

BUREAU OF FINANCIAL INSTITUTIONS  
DEPARTMENT OF PROFESSIONAL AND FINANCIAL REGULATION  
STATE OF MAINE

ORDER APPROVING APPLICATION OF MACHIAS SAVINGS BANK,  
MACHIAS, MAINE TO PURCHASE CERTAIN ASSETS AND ASSUME  
CERTAIN LIABILITIES OF SIX BRANCHES OF THE BANK OF MAINE,  
PORTLAND, MAINE

**Machias Savings Bank**, Machias, Maine ("MSB") applied to the Superintendent of the Maine Bureau of Financial Institutions ("the Superintendent"), pursuant to Title 9-B M.R.S. Chapter 35 to purchase certain assets and assume certain liabilities of six branches being sold by The Bank of Maine, Portland, Maine ("BOM"). The six branches are located in Caribou, Fort Kent, Houlton, Lincoln, Mars Hill, and Presque Isle, Maine. This transaction includes the simultaneous closure of the branches located in Fort Kent and Mars Hill and consolidation of the acquired Houlton branch into the existing MSB Houlton branch.

The application was accepted for processing by the Bureau on August 23, 2013. Public notice, as required by Title 9-B M.R.S. §252.2(B), was provided by publication, posted on the Bureau's website and sent 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 September 27, 2013.

A Principal Bank Examiner of the Maine Bureau of Financial Institutions conducted an investigation of this transaction by evaluating the criteria and factors identified in Title 9-B M.R.S. §253. All evidence and pertinent material that were considered by the Examiner were also considered by the Superintendent in reaching his decision.

MSB is a \$962 million asset state-chartered bank that operates fourteen offices in downeast Maine and offers a full range of banking products and services for individuals and businesses. MSB is wholly-owned by Machias Bancorp, MHC, a mutual holding company. BOM is a \$785 million asset federally-chartered savings bank operating thirty-four offices in the State of Maine. The six subject branches, located in Aroostook and Penobscot Counties, have approximately \$76 million in deposits. After consummation of the proposed purchase and assumption, MSB will become the sixth largest competitor in Aroostook County with 13% of the deposit market share, and the seventh largest competitor in Penobscot County with 7% of the deposit market

share. The increase in competition is within acceptable limits based on guidelines utilized by the Department of Justice. MSB will remain the seventh largest competitor in the State of Maine's deposit market with 3.9% share of Maine deposits.

MSB has the managerial and financial resources to operate the additional branches without adversely affecting its overall condition. The subject branches are located north of MSB's existing branch footprint, in a similarly rural market. Banking products and services offered by MSB are substantially similar. The acquisition should contribute to the long-term strength of MSB and to the financial needs and convenience of Aroostook and Penobscot Counties.

The Bureau's analysis concludes that the proposed purchase and acquisition will not have a significant adverse competitive effect in the Aroostook County and Penobscot County markets and that MSB has satisfactorily met other statutory application requirements. Therefore, the application of MSB to acquire the six aforementioned BOM branches in northern Maine, to simultaneously close two branches located in Fort Kent and Mars Hill, and to consolidate a third branch located in Houlton, 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 October 30, 2013.

/s/ Lloyd P. LaFountain III  
Superintendent  
Gardiner, Maine  
September 30, 2013