MAINE DEPARTMENT OF
Professional
& Financial
Regulation

ANNUAL REPORT FROM THE SUPERINTENDENT OF THE BUREAU OF FINANCIAL INSTITUTIONS TO THE LEGISLATURE

PREPARED BY THE STAFF OF THE
MAINE BUREAU OF FINANCIAL INSTITUTIONS

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INTRODUCTION

There are 128 financial institutions operating in Maine today. Of those institutions, 77 are federally-chartered banks and credit unions. The remainder, or 51, are Maine state-chartered banks and credit unions and those institutions control over 40% of the total deposits in Maine.

The Bureau of Financial Institutions ("Bureau") is the state's primary regulator of Maine state-chartered financial institutions. The Bureau's statutory mission is to assure the safe and sound operation of regulated institutions; encourage the development and expansion of financial services advantageous to the public welfare; and protect consumers against unfair consumer credit practices by those regulated entities.

Through its chartering and application processing activities, the Bureau facilitates the development and expansion of financial services in Maine. In 1997, the Bureau created three new limited purpose bank chartering options: the uninsured bank, the merchant bank, and the nondepository trust company. Since that time, nine limited purpose banks have been formed under Maine law. The most recent new entity, Eaton Vance Trust Company, opened for business in early January, 2005. In addition, Northeast Bank, a mid-sized community bank converted from federal to state charter in July, 2004.

To ensure the safe and sound operation of regulated institutions, the Bureau is charged with enforcing the Maine Banking Code (Title 9-B) and the Maine Consumer Credit Code (Title 9-A). The Bureau's code enforcement and supervisory efforts utilize a two-pronged approach. The Research and Administration Division interprets the code, issues regulatory guidance, promulgates rules and interacts with the Maine Legislature during legislative sessions. The Supervision and Enforcement Division conducts periodic on-site examinations of each state-chartered financial institution for safety and soundness and compliance with Maine laws. Bureau examiners also conduct specialty examinations for the following: trust departments, holding companies, consumer compliance, and information technology. In special supervisory situations, examinations can lead to enforcement actions such as the development of board resolutions, memoranda of understanding and cease and desist orders.

In order to maintain effective oversight of state-chartered financial institutions, Bureau staff must continuously participate in specialized examination training programs. Cooperative arrangements between the Bureau and federal bank regulatory agencies have enabled Bureau staff to take advantage of federal agency examiner training programs at a considerable cost savings to the Bureau. In addition, Bureau examiners utilize examination software developed by the federal bank regulatory agencies to conduct on-site examinations of state-chartered institutions. The synergies enjoyed through these collaborative efforts have enabled the Bureau to attract, retain, and develop a highly skilled examination work force in a cost-effective, efficient manner.

Through its Consumer Outreach Program, the Bureau offers education and mediation services to Maine citizens to help them understand their rights and responsibilities as recipients of financial services. Bureau staff respond to questions regarding financial services offered by Maine chartered financial institutions, mediate complaints involving accounts in dispute with those organizations, and provide a referral service should the account relationship involve a federally-chartered financial institution.

In November of 2004 the Bureau launched its enhanced Consumer Services Web site located at http://www.state.me.us/pfr/bkg/bkg_consumer.htm. Through this portal, Maine citizens can access a plethora of informational materials developed by experts in financial services regulation. In addition, an individual may utilize this Web site to ask the Bureau a question or to file a complaint against a financial institution. With the expansion of online banking and Internet access, Maine citizens are being deluged with e-mails from unscrupulous sources trying to obtain their nonpublic financial information. Regulatory authorities continually strive to uncover and shut down these Internet scams. The Bureau's Consumer Outreach Program constantly monitors and upgrades its informational Web site in order to provide educational materials that teach consumers how to guard themselves against common scams.

The foregoing briefly describes the Bureau's mission and role as Maine's primary regulator of state-chartered financial institutions. The following Report summarizes the condition of Maine's financial institutions and some of the challenges facing the industry as well as its regulators. The financial services environment is constantly changing in the complexity of products and services being offered, the delivery mechanisms and in the nature and number of competitors. Maine financial institutions are well positioned to compete in this financial services marketplace. To fulfill its obligations to Maine citizens and maintain its effectiveness as the primary regulator of Maine institutions, the Bureau must be prepared to respond to the changing financial services marketplace through the development of highly skilled staff resources and maintenance of funding sources sufficient to support operations. Over the past several years, the Bureau has gone through some personnel changes. With over 50% of its examination staff eligible for retirement in the next few years, the Bureau has focused resources on attracting and retaining new examiners that bring to the job newly acquired degrees and energetic interest in learning the highly specialized area of examination. Under the direction of Superintendent Howard R. Gray, Jr., the Bureau engaged in a recruitment effort that culminated in the hiring of five individuals educated through the University of Maine System. Superintendent Gray was also instrumental in the expansion of the Bureau's training program to assure quality educational opportunities for all of the Bureau's professional staff and the use of technology to support those endeavors.

Superintendent Gray completed his five-year term of office and remained with the Bureau through a transitional period that ended September 30, 2004. His leadership and support helped create a vibrant, technologically-advanced Bureau. The Administration is currently seeking a candidate to nominate as Superintendent of Bureau of Financial Institutions. That appointment must be presented to Legislative Committee on Insurance and Financial Services for recommendation for a vote before the State Senate. It is anticipated that this process will be completed in the near future.

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CHALLENGES TO STATE OVERSIGHT

The Bureau of Financial Institutions ("Bureau") and the Maine Attorney General's Office spent the last year watching and evaluating new laws and regulations promulgated by the Federal Government that undermine state authority over financial institutions authorized to do business in Maine. In an effort to ensure the stability of financial institutions and the protection of consumers, Maine has joined other states in voicing regulatory concerns to Congress and has assisted other states as they oppose encroachments on state authority in court. This process, still ongoing, is a response to new preemptive powers found in the Fair and Accurate Credit Transaction Act ("FACT Act")[1], an official opinion issued by the Office of Thrift Supervision[2], and the final preemption and visitorial powers rules issued by the Office of the Comptroller of the Currency.[3]

The FACT Act

The FACT Act, passed by Congress in late 2003, made significant changes to the Fair Credit Reporting Act ("FCRA")[4]. The new laws reveal a commendable federal effort to add consistency and accuracy to the credit reporting process. The FACT Act also bolsters consumer protections, including measures to prevent and correct identify theft. While regulations implementing the new law are not complete, many of its provisions are already in effect. These include provisions for fraud alerts on credit reports, the prevention of re-pollution of credit reports, and disclosures to consumers when a creditor reports negative credit information.

Certain aspects of the new law, however, are not well received by state financial institution regulators and state attorneys general. Although the FACT Act seeks to enhance consumer protections and the accuracy of credit reports, it provides

[1] Pub. L. 108-159
[2] O.T.S. P-2204-7, dated October 25, 2004, signed by John E. Bowman, Chief Counsel, Office of Thrift Supervision, Department of Treasury.
[3] 69 F.R. 1904; 69 F.R. 1895
[4] 15 U.S.C. § 1681 et. seq.

unwelcome enhancements to the preemption provisions already found in the FCRA. The new law preempts state laws that more stringently regulate how businesses share, use and report consumer data. In a letter to Congress, the National Association of Attorneys General, joined by Maine Attorney General, Steven Rowe, urged to end preemption and to allow states to enact and enforce their own credit reporting laws consistent with the federal laws. To the disappointment of state authorities, preemption was not only made permanent, it was extended into new areas. The federal preemption found in the FACT Act significantly restricts states from applying unique local perspectives to develop local consumer protections.

The Office of the Comptroller of the Currency

While states were still assessing the impact of the FACT Act, the Office of the Comptroller of the Currency ("OCC"), on January 13, 2004, issued final regulations that severely restrict states' ability to regulate national banks and their operating subsidiaries.[5] The new regulations identify many state laws subject to federal preemption and attempt to codify various judicial decisions supporting preemption. As with the FACT Act, the assertion of federal preemptive powers displeased state authorities. The OCC issued the regulations despite strong opposition from the Conference of State Bank Supervisors, the National Governor's Association, the National Conference of State Legislatures, and the National Association of Attorneys General. State authorities expressed frustration that the broad preemption found in the regulations forces them off the "beat" and rendered them unable to police the activities of national banks and their subsidiaries.

State banking regulators have long been used to differentiating between state and federal jurisdiction. The Bureau does not supervise or examine national banks. But the new OCC regulations continue to push the boundaries of federal jurisdiction and undermine traditional areas of state authority. Maine, like other states, is keenly interested in the preemption of state laws that apply to subsidiaries of national banks. These subsidiaries, such as mortgage companies, are state corporations that have historically been subject to state law. Given the preemption, consumers in Maine must

[5] 69 F.R. 1904; 69 F.R. 1895

now turn to a distant federal regulator, rather than their state regulator, when seeking help to resolve concerns.

The OCC regulations seek to prevent state interference with a national bank's deposit taking, lending and bank operations. This amounts to nearly all activities of a national bank. As noted above, the preemption even extends to operating subsidiaries of national banks such as mortgage companies, payday lenders and check cashing companies. Except where made applicable by federal law, state laws that obstruct, impair, or condition a national bank's ability (or the ability of its operating subsidiaries) to fully exercise its federally authorized activities do not apply to national banks.[6] Certain types of state laws that are useful to national banks were identified in the regulations as being consistent with the activities of national banks. These laws apply to national banks to the extent that they only incidentally affect the powers of national banks. The state laws include such areas as: contract law; tort law; criminal law; rights to collect debts; acquisition and transfer of property; taxation; zoning; and any other law the effect of which the OCC determines to be only incidental to the operations of national banks. When the regulations were proposed, there was much debate over the states' ability to prevent predatory lending by national banks. In an effort to allay these particular concerns, the federal regulators included modest consumer protections that prevent national banks from making consumer loans based solely on the liquidation value of a home and without regard to the borrower's repayment ability.[7]

In addition to preempting laws that obstruct, impair or condition a national bank, the OCC has also claimed exclusive visitorial authority with respect to the content and conduct of activities authorized for national banks under federal law.[8] "Visitorial powers" refer to the authority to examine, supervise and regulate the affairs of a bank. The OCC asserts that federal law commits the supervision of national banks' federally-authorized banking business exclusively to the OCC. With narrow exceptions, the visitorial powers limitations prevent states from controlling the activities of national banks and their subsidiaries. The regulations also make clear that state authorities may not achieve indirectly by resort to judicial action what federal law prohibits them from achieving

[6] 12 C.F.R. §§7.4007, 7.4008, 7.4009; 12 C.F.R. §34.4.
[7] 12 C.F.R. §34.3
[8] 12 C.F.R. §7.4000

directly through regulation and supervision.[9] Therefore, states cannot use the courts to create or expand their authority to regulate or supervise national banks.

The Office of Thrift Supervision

In October, 2004 the Office of Thrift Supervision ("OTS"), the primary regulator of federally chartered thrift institutions which include savings banks and savings and loan associations, issued an opinion letter asserting preemption of state licensing requirements with respect to agents of those institutions.[10] In summary, the opinion stated that state licensing and registration requirements that do not apply to a federal savings association also do not apply to the association's agents when the agents perform marketing, solicitation, and customer service activities related to the association's deposit and loan products and services and other authorized banking powers. The other authorized powers include the sale of insurance and investment products. Federally-chartered thrift institutions already enjoy significant freedom from state laws. The opinion indicates that states may not put operational restraints on a federal savings association's ability to offer an authorized product or service by restricting the association's ability to market its products and services. Thus, states may not restrict third party agents from marketing products on behalf of the federal associations. Many states, including Maine, have regulations requiring licensing of individuals engaged in the activities described in the opinion. According to the OTS, states may no longer regulate those activities if the activities are conducted by agents of the thrift institutions. The OTS opinion reveals that a new preemption issue exists between states and the OTS that will likely be resolved in court. The OTS opinion does not yet carry the force of regulation. State authorities are currently devising strategies to help them clarify their roles as the primary regulator of these independent agents.

[9] 69 F.R. 1895
[10] O.T.S. P-2004-7, dated October 25, 2004, signed by John E. Bowman, Chief Counsel, Office of Thrift Supervision, Department of Treasury.

The Preemption Disputes

Although state financial institution regulators are just beginning to discuss the October, 2004 OTS opinion, state authorities across the country have examined the FACT Act and the new OCC regulations in great detail. State regulators are concerned about the ability to protect consumer privacy in light of the FACT Act, and to regulate the conduct of federal banks and their subsidiaries in light of the OCC regulations. National banks and their subsidiaries may now conduct business around the country unfettered by state laws designed to target problems within state borders. It is widely viewed by state financial institution regulators that providing national banks and their subsidiaries with the ability to operate free from state oversight undermines principles of federalism embodied in the dual banking system. Under the traditional dual banking system (the parallel system of state and federal banking laws), states have had the authority to regulate national banks except in areas where Congress has affirmatively chosen to preempt state laws.[11]

Some members of Congress are listening to concerns voiced by state regulators with respect to the OCC's stance on preemption and have crafted legislation that will provide states with some control over the operations of national banks. One approach utilizes the Congressional Review Act[12] to nullify the OCC's preemption regulations. Another approach proposes new legislation titled Preservation of Federalism in Banking Act. [13] The proposed legislation seeks to limit preemption of state laws by declaring that any state consumer law of general application (including any law relating to unfair or deceptive acts or practices and any consumer fraud law) shall also apply to any national bank. The proposed legislation also seeks to enhance the visitorial powers of the states. Unfortunately, the legislation has made little progress in Congress.

The frustration state authorities have with the new preemption laws and regulations is also being expressed in courtrooms around the country. Disputes arise when national banks seek to avoid compliance with state laws. When a national bank asserts the federal preemption of a state law, state and federal regulators from around

[11] See generally OCC's Preemption Rules Exceed the Agency's Authority and Present a Serious Threat to the Dual Banking System and Consumer Protection, by Arthur E. Wilmarth, Jr., Annual Review of Banking and Financial Law, Vo.23 (2004)
[12] 5 U.S.C. §810
[13] 108th Congress, 2d Session, H.R. 5251.

the country join the dispute, flooding courthouses with letters and briefs. Two important cases pertain to the states' ability to regulate subsidiaries of national banks. Another case pertains to the states' ability to regulate consumer credit information.

State authorities have fought the trend of increasing federal encroachment. The California legislature recently enacted legislation to regulate the sharing of financial information among affiliated institutions that exceeds federal financial privacy standards. The financial industry challenged the new California law in court.[14] Though unsuccessful in Federal District Court, the financial industry representatives were joined on appeal by no less than six federal regulatory agencies in arguing that FCRA preempts state laws that more strictly regulate the sharing of credit information. The federal regulators joining the appeal and arguing in favor of preemption include: the Office of Thrift Supervision; the Office of Comptroller of the Currency; the Federal Deposit Insurance Agency; the Board of Governors of the Federal Reserve System; the National Credit Union Administration; and the Federal Trade Commission. The federal regulators argued that credit reporting and credit granting are national in scope and that a single set of federal rules promotes operational efficiency for the industry and competitive prices for consumers. Maine's Attorney General expressed a different view on appeal, joining other attorneys general to argue in support of the California law. The lower court's opinion showed deference to the exercise of state police powers. However, the case is not over and the participation of virtually all federal financial institution regulators reveals the difficult challenges facing California and other states' privacy laws.

The Bureau has supported efforts to oppose federal preemption by the OCC. In 2004, the Bureau joined in efforts by the Conference of State Bank Supervisors and state attorneys general to assist the State of Connecticut and the State of Michigan face challenges to state laws regulating subsidiaries of national banks.[15] The cases involve the licensing and registration of mortgage companies by state regulators. Though not a direct test of the most recent OCC regulations, the cases are an important test of the OCC's authority to preempt state law. Unfortunately for state consumers, the national bank prevailed in both court cases. The national bank successfully argued that a

[14] A.B.A. v. Lockyer Civ. NO. S 04-0778, (6/04), U.S. District Court, Eastern District of California.
[15] Wachovia Bank, NA v. Burke 319 F. Supp. 2d 275, (D. Conn 2004); Wachovia Bank, NA v. Watters, 334 F.Supp.2d 957; W.D. Mich. 2004)

mortgage company established as an operating subsidiary of a national bank is free from state law and state enforcement to the same extent as national banks. Both cases are now on appeal. The state authorities argued that extending preemption to subsidiaries of national banks undermines core principals of federalism embodied in the nation's system of financial regulation and corporate governance. State authorities argued further that national banks are not immune from state regulation; that the lower court's decision conflicts with long established state authority to regulate state-chartered corporations; and that preemption and exclusive visitorial rights enjoyed by national banks do not apply to their subsidiaries.

The success of federal authorities in asserting preemption is bringing about fundamental changes in the oversight of U.S. financial institutions. Historically, under the dual banking system, federal authorities have overseen the business activities of national banks, while state authorities have enforced state laws of general application against all persons and businesses within their borders, including national banks.[16] This practice is seriously threatened by the new regulations because national banks are now free from most state control. With the new regulations, the OCC is seeking to block all enforcement efforts, only allowing actions that seek declaratory judgments as to whether a given state law is preempted. The recent developments significantly erode a state's ability to protect consumers.

If state laws, particularly consumer protection laws, do not apply to both state financial institutions and national banks alike, then the federal bank charter may become significantly more attractive than the state financial institution charter. Such a result would undermine the dual banking system.

One traditional strength of the dual banking system was that it fosters banking innovation by allowing states to explore new ideas. Maine's experiment in cross-border banking, for example, led the way for a federal interstate branching statute. Alan Greenspan, chairman of the Federal Reserve, once explained the importance of the dual banking system as follows:

[16] See generally National Association of Attorneys General, Letter to the OCC, October 6, 2003

> The dual banking system not only fosters and preserves innovation but also constitutes our main protection against overly zealous and rigid federal regulation and supervision. A bank must have a choice of more than one federal regulator, must be permitted to change charters, to protect itself against arbitrary and capricious regulatory behavior.[17]

Recent efforts to prevent or rollback federal preemption have not, as yet, been successful. The Bureau must remain mindful of preemption issues as it continually refines its role in the regulation of financial institutions. It is the declared policy of Maine law that the Bureau should supervise financial institutions in a manner that ensures stability while encouraging the development and expansion of financial services. The Maine legislature has also given the Bureau the task of supervising financial institutions in such a way as to protect consumers from unfair credit practices. With these objectives in mind, the Bureau will focus its regulatory efforts on state-chartered banks, credit unions and specialty financial institutions. These institutions are crucial to the economic success of their communities. Unlike the federal regulators, the Bureau is close to the financial institutions it regulates and is more accessible and more knowledgeable of local conditions. The Bureau will continue its efforts to ensure that state-chartered institutions are strong and stable and that consumers are adequately protected. In so doing, these institutions will continue to thrive as Maine state-chartered organizations.

[17] Remarks of Alan Greenspan at the annual meeting of the CSBS held in San Diego, CA May 3, 1997.

SECTION II

BUREAU OVERSIGHT ACTIVITIES

Bank Secrecy Act and Anti-Money Laundering

In 2004, the federal bank and credit union regulatory agencies[18] and the Financial Crimes Enforcement Network (FINCEN) increased their oversight and enforcement of the Bank Secrecy Act (BSA) and regulations promulgated pursuant thereto.[19] More vigorous enforcement resulted in two highly publicized enforcement actions against banks. In May, 2004, the OCC assessed a $25 million civil penalty against Riggs Bank, N.A. of Washington, D.C. for numerous violations of BSA resulting from the bank's failure to implement an effective anti-money laundering program. The OCC found a number of problems with the bank's relationships with foreign governments. In October, 2004, the Federal Reserve and FINCEN jointly assessed a $10 million civil penalty against AmSouth Corporation of Birmingham, Alabama for violations of BSA, including failure to establish an effective anti-money laundering program and failure to file accurate, complete, and timely Suspicious Activity Reports. In addition, AmSouth agreed to pay $40 million as part of a deferred prosecution agreement. Criminal prosecution will be delayed and dropped if AmSouth enhances its BSA compliance. The federal banking and credit union regulatory agencies have issued numerous, but less serious, enforcement actions against institutions for BSA as well. In addition, the federal regulators consider an institution's anti-money laundering record in the evaluation of merger and similar transactions. The federal regulatory agencies have also issued revised and expanded BSA procedures to their examiners and have increased BSA training.

Although the industry is subject to increased scrutiny at this time because of terrorism concerns, BSA was initially enacted in 1970 primarily to compel the industry to assist law enforcement in the fight against organized crime and illegal drug trafficking. Organized crime and drug traffickers routinely attempt to disguise their true source of

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[18] Office of the Comptroller of the Currency, Board of Governors of the Federal Reserve System (Federal Reserve), Office of Thrift Supervision, Federal Deposit Insurance Corporation ("FDIC"), and National Credit Union Administration "(NCUA").
[19] 31 U.S.C. §5311 et. seq.

funds through money laundering. As world-wide terrorism has increased, BSA is increasingly used to combat terrorist organizations. Congress has strengthened BSA several times since 1970, culminating in the passage of the U.S.A. PATRIOT Act[20] in October, 2001, in the wake of the terrorist attacks on New York City and Washington, D.C. The U.S.A. PATRIOT Act strengthened BSA in many ways, including requirements for the following: information sharing between institutions and the government (voluntary information sharing among financial institutions is permitted); the implementation of a customer identification program; enhanced due diligence programs; and anti-money laundering programs across the financial services industry. Of all the important BSA enhancements, the requirement for customer identification programs is particularly important to financial institutions and their regulators. In addition, there is increased scrutiny of procedures to identify and report suspicious transactions — even those that do not require the filing of Currency Transaction Reports. Nearly all enforcement actions issued by the federal regulators identify poor customer identification processes and deficient suspicious activity reporting.

As an indication of the importance of BSA, regulators have strengthened examiner training for BSA compliance. After consultations with the other federal regulators, the FDIC issued revised examination procedures for assessing anti-money laundering programs and BSA compliance on October 17, 2003.[21] The federal regulators and FINCEN jointly issued examination procedures for assessing customer identification programs on July 28, 2004.[22] The federal regulators now require all examiners to have a fundamental base of knowledge in anti-money laundering and BSA.

Because the federal regulators must review anti-money laundering and BSA compliance in all institutions, they have requested that the Bureau conduct BSA reviews during the Bureau's independent examinations. Pursuant to cooperative agreements with federal regulators, the Bureau added BSA compliance to its examination program in late 2003. The Federal Reserve Bank of Boston provided Bureau staff with BSA training in January, 2004, and the Bureau also sent a specialist for additional BSA

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[20] 107 P.L. 56 (2001), 115 Stat. 272.
[21] FDIC, Financial Institution Letter, 79-2003.
[22] FDIC, Financial Institution Letter, 90-2004

training at the Federal Reserve Bank of Boston in August, 2004. The Bureau anticipates providing more BSA training for its staff in 2005. With respect to the BSA examination itself, the Bureau currently uses the FDIC's or the NCUA's BSA examination procedures and the customer identification program procedures discussed above.

The Bureau anticipates a high level of regulatory scrutiny for BSA compliance for the foreseeable future because of ongoing concern for future terrorist attacks in the United States and against United States' interests abroad. Institutions must devote the resources necessary to develop and implement sound anti-money laundering programs or risk serious reputational harm and the financial consequences associated with formal enforcement actions. Financial institutions should not be lulled into a false sense of security derived from their relatively small size or the geographic remoteness of Maine.

Application and Structural Changes

Application activity increased significantly beginning in November, 2003 and remained comparatively brisk throughout 2004. Excluding the large interstate transactions involving Bank of America Corporation/FleetBoston Financial Corporation and The Toronto-Dominion Bank, Toronto, Ontario/Banknorth Group, Inc., most of the transactions were driven by ongoing rationalization by institutions of their delivery channels and locations. In addition to various branch establishments, relocations and closings, four of the transactions listed under "Mergers, Acquisitions" in Table #1 involved the purchase by a Maine bank of a single branch office of another Maine bank.

TABLE #1

	11/01-10/02	11/02-10/03	11/03-10/04
Charters –Depository Inst.	1	0	0
Charters – Nondepository Inst.	2	0	0
Charter Conversions	0	0	1
Mergers, Acquisitions	1	1	8
New Activities	3	2	3
Branch Establishment	6	4	9
Branch Relocation	7	1	4
Branch Closing	1	3	3
Other	0	1	1
TOTAL	21	12	29

Of particular note is the conversion of Northeast Bank from a federal charter to a Maine state charter. The bank apparently concluded that the Maine charter is more consistent with its business plan and leaves it better able to respond to the market. It is expected that Maine's financial institutions will continue to scrutinize their facilities and operating strategies in their effort to grow loans and deposits, to minimize expenses and to maximize capital.

It is noted that 2003 was the first year since 1998 that a Maine bank was not acquired by another financial institution or financial institution holding company. It was also the slowest year nationally, both numerically and proportionally, for reductions in the total number of depository institutions. In the last ten years, between December, 1993 and December, 2003, there has been a net reduction of 30% in the number of insured institutions nationally. Maine has experienced a 20% net reduction of insured institutions.[23] More reductions in the total number of depository institutions are expected as consolidation within the industry continues. The Bureau expects that reductions in Maine will continue to lag the national pace.

Technology

The Bureau embraces the concept of electronic commerce and continues to utilize technology whenever feasible to streamline operations, decrease costs, and minimize regulatory burdens. The Bureau's Extranet project began in 2003 and is nearing completion. The Extranet permits financial institutions to complete and file required Bureau forms online. In 2004, the Bureau added five additional forms to its Extranet. An assessment form for nondepository trust companies should be operational in 2005. The Extranet forms now available include the following: quarterly assessments; annual notification; changes in capital; and officers' questionnaire. The balance sheet, income statement, and fiduciary and related services forms for non-depository trust companies are also available. The Bureau's Internet site also provides

[23] The net reduction takes into account the formation of new institutions, which results in the understatement of the net number of institutions that have ceased operations. Adjusting for the new institutions, the total number of institutions nationally has dropped nearly 40%. However, because there has only been one new bank formed in Maine during this period, the impact of new institutions is nominal, increasing Maine's percentage to 23%.

application forms necessary to engage in a variety of bank activities, including applications to establish a charter or to convert from one type of charter to another.

The Bureau plans to enhance the Extranet system in a number of ways, including the addition of features that will allow financial institutions to save and edit the forms on the Extranet prior to submission to the Bureau. The Bureau is also exploring the purchase of e-mail message management software (a list server) to improve efficiencies in the creation and management of e-mail distribution lists. This will allow interested parties to register to receive various notifications from the Bureau. These notifications may include requests for comments when a new rule is proposed and other notices of Bureau activity or report deadlines.

The success of the Extranet is evident in the fact that most forms are now completed online. The Bureau strives to increase efficiency by accepting payments electronically. Examination reports are also done in an electronic format and submitted to federal counterparts in the same manner. Over the past year, the Bureau has agreed to accept certain applications and filings from federal counterparts in an electronic format.

Consumer Outreach

The Bureau strives to meet the needs of Maine consumers through its Consumer Outreach Program. The Consumer Outreach Specialist is available to answer questions related to financial institutions and services, to mediate complaints, and to make referrals to other regulatory agencies.

During the fiscal year ending June 30, 2004, the Bureau responded to 977 consumer complaints and inquiries. Of those consumer contacts, 189 were complaints requiring Bureau intervention. The Bureau is most successful when intervening in disputes involving state chartered financial institutions. When a federally-chartered financial institution is involved, complaints are forwarded to the institutions appropriate federal regulator. Credit card related inquiries and complaints continue to represent a large percentage of the calls received by the Bureau. Frequently, issues arise over the terms of the credit card agreement. Consumers either do not understand the card agreement or have not read it until confronted with changing rates or unexpected fees. Table #2 lists the Bureau's consumer contacts by account type in fiscal year 2004.

TABLE #2

Type of Account	Number of Contacts	% of Total
Credit Cards	350	36
Checking Accounts	151	15
Installment Loans	87	9
Mortgage Loans	189	19
Other	200	20
Total	977	100

The Internet and other advances in technology continue to change the way financial institutions and the Bureau do business. In addition to on-line industry services, the Bureau has expanded its Web site to include many helpful tools for consumers. The upgraded Consumer Services section now includes a consumer library; a frequently asked questions (FAQ) page; and a complaint page that helps facilitate communication with the Bureau. The site also provides links to other financial institution federal regulatory agencies.

Fraud and Identity Theft

New technology has also changed the way criminals engage in fraud. The Bureau's online library contains an expanded section designed to help consumers avoid fraud. It also provides guidance for victims of fraud to help recover their identity and inform credit reporting agencies of their problems. The Web site contains information on a variety of the most common financial scams such as "phishing", fake check scams, and the Nigerian Advance Fee scam (a.k.a. 419 fraud).

The "phishing" scam begins with an e-mail, purportedly from the victim's bank or credit union, asking the victim to update a password or re-submit personal financial information. The victim's financial institution's logo and other identifying characteristics are presented in a manner that makes the e-mail appear legitimate. The victim is urged to respond immediately through a link to a phony Web site. The phony Web site appears to be the Web site of the victim's financial institution. When the victim provides passwords, account numbers or other personal information, the information may be used to gain access to accounts, including the victim's credit card.

The information gained in a phishing scam is also useful to identity thieves. Identity thieves use names, addresses and social security numbers to commit fraud or other crimes. Frequently, victims only learn of the crimes when negative credit information ends up on their credit report or when creditors attempt to collect funds that the victim never agreed to borrow. Victims of identity theft are also affected in other ways; they may be refused loans for education or housing and may even be arrested for crimes they did not commit. Recovering from identity theft is often costly and time consuming. New federal laws are in place to help victims by requiring fraud alerts on credit reports and by prohibiting the re-pollution of credit information.

The fake check scam has several variations. In all cases a stranger proposes to send the victim a check and then requests that the victim return a portion of the money. In these scams the check received by the victim is fraudulent; often a reproduction of a bank or credit union cashier check. The victim mistakenly believes that once the financial institution allows withdrawal against the deposited check, there is no further concern for the checks legitimacy. This is not true because under certain circumstances federal law requires banks to make the deposited funds available for withdrawal even before the check has actually cleared. Thus, the victim is able to withdraw money before the fraudulent check is dishonored. Because customers are responsible for the checks they deposit in their accounts, the victims of these scams are left to repay the bank or credit union the money withdrawn against the bad check.

One common fake check scam method is to provide a victim notice that he or she has won the Canadian or European lottery. A check is mailed out as an advance on the prize money, but a portion must be returned to cover "fees" in order to collect the rest of the prize. Another version of this scam involves the sale of merchandize, even an automobile, offered for sale by the victim. A fraudulent check is sent to purchase the goods but the check amount exceeds the purchase price. The purchaser requests that the victim send the goods and return the excess money. In each case the original check is fraudulent. When fees are paid, goods delivered or excess funds returned before the check is dishonored, the victim suffers a loss.

The Nigerian Advanced Fee scam consists of a letter or email from someone purportedly from Nigeria that urgently needs help to move money out of their country or to invest money for them. They claim to have millions of dollars and are willing to pay 20 to 30 percent of the money to the victim for assistance. Eventually, the victim will be asked for payment of taxes, licensing fees, attorney fees or bribes before collecting the money. Requests for payments from the victim will continue until the target finally realizes it is a scam.

There is an ever changing variety of fraud confronting Maine consumers, but most scams share a few common characteristics. The Bureau works to educate consumers to be alert to these commonalities. Generally, the scams have one or more of the following elements: they are unsolicited contacts; they require an urgent response; and they require advance payment in order to receive a promised benefit. Criminals use the Internet, regular mail and the telephone to entice victims with various requests or offers. The Bureau tries to impress upon consumers that they should not respond to requests for information or pay any money without diligently verifying the legitimacy of the inquiry or offer. When a consumer becomes a victim of fraud or identity theft, the Bureau can advise them how to report the crime and what steps are necessary to reclaim their identity and fix their credit information.

SECTION III

INDUSTRY CONDITION

Maine's financial institutions remain in sound financial condition. Capital levels are strong, earnings are sufficient to support continued asset growth, and credit quality is at historically high levels. Chart #1 shows the growth in loans, deposits, assets and net income since December, 1992 (in millions).

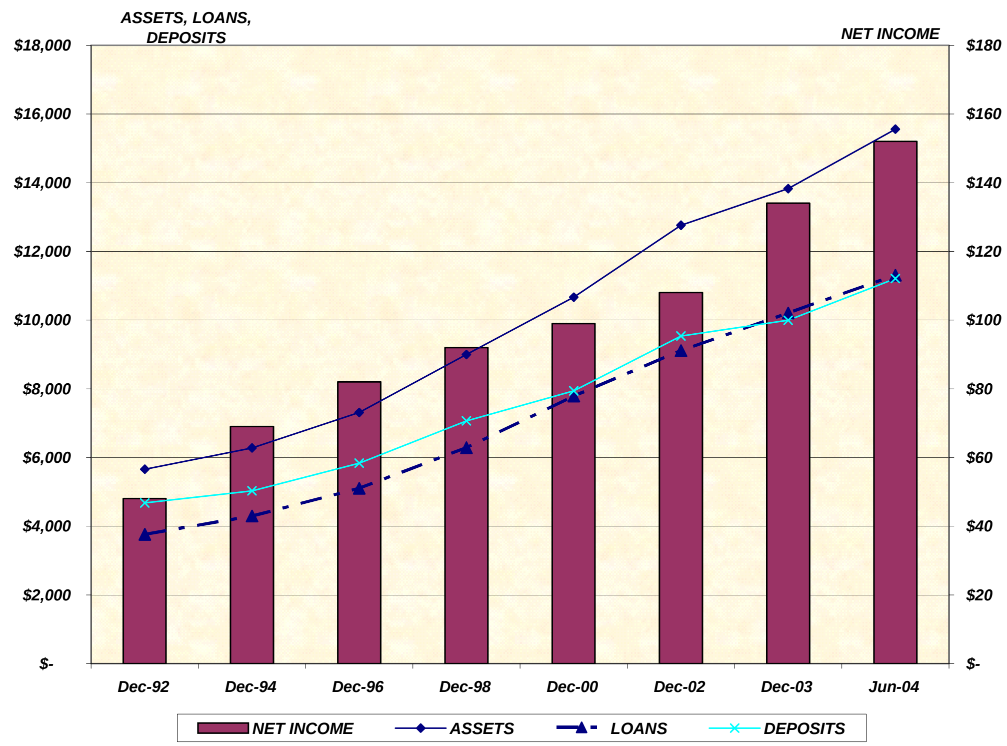

CHART #1

Maine Banks

The analysis in this section refers to the performance of all of the state and federally chartered banks and thrifts headquartered in Maine (the "Maine Banks").[24] The Maine Banks include commercial banks, savings banks, and savings and loan associations. The analysis herein excludes information about Banknorth, N.A. because

[24] There are 15 commercial banks, 15 savings banks and eight thrift institutions in Maine: Twenty-nine of the banks are state-chartered and nine are federally-chartered. All but one of the Maine Banks operate their banking offices solely in Maine (the one exception also has branches in New Hampshire).

its Maine operations represent only a small portion of the bank's consolidated business and available Maine-specific data is limited to its total loans and deposits. Fleet National Bank (acquired by Bank of America in April, 2004) and KeyBank, both of which have a significant presence in Maine but are headquartered in other states, are also excluded from Maine Banks due to a lack of Maine-specific data. While Banknorth, Fleet National Bank, and KeyBank continue to be the three largest depository institutions operating in Maine, their share of deposits and loans is steadily declining, dropping from 50% and 53% in December, 1996, respectively, to 34% and 35% in June, 2004, respectively.

Maine Banks showed a relatively strong 8% dollar increase in capital during 2003 that allowed the core capital ratio to increase for the first time since 1997. See Chart #2.

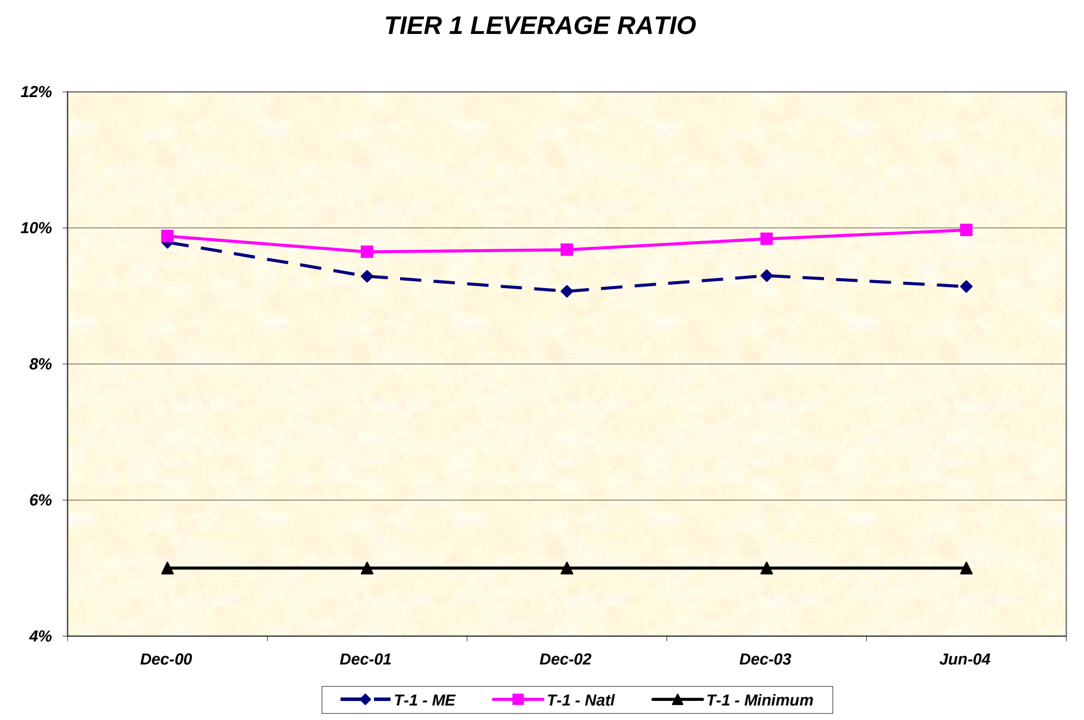

CHART #2

Risk-based capital ratios, however, have remained on a downward trend since 1996 due to a continued increase in higher risk assets, evidenced by increases in the loan-to-asset ratio and a continued decrease in the ratio of residential first mortgage loans-to-

total loans. The ratios for the Maine Banks remain moderately below national ratios. Nevertheless, the capital ratios remain strong and all Maine Banks have capital in excess of the minimum levels to qualify as "well-capitalized" under federal guidelines.

Dollar net income for the Maine Banks was up a very strong 22% in 2003 and return on assets ("ROA") improved to its highest level since 1999. Unfortunately, the primary factor in the earnings improvement was a substantial increase in non-core operating income resulting from securities gains. Modest improvements in three (noninterest income/other income – ("OI"), noninterest expense/overhead – ("OVHD") and the allowance for loan loss provision – ("ALLP")) of the four major components of the income statement nearly offset a continued decline (eight of the last nine years) in net interest income ("NII"), the fourth major component. As a result, core operating income (income before securities gains and taxes ("COI")) for the year remained nearly flat. NII remains the predominant source of revenue for Maine Banks. See Table #3.

TABLE# 3

	12/01		12/02		12/03		6/04	
	ME	Natl	ME	Natl	ME	Natl	ME	Natl
NII	3.65	3.96	3.81	4.03	3.64	3.85	3.46	3.83
OI	0.87	0.75	0.88	0.77	0.92	0.80	0.84	0.74
OVHD	3.05	3.16	3.04	3.13	3.00	3.11	2.85	3.02
ALLP	0.22	0.24	0.21	0.24	0.14	0.20	0.09	0.15
COI	1.24	1.38	1.44	1.50	1.42	1.43	1.36	1.48
ROA	0.85	0.99	0.90	1.08	1.01	1.05	1.00	1.09
OI/Rev	19.3	15.9	18.8	16.0	20.2	17.2	19.5	16.2

However, in the last ten years noninterest income has increased from 12% of revenues to 20%. This reflects a compound annual growth rate for noninterest income of 14%, nearly double that of NII. Compared to banks nationally, the Maine Banks have consistently reported lower core operating income, although the gap has steadily narrowed over the last three years. The primary factor in the weaker performance is a low NII, caused by a higher interest expense, in turn caused by a greater reliance on interest-bearing funds. During 2003, nearly two of every three of the Maine Banks reported a higher ROA; however, during the first six months of 2004, only one of three Maine Banks reported a higher ROA than for 2003.

Loan quality ratios for Maine Banks continue to show improvement to loan portfolios. Current loan quality ratios easily surpass 2002's historic lows, as seen in Chart #3. Both net loan losses ("NLL") and noncurrent loans ("NCL") remain well below national averages. The improvement in NLL is at least partially attributable to the loan mix which has seen little change and remains predominantly real estate-secured. Notwithstanding the continuing decline in the percentage of residential mortgage loans, Maine Banks still hold a significantly larger proportion of mortgage loans than do banks nationally.

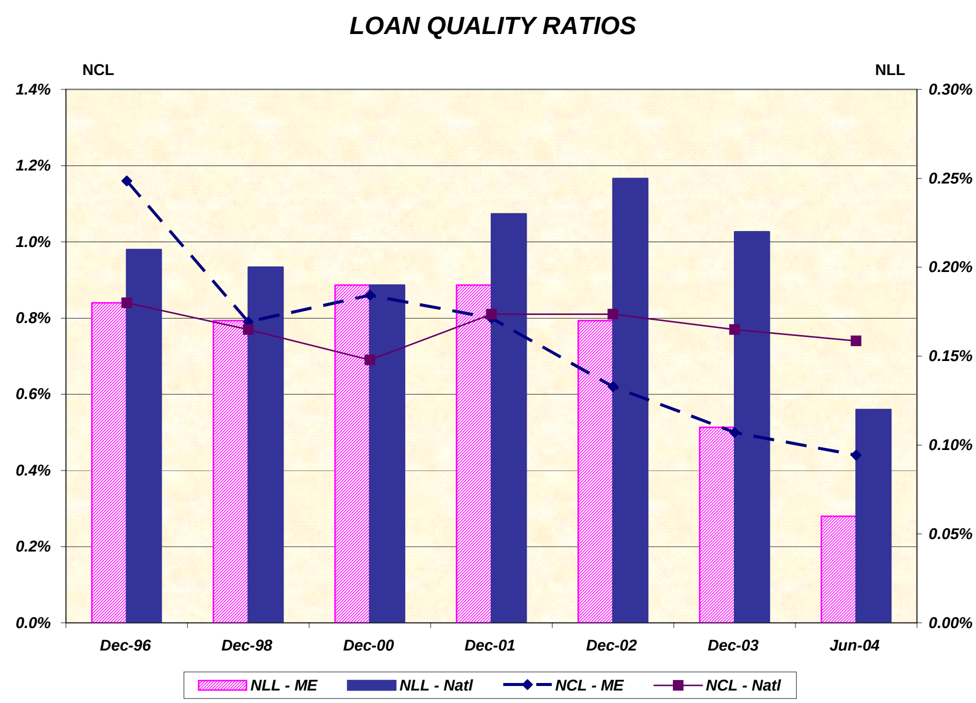

CHART #3

Historically, such loans have had very low loss experience. See Chart #4. Loans increased at a 10% rate in the twelve months ending June, 2004, the fastest rate in the last five years, and climbed to 73% of assets; these ratios compare to 9% and 63%, respectively, for banks nationally.

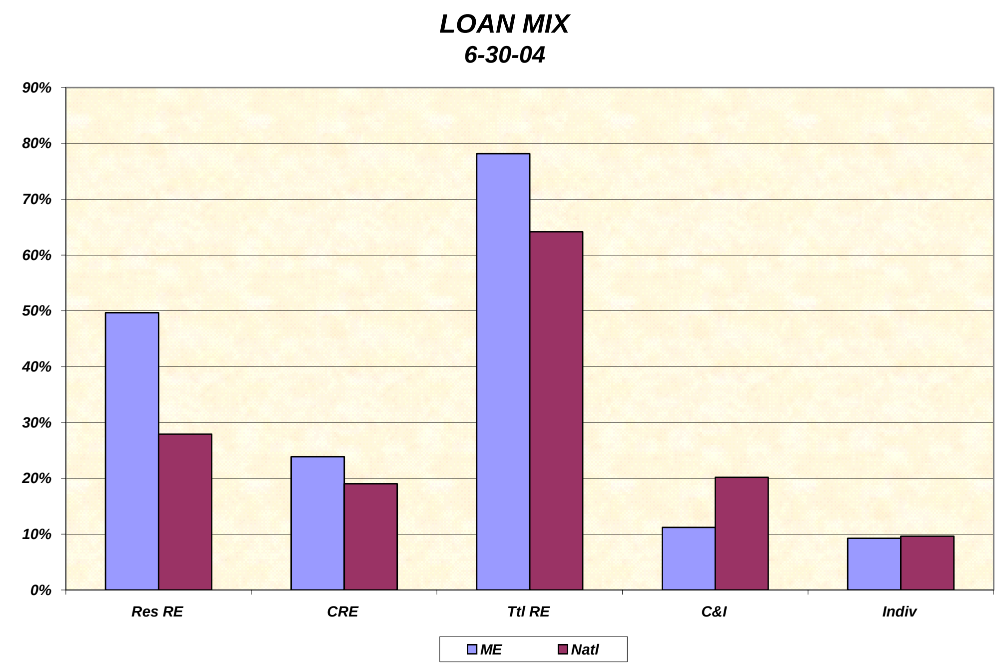

CHART #4

The strong loan growth has not been matched by core deposit growth, which increased at a relatively anemic 4%, the lowest growth rate in five years. As a consequence, the loan-to-core deposit ratio rose to a record high of 117%, well above the national average of 90% and up from 110% one year earlier. During the 12 months ending June, 2004, 27 Maine Banks increased their loan-to-deposit ratio ("L/D") and, of those that decreased their L/D ratio, nine still had a ratio that exceeded 100%. Because core deposit growth has not kept pace with loan and asset growth, the Maine Banks have had to rely increasingly on borrowings and other types of noncore funding ("NCF"), which supported 27% of assets as of June, 2004; nationally, the average was 16%.

The increased risk of the heavy reliance on noncore funding is further exacerbated by the continued high level of long term assets as seen in the following Table 4.

TABLE #4

	12/02		12/03		6/04	
	ME	**Natl**	**ME**	**Natl**	**ME**	**Natl**
Core Dep Incr	12	8	3	7	4	7
Ln/Core Dep	108	88	117	88	117	90
Ln/Dep	96	74	102	74	101	76
NCF	23	16	27	16	27	16
Borrow/TA	14	4	17	4	17	4
LTA	34	14	36	15	35	16

The challenges facing Maine Banks as they enter 2005 are similar to those identified last year: loan and deposit growth, credit quality, interest rate risk and risk management processes. In addition to these challenges, Maine Banks must grow revenues and control expenses while managing an increasing regulatory burden principally related to compliance issues. These are challenges that the banking industry has met for many years. Maine Banks have performed very well and have operated in a safe and sound manner while serving the citizens and businesses of Maine. There is every reason to expect similar results over the next twelve months.

Maine Credit Unions

There are 78 credit unions headquartered in Maine - 14 with Maine charters and 64 with federal charters (the “Maine Credit Unions”). The Maine Credit Unions, individually and collectively, continue to record steady, satisfactory performance. In the key areas of capital and earnings, performance remains moderately below national indicators while loan quality indicators remain mixed. Growth generally slowed in 2003 and through the first six months of 2004, but nevertheless remains fairly strong.

The net worth-to-asset ratio (“NWR”), for both Maine Credit Unions and credit unions nationally, has been very steady since December, 2001, as seen in Chart #5. The chart also shows the annual increase in assets. While asset growth at the Maine Credit Unions has generally lagged growth at the national level, Maine’s asset growth has been very steady and sustainable. There are only two Maine Credit Unions that do not meet the federal definition of well capitalized as of June, 2004, and only one of which is considered undercapitalized.[25] Overall, Maine Credit Unions remain strongly capitalized.

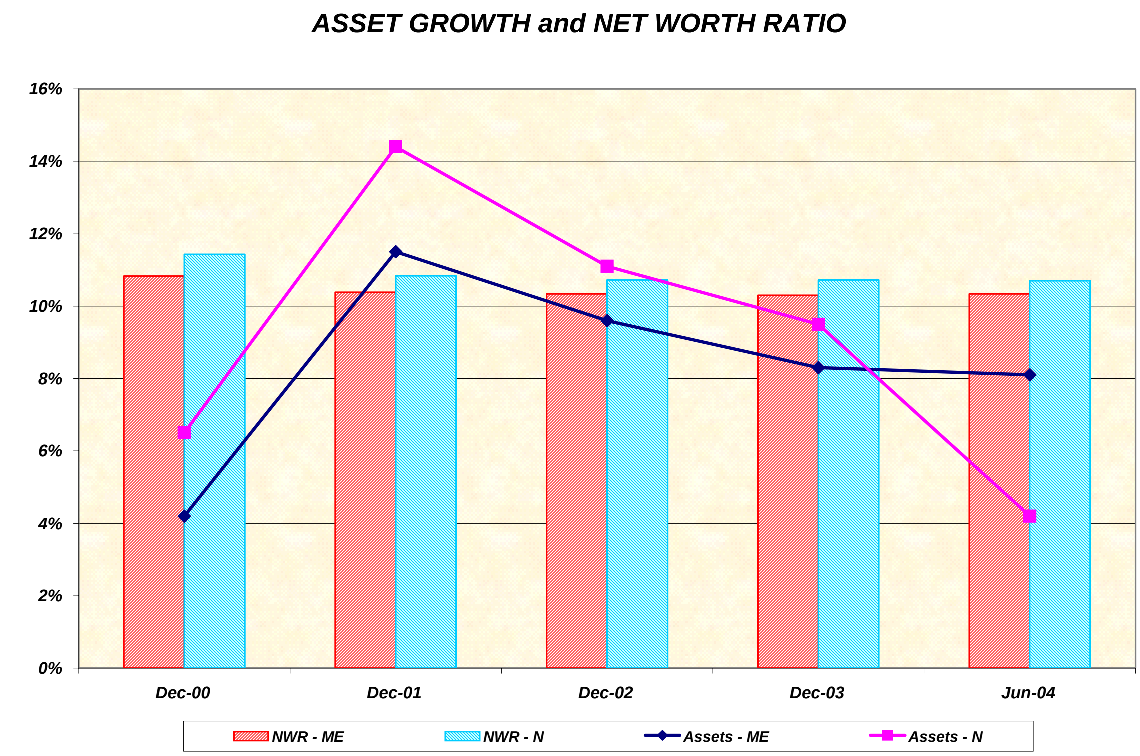

CHART #5

Maine Credit Unions have recorded a steady and satisfactory return on average assets ("ROA") for several years, albeit at a slightly lower level than credit unions nationally. Table #5 compares the four income and expense categories for Maine Credit

TABLE #5

	12/01		12/02		12/03		6/04	
	ME	**NATL**	**ME**	**NATL**	**ME**	**NATL**	**ME**	**NATL**
NII	4.08	3.59	4.03	3.63	3.82	3.42	3.70	3.31
OI	0.85	1.02	0.90	1.02	0.99	1.10	0.95	1.08
OVHD	3.99	3.36	3.84	3.27	3.80	3.23	3.71	3.18
ALLP	0.26	0.33	0.21	0.35	0.25	0.35	0.14	0.33
ROA	0.72	0.96	0.91	1.02	0.83	0.99	0.86	0.92

[25] The NCUA categorizes a credit union as well capitalized if it has a net worth-to-asset ratio of 7.0% or greater. A credit union is categorized as being undercapitalized if its net worth-to-asset ratio is between 4.0% and 5.99%.

Unions and credit unions nationally for the three most recent calendar years, as well as the first six months of 2004. The primary factor in the lagging ROA has been high overhead which, despite a downward trend, has not declined as much as net interest income ("NII"). NII decreased significantly in 2003 and through June, 2004, barely covering overhead expenses ("OVHD") in 2003. For the first six months of 2004, NII was insufficient to offset noninterest expenses. Fortunately, Maine Credit Unions have historically maintained a high NII and consequently have relied more heavily on NII as the primary source of net revenue, 80% vs. 75% for credit unions nationally. Noninterest income ("OI") continued to increase in 2003; the slight decrease as of June, 2004 is attributable to a reduction in mortgage originations. Maine Credit Unions have also benefited from low net loan losses ("NLL"), enabling them to maintain a low provision for the allowance for loan losses ("ALLP"). Through the first half of 2004, Maine Credit Unions have even managed to reduce the ALLP. During calendar 2003, five Maine Credit Unions, or 6.4%, experienced a net loss for the year, which was almost one-half the rate nationally. Each of those five credit unions was profitable for the first six months of 2004. Maine Credit Unions will be challenged to increase revenues – both NII and OI – and to further decrease, or hold steady, overhead expenses in order to maintain earnings sufficient to support continued asset growth.

Loan quality indicators remain sound. Net loan losses continue their steady decline and past due loans, after increasing slightly in 2002 and 2003, declined during the first six months of 2004. Chart #6 compares the experience of Maine Credit Unions to credit unions nationally.

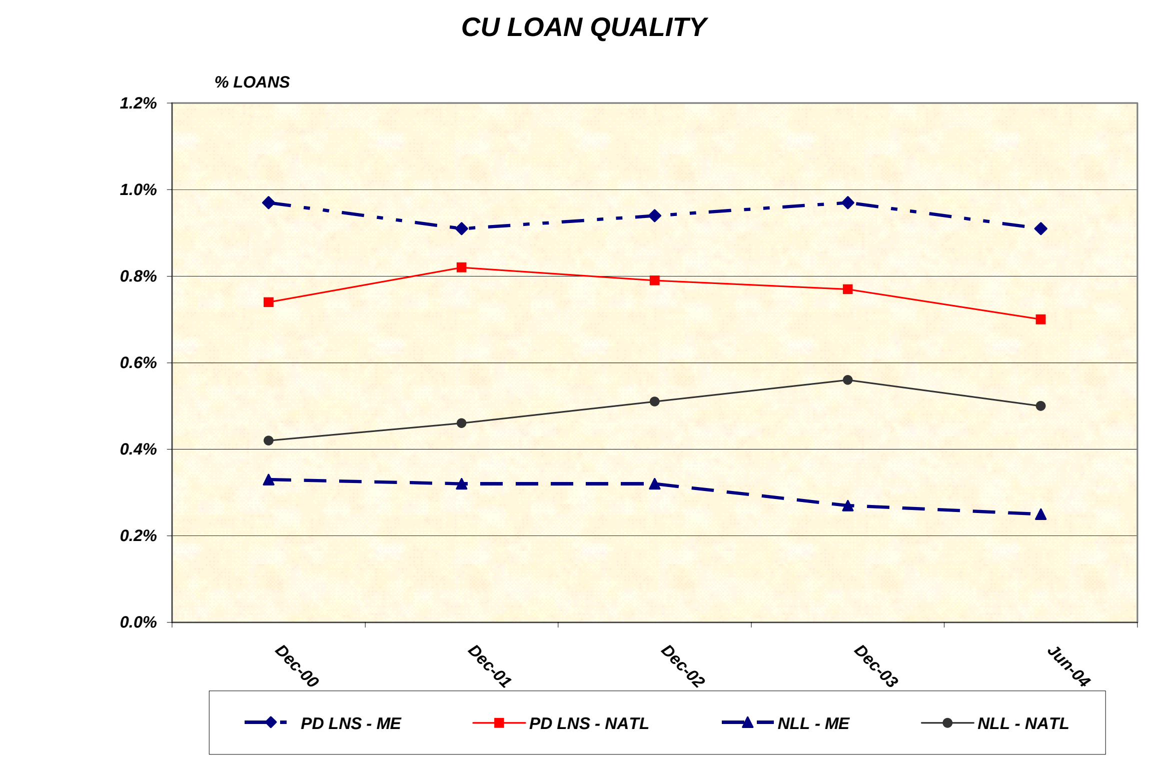

CHART #6

The preponderance of real estate loans, nearly all of which are secured by residential property, is a significant factor in the low NLL. A second factor is the decrease, both in dollar amount and percentage, of unsecured loans. Table #6 shows the growth in real estate loans and contrasts the loan mix held by Maine Credit Unions with the loan mix held by credit unions nationally as of June, 1999 and June, 2004.

TABLE #6

LOAN MIX	6/99		6/04	
	ME	NAT'L	ME	NAT'L
Auto	31%	39%	29%	38%
1st RE	31%	26%	36%	32%
Other RE	13%	12%	18%	14%
Unsecured	12%	16%	7%	10%
Other	13%	7%	10%	6%

Loans held by Maine Credit Unions increased at a healthy rate of 10% in 2003 and 8%, annualized, through the first six months of 2004. Loans increased faster than shares for the first time since 2000. As a result, the loan-to-share ("Ln/Sh") ratio rose slightly to 84%, well above the national average of 72%. Similarly, the Maine Credit Unions have consistently maintained a much higher ratio of loans-to-assets ("Ln/TA"). Recognizing the potential liquidity concerns associated with elevated loan-to-share and loan-to-asset ratios, Maine Credit Unions have strengthened their ratio of investments-to-assets ("Inv/TA"), up to 18% as of June, 2004, but still well below the national average of 27%. In addition to a slight tightening of liquidity ratios, Maine Credit Unions continue to face increased interest rate risk from the combination of significant holdings of longer term, fixed-rate assets and projected increases in interest rates. See Table #7.

TABLE #7

	12/01		12/02		12/03		6/04	
	ME	**NATL**	**ME**	**NATL**	**ME**	**NATL**	**ME**	**NATL**
Loans	8.0	7.0	5.6	6.3	10.0	9.8	8.2	5.0
Shares	11.9	15.2	9.4	10.8	7.8	9.1	6.5	4.0
Ln/Sh	84.3	73.8	81.4	70.8	83.1	71.2	83.8	71.8
Ln/TA	73.0	64.1	70.3	61.5	71.4	61.6	71.4	62.1
Inv/TA	14.6	22.3	16.0	25.1	17.8	26.4	18.2	26.5
LTA	29.3	23.1	29.7	22.9	31.1	25.3	31.3	25.8

Maine Credit Unions generally face the same challenges as do the Maine Banks, and all other depository financial institutions. They must grow loans, increase core funding and increase revenues while controlling expenses and managing interest margin pressure. Maine Credit Unions must do this while facing an increased regulatory burden, technological changes and intense competition from the financial services industry. For most of the Maine Credit Unions, these challenges are exacerbated by their relatively small asset size. On average, Maine Credit Unions have less than $50 million in assets compared to nearly $375 million for Maine Banks. Only nine Maine Credit Unions have total assets in excess of $100 million, and none of them have assets in excess of $200 million. In contrast, ten of the Maine Banks have total assets in excess of $500 million. Despite challenges, Maine Credit Unions possess adequate capital resources and demonstrate an ability to profitably serve their niche markets.

Limited Purpose Banks

With the May, 2004 opening of International Clearing Trust Company, Maine now has eight independent, limited purpose, state-chartered banks in operation. These niche banks are not affiliated with any Maine financial institutions. They are primarily engaged in fiduciary activities and are not authorized to accept deposits. Within the broad range of fiduciary activities, these limited purpose banks focus on one of two separate markets: (1) "traditional" trust, investment management, advisory and custodial services to individuals or (2) custodial and administrative services, typically to retirement plans. Table #8 shows the growth in fiduciary assets (shown in millions of dollars) and number of accounts, adjusted for the sale of a line of business by Forum Trust in late 2003.

TABLE #8

	12/01		12/02		12/03		6/04	
# Bks	6		7		7		8	
	$	**#**	**$**	**#**	**$**	**#**	**$**	**#**
Managed	1,313	1,777	1,185	2,075	1,396	2,085	1,415	2,135
Non-Managed	583	658	771	502	1,068	461	1,308	472
Custody	1,313	565	1,615	1,058	1,874	2,203	2,048	2,147
TOTAL	3,209	3,111	3,582	3,635	4,338	4,749	4,771	4,754

The decrease in managed assets in 2002 is attributed to the decline in the stock market. In December, 2004, the Bureau granted approval to Eaton Vance Corporation to establish a limited purpose bank that will offer commingled trust funds to qualified retirement plans. Eaton Vance Corporation is a public company that operates as an investment adviser managing assets of mutual funds and separate accounts.

Although the limited purpose banks have a unique set of risks, both collectively and individually, the Bureau anticipates additional controlled growth in the number of such institutions, the scope of activities in which they engage and in fiduciary assets. The Bureau must continue to develop its expertise and seek out training opportunities for staff so that it can adequately supervise these institutions.

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EXHIBITS

SUMMARY OF MAINE FINANCIAL INSTITUTIONS
June 30, 2004

		ASSETS		DEPOSITS/SHARES		LOANS	
	No.	Dollars (000's)	% of Total	Dollars (000's)	% of Total	Dollars (000's)	% of Total
Trust Companies	10	2,610,874	14.70	1,845,199	9.04	1,778,851	9.33
Limited Purpose Banks	9	91,145	0.51	0	0.00	21,269	0.11
National Banks[1]	7	1,778,091	10.01	8,462,889	41.47	7,311,140	38.36
State Savings Banks	15	7,851,486	44.19	5,678,939	27.83	5,895,263	30.93
Federal Savings Banks	2	1,194,426	6.72	847,584	4.15	982,150	5.15
State Savings and Loans	3	153,515	0.86	112,302	0.55	129,987	0.68
Federal Savings and Loans	4	291,554	1.64	223,857	1.10	231,426	1.22
State Credit Unions	14	956,141	5.38	806,457	3.95	686,535	3.60
Federal Credit Unions	64	2,840,541	15.99	2,430,151	11.91	2,024,802	10.62
TOTAL	128	17,767,773	100.00	20,407,378	100.00	19,061,423	100.00
Commercial Banks[1]	17	4,388,965	24.71	10,308,088	50.51	9,089,991	47.69
Limited Purpose Banks	9	91,145	0.51	0	0.00	21,269	0.11
Savings Banks	17	9,045,912	50.91	6,526,523	31.98	6,877,413	36.08
Savings and Loans	7	445,069	2.50	336,159	1.65	361,413	1.90
Credit Unions	78	3,796,682	21.37	3,236,608	15.86	2,711,337	14.22
TOTAL	128	17,767,773	100.00	20,407,378	100.00	19,061,423	100.00
State-Chartered	51	11,663,161	65.64	8,442,897	41.37	8,511,905	44.66
Federally Chartered[1]	77	6,104,612	34.36	11,964,481	58.63	10,549,518	55.34
TOTAL	128	17,767,773	100.00	20,407,378	100.00	19,061,423	100.00
In-State Ownership	124	17,461,051	98.27	16,109,588	78.94	15,760,418	82.68
Out-of-State Ownership[1]	4	306,722	1.73	4,297,790	21.06	3,301,005	17.32
TOTAL	128	17,767,773	100.00	20,407,378	100.00	19,061,423	100.00

[1] Maine deposits and loans for the following banks operating in a multi-state environment are included in this exhibit; however, Maine assets are not available:
Fleet National Bank
KeyBank, National Association
Ocean National Bank
Peoples Heritage Bank, a division of Banknorth, National Association

ASSET/DEPOSIT & SHARE/LOAN DISTRIBUTION BY FACILITY TYPE
(000'S omitted)

	06/30 2000	06/30 2001	06/30 2002	06/30 2003	06/30 2004
Commercial Banks					
Trust Companies					
Banks	10	9	9	10	10
Branches	113	73	74	73	72
Assets	3,472,002	1,876,969	2,078,769	2,303,686	2,610,874
Deposits	2,488,507	1,424,564	1,547,458	1,697,078	1,845,199
Loans	2,555,152	1,259,999	1,377,629	1,564,522	1,778,851
National Banks					
Banks	6	7	7	7	7
Branches	169	222	198	192	191
Assets	5,736,194	5,934,364	1,442,222	1,603,100	1,778,091
Deposits	6,035,433	7,494,223	7,440,908	7,837,742	8,462,889
Loans	5,069,224	6,203,371	6,508,230	6,835,230	7,311,140
Limited Purpose Banks					
Merchant Banks					
Banks	1	1	1	1	1
Branches	0	0	0	0	0
Assets	16,782	16,852	16,789	39,944	40,397
Deposits	0	0	0	0	0
Loans	120	118	404	21,381	21,269
Uninsured Banks					
Banks	0	0	0	0	0
Branches	0	0	0	0	0
Assets	0	0	0	0	0
Deposits	0	0	0	0	0
Loans	0	0	0	0	0
Nondepository Trust Companies					
Banks	4	5	6	7	8
Branches	0	0	0	0	0
Assets	13,624	10,201	9,897	10,521	50,748
Deposits	N/A	N/A	N/A	N/A	N/A
Loans	N/A	N/A	N/A	N/A	N/A
Savings Banks and Savings and Loan Associations					
Savings Banks					
Banks	16	16	15	15	15
Branches	139	145	149	149	153
Assets	5,824,585	6,299,301	6,734,208	7,189,190	7,851,486
Deposits	4,269,611	4,690,828	5,010,519	5,302,765	5,678,939
Loans	4,344,859	4,610,666	4,859,363	5,268,506	5,895,263
Federal Savings Banks					
Banks	4	2	2	2	2
Branches	31	28	29	29	30
Assets	1,042,663	957,437	1,014,826	1,102,267	1,194,426
Deposits	750,020	704,563	739,898	765,155	847,584
Loans	836,880	813,946	859,251	921,362	982,150

ASSET/DEPOSIT & SHARE/LOAN DISTRIBUTION BY FACILITY TYPE
(000'S omitted)

	06/30 2000	06/30 2001	06/30 2002	06/30 2003	06/30 2004
State Savings & Loan Associations					
Associations	3	3	3	3	3
Branches	0	0	0	0	0
Assets	122,368	132,484	140,244	148,090	153,515
Deposits	94,665	100,834	103,550	110,428	112,302
Loans	98,966	104,868	107,427	114,609	129,987
Federal Savings & Loan Associations					
Associations	4	4	4	4	4
Branches	4	4	4	4	4
Assets	227,889	248,855	257,846	269,949	291,554
Deposits	179,365	200,502	206,822	211,965	223,857
Loans	184,841	201,494	211,442	212,098	231,426
Credit Unions					
State Credit Unions	13	14	15	15	14
Branches	12	19	17	17	17
Assets	585,849	726,888	823,799	912,826	956,141
Shares	502,274	628,463	711,205	782,689	806,457
Loans	431,371	519,972	568,652	629,438	686,535
Federal Credit Unions	72	67	63	63	64
Branches	48	49	53	59	67
Assets	2,116,854	2,230,863	2,437,559	2,687,355	2,840,541
Shares	1,841,490	1,948,491	2,127,767	2,333,734	2,430,151
Loans	1,564,601	1,624,946	1,735,908	1,825,396	2,024,802
State Totals					
Financial Institutions	133	128	125	127	128
Branches	516	540	524	523	534
Assets	19,158,810	18,434,214	14,956,159	16,266,928	17,767,773
Shares & Deposits	16,161,365	17,192,468	17,888,127	19,041,556	20,407,378
Loans	15,086,014	15,339,380	16,228,306	17,392,542	19,061,423

Note: Maine deposits and loans for the following banks operating in a multi-state environment are included in this exhibit; however, Maine assets are not available:

Fleet National Bank	Providence, Rhode Island
KeyBank, National Association	Cleveland, Ohio
Ocean National Bank	Portland, Maine
Peoples Heritage Bank, a division of Banknorth, National Association	Portland, Maine

Source of data: Calls reports and branch deposit/share survey.

MAINE
STATE CHARTERED
COMMERCIAL BANKS

EXHIBIT III

	06/30/04 $ in (000's) Assets	Deposits	Loans
Joseph Murphy, CEO **BAR HARBOR BANKING AND TRUST COMPANY** 82 Main St. Bar Harbor, ME 04609	671,222	376,878	416,940
Earle Harvey, CFO **BORDER TRUST COMPANY** 368 US Route 3, PO Box 220 So. China, ME 04358-0220	64,003	57,181	43,633
Thomas J. Finn, Jr., President **DAMARISCOTTA BANK & TRUST** 25 Main St. Damariscotta, ME 04543	136,112	111,946	96,473
Dennis W. Haggerty, Jr., President **FIRST CITIZENS BANK & TRUST** 9 Dyer St., PO Box 231 Presque Isle, ME 04769	137,128	124,114	87,669
Jon J. Prescott, President **KATAHDIN TRUST COMPANY** 11 Main St. Patten, ME 04765	327,260	231,272	232,875
Samuel Ladd, III, President **MAINE BANK & TRUST COMPANY** 467 Congress St., PO Box 619 Portland, ME 04104	306,722	259,050	235,371
William Lucy, President **MERRILL MERCHANTS BANK** 201 Main St., PO Box 925 Bangor, ME 04402-0925	357,565	287,662	273,284
George Giovannis, President **PEPPERELL BANK & TRUST** 163 Main St. Biddeford, ME 04005	100,822	77,856	61,097
A. William Canaan, President **RIVERGREEN BANK** 36 Portland Rd. Kennebunk, ME 04043	43,258	34,571	33,753
Peter Blyberg, President **UNION TRUST COMPANY** 66 Main St., PO Box 479 Ellsworth, ME 04605	466,782	284,669	297,756
TOTAL: 10	**2,610,874**	**1,845,199**	**1,778,851**

MAINE
STATE CHARTERED
LIMITED PURPOSE BANKS

EXHIBIT III

	06/30/04 $ in (000's) Assets	Deposits	Loans
Joseph Pratt, President **BAR HARBOR TRUST SERVICES** 135 High St., PO Box 1100 Ellsworth, ME 04605	1,199	N/A	N/A
John Keffer, President **FORUM TRUST, LLC** Two Portland Sq., PO Box 446 Portland, ME 04112	43,298	N/A	N/A
John H. Walker, President **H. M. PAYSON AND COMPANY** 1 Portland Sq., PO Box 31 Portland, ME 04101	3,107	N/A	N/A
Gail Weiss, President **INTERNATIONAL CLEARING TRUST COMPANY** 828 S. Charles St. Baltimore, MD 21230	146	N/A	N/A
Joseph M. Yohlin, President **MAINE MERCHANT BANK** Two Monument Sq. Portland, ME 04101	40,397	0	21,269
William E. Floria, President **QUADS TRUST COMPANY** 12 W. Church St. Frederick, MD 21701	612	N/A	N/A
John Higgins, CEO **RAM TRUST COMPANY** 45 Exchange St. Portland, ME 04101	235	N/A	N/A
C. Paul Tyborowski, President **RSGROUP TRUST COMPANY** 317 Madison Ave. New York, NY 10017	1,822	N/A	N/A
Richard E. Curran, Jr., President **SPINNAKER TRUST** 5 Milk St., PO Box 7160 Portland, ME 04112-7160	329	N/A	N/A
TOTAL: 9	**91,145**	**0**	**21,269**

MAINE
STATE CHARTERED
SAVINGS BANKS

	06/30/04 $ in (000's) Assets	Deposits	Loans
Steven A. Closson, President **ANDROSCOGGIN SAVINGS BANK** 30 Lisbon St., PO Box 1407 Lewiston, ME 04240	482,531	315,027	330,179
P. James Dowe, Jr., President **BANGOR SAVINGS BANK** 3 State St., PO Box 930 Bangor, ME 04402-0930	1,795,303	1,273,135	1,373,614
Glen Hutchinson, President **BATH SAVINGS INSTITUTION** 105 Front St., PO Box 548 Bath, ME 04530-0548	350,206	274,746	238,778
Wayne Sherman, President **BIDDEFORD SAVINGS BANK** 254 Main St., PO Box 525 Biddeford, ME 04005-0525	224,136	169,448	155,634
Gary M. Downs, President **FRANKLIN SAVINGS BANK** 197 Main St., PO Box 825 Farmington, ME 04938-0825	288,948	216,819	218,843
Christopher Emmons, President **GORHAM SAVINGS BANK** 10 Wentworth Dr., PO Box 39 Gorham, ME 04038	575,975	338,232	397,083
Mark L. Johnston, President **KENNEBEC SAVINGS BANK** 150 State St., PO Box 50 Augusta, ME 04330	490,183	352,919	379,330
Joel Stevens, President **KENNEBUNK SAVINGS BANK** 104 Main St., P.O. Box 28 Kennebunk, ME 04043-0028	613,818	533,200	509,236
Edward L. Hennessey, Jr., President **MACHIAS SAVINGS BANK** 4 Center St., PO Box 318 Machias, ME 04654-0318	461,782	338,509	395,586
Sherwood Moody, President **MECHANICS' SAVINGS BANK** 100 Minot Ave., PO Box 400 Auburn, ME 04210	214,458	176,451	184,757

MAINE
STATE CHARTERED
SAVINGS BANKS

	06/30/04 $ in (000's) Assets	Deposits	Loans
Robert Harmon, President **NORWAY SAVINGS BANK** 261 Main St., PO Box 347 Norway, ME 04268	655,445	515,088	505,749
Kevin P. Savage, President **SACO AND BIDDEFORD SAVINGS INSTITUTION** 252 Main St., PO Box 557 Saco, ME 04073	555,490	385,241	388,551
Rodney Normand, President **SANFORD INSTITUTION FOR SAVINGS** 900 Main St., PO Box 472 Sanford, ME 04073	334,798	202,660	241,180
Virginia Howard, President **SKOWHEGAN SAVINGS BANK** 13 Elm St., PO Box 250 Skowhegan, ME 04976	386,009	300,680	274,353
Jeffrey D. Smith, President **UNITEDKINGFIELD BANK** 145 Exchange St. Bangor, ME 04401	422,404	286,784	302,390
TOTAL: 15	**7,851,486**	**5,678,939**	**5,895,263**

MAINE
STATE CHARTERED
SAVINGS AND LOAN ASSOCIATIONS

EXHIBIT III

	06/30/04 $ in (000's) Assets	Deposits	Loans
Allen Sterling, President **AUBURN SAVINGS AND LOAN ASSOCIATION** 256 Court St., PO Box 3157 Auburn, ME 04210	57,796	39,403	46,414
William Weir, President **BAR HARBOR SAVINGS AND LOAN ASSOCIATION** 103 Main St. Bar Harbor, ME 04609	23,550	18,292	21,357
Harry Mank, Jr., President **ROCKLAND SAVINGS AND LOAN ASSOCIATION** 582 Main St., PO Box 585 Rockland, ME 04841	72,169	54,607	62,216
TOTAL: 3	**153,515**	**112,302**	**129,987**

MAINE STATE CHARTERED CREDIT UNIONS

EXHIBIT III

	06/30/04 $ in (000's) Assets	Shares	Loans
Susan Cross, CEO **BANSCO CREDIT UNION** 868 Hammond St. Bangor, ME 04401-4328	12,855	12,161	7,690
Paul J. Gurney, CEO **CHESTNUT COMMUNITY CREDIT UNION** 60 S Chestnut St., PO Box 604 Augusta, ME 04332-0604	7,938	7,421	5,412
Matthew P. Griffiths, CEO **COAST LINE CREDIT UNION** 333 Cottage Rd. South Portland, ME 04106	31,128	26,903	23,331
Donna R. Steckino, CEO **COMMUNITY CREDIT UNION** 144 Pine St., PO Box 7810 Lewiston, ME 04240	35,657	31,162	30,516
H. Tucker Cole, CEO **EVERGREEN CREDIT UNION** 35 Cumberland St. Westbrook, ME 04092-4354	94,442	86,550	72,882
Richard B. Dupuis, CEO **FIVE COUNTY CREDIT UNION** 765 Washington St., PO Box 598 Bath, ME 04530-0598	92,982	82,114	71,132
Christine Barbour, CEO **GOVERNMENT EMPLOYEES CREDIT UNION** 50 Riverside Industrial Pkwy., PO Box 777 Portland, ME 04101-0777	89,774	80,267	66,677
Kerry Hayes, CEO **GREATER PORTLAND MUNICIPAL CREDIT UNION** 799 Broadway South Portland, ME 04106-2738	71,618	57,308	60,885
Richard P. LaChance, CEO **MAINE EDUCATION CREDIT UNION** 23 University Dr., PO Box 1096 Augusta, ME 04330-1096	13,870	11,966	9,038

MAINE
STATE CHARTERED
CREDIT UNIONS

EXHIBIT III

	06/30/04 $ in (000's) Assets	 Shares	 Loans
Normand R. Dubreuil, CEO **MAINE STATE EMPLOYEES CREDIT UNION** 200 Capital St., PO Box 5659 Augusta, ME 04332-5659	195,226	166,665	97,973
Charles E. Hinkley, CEO **SABATTUS REGIONAL CREDIT UNION** 2 Middle Rd., PO Box 250 Sabattus, ME 04280	23,479	21,459	14,742
Carrie A. Shaw, CEO **SACO VALLEY CREDIT UNION** 312 Main St., PO Box 740 Saco, ME 04072-0740	51,437	46,633	35,667
Luke Labbe, CEO **ST. JOSEPH'S CREDIT UNION** 35 Bradbury St., PO Box 463 Biddeford, ME 04005	97,160	86,425	76,538
Howard Dunn, CEO **UNIVERSITY CREDIT UNION** Rangeley Rd. University of ME Orono, ME 04469-5779	138,575	89,423	114,052
TOTAL: 14	**956,141**	**806,457**	**686,535**

MAINE
FEDERAL CHARTERED
NATIONAL BANKS

EXHIBIT III

	06/30/04 $ in (000's) Assets	Deposits	Loans
Robert Daigle, President & CEO **CAMDEN NATIONAL BANK** 2 Elm St., PO Box 310 Camden, ME 04843	938,783	683,945	707,651
Tony C. McKim, President **FIRST NATIONAL BANK OF BAR HARBOR** 102 Main St., PO Box 258 Bar Harbor, ME 04609	227,569	185,931	177,421
Bradford Hunter, Regional CEO **FLEET NATIONAL BANK** 2 Portland Sq. Portland, ME 04101	N/A	1,368,054	1,610,619
Katherine Underwood, District President **KEYBANK, NATIONAL ASSOCIATION** One Monument Sq., PO Box 678 Portland, ME 04112	N/A	2,448,483	1,284,142
Danny O'Brien, President **OCEAN NATIONAL BANK** 100 Main St., PO Box 58 Kennebunk, ME 04043	N/A	222,203	170,873
Michael McNamara, President **PEOPLES HERITAGE BANK,** a division of Banknorth, National Association One Portland Sq., PO Box 9540 Portland, ME 04112	N/A	3,166,543	2,917,001
Daniel R. Daigneault, President **THE FIRST NATIONAL BANK OF DAMARISCOTTA** 223 Main St., PO Box 940 Damariscotta, ME 04543	611,739	387,730	443,433
TOTAL: 7	**1,778,091**	**8,462,889**	**7,311,140**

**Note: Maine deposits and loans for the following banks operating in a multi-state environment are included in this exhibit; however, Maine assets are not available:*
Fleet National Bank
KeyBank, National Association
Ocean National Bank
Peoples Heritage Bank, a division of Banknorth, National Association

MAINE
FEDERAL CHARTERED
SAVINGS BANKS

EXHIBIT III

	06/30/04 $ in (000's) Assets	Deposits	Loans
Arthur Markos, President **GARDINER SAVINGS INSTITUTION, FSB** 190 Water St., PO Box 190 Gardiner, ME 04345-0190	656,912	462,479	549,180
James D. Delameter, President **NORTHEAST BANK, FSB**[26] 11 Main St. Bethel, ME 04217	537,514	385,105	432,970
TOTAL: 2	**1,194,426**	**847,584**	**982,150**

MAINE
FEDERAL CHARTERED
SAVINGS & LOAN ASSOCIATIONS

	06/30/04 $ in (000's) Assets	Deposits	Loans
John S. Swanberg, President **AROOSTOOK COUNTY FEDERAL SAVINGS AND LOAN ASSOCIATION** 43 High St., PO Box 808 Caribou, ME 04736-0808	66,542	59,398	62,859
Dennis H. Brown, President **CALAIS FEDERAL SAVINGS AND LOAN ASSOCIATION** 344 Main St., PO Box 1047 Calais, ME 04619-6047	45,215	30,835	41,702
Andrew Perry, President **FIRST FEDERAL SAVINGS AND LOAN ASSOCIATION OF BATH** 125 Front St., PO Box 488 Bath, ME 04530	115,746	99,199	74,427
Allen L. Rancourt, President **KENNEBEC FEDERAL SAVINGS AND LOAN ASSOCIATION** 70 Main St., PO Box 488 Waterville, ME 04903-0497	64,051	34,425	52,438
TOTAL: 4	**291,554**	**223,857**	**231,426**

[26] Converted to state charter on July 29, 2004

MAINE
FEDERAL CHARTERED
CREDIT UNIONS

EXHIBIT III

	Assets	06/30/04 $ in (000's) Shares	Loans
Judith A. Griffin, CEO **ALLIANCE OF MAINE** 44 Edison Dr., PO Box 1056 Augusta, ME 04332-1056	32,581	26,892	12,360
Steve J. Obrin, CEO **ATLANTIC REGIONAL FEDERAL CU** 55 Cushing St., PO Box 188 Brunswick, ME 04011-0188	181,326	150,255	119,519
Stephen K. Clark, CEO **BANGOR FEDERAL CU** 339 Hogan Rd., PO Box 1161 Bangor, ME 04401-1161	67,770	61,344	54,018
Darla R. King, CEO **BANGOR HYDRO FEDERAL CU** 193 Broad St. STE 3 Bangor, ME 04401-6323	13,225	11,691	10,413
Cynthia Burke, CEO **BLUE CROSS AND BLUE SHIELD OF ME FEDERAL CU** 2 Gannett Dr. South Portland, ME 04106-6911	7,011	6,086	3,172
Daniel A. Daggett, CEO **BOWDOINHAM FEDERAL CU** 20 Main St., PO Box 73 Bowdoinham, ME 04008-0073	16,209	14,688	14,547
Barry A. Jordan, CEO **BREWER FEDERAL CU** 77 N. Main St., PO Box 189 Brewer, ME 04412-0189	33,048	30,177	29,436
Beth R. Oliver, CEO **CAPITAL AREA FEDERAL CU** 10 North Belfast Ave., PO Box 2626 Augusta, ME 04438	14,556	13,184	7,677
David A. Sayers, CEO **CASCO FEDERAL CU** 375 Main St., PO Box 87 Gorham, ME 04038-0087	34,385	28,776	19,844
Scott D. Harriman, CEO **CUMBERLAND COUNTY TEACHERS FEDERAL CU** 101 Gray Rd. Falmouth, ME 04105-2514	51,434	43,905	34,383

MAINE
FEDERAL CHARTERED
CREDIT UNIONS

EXHIBIT III

	06/30/04 $ in (000's) Assets	Shares	Loans
Rhonda M. Taylor, CEO **DEXTER REGIONAL FEDERAL CU** 73 Main St., PO Box 233 Dexter, ME 04930-0233	50,543	45,749	33,426
Ralph E. Ferland, CEO **EASTERN MAINE MEDICAL CENTER FEDERAL CU** 489 State St. Bangor, ME 04401-6616	31,397	28,676	17,237
Daniel A. Byron, CEO **EASTMILL FEDERAL CU** 60 Main St. East Millinocket, ME 04430-1128	49,223	41,417	15,957
David Desjardins, CEO **FORT KENT FEDERAL CU** 9 East Main St. Fort Kent, ME 04743-1398	35,191	29,355	25,137
Cass R. Hirschfelt, CEO **FRANKLIN SOMERSET FEDERAL CU** 485 Wilton Rd., PO Box 5061 Farmington, ME 04938-9600	44,287	40,430	25,210
Philip J. Bergeron, CEO **GARDINER FEDERAL CU** 8 Brunswick Rd. RR 5 Box 105 Gardiner, ME 04345-9006	13,816	12,703	11,090
Nancy Bard, CEO **GREAT FALLS REGIONAL FCU** 34 Bates St. Lewiston, ME 04240	24,476	21,096	10,507
Barbara A. Haynes, CEO **GREATER WATERVILLE FEDERAL CU** 50 Elm St. Waterville, ME 04901-6094	24,800	21,444	11,436
Jeffrey M. Vachon, CEO **HANNAFORD ASSOCIATES FEDERAL CU** 145 Pleasant Hill Rd., PO Box 1440 Scarborough, ME 04104-5034	24,662	21,518	20,694
Deborah A. Pomeroy, CEO **HEALTHFIRST FEDERAL CU** 9 Quarry Rd. Waterville, ME 04901	10,881	9,286	9,899

MAINE
FEDERAL CHARTERED
CREDIT UNIONS

EXHIBIT III

	06/30/04 $ in (000's) Assets	Shares	Loans
Kathleen Smith, CEO **HOULTON FEDERAL CU** 13 Market Sq. Houlton, ME 04730-1775	13,968	12,253	7,241
Gary J. Bragdon, CEO **HOWLAND ENFIELD FEDERAL CU** 4 Coffin St., PO Box 405 Howland, ME 04448-0405	8,028	7,346	5,318
Kenneth Williams, CEO **INFINITY FEDERAL CU** 202 Larrabee Rd., PO Box 9742 Westbrook, ME 04104-5060	143,872	94,362	119,692
Susan Mottice, CEO **INSURANCE SERVICES FEDERAL CU** 2211 Congress St. Portland, ME 04122	7,668	6,859	4,796
Beverly W. Beaucage, CEO **KV FEDERAL CU** 316 Northern Ave., PO Box 2108 Augusta, ME 04338	44,429	40,376	32,037
Donald P. Casko, CEO **KATAHDIN FEDERAL CU** 1000 Central St. Millinocket, ME 04462-2193	65,655	56,796	45,071
Alvera S. Bosica, CEO **KNOX COUNTY FEDERAL CU** 710 Main St., PO Box 159 Rockland, ME 04841-0159	21,112	18,478	12,617
Deseree Gilman, CEO **KSW FEDERAL CU** 222 College Ave. Waterville, ME 04901	32,449	29,417	23,365
Eddie A. Plourde, CEO **LA VALLEE FEDERAL CU** 90 Main St. Madawaska, ME 04756-1500	31,313	27,250	15,036
Donald S. Sansouci, CEO **LEWISTON MUNICIPAL FEDERAL CU** 291 Pine St., PO Box 60 Lewiston, ME 04243-0060	14,033	12,126	10,883

MAINE
FEDERAL CHARTERED
CREDIT UNIONS

EXHIBIT III

	Assets	06/30/04 $ in (000's) Shares	Loans
David L. Brillant, CEO **LINCOLN MAINE FEDERAL CU** 171 W Broadway, PO Box 220 Lincoln, ME 04457-0220	21,846	19,887	16,093
George Roy, CEO **LISBON COMMUNITY FEDERAL CU** 325 Lisbon Rd., PO Box 878 Lisbon, ME 04240-0878	55,368	48,968	34,183
Ronald J. Fournier, CEO **MAINE FAMILY FEDERAL CU** 555 Sabattus St. Lewiston, ME 04240-4195	73,978	65,815	58,099
Jennifer A. Hartel, CEO **MAINE MEDIA FEDERAL CU** 390 Congress St., PO Box 7702 Portland, ME 04112-7702	5,799	4,714	3,397
John C. Reed, CEO **MAINE SAVINGS FEDERAL CU** 1101 Western Ave., PO Box 347 Hampden, ME 04444-0347	139,544	123,212	108,628
Kenneth B. Acker, CEO **MEDICAL SERVICES FEDERAL CU** 272 Park Ave., PO Box 10659 Portland, ME 04104-6059	46,767	41,635	40,247
Gail E. Richardson, CEO **MIDCOAST FEDERAL CU** 831 Middle St., PO Box 780 Bath, ME 04530-0780	87,380	78,374	58,409
Catherina A. Pinard, CEO **MONMOUTH FEDERAL CU** 1176 Main St., PO Box 150 Monmouth, ME 04259-0150	7,333	6,804	5,624
David E. Rossignol, CEO **NORSTATE FEDERAL CU** 78 Fox St. Madawaska, ME 04756	88,578	70,393	72,533
Ryan G. Poulin, CEO **NOTRE DAME WATERVILLE FEDERAL CU** 61 Grove St. Waterville, ME 04901-5826	46,354	42,496	33,757

MAINE
FEDERAL CHARTERED
CREDIT UNIONS

EXHIBIT III

	06/30/04 $ in (000's) **Assets**	**Shares**	**Loans**
Joseph J. Chapin, CEO **OCEAN COMMUNITIES FEDERAL CU** 1 Pool St., PO Box 1961 Biddeford, ME 04005-1961	100,063	85,243	85,631
Roland L. Poirier, CEO **OTIS FEDERAL CU** 170 Main St., PO Box 27 Jay, ME 04329-0027	82,602	67,451	53,895
Matthew J. Kaubris, CEO **OXFORD FEDERAL CU** 225 River Rd., PO Box 252 Mexico, ME 04257-0252	96,135	84,889	80,586
Steve Baillargeon, CEO **PENOBSCOT FEDERAL CU** 191 Main St., PO Box 434 Old Town, ME 04468-0434	27,434	22,949	24,107
Hosea W. Carpenter, CEO **PORTLAND MAINE POLICE DEPARTMENT FEDERAL CU** 109 Middle St. Portland, ME 04101	5,090	4,532	4,780
Robert C. Hill, CEO **PORTLAND ME TRANSIT FEDERAL CU** 2 Frank Savage Rd. Hollis, ME 04042	375	324	251
Bert L.Beaulieu, CEO **PORTLAND REGIONAL FEDERAL CU** 1345 Washington Ave. Portland, ME 04103	21,438	18,950	13,533
Lillian Turner, CEO **R.C.H. FEDERAL CU** 420 Franklin St. Rumford, ME 04276	350	242	156
Philippe R. Moreau, CEO **RAINBOW FEDERAL CU** 391 Main St., PO Box 741 Lewiston, ME 04243-0741	100,807	86,645	68,664
Eugene Bourgault, Jr., CEO **RIVERVIEW FEDERAL CU** 15 Depot Sq. Gardiner, ME 04345-2117	8,008	7,048	6,201

MAINE
FEDERAL CHARTERED
CREDIT UNIONS

EXHIBIT III

	06/30/04 $ in (000's) Assets	Shares	Loans
Kyle W. Casburn, CEO **SEABOARD FEDERAL CU** 177 Main St., PO Box G Bucksport, ME 04416-1207	75,311	66,636	43,522
James R. Lemieux, CEO **SEBASTICOOK VALLEY FEDERAL CU** 14 Sebasticook St., PO Box 10 Pittsfield, ME 04967-0010	34,029	27,791	27,317
Diana Garcia, CEO **SEMICONDUCTOR OF ME FEDERAL CU** 333 Western Ave. South Portland, ME 04106-0022	9,827	8,411	6,779
Debra Hegarty, CEO **SHAW'S EMPLOYEES FEDERAL CU** 205 Spencer Dr. Wells, ME 04090-5553	8,622	6,986	4,707
MaryAnn Chamberlain, CEO **ST. AGATHA FEDERAL CU** 315 Mason St., PO Box 130 Saint Agatha, ME 04772-0130	13,456	12,250	6,796
David W. Tozier, CEO **ST. CROIX FEDERAL CU** 23 Third Ave., PO Box 130 Baileyville, ME 04694	48,653	35,434	41,311
Nancy Bard, CEO **ST. FRANCIS COMMUNITY FEDERAL CU** 907 Main St., PO Box 38 Saint Francis, ME 04774	1,173	1,015	1,097
Vicki L. Stuart, CEO **STE. CROIX REGIONAL FEDERAL CU** 1000 Lisbon St., PO Box 1746 Lewiston, ME 04241-1746	70,110	61,445	36,896
Sidney J. Wilder, CEO **TACONNET FEDERAL CU** 60 Benton Ave. Winslow, ME 04901-6798	31,977	29,419	21,228
Kenneth Hennsler, CEO **THE COUNTY FEDERAL CU** 82 Bennett Dr., PO Box 939 Caribou, ME 04736-1944	84,152	74,752	59,847

MAINE
FEDERAL CHARTERED
CREDIT UNIONS

EXHIBIT III

	Assets	06/30/04 $ in (000's) Shares	Loans
Chris Daudelin, CEO **TOWN & COUNTRY FEDERAL CU** 557 Main St., PO Box 9420 South Portland, ME 04106-9420	114,445	104,518	87,169
Cathy Bond, CEO **WINSLOW COMMUNITY FEDERAL CU** 12 Monument St., PO Box 8117 Winslow, ME 04901	20,515	18,275	10,803
Jeffrey J. Seguin, CEO **WINTHROP AREA FEDERAL CU** 22 Highland Ave., PO Box 55 Winthrop, ME 04364	40,189	36,138	32,341
James E. Nelson, CEO **YORK COUNTY TEACHERS FEDERAL CU** 1516 Main St. Sanford, ME 04073-3530	129,485	102,575	114,197
TOTAL: 64	**2,840,541**	**2,430,151**	**2,024,802**

DEPARTMENT OF PROFESSIONAL & FINANCIAL REGULATION
MAINE BUREAU OF FINANCIAL INSTITUTIONS

Colette L. Mooney, Acting Superintendent
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624-8573

MISSION

The mission of the Bureau of Financial Institutions is to assure the strength, stability and efficiency of all Maine-chartered financial institutions, and to assure their reasonable and orderly competition, thereby encouraging the development and expansion of those financial services advantageous to the public welfare.

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Bureau of Financial Institutions Advisory Committee

In March, 1994, the Bureau established the Financial Institutions Advisory Committee. The role of that Committee, which meets semiannually, is to review the financial issues relating to the Bureau's operation. Over the past nine years, the Bureau has benefited from the discussions and guidance of this advisory group. The following is a list of the current members of the Bureau of Financial Institutions Advisory Committee. The Bureau wishes to thank the Advisory Committee members for their dedication and assistance.

Edwin Clift, President, Merrill Merchants Bank
Donald W. Groves, Chief Examiner, Maine Bureau of Financial Institutions
Samuel Ladd, III, President, Maine Bank & Trust Co.
Sherwood Moody, President, Mechanics' Savings Bank
Colette L. Mooney, Acting Superintendent, Maine Bureau of Financial Institutions
John Murphy, President, Maine Credit Union League
Joseph J. Pietroski, Jr., President, Maine Bankers Association
Christopher W. Pinkham, President, Maine Association of Community Banks
Kevin P. Savage, President, Saco and Biddeford Savings Institution
Donna Steckino, President, Community Credit Union

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