farmington banking market, as defined by the Federal Reserve Bank of Boston. ASB operates two offices in the Farmington banking market, including its Livermore Falls branch. As of June 30, 2004, there are seven banks holding deposits of \$330 million and two credit unions holding market deposits of \$90 million. SSB has the smallest deposit share, at 3%, and ASB held the fourth largest, at 12%. After consummation, ASB would remain the fourth largest competitor in the market, with a 15% share of deposits. The Farmington banking market is a highly concentrated market, but the increase in the Herfindahl-Hirschman Index ("HHI") is well within the tolerable limits.<sup>[1]</sup> The post-acquisition HHI is 2233, an increase of 63. While the proposed transaction would eliminate some direct competition in the Farmington banking market, any adverse competitive effects would be mitigated by the market presence of seven other banking alternatives, including

two credit unions. Four 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 Farmington banking market.

ASB has the managerial and financial resources to operate the Livermore 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 Livermore Falls area. Generally, there are not significant differences in the products and services offered. Therefore, the application of Androscoggin Savings Bank to acquire the Livermore Falls branch of Skowhegan Savings Bank is approved. 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 December 24, 2004.

/s/ Colette L. Mooney  
Acting Superintendent  
Gardiner, Maine  
November 23, 2004

[\[1\]](#) 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.