

MAINE BUREAU OF FINANCIAL INSTITUTIONS ORDER APPROVING APPLICATION OF UNITEDKINGFIELD BANK TO PURCHASE CERTAIN OF THE ASSETS AND ASSUME CERTAIN OF THE DEPOSIT LIABILITIES OF THE GREENVILLE BRANCH OF BORDER TRUST COMPANY

UnitedKingfield Bank, Bangor, Maine ("UKB") 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 Greenville branch office of Border Trust Company, South China, Maine ("BTC"). BTC intends to close the acquired branch and consolidate those operations with its existing branch office located in Greenville.

The application was accepted for processing on December 23, 2003. Public notice, as required by Title 9-B M.R.S.A. 252.2(B), was provided by publication and 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 January 28, 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 his decision.

UKB is a \$390 million savings bank operating 15 branch offices, primarily in central and western Maine. UKB is a wholly-owned subsidiary of Camden National Corporation ("CNC"), a financial services holding company with consolidated assets of \$1.4 billion. CNC's other subsidiaries are Camden National Bank, a full-service bank primarily serving mid-coast Maine through its 12 banking offices, and Acadia Trust, N.A., a limited purpose bank offering investment management and fiduciary services. BTC is a \$75 million commercial bank that operates three offices in central Maine and two branches in western Maine.

BTC's Greenville branch, with deposits of approximately \$10 million, is located in the Guilford banking market, as defined by the Federal Reserve Bank of Boston. UKB operates three offices in the Guilford market, including its Greenville office. BTC has the smallest deposit share, at 5%, of the four banks and two credit unions operating in the market and UKB ranks second, with a 21% share. After consummation, UKB would remain the second largest competitor in the market with a 26% share of deposits, behind Bangor Savings Bank's 35% share. The increase in concentration exceeds the guidelines utilized by the United States Department of Justice ("DOJ") in analyzing the competitive impact of bank mergers.¹¹ The post-acquisition HHI, including the two credit

unions, increases by 218 points to 2405. The DOJ reviewed the transaction and did not conclude that the proposed acquisition would have a significantly adverse effect on competition. While the proposed transaction would eliminate some direct competition in the Guilford market, any adverse competitive effects would be mitigated by the presence of four other banking alternatives in the market. Three of these alternatives are branches of financial institutions with total assets larger than the total assets of UKB, and two of the institutions have total assets larger than the consolidated assets of CNC.

The consolidation of BTC's Greenville branch with UKB's Greenville branch will have no effect on the managerial resources of UKB and should have a positive effect on the financial condition of both UKB and BTC by increasing operating efficiencies, thereby enhancing their earnings. Generally, there are not significant differences in the traditional banking products and services offered, although UKB does offer computer banking and trust services.

The Bureau's analysis concludes that the proposed branch acquisition will not have a significantly adverse competitive effect in the Guilford market and that the other statutory factors are satisfactory. Therefore, the application of UnitedKingfield Bank to acquire the Greenville branch of Border Trust Company 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 March 21, 2004.

/s/ Howard R. Gray, Jr.
Superintendent
Gardiner, Maine
February 23, 2004

[\[1\]](#) The DOJ uses the Herfindahl-Hirschman Index ("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.