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

This year brings a new name to this agency: the Bureau of Financial Institutions. This name change occurred through the passage of P. L. 2001, Chapter 44 and became effective on January 1, 2002.

A cursory perusal of historical material in the Bureau's library only provided a few references to the organizational name changes that the Bureau has undergone in its one hundred seventy year history. There was the Bank Examiners Office in 1889, the Bank Examiners Department in 1894, and the Banking Department in 1909, when the hiring of the first Deputy Bank Commissioner was authorized. In 1973, due to a reorganization of state departments, the Department of Banks and Banking became the Bureau of Banks and Banking within the Department of Business Regulation. In 1975, the name of the Bureau of Banks and Banking was changed to the Bureau of Banking. And so, on January 1, 2002, this new organizational name, the Bureau of Financial Institutions, became part of this agency's lengthy history. The new name reflects the Bureau's continuing charge to regulate a wide variety of financial institutions including banks, credit unions and non-depository trust companies.

In addition to the new name, the Bureau received a most important certification renewal near the end of last year. In early December 2001 the Bureau received notification from the Conference of State Bank Supervisors (CSBS) that the agency had satisfied the criteria established by the CSBS Accreditation Program for re-accreditation. The Bureau received its initial accreditation from CSBS in October 1996. The Performance Standards Committee voted for this re-accreditation based on the reports of the Re-Accreditation Review Team and the Audit Team. This review process involved a comprehensive investigation of this agency's administration and finances, personnel policies and practices, training programs, examination policies and practices, supervisory procedures, and statutory to assure the Bureau's ability to discharge its obligations and responsibilities. The ultimate objective of these analyses was to ensure that the Maine banking authority had the ability to foster safe, sound and well-regulated financial institutions that meet the unique financial needs of the local citizens and the local economies. This confidence in the agency's regulatory abilities is much appreciated since the financial institutions the Bureau supervises continue to operate in troubled economic times.

The health of Maine's financial institutions is directly impacted by the changes in the overall economy. Through the end of the First Quarter of 2000 there had been economic expansion in the United States for nearly ten years. This accelerating pace of economic growth led to historically favorable unemployment and inflation rates. During much of that time, the stock market soared to new heights and many consumers and firms realized an unprecedented increase in wealth. State Governments realized exceptional growth in tax collections. By the end of 2000, though, the United States economy was exhibiting serious signs of weakening. Consumer confidence levels were slumping as well.

It is not yet clear how much of a negative effect the events of September 11 will have on economic growth for the full calendar year 2001. Prior to those events, there was very little economic growth. After that date, there was severe deterioration in those few sectors of the economy that had previously shown nominal growth and a continuing downward movement in those economic indicators that had been declining since the first of the year.

Between January 1 and September 11, 2001 the United States economy was beset by an increasing unemployment rate, a considerable increase in consumer and corporate debt, increased bankruptcies and a steadily declining stock market. In the first nine months of 2001 firms with liabilities totaling $170 billion declared bankruptcy—the previous record was $93 billion in 2000. Corporate America was suffering from a profits recession: service inflation measurably slowed, prices for goods remained virtually flat and companies were reducing prices. Companies slashed their capital spending budgets, which further reduced economic growth. Profits of companies in the Standard & Poor 500 fell by 60% through June 30 as profit margins came under intense pressure.

Not surprisingly, during this time business made extensive adjustments to counteract these business conditions and were at least partially successful. The Federal Reserve Bank continued to aggressively cut interest rates. Before September 11 the primary elements of a recovery appeared to be falling into place and the weakness in the job markets and in the general economy did not seem sufficiently severe or broad to qualify as a recession. Data on industrial activity and consumer spending suggested that the economy might be finding a bottom in late August and early September and that the interest rate cuts were starting to work. More than a few economists have conjectured in retrospect that, had the attacks in September not occurred, real Gross Domestic Product (GDP) growth would have risen into positive territory.

Many economists have stated that after September 11 the United States economy entered into a recession -- its tenth since World War II -- although certain economists place the beginning date in March. National economic uncertainty was further exacerbated by the distribution of mail with anthrax and the beginning of military operations in Afghanistan. Retail buying and factory sales for new equipment fell dramatically, corporate profits plummeted and job losses soared. Consumer confidence decreased sharply in October for the second month in a row. By now, households had taken on record levels of debt, personal bankruptcies were at an all time high, and delinquencies on car loans and credit cards were at or near record levels. Industrial production once again fell in October, the thirteenth consecutive month of decline, making this the longest decline since 1945.

Throughout this period, Maine's economy basically mirrored the national economy, somewhat lagging behind the first signs of economic upturn and remaining in positive territory somewhat longer than the national economy in the initial economic downturn. In fact, in a few economic categories, the Maine economy surpassed the considerable growth of the national one, despite slow population growth in the State. Throughout 2000 and into 2001 Maine labor markets remained unusually tight, and an index depicting multiple job holdings rose as well. During this period Maine residents enjoyed solid income gains, which led to increased consumer confidence and retail sales. The overall jobless rate in Maine remained somewhat better than the national rate, but with measurably higher rates of unemployment in some northern and western Counties. Manufacturing jobs continued to disappear from the Maine landscape as the non-manufacturing sector became the overwhelming provider of most wage and salary positions, and is expected to do so in the future. In 2001, the unemployment rate began to rise in Maine and job erosion can be expected to continue into 2002. During 2001

Maine consumers assumed even greater debt burdens, their savings rate has remained low and the personal bankruptcy rate in the state rose to very high levels.

The arrival of the recession will be troublesome for Maine financial institutions because their business performance is closely linked to the economy. On November 28, 2001 the Federal Reserve Bank released its beige book economic report, which warned of continuing economic weakness. The breadth, depth and length of this recession can only have, in varying degrees, a negative impact on the key indicators of a healthy financial sector. High consumer and corporate debt levels, rising unemployment rates, sinking consumer confidence levels and the slowing sales of corporate products and services will require the Bureau to increase its scrutiny of the balance sheets and operating programs of all the financial institutions it regulates.

Between January 1, 2000 and June 30, 2001 -- the time period for which the Bureau has the most current published statistical data -- banks, savings banks and savings and loan institutions generally exhibited weaker performance. Earnings steadily declined. Net interest income also decreased, although higher levels of non-interest income and lower levels of expenses provided a substantial offset to the net interest income trend. One particular obstacle to more positive earnings for these institutions was the dramatic downturn in the stock market, and these institutions can no longer rely upon significant gains from their equity portfolios to support their overall earnings.

On the positive side, all of these Maine institutions were profitable throughout calendar year 2000, and only one of the banks reported a loss in the first half of 2001. These institutions also have substantial capital to rely upon in the event of future difficulties. Loan quality indicators were positive during this period, because provisions for loan losses had a limited impact on earnings and the level of net loan losses was primarily unchanged.

Most credit unions in Maine enjoyed profitable operations throughout 2000. The entire year was one of solid performance with improvements in capital, earnings and loan quality. Although there was only very moderate growth in shares (deposits) and loans, there was a meaningful rebound in net income. Unfortunately, overhead expense significantly increased during this time, which would ultimately have a negative impact on earnings.

During the first half of 2001, credit union loan quality indicators strengthened and delinquent loans were trending downward. Credit unions focused more directly on residential mortgage loans and reduced their exposure to unsecured and credit card debt. By June 30, 2001, the last date for which the Bureau has published statistical information, credit union earnings performance had measurably weakened. Strong asset growth had occurred, but there were lower capital ratios. Earnings and capital should be adequate for the troubled times ahead, but it must be noted that net income resumed its downward trend and overhead expenses continued to increase (though at a slower rate).

Prior to the events of September 11 the financial condition of Maine credit unions was not encouraging. It was predicted that net income figures would continue to be under pressure. Higher unemployment would naturally lead to more delinquent loans, consumers who were already saddled with high debt levels would borrow less, consumer confidence would continue to sag as unemployment figures continued to rise and wage growth would be reduced. The events of September 11 have simply made that forecast somewhat understated.

Some national business performance trends have been delineated since June 30, 2001. Third Quarter earnings have fallen. Problems in overall asset quality are proving worrisome to state and federal regulators. There has been a general slowdown in demand for Commercial & Industrial loans, while concerns about existing residential mortgage loans and real estate construction and development loans has been rising. Problems in both corporate and consumer loan portfolios have caused a sharp increase in the level of loan loss reserves. Deposit growth has outpaced loan growth, leaving financial institution management with the difficult task of determining how those deposits can be used productively and profitably. All financial institutions have witnessed strong mortgage refinancing activity. These national trends are likely to be woven into the business performance of Maine's financial institutions, if they have not been already.

Based on 67 on-site examinations conducted at Maine financial institutions by the Bureau's examination staff since July 1, 2001, certain performance trends have become more clearly identifiable. Earnings across most financial institutions have weakened considerably. Growing credit administration weaknesses have been unearthed as internal processes and controls have not been sufficiently upgraded to account for asset growth and the introduction of new products. After years of stagnant core deposit growth, financial institutions have experienced significant core deposit growth while loan demand from consumers and corporations continues to weaken. Financial institutions engaging in indirect lending have taken on growing sub-prime loan volume, which will require increased Bureau attention and time during on-site examinations.

In closing, it seems appropriate to briefly mention a topic of particular interest to the Bureau, the dual banking system. Throughout United States banking history much attention has been given to and much discussion has been offered about the question of the structure of banking regulation through a dual banking system, i.e., a system whereby bank charters are issued to financial institutions by both the federal government and by the various states. One divisive aspect of that discussion has focused on the need for and the value of a regulatory environment which allows both federal and state supervision of banking. The federal-state issue has been a virtually continuous source of controversy since the establishment of the first Bank of the United States in 1791. From 1791 to 1836 there was dual banking; from 1836 to 1863 there was state banking exclusively; and, with the establishment of the national banking system in 1863, the country once again returned to a dual banking system. Since then, the dual banking system has become a cornerstone of American banking.

As federal-state supervisory controversies continue, the Bureau would like to extend its thanks to the National Conference of State Legislatures (NCSL) for a recent official policy statement, approved at their 2001 Annual Meeting, supporting, among other things, the preservation of the dual banking system. The NCSL statement stated in part: “In recognition of the advantages of the dual system to the public and to the health of the financial services industry, NCSL will oppose any efforts by the federal government to restrict state authority to charter, supervise, or regulate the powers of state-chartered banks and thrifts”. Although not included in this specific statement, the NCSL’s position on these matters would most likely extend to state-chartered credit unions as well. For a complete reading, that official policy statement may be found in Exhibit I.

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SECTION I

ECONOMIC CONDITIONS

U.S. Economy[1]

The longest economic expansion in United States history, approximately 10 years, appears to be over. Data for the 3rd quarter of 2001 indicate that gross domestic product (GDP) declined at an annual rate of .4%. Because of structural imbalances in the economy as exacerbated by the terrorist attacks of September 11, 2001 and subsequent related events, most economic forecasters believe GDP will decline at annual rate of 3%-4% in the 4th quarter of 2001. The most commonly held definition of an economic recession is two consecutive quarters of a decline in GDP.

Chart #1

The economy had been showing signs of weakness before the events of September 11th because of over capacity. After robust gains from 1998 to 2000, private fixed investment weakened substantially in 2001. After a modest increase of 1.9% in the first quarter of 2001, private fixed investment fell at annualized rates of 10.1% and 8.7% in the 2nd and 3rd quarters, respectively. Resiliency in consumer spending, which accounts for approximately two thirds of GDP, forestalled an earlier decline in GDP, but the minimal 1.2% in personal consumption in the 3rd quarter was

[1] Data and information on the U.S. and Maine economies were obtained from several sources, including Economy.com, the Federal Reserve Board, the Maine State Planning Office, the Bureau of Economic Analysis, and the U.S. Department of Treasury.

not sufficient to offset the large decline in private fixed investment; therefore, GDP declined in the 3rd quarter of 2001 for the first time since 1991.

Recent results of the Conference Board Consumer Confidence Survey do not indicate that increases in consumer spending are likely. The index fell from 114 in August 2001 to 97.6 in September 2001. These results do not account for the effects of the events of September 11 because most of the surveys were completed before that date.[2] The index of consumer confidence fell to 85.5, or 12.4% in October 2000.

Employment data confirm a slowdown in economic activity. The U.S. unemployment rate increased from 3.9% in September 2000 to 5.4% in October 2001. Announced layoffs have increased dramatically in 2001. Layoffs for the 10 months ending October 31, 2001 were approximately 1.6 million as compared to 500,000 for the entire year of 2000. Layoffs for September and October 2001 total approximately 500,000 alone, and reflect the impact of the events of September 11 on the travel and hospitality industries.

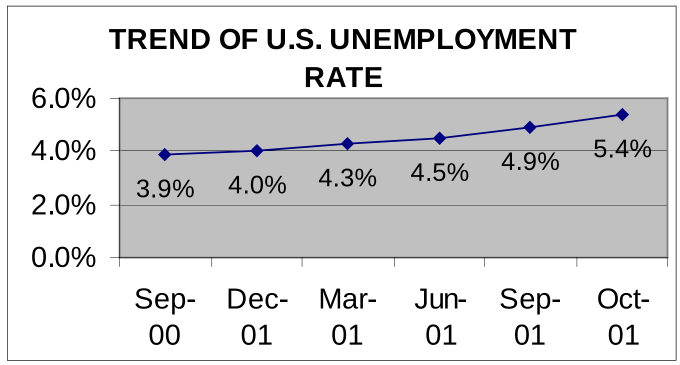

Chart #2

Industrial production has been declining for all of 2001, reflecting particular weakness in the manufacturing sector. The monthly index of industrial production has declined every month since September 2000, declining 5.8% between September 2000 to September 2001. The annualized declines in the months of August and September 2001 were particularly severe at 7.9% and 12.3%, respectively. Durable goods orders have fallen since June 2001 and do not portend a short-term improvement in industrial production.

[2] Analysis of September 25, 2001 Consumer Confidence Survey, Economy.com, Sophia Koropeckyj.

After unprecedented gains during the 1990's, U.S. equities have entered a "bear" market. All major indices are down substantially for the year. The NASDQ Composite Index declined 50.3% from October 2000 to October 2001, reflecting continuing correction of the technology stock bubble from the NASDQ Composite high of over 5000 in March 2000. The NASDQ stood at 1,656.43 on October 31, 2001. The Dow Jones Industrial Average was at 9,121.98 on October 31, 2001, having declined 16.9% this past year. The Dow has held up the best of the major indices as investors tended to value the relative safety and stability of blue chip companies. The S&P 500, a relatively broad market index, declined 25.8% during this same period, and stood at 1,059.78 on October 31, 2001. Besides the negative psychological impact, reduced equity prices have likely eliminated, or at least substantially reduced, the so called "wealth effect." This phenomenon enabled consumers to keep spending, as opposed to saving, during the bull market because of increased wealth from burgeoning market values of equity portfolios.

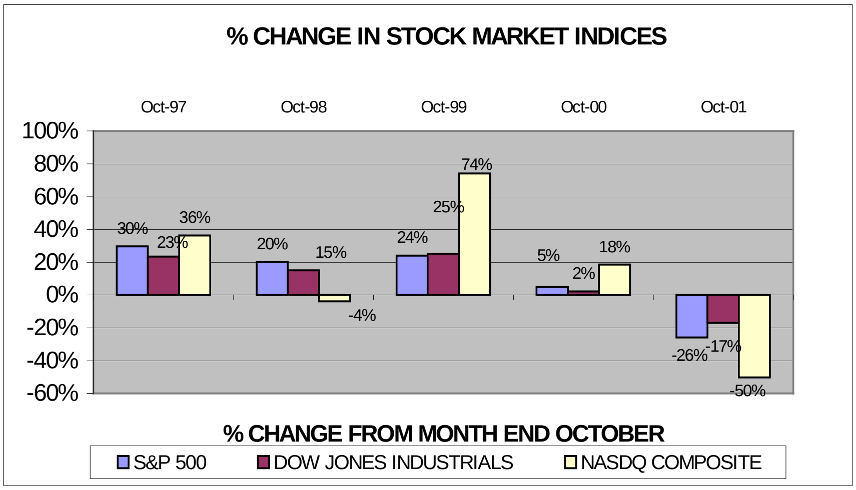

Chart #3

The decline in equity values during 2001 is largely driven by a significant decline in corporate profits. According to Dresdner Kleinwort Wasserstein, a major European investment bank, the reported profits of companies in the S&P 500 index fell by 60% in the year to the second quarter of 2001. Even taking a four-quarter moving average, they fell by 30%, the biggest decline since the 1930's.[3]

Despite the significant reduction in equity prices since October 2000, the market may still be overvalued. The price/earnings (P/E) ratio on the S&P 500 index was 29.22 at the end of October, and has ranged from 23.12 to 29.22 since October 2000. The

[3] The Recession: How Far Down?, The Economist, October 20, 2001.

average P/E ratio on the S&P 500 since January 1960 is 16.73, with a minimum of 6.96 recorded in 1980 and a maximum of 39.05 in January 2000. During a similar period of low interest rates, but a period of economic growth, 1961-1962, the average P/E ratio on the S&P 500 was 19.23. The average during the 1990-1991 recession was 16.89. These comparisons indicate that the S&P 500 is overvalued given the current level of corporate profits. The current level of the S&P 500 indicates an expectation of a reasonably rapid turnaround in corporate profits. If such a turnaround does not materialize and the P/E ratio declines to the average, the resulting level of the S&P 500 Index will be 600-650, or a 40% decrease from its current level.

Because of economic weakness, monetary and fiscal policy has become very accommodative in 2001. After tightening monetary policy in the latter half of 1999 and the first half of 2000 because of concerns about the level of equity prices and the potential for increased inflation, the Federal Reserve Board began easing interest rates in January 2001 because of concerns about economic weakness. During 2001, the Federal Reserve Board decreased its target federal funds rate 10 times. Eight of the reductions have been in 50 basis point (BP) increments. There have been three 50 BP reductions since the terrorist attacks of September 11. The target federal funds rate now stands at 2.0%, and the general level of market interest rates has not been this low since the early 1960's.

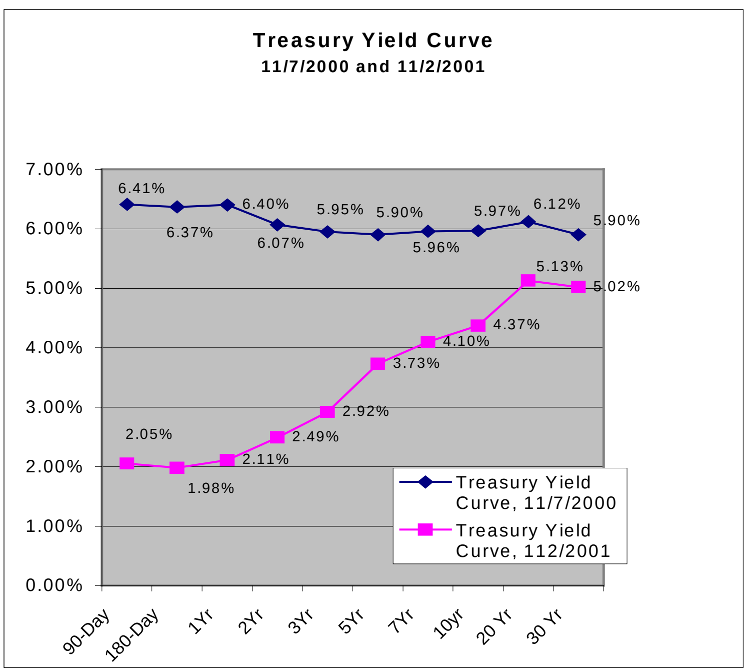

Chart #4

The U.S. Treasury yield curve is remarkably different in early November 2001 from that of early November 2000. Not only is the level of rates lower across all maturities, but also the yield curve has a “normal” slope because the impact of Federal Reserve Board easing has been greater on short-term interest rates than on long-term interest rates. The difference between the 20-year yield and the 90-day yield as of 11/2/2001 was 308 BP compared to –29 BP as of 11/7/2000. Although the reduction in interest rates has adversely affected the interest margins of financial institutions, thus reducing earnings, a positively sloped yield curve should enable institutions to improve their interest margins over the longer term.

Fiscal policy has also been accommodative to economic growth. The large, forecasted federal budget surpluses, in combination with the change in administrations, provided the political impetus for the federal government to cut income taxes earlier this year. The immediate effect of the tax cut provided most taxpayers with a $300 tax rebate in the third quarter of 2001, though much of the impact of the tax package will be more significant in later years. Congress is debating an additional stimulus package as this report is being written.

The fundamental question about the U.S. economy is how severe and long the recession will be. Will it be mild like the 1990-1991 recession, or more severe like the 1980-1982 or 1973-1975 recessions? Most analysts believe the recession will be relatively mild and short with GDP resuming modest growth in the 2nd or 3rd quarter of 2002 after a significant contraction in the 4th quarter of 2001 and mild decrease or increases in 1st and 2nd quarters of 2002. Fiscal and monetary stimulus, combined with ongoing strength in the housing sector, falling energy prices, low overall inflation, a more realistically valued stock market, and aggressive action by business to cut inventories will provide consumers and businesses with sufficient impetus for a relatively short turnaround in the economy. Some conditions, however, suggest a more severe recession. There is an unusual synchronized global slowdown occurring.[4] Japan has entered its fourth recession in a decade, much of East Asia is in recession because of falling exports, and Western Europe remains sluggish. The corporate financing gap (capital spending less internal cash flow) is at a historically high 2.5% of GDP,[2] and may be difficult to externally finance because of declining corporate profits. Consumer debt levels remain high as well. There is also concern that because the root

[4] The Recession: How Far Down?, The Economist, October 20, 2001.

causes of this economic downturn are different from those of prior recessions, the economy may not respond as well to traditional easing of monetary and fiscal policy.

Overlaid upon these economic conditions is the uncertainty created by September 11 and the subsequent war on terrorism. Will the consumer shake off the fear and uncertainty created by the attacks and increase spending? What will be the cost of additional security measures and their effect on productivity, which helped to fuel the economic expansion of the 1990's? What will be the consequences of the ongoing military action in Afghanistan? Will it impede a restoration of consumer confidence, disrupt oil supplies, and exacerbate ongoing tensions between the Israeli government and the Palestinian authority? The answers to these questions, only possible to know as events unfold, will likely determine the length and severity of the recession.

Maine Economy

Maine's economy reflects trends in the national economy. The days in which Maine's economy lagged the national economy appear to be over. Although the 1990-1991 recession was more severe in Maine and New England than in the rest of the country, the state's economic growth accelerated from the mid-1990's to the middle of 2000. Since then, signs of a softening economy abound.

After achieving a low of 2.4% in March 2001, Maine's unemployment rate rose to 4.3% in October 2001. Maine's unemployment rate has been and remains lower than the national unemployment rate (5.44% in October 2001) because of slower population growth. During the 1990's, Maine's population grew 3.8%, whereas national population growth was 13.2%. Job creation has slowed. After 3% gains in payroll employment growth in 1999 and 2000, employment growth has been flat in 2001. Wage and salary employment, seasonally adjusted, totaled 610,500 jobs in August 2001 as compared to 610,300 in December 2000. Help wanted advertising also confirms the slowdown in employment growth. The index of help wanted advertising in the Portland Newspapers has fallen from approximately 210 in December 2000 to 173 in September 2001.

After recording gains of 8.4% and 4.0%in 1990 and 2000, respectively, consumer retail sales have been flat in 2001. Consumer retail sales to August 2001 totaled $8.2

billion, or $12.3 billion annualized. In comparison, consumer retail sales totaled $12.2 billion in 2000. The trend in state sales tax revenues mirrors the trends in consumer retail sales. Sales tax revenues declined $29.5 million, or 3.5% from FYE 6/30/2000 to FYE 6/30/2001.

Commercial traffic on the Maine Turnpike has decreased after increasing consistently through the 1990's. The 12-month moving average was 466 in July 2001 compared to 482 in December 2001. Total traffic on the Maine Turnpike shows a similar trend.

The economic slowdown is also manifested in state government revenues. After recording annual increases of more than 5% since 1995, Maine General Fund Revenues were essentially flat for FY 2001 as compared to FY 2000. Revenues were $2.395 billion in FY 2000 as compared to $2.395 billion in FY 2001. Besides a reduction in sales tax revenues, corporate income taxes fell precipitously from $150 million in FY 2000 to $96.1 million for FY2001. Although not a major source of state revenues, this reduction in corporate income taxes does confirm the reduction in corporate profits as discussed previously.

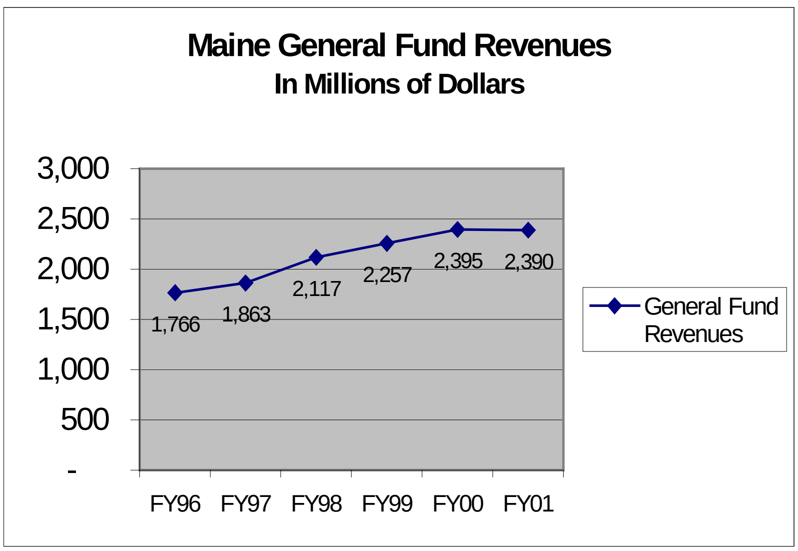

Chart #5

It is difficult to predict the future course of the state's economy. Maine does have fewer imbalances than it did just prior to the 1990-1991 recession. The state's banking institutions are stronger and credit risk is more diverse compared to the late 1980's when banking institutions had invested heavily in the state's real estate bubble. Time will tell whether the present period of recession and/or sluggish growth will be mild and of short duration, or more severe. Much will depend upon the national economy.

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SECTION II

INDUSTRY CONDITIONS

Performance of Maine's Banks and Thrifts[5]

Maine banks and thrifts, despite their generally weaker performance in calendar year 2000 and through June 2001, remain in sound condition and are satisfactorily positioned to face the uncertain period ahead. However, it must be remembered that the mid-1990s were a period of exceptionally strong performance, which was not expected to continue ad infinitum.

As the economy has slowed during the past two years, banks and thrifts have moderated their asset growth, resulting in stronger capital levels, reversing the significant decline that occurred in 1998 and 1999. See Chart #6. Capital ratios in Maine banks and thrifts are somewhat lower than those nationally, but still remain at levels higher than those recorded before the recession of 1990 – 1991. Further, each Maine bank and thrift is considered "well-classified" as defined by the federal bank regulators.

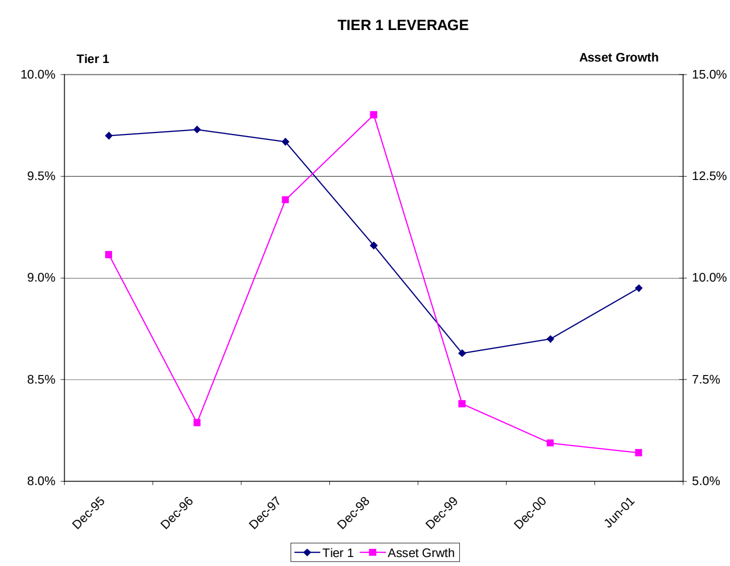

Chart #6

Earnings, as measured by return on average assets, have steadily declined since 1997. See Chart #7. All banks and thrifts remained profitable in calendar year 2000; one bank reported a loss, due to asset writedowns, for the first half of 2001. Net interest income (NII) has steadily declined, offsetting stronger noninterest income and lower

[5] As of June 30, 2001, there were 14 commercial banks, 16 savings banks and 9 thrifts headquartered in Maine (this does not include Fleet Bank and KeyBank). Collectively, they are referred to as "financial institutions."

overhead. Historically, NII has been the mainstay of net income; in 1989, NII accounted for 90% of net revenues. By June 2001, however, NII accounted for only 77% of net revenues. See Chart #8.

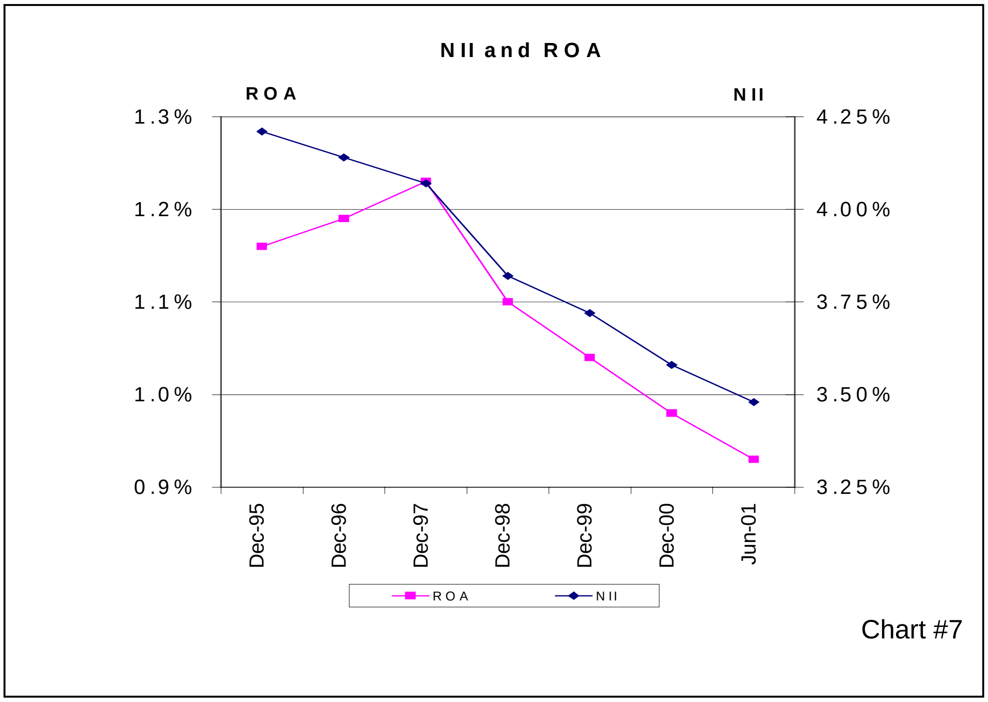

Chart #7

Increased competition for loans has driven down loan rates (interest income), whereas competition for deposits has prevented further cuts in deposit rates (interest expense), thereby compressing NII. See Chart #7. Recent declines in stock values have also contributed to the weaker earnings by neutralizing the substantial securities gains on equities portfolios enjoyed during the last 1990s. These gains have dropped to 2% of pre-tax net income in 2000 from 7% in 1998 and 1999. The loan loss provision had been steady for several years, but jumped nearly 30% in 2000. Its impact on net income, however, remained relatively low.

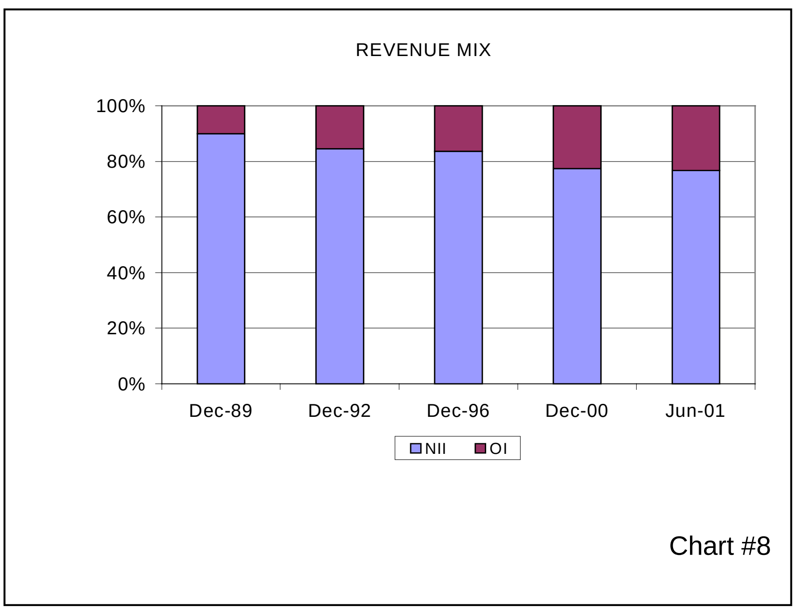

Chart #8

To counteract these declines, Maine banks and thrifts have worked at increasing non-interest income, which has steadily risen from .38% of average assets in 1989 to

1.05% in 2000. Also, in the past three years, and especially as the decline in NII has become more pronounced, financial institutions have intensified their cost-cutting efforts. As a result, noninterest expense has fallen from 3.25% of average assets in 1997 to 2.98% in 2000, the first year since 1991 that the ratio fell below 3.00%. These efforts, however, were not sufficient to counteract the steady contraction in NII, resulting in lower earnings. Compared to banks nationally, net income for Maine institutions is nominally below average due to weaker NII with smaller favorable variances in both noninterst income and noninterest expense.

Through June 2001, loan quality indicators remained sound. In 2000, there was a moderate increase in loans past due under 90 days and in noncurrent loans (loans past due more than 90 days or on nonaccrual). However, in the first six months of 2001, a nominal improvement occurred in both of these loan quality indicators, in dollar amount as well as their percentage of outstanding loans. Net loan losses (NLL) were also flat. See Chart #9. Compared to banks nationwide, Maine's institutions have slightly higher delinquencies and NLL, but the gap is steadily narrowing. Although the Allowance for Loan and Lease Losses, as a percentage of outstanding loans, has declined for several years, coverage of noncurrent loans continues to be satisfactory.

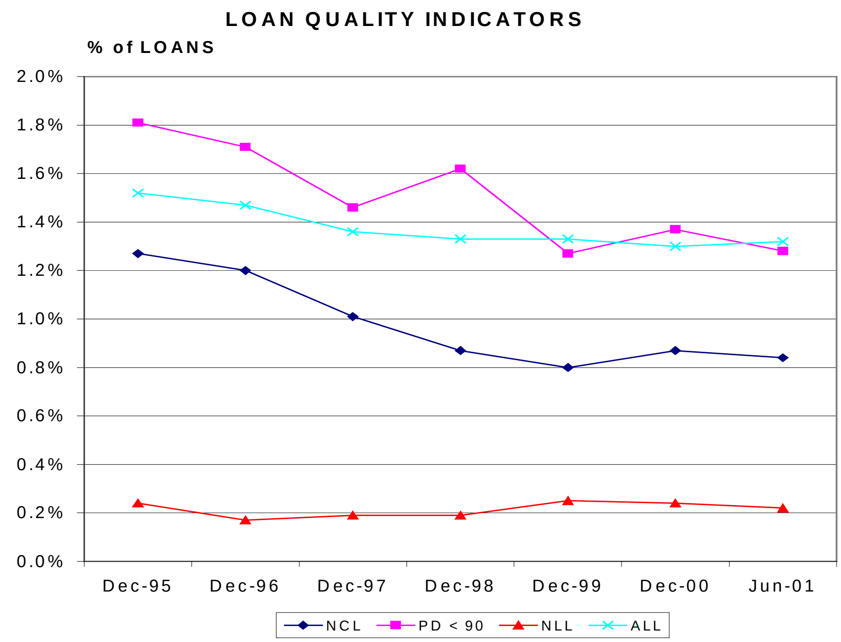

Chart # 9

The loan mix continues to shift away from residential real estate, which dropped to 40% at 6/01. The Table below compares the loan mix at June 2001 with that at June 1996 and the average annual compound rate of growth between those two dates.

Loan Category	**6/96**	**6/01**	**% Incr**
Commercial Real Estate	19.4	21.6	10.3
Residential Real Estate	49.5	40.5	3.7
Home Equity	7.0	8.2	11.6
Commercial & Industrial	10.5	11.4	9.7
Personal	8.0	10.6	14.3
Total Loans	100.0	100.0	8.0

It is somewhat ironic that, despite the shift towards riskier lending and the higher interest rates such lending carries, the net interest margin continues to be squeezed. In fact, the compression of the margin has been a significant factor in the shift away from residential mortgage lending as institutions seek higher yields.

Maine banks and thrifts continued to struggle with deposit generation, as core deposits grew a weak 3.5% during 2000. As a result, core deposits fell to a low of 63.6% of assets and noncore funding increased to a high of 25.7% of assets. As of December 1992, core deposits funded 80.5% of assets and noncore funding represented 10.3% of assets. However, during the first half of 2001, both of these trends were reversed, albeit minimally, as core deposits increased at a

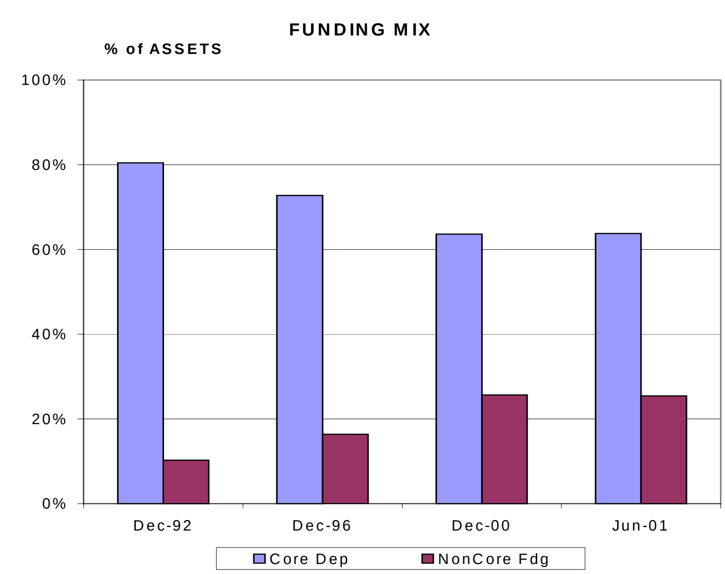

Chart #10

6.2% annualized rate. See Chart #10. The collapse of the stock market is generally cited as the major factor in the deposit growth. While all banks nationwide have labored to increase core deposits, the reliance on noncore funding by Maine institutions is comparatively high.

Maine's banks and thrifts reported another year of solid performance in 2000, and the results through 6/01 suggested that 2001 would also bring favorable results, albeit less positive than 2000. Prior to September 11, 2001, several bankers projected that the second half of 2001 would not be as strong as the first half, due to the expected acceleration of the softening economy. However, the events of September 11 have significantly heightened the economic uncertainty and the current economic downturn, which has now been formally labeled a recession, is projected to lengthen and intensify. Consequently, the performance for the second half of 2001 is now expected to be worse than originally forecast.

The slowing economy and the aftermath of the terrorist attacks will most directly effect credit quality and earnings, but the magnitude of that impact can not be determined yet. Unfortunately, credit quality ratios, i.e., past due loans, noncurrent loans and net loan losses, are lagging indicators. The terrorist attacks especially impaired consumer confidence. Prior to the attacks the consumer sector had been the brightest spot in the economy, although it too was weakening. Individuals, already burdened by high levels of debt and debt service, are clearly concerned about the spillover effect of business cutbacks, which has, and will continue to, adversely affect consumption and housing. Not only has commercial credit risk increased, but so has consumer credit risk. Consequently, increased problem loans and loan losses are expected.

Increased credit concerns will cause financial institutions to increase their provisions for loan losses, which will reduce earnings. The slowing economy will also squeeze earnings due to slower loan growth, lower loan fees and lower noninterest income. Noninterest expenses, which have recently been under close scrutiny, will also be under pressure. Loan collection costs will rise as the terrorist attacks have increased the general cost of doing business. Banks and thrifts have already incurred increased operating costs due to their role in the financial payments system. Earnings will also continue to be constricted by the narrow net interest margin. With deposit rates already at very low levels, institutions are reluctant to impose further rate cuts because of concerns for maintaining their customer and deposit base.

Bank and thrift management is faced with myriad challenges beyond those cited above. Management must successfully implement business plans that take into account the consolidation within the banking industry, the merging of the financial services industry (banks, securities/investment firms and insurance companies), the increased competition from nonbanks, the generation of higher levels of core funding, new sources of noninterest revenue, and maintaining current and installing new technology. Many of these issues are familiar to bankers; however the terrorist attacks have introduced new economic and business dimensions not previously experienced or envisioned. Clearly, the aforementioned challenges facing management are more varied than during the recession of 1990 – 1991. Today, however, Maine banks and thrifts have a stronger capital base and a more diverse earnings stream and loan mix with which to face these difficult times.

Performance of Maine Credit Unions[6]

Maine credit unions recorded another year of solid performance in fiscal year 2000, with improvements noted in the key areas of capital, earnings and loan quality. The sound operating performance was accompanied by moderate share and loan growth. However, in the first half of 2001 (through 6/01), earnings performance weakened, which, combined with strong asset growth, resulted in lower capital ratios. Nevertheless, both earnings and capital ratios, for the industry as a whole, remain more than adequate at this time to support ongoing operations and provide a reasonable cushion for near term expectations. Loan quality indicators continued to strengthen through 6/01.

The net worth-to-asset ratio (NWR) for Maine credit unions continued to climb in 2000, rising to 10.8%. The increase was due largely to modest asset growth of 4%, the lowest rate in seven years and less than two-thirds the average annual compound rate of growth over the previous five years. The NWR fell to 10.4% as of 6/01 as asset growth surged to 15%, annualized, between 12/00 and 6/01. Chart #11 shows that Maine credit unions historically have had a slightly lower NWR than credit unions nationally, but the gap has narrowed over the past two and a half years. As of 6/01, two of Maine's 81 credit unions are less than "adequately capitalized" pursuant to the NCUA's Prompt Corrective Action Regulation (PCA) (i.e., a NWR less than 6.0%). Both of these credit unions have a NWR greater than 5.5% and are profitable. In both instances, very

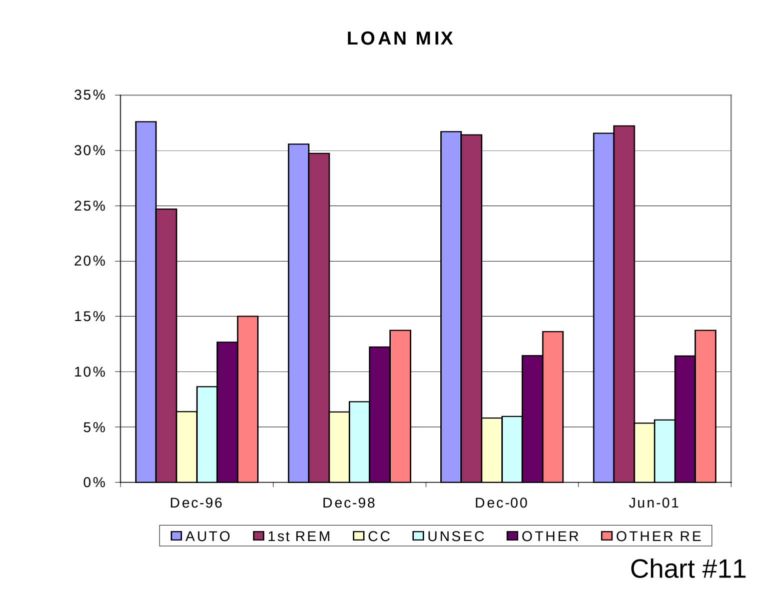

Chart #11

[6] As of June 30, 2001, there were 81 credit unions headquartered in Maine, of which 14 were chartered by the Bureau of Financial Institutions and 67 were chartered by the National Credit Union Administration.

strong asset growth during the six-month period ending 6/01 caused the NWR to fall below 6.0%. Six other credit unions are considered "adequately capitalized" (i.e., NWR between 6.0% and 7.0%), and the remaining 73 credit unions are considered "well capitalized." PCA imposes various requirements on credit unions that are less than well capitalized. Overall, Maine credit unions have sufficient capital to absorb the economic weakening, which has led to shrinking net income and is expected to lead to increased problem loans.

After rebounding in 2000, net income resumed its downward trend in the first half of 2001. See Chart #12. The primary factor contributing to this decline was a 23 basis point drop in net interest income, as the cost of funds increased but interest income fell. Noninterest income continued to climb and, as of 6/01, accounted for 10% of total revenues. Overhead also continued to rise, but at a much slower pace than in 2000. Compared to credit unions nationally and in NCUA Region 1 (New England and New York), Maine credit unions have strong net interest income. However, this favorable net interest income position is more than offset by very high operating expenses, resulting in a moderately lower net income. Net income will continue to be under increased pressure from both the declining interest rate environment, which has squeezed the net interest margin, and anticipated deterioration in credit quality.

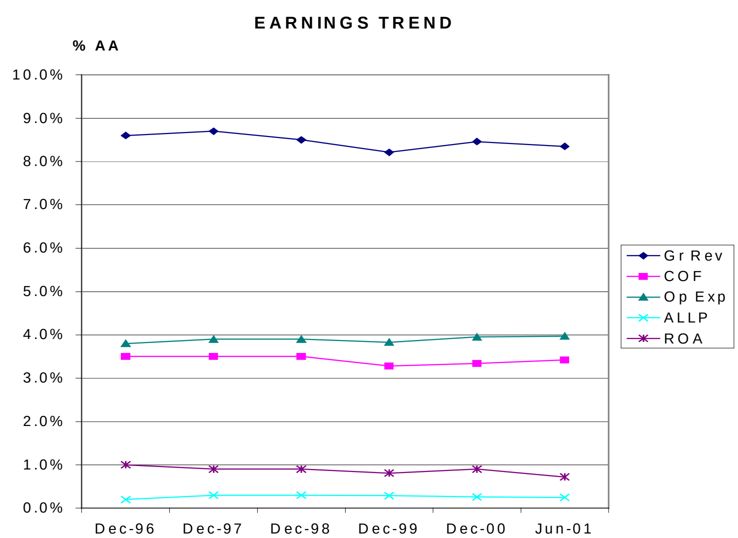

Chart #12

Delinquent loans continue on a downward trend, dropping to .87% of total loans as of June 2001. More impressive is that the June 2001 dollar amount fell to its lowest level since June 1995. Net loan losses (NLL), although higher in dollar amount, are at

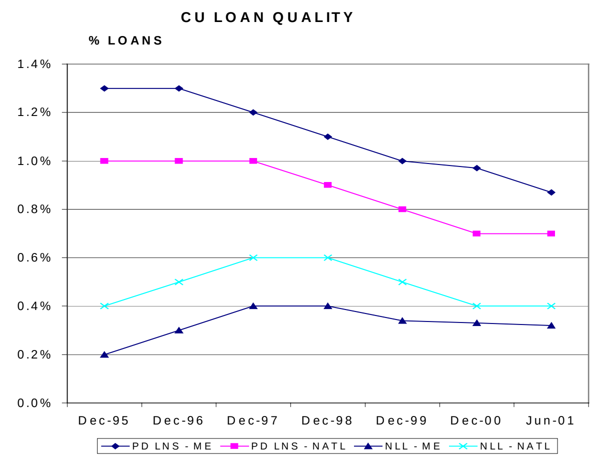

Chart #13

their lowest level since 1995. However, the 6/01 ratio, despite being lower than the 12/00 ratio, was slightly higher than the 6/00 ratio. Maine's favorable NLL ratio continues to be attributed to the loan mix, which showed a further increase in residential mortgages and further declines in unsecured loans and credit card debt. This shift in the loan mix should help Maine credit unions weather the economic downturn, although increased delinquencies and NLL are likely. Chart #13 compares past due and NLL ratios for Maine's credit unions with credit unions nationwide, and Chart #14 shows the shift in loan mix.

Overall, Maine credit unions continue to record stronger loan and deposit growth than Maine's banks and thrifts. Their share, however, remains low at 15% of deposits and 14% of loans. Although the average asset size of the credit unions increased from $32 million to $37 million, that average size pales compared to the $396 million average assets of Maine banks and thrifts ($291 million excluding Peoples Heritage Bank). Notwithstanding the disparity in size, Maine credit unions, in general, continue to be in sound financial condition and strong competitors to banks and thrifts. In the near term, however, the weakening economy will severely test and challenge the financial and operational capabilities of credit union management.

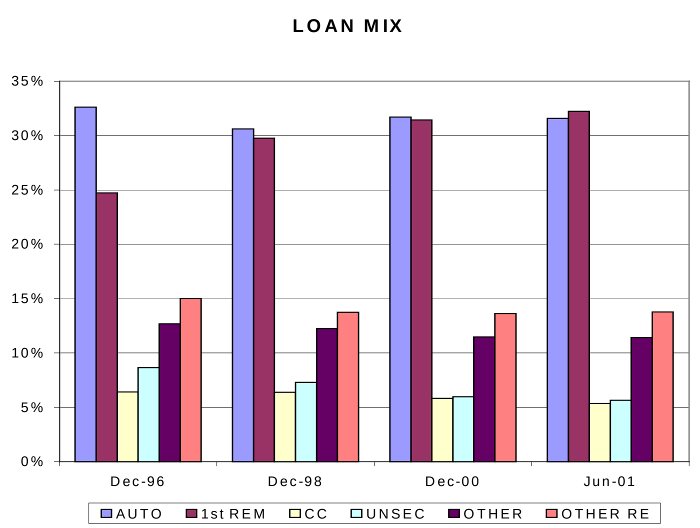

Chart #14

Commercial Lending Activities

The Bureau collects data on commercial lending by Maine's financial institutions from two sources: Call Reports filed by individual banks and the Commercial Lending Report filed with the Bureau by each institution with more than $5 million in outstanding commercial loans. The June Call Report collects data on the number and outstanding dollar amount of small business loans by various size categories.[7] The Commercial Lending Report provides data, as of June 30, on outstanding loans by industry type, based on Standard Industrial Classifications (SIC code) and on the use of various government loan guarantee programs. Neither the individual reports, nor the two combined, provide a complete picture of commercial lending in Maine, but they do provide a strong base from which various conclusions can be drawn. Unless otherwise specified, the data cited is as of June 30, 2001, and comparisons are between June 2001 and June 2000.

The value of these data in measuring the availability and use of credit to, and by, Maine businesses continues to decrease. Lending by non-banks and out-of-state banks, and loan sales, purchases and securitizations by banks continue to expand. Consequently, the gap between outstanding loans on the books of Maine financial institutions and their origination of Maine loans is widening, as is the gap between loans carried on the books of Maine financial institutions and loans to Maine businesses. These trends are expected to continue.

Based on the Commercial Lending Report, commercial loans were flat during the twelve months ending June 30, 2001, holding at $5.4 billion. However, as the following table shows, outstanding commercial loans at Maine's "community institutions" (defined as all reporting institutions except Fleet National Bank, KeyBank, N.A. and Peoples Heritage Bank, N.A.) increased by 11%. These community institutions now account for over half of all commercial loans, up from just over one-third of commercial loans only four years ago. Both Fleet National Bank and KeyBank reported a substantial decrease in outstanding commercial loans at their Maine offices, aggregating $348 million, a 19%

[7] For purposes of this Report, small business loans are defined as business purpose loans with an original amount of less than $1 million, which is consistent with the Call Report definition.

decrease. As a result, their share of commercial loans dropped to 27% as of 6/01 from 34% one year earlier and 45% as of 6/97. Peoples Heritage Bank, N.A. remained the State's largest commercial lender, accounting for 21% of outstanding commercial loans, up from 19% a year earlier.

Commercial Loan Distribution

	6/97	6/00	6/01	1 Yr Chg
Total Commercial Loans	$4,826	$5,395	$5,419	0.4%
Fleet & Key	$2,145	$1,826	$1,479	-19.0%
Fleet, Key & Peoples	$3,074	$2,885	$2,626	-9.0%
Community Institutions	$1,752	$2,510	$2,793	11.3%

In thousands of dollars.

As Chart #15 shows, the commercial loan mix by SIC code has changed relatively little over the past five years. The Other category includes natural resource-related industries (e.g., agriculture, forestry, fishing, etc.), transportation and public utilities, public entities, and out-of-state lending. A comparison of the distribution mix between the community institutions and the multi-billion dollar asset Fleet National Bank, KeyBank and Peoples Heritage Bank reveals only modest variances. Not surprisingly, the three large banks have a greater concentration of loans to the SIC manufacturing sector, 14% vs. 7% for the community institutions, whereas the community institutions have a greater share of loans to the SIC services industry, 27% vs. 21% for the large banks.

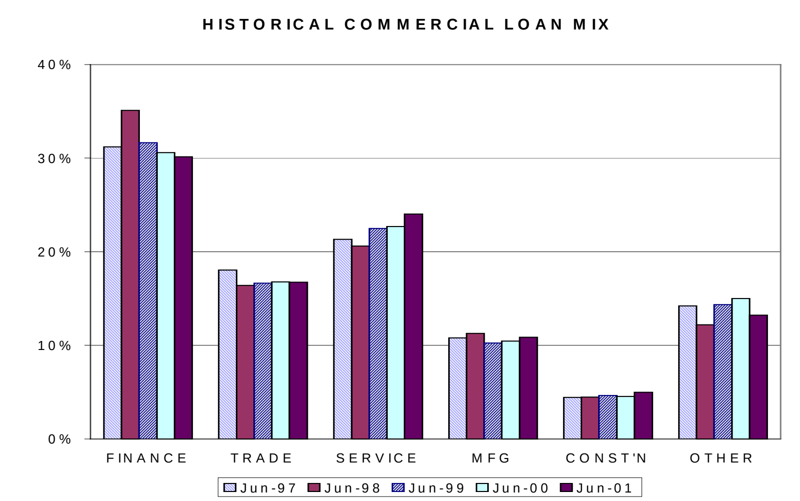

Chart #15

The Finance Loans category is primarily real estate-related and includes loans to real estate investors, developers and lessors, but does not include loans that are merely secured by real estate. Loans to the SIC real estate-related industry, at 24.9% of commercial loans, are the largest sub-category of loans, more than twice as large as loans to any other SIC industry. Loans to the SIC hotel industry experienced the largest dollar increase, up nearly $45 million, climbing from 7.2% of total commercial loans to 8.0%. Loans to the SIC health services industry experienced the largest percentage increase, 12%, rising from 4.8% of total commercial loans to 5.3%.

Government guaranteed loans declined during the twelve-month period ending June 30, 2001 for the second consecutive year, dropping 8% after falling 1% between 6/99 and 6/00. Loans guaranteed by the U.S. Small Business Administration (SBA) continued to account for the majority of guaranteed loans, but outstanding SBA loans fell 14%, and dropped to 8% of outstanding commercial loans from 9% as of 6/00 and 10% as of 6/99. The dollar amount of SBA loans granted in fiscal 2001 (year ending September 30, 2001) by financial institutions in Maine was virtually equal to loans granted in fiscal 2000; thus the SBA decline can be attributed primarily to loan payments. Loans guaranteed by the Finance Authority of Maine (FAME) increased by more than one-third, climbing to 16% of guaranteed loans from 11% at 6/00.

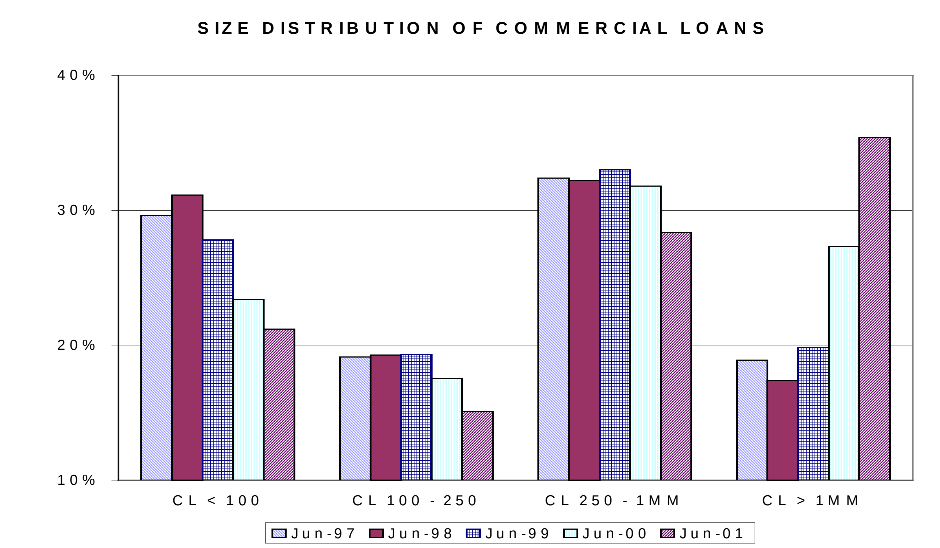

Chart #16

Based on the June Call Report data[8], commercial loans increased 10% in the most recent twelve-month period, down from the 17% rate by which they increased in the prior year. However, all the growth was in loans greater than $1 million, as small business loans fell to 65% of outstanding commercial loans, down from 73% in 2000 and 89% in 1995. See Chart #16. Data on small business loans are collected by three size categories (based on the original amount): under $100,000, $100,000 to $250,000, and $250,000 to $1 million. Within small business loans, there is a shift towards the larger loans. Loans under $100,000 continue to account for more than three-fourths of the number of all small business loans, but their share of the dollar amount fell below one-third. This shift in the size distribution of commercial loans is expected to continue.

[8] This Call Report data does not include Fleet National Bank and KeyBank. Both banks are headquartered out-of-state and, therefore, Call Report data is not available for just their offices located in Maine.

Interstate Banking/Deposit Production Offices

The enactment of the federal Reigle-Neal Interstate Banking and Branching Efficiency Act of 1994 (Reigle-Neal) forever changed the landscape for interstate banking across the nation. This law, which permitted financial institutions to merge or branch across state lines, gave each state the right to opt out of interstate banking or affirmatively permit such activity prior to the national trigger date of June 1, 1997. In early 1996, the Maine Task Force on Interstate Banking and Branching issued its report and recommendations for implementation of Reigle-Neal. With legislation passed in the 117th Legislature, Maine permitted interstate banking and branching.

To alleviate concerns regarding the potential for undue concentration of deposits that could arise from interstate acquisitions, these laws established a limit on the amount of deposits that any one institution could control and prohibited the operation of a deposit production office. A deposit production office is a banking office that primarily generates deposits but does not reasonably meet the credit needs of the community the office serves. An institution that has a ratio of Maine loans to Maine deposits of at least 50% or has received an “outstanding” Community Reinvestment Act (“CRA”) assessment from its primary federal regulator is deemed to be in compliance with the Bureau’s implementing regulation (Regulation #36). The CRA is a federal law intended to encourage depository institutions to help meet the credit needs of the communities in which they operate, including low- and moderate-income neighborhoods. As of June 30 of every year, each financial institution authorized to do business in Maine is required to complete a Branch Loan and Deposit Survey, which provides information on loans and deposits that is used to determine compliance with Regulation #36.

Based on the surveys and other available data, all institutions were found to be in compliance with the State law for the period ending June 30, 2001. The average ratio of Maine loans to Maine deposits for all Maine institutions was 87%, down slightly from the 89% ratio as of June 30, 2000. This ratio continues to compare favorably to the experience nationwide. Chart #17 compares the distribution of the Maine loan to Maine deposit ratio over the last five years, by the percentage of institutions whose ratio falls within the prescribed range.

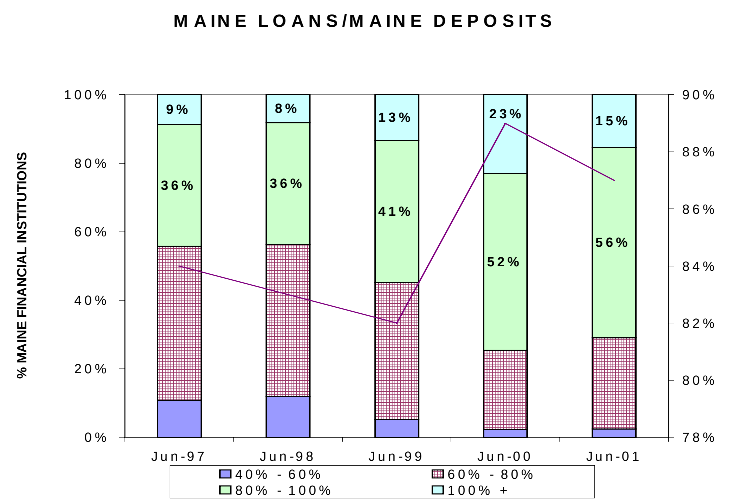

Chart #17

Each Maine financial institution subject to CRA received either an "outstanding" or "satisfactory" CRA rating (the two highest of the four ratings) from its primary federal regulator. Chart #18 shows the trend in CRA ratings over the past five years. The decline in the number of institutions in the "outstanding" category is also consistent with experience nationwide. During the first nine months of calendar 2001, the number of institutions nationally receiving an "outstanding" rating fell to 8% from 17% in 2000.

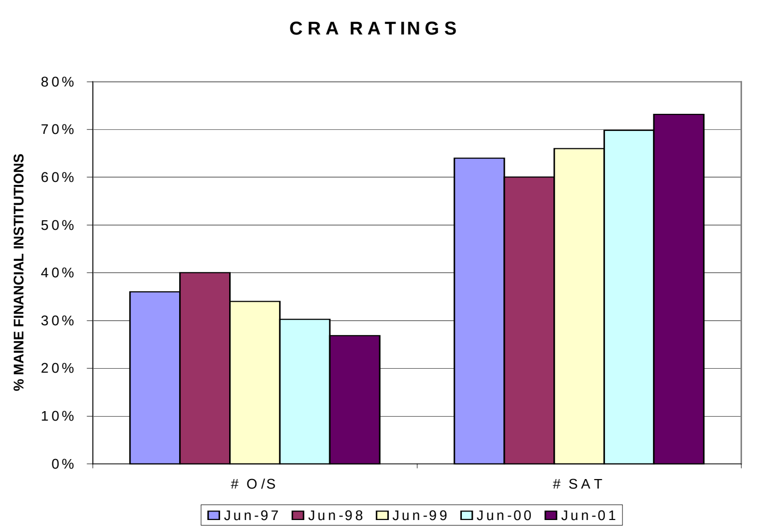

Chart #18

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SECTION III

EMERGENCY PREPAREDNESS: GOVERNMENT AND INDUSTRY RESPONSE

The terrorist events of September 11, 2001 created an exceptional but temporary disruption in the financial markets. The prolonged shutdown did not erode investor faith in the workings of the financial markets. In the financial services community, the Federal Reserve Board facilitated the continuity of credit by allowing banking organizations some flexibility on clearing and settlement systems in light of the delays caused by the terrorist acts. The Office of the Comptroller of the Currency reminded the banking community of 22 previously-issued bulletins which provided guidance on a variety of activities ranging from infrastructure threats, intrusion risks and responses (physical and software, including prevention and detection), security strategies, information sharing requirements for reporting incidents, and information privacy and security.

The events of September 11 prompted financial institution regulators and lawmakers to strengthen the ability of the United States to track suspicious financial transactions by revising older laws that pre-date modern communication methods. For existing legislation, the revisions now include enhanced reporting and record-keeping requirements for financial institutions and the promotion of interagency cooperation and public-private partnerships in all investigations. Laws that provide enhanced protections for military personnel called into active duty during wartime have taken on renewed significance with the “War on Terrorism”. As the result of these recent changes, Maine financial institutions and credit unions must review their systems to assure continued compliance with federal laws and reporting requirements.

The Bank Secrecy Act of 1970

The Bank Secrecy Act (BSA), enacted in 1970, authorizes the Secretary of the Treasury to issue regulations requiring that U.S. financial institutions keep records and file reports on certain financial transactions. “Financial Institution” is broadly defined under BSA to include banks, credit unions, thrifts, non-bank financial institutions, brokers and dealers in securities, money services business (money transmitters, issuers, redeemers and sellers of money orders and travelers' checks, check cashers and currency exchangers), casinos and card clubs.

Organizations subject to the BSA are required to file a Suspicious Activity Report (SAR) for information related to transactions (currency, wire transfers, correspondent accounts and journal entry transfers) aggregating $5,000 US or more or its foreign equivalent that involve potential money laundering or violations of the BSA. The contents of the SAR identify the activity of concern. The "Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001," or the "USA Patriot Act" (P. L. 107-56) was signed into law on October 26, 2001. "USA Patriot Act" further amends the BSA to require increased record keeping to track and deter unauthorized funds transfers.

More than 220,000 financial institutions are currently subject to BSA reporting and record-keeping requirements and many more entities voluntarily comply with the provisions of the BSA. Maine financial institutions have been reporting "suspicious activity" under the BSA since 1996. Federal regulators conduct compliance reviews to ensure that financial institutions have policies in place to carry out anti-money laundering programs and to comply with special record-keeping rules governing funds transfers transactions. Reports of suspicious activity that are filed by Maine financial institutions are forwarded to the Financial Crimes Enforcement Network (FinCEN).

OFAC Reporting Requirements

The U.S. Treasury Department, through its Office of Foreign Assets Control (OFAC) administers and enforces economic and trade sanctions against targeted foreign countries, terrorism-sponsoring organizations and international narcotics traffickers. OFAC acts under presidential wartime and national emergency powers, as well as authority granted by specific legislation to impose controls and freeze foreign assets under U.S. jurisdiction.

OFAC maintains a list of Specially Designated Global Terrorists (SDN's) and, on October 16, 2001, OFAC added the names of 39 other terrorists to this list as a result of the September attacks on the World Trade Center and the Pentagon. Each financial institution in the United States is required to identify potential or actual assets of the listed entities and individuals and file a special report with OFAC. OFAC routinely conducts a check of financial institutions' policies and procedures for compliance with OFAC rules, which includes a review of a current listing of SDN's and Blocked Persons. This review also covers financial institution procedures to assure that new accounts, new loan customers and wire transfers are compared to OFAC listings prior to opening accounts or conducting transactions.

Soldiers and Sailors Relief Act of 1940

Congress enacted the Soldiers and Sailors Civil Relief Act to offer special protections for individuals called to active military duty. This statute is designed to alleviate some of the concerns of civilian life for men and women in the military in order that they may devote their full attention to the tasks at hand. Members of the Reserves and National Guard are also covered while they are on active duty. The protections apply from the date active duty begins and generally terminate 90 days after discharge from active duty. The law covers mortgage payments, credit cards, automobile loans, and civil court proceedings, including foreclosure and installment contracts entered into prior to the commencement of active duty. If a member of the armed services incurred a loan that carried an interest rate higher than six (6) percent before he or she is called to active duty, the maximum rate that may apply to the loan is six percent during the time the individual is on active duty. To obtain the reduced rate, the member of the armed services must:

- apply to his or her lender in writing;
- provide proof of mobilization and placement on active duty status; and
- demonstrate that circumstances warrant the reduced rate (i.e. the reduction in pay from civilian life to military duty will make it difficult to make loan payments).

This statute also protects members of the armed forces from actions to enforce contracts that were entered into before that the individual entered active duty. In the case of a mortgage loan, for example, the property must have been owned before the person entered active duty and still be owned by that individual, and the ability to make payments must have been materially affected by the active duty obligation, which is usually assumed when there is a reduction in income. While the statute in its present form has been on the books since 1940; it has provided protection to members of the nation's military in World War II, the Korean Conflict, the Gulf War and is now providing the same protections to individuals who have recently been called into service.

The Uniformed Services Employment and Reemployment Rights Act of 1994

The Uniformed Services Employment and Reemployment Rights Act of 1994 (USERRA) is a federal law which gives each member and former member of the U.S. Armed Services (active and reserves) the right to go back to a civilian job that he or she held before military service. A service member can be gone from his or her civilian job for five years and must give either oral or written notice to the employer before he or she leaves for active duty. All jobs are covered (state, federal and private employers) unless the job was truly a temporary position. Under the USERRA, the service member must either report back to work or apply in writing to return to work depending upon the length of time the military member is gone from the position. Health insurance, pension and seniority status are not affected. Moreover, the employer must retrain the member and accommodate any service-connected disability.

SECTION IV

PRIVACY OF CONSUMER FINANCIAL INFORMATION

With the passage of the federal Gramm-Leach-Bliley Act of 1999, an important step was taken to eliminate many of the statutory barriers that, for over 50 years, separated the banking, insurance, and securities industries. A small, but what has become a controversial piece of that financial modernization legislation, Title V – Privacy, sparked on-going public discussions concerning how consumer information is collected and used by financial institutions, a term which is broadly defined in federal law to include banks, credit unions, insurance companies, securities firms, mortgage companies, finance companies, and any other provider of consumer credit.

Maine, like many other states in the nation, has adopted the federal standard for privacy of consumer financial information. With the enactment of Public Law 2001 c. 262, effective on September 21, 2001, Maine laws regulating banks, credit unions, securities firms, insurance companies, mortgage companies, finance companies, and other providers of consumer credit were amended to include the protections provided under the federal Gramm-Leach-Bliley Act of 1999. Under those laws, a financial institution must inform its customers of:

- the categories of information it collects;
- the categories of information it may disclose;
- the categories of affiliates and nonaffiliates to whom the entity discloses consumer financial information;
- the categories of information shared under joint marketing arrangements; and
- the consumer's right to opt out, or "say no", to sharing of information under certain circumstances.

Maine banks and credit unions have developed programs to assure compliance with the new financial information privacy laws. In spring 2001, those financial institutions mailed thousands of privacy notices to Maine residents. Simultaneously, financial institutions from across the country also sent privacy notices to their customers, including many Maine consumers. Many people were confused by this inundation of unsolicited mail. Those who actually opened the notices found them hard to understand or difficult to read because of small print. Some just threw them away with other "junk mail."

Over the past several months, the Department of Professional & Financial Regulation, including the Bureau of Financial Institutions, Bureau of Insurance, Office of Securities, and Office of Consumer Credit Regulation embarked upon an educational campaign to inform Maine citizens about the new information privacy laws and their rights and responsibilities, this campaign included:

- posting a list of frequently asked questions at our Internet web site http://www.state.me.us/pfr/pfr_faq_rights.htm
- developing and disseminating an informational brochure; and
- presenting the details regarding information privacy at various meetings and seminars.

The Department of Professional & Financial Regulations will issue a special report to the Banking and Insurance Committee in early 2002 to present further information regarding these outreach efforts. That report will also identify other state or federal initiatives relating to financial information privacy laws.

In addition to its consumer outreach efforts, the Bureau of Financial Institutions provided information to its regulated entities alerting those companies of their obligations under the privacy laws. On July 9, 2001, the Bureau of Financial Institutions issued Bulletin #71, which identified consumer issues and regulatory concerns that each bank or credit union should address in order to provide the privacy protections and notices required under state and federal law. The Bureau of Financial Institutions also adopted formal examination procedures to assess compliance with information privacy laws in state-chartered banks and credit unions. This program is a companion to a similar examination program developed and implemented by federal financial institution regulators.

In addition to the Gramm-Leach-Bliley privacy law, banks and credit unions are also subject to other state or federal laws that protect the integrity of information they collect. Under the federal and state Fair Credit Reporting laws, a financial institution may report information about a consumer regarding a loan transaction to a consumer reporting agency. The financial institution bears the responsibility to assure that information is correct and must inform the consumer reporting agency if the information is later determined to be incomplete or inaccurate. Under rules issued by federal bank regulators governing the safeguarding of customer information, a financial institution must adhere to standards relating to the administrative, technical, and physical safeguards of customer records and information. An institution is required to:

- identify and assess the risks that may threaten customer information;
- develop a written plan containing policies and procedures to manage and control those risks;
- implement and test the plan; and
- adjust the plan on a continuing basis to account for changes in technology, sensitivity of customer information, and internal or external threats to information security.

State and federal regulations governing privacy of financial information share a common goal – to protect an individual's right to privacy without substantially interfering with the legitimate business needs to share information in order to effect financial transactions. These protections provide considerable security to consumers and the financial institutions with which they conduct business. However, despite these protections, a growing threat to this system has proliferated over the past century, particularly with the growth of e-commerce and electronic banking. This is the threat of identity theft.

Identity theft occurs when someone uses another's name, social security number, mother's maiden name, or other personal information to commit fraud or engage in other unlawful activities. Common forms of identity theft include:

- accessing a credit card account and making unauthorized charges on it;
- taking out loans in another person's name;
- writing checks using another person's name and/or account number; and
- using personal information to access, and transfer money out of, another person's bank, credit union, or brokerage account.

Identity theft is a very serious problem nationwide. Although a consumer can take many steps to minimize the risk of identity theft, there is no sure way to prevent it. It is one of the more insidious crimes in that it can be perpetrated on an unsuspecting subject for years before being brought to light. In 1998, the US Congress passed the

Identity Theft and Assumption Deterrence Act. That law addresses identity theft in two major ways:

- it makes it a federal crime to access or assume the identification of another person with the intent to commit, aid or abet, an unlawful activity; and
- it addresses the problem of identity theft by focusing on consumers as victims.

The Federal Trade Commission (FTC) has been designated the federal government's central repository for identity theft complaints and charged with the responsibility of providing victim assistance and consumer education. The FTC advertises a toll-free telephone number (1-877-ID THEFT) or (1-877-438-4338) which consumers can use to report identity theft. In addition, the FTC continuously develops educational literature to help consumers minimize their risk of identity theft. A consumer may view this helpful information at http://www.consumer.gov/idtheft or may acquire copies of booklets by writing to the FTC at: Federal Trade Commission, CRC-240, Washington, D.C. 20580.

Through its Consumer Outreach Program, the Bureau of Financial Institutions received 1,283 general complaints and inquiries over the past year. Common complaints about loan and deposit account relationships have taken on new dimensions as consumers become more aware of their right to privacy of their financial information and identity theft issues. The Bureau received complaints that entities are requiring an individual to disclose his or her Social Security Number for which there is no legitimate business need. Some individuals became aware that new accounts were being opened using their names, Social Security Numbers and dates of birth. These new accounts were brought to light only when debt collectors started to call the consumers. The elderly are particular targets for identity theft schemes as scam artists try to access deposit account numbers or credit card information with which to perpetrate identity theft schemes.

Computer hackers present a challenge to any organization that collects and warehouses sensitive consumer financial information. In two recent instances, VISA USA informed several Maine financial institutions that a third party processor had discovered a security breach in its computer systems that warehoused information for

VISA customers nationwide. While computer hackers successfully acquired some debit and credit card numbers through their efforts, the information necessary to fraudulently access these accounts, i.e. personal identification numbers (PINs) and expiration dates, was not acquired. Maine financial institutions informed customers that were potentially affected by this breach and took steps to protect those accounts from fraudulent charges. The Bureau has no information to suggest that hackers have successfully entered any of the computer networks of Maine financial instititutions.

The Internet is another broad-based system for delivering information about the privacy policies and practices of various entities engaged in gathering information. Banks and credit unions have developed and posted comprehensive policies addressing privacy of financial information on their respective Web sites. Government is also facing privacy issues. Many state and federal agencies have also provided similar notices regarding the collection or dissemination of information via the Internet.

The events of September 11, 2001 and the subsequent U.S. War on Terrorism have placed the nation in somewhat of a philosophical quandary with respect to privacy. Laws like the Gramm-Leach-Bliley Act of 1999 place specific requirements on financial institutions with respect to the sharing and safeguarding of consumer financial information. Some privacy advocates have admonished that this law has not gone far enough to protect the privacy of individuals, and there has been a concerted effort across the country to have more restrictive laws passed. With the recent passage of the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism, or the “USA Patriot Act”, of 2001, federal government scrutiny over the financial affairs of individuals has been broadened. (See Section III for a description of this new law). The appropriate balance between the information privacy rights of individual citizens and the legitimate need for government to access information with which to combat fraudulent or criminal behavior must be maintained. Maine’s financial institutions, as repositories for consumer financial information, will continue to be an integral part of that process.

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SECTION V

BUREAU OVERSIGHT ACTIVITIES

The Bureau of Financial Institutions supervises state-chartered banks, limited purpose institutions, and credit unions. As of June 30, 2001, 48 state chartered institutions controlled $9.l billion of financial institution assets in Maine. Eighty federally-chartered banks and credit unions controlled $9.4 billion of financial institution assets. This even distribution of state vs. federal assets under supervision has not always been the case, as shown in Chart # 19. Historically, over 70% of the banking assets in Maine were controlled by state-chartered financial institutions. However, the advent of interstate banking, which sparked a flurry of acquisitions and mergers, and the passage of financial modernization laws on the federal level, resulted in a substantial diminution of state assets under supervision. With the conversion of Fleet Bank and Peoples Heritage to federal charter in 2000, approximately 50% of the state assets under supervision shifted to federal charter.

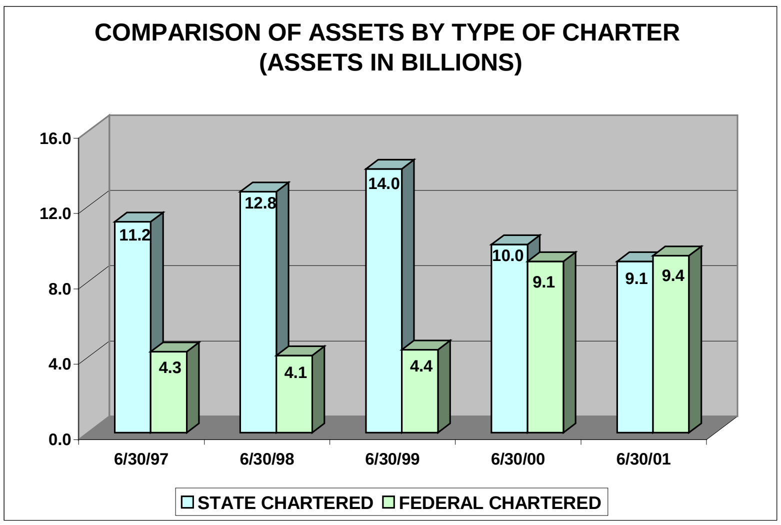

Chart #19

By state law, the Bureau must examine each state chartered bank or credit union at least once every 36 months. Since the mid-1970's, the Bureau has participated in a divided examination program with federal bank regulatory agencies whereby those institutions that meet certain regulatory criteria are examined by either the state or federal regulatory agency once in every 18 months, and the examining agency shares its examination results with the non-examining agency. This process has enabled regulators to meet their supervisory obligations with limited burden on the financial community.

During the fiscal year ending June 2001, the Bureau conducted 67 examinations of banks and credit unions. These on-site reviews included safety and soundness examinations, compliance examinations, and specialty examinations (e.g., review of a trust department). Fifteen examinations were not completed in accordance with the examination schedule during the fiscal year, and it is expected that the Bureau will experience similar delays in the approved examination schedule during the coming year. The examination schedule is developed based upon: (1) condition of the industry; (2) required frequency to meet the examination cycle; and (3) projected examination staff hours available to conduct examinations. In past years, the Bureau has received assistance from the FDIC in meeting its examination schedule responsibilities. However, that federal agency is experiencing significant cut-backs in its own examination staff and, therefore, that level of assistance can no longer be expected by the Bureau of Financial Institutions. The Bureau is currently formulating strategies that will enable it to meet its examination responsibilities in the coming year.

Maine financial institutions have joined the trend nationwide in the use of the Internet as a delivery system for financial products and services. As of the date of this report, over 90% of state chartered banks and credit unions have developed web sites which provide basic information about the institution's products and services. Motivated by competition and demands for customer service, many institutions have upgraded their web sites to include more sophisticated and interactive options. In June, 2000, the Bureau established a program for off-site monitoring of Internet activities of state chartered banks and credit unions. These examinations primarily focus on compliance with various disclosure and advertising laws. Since that time, Bureau staff has conducted 25 off-site compliance examinations of financial institutions web sites.

Applications and Structural Changes

One of the functions of the Bureau is to oversee the corporate structural activities of Maine-chartered financial institutions and Maine financial institution holding companies. Such corporate activities, which generally require prior approval of the Superintendent, include:

- establishing or chartering new financial institution, including limited purpose institutions;
- establishing, relocating or closing a branch;
- establishing or acquiring a subsidiary;
- undertaking financial institution mergers or acquisitions; and
- engaging in activities that are closely related to the business of banking.

Generally, if prior approval of the Superintendent is required, a comprehensive application must be filed with the Bureau. Prior to the filing of a formal application, the Bureau will, if requested, meet with the applicant and/or review a draft application. Once the Bureau reviews and accepts the application for processing, there is a 30-day public comment period during which the public may submit comments or request a hearing. The Bureau has 60 days from the close of the comment period -- or the close of the hearing, if one is held -- to issue its Order either approving or denying the application. Changes to the Banking Code in 1997 provided a notification process for routine branching activities and routine expansion of previously approved closely related activities, relieving regulatory burden on the industry for transactions that are essentially business decisions that have limited impact on safety and soundness.

Financial institution mergers and acquisitions continue to consume the majority of Bureau application processing resources. Between July 2000 and September 2001, the Bureau reviewed and approved seven such transactions. Three of the transactions were intrastate:

- Union Trust Company acquired by merger Waldoboro Bank, FSB;
- Katahdin Trust Company acquired eight branches of Peoples Heritage Bank, N.A.; and
- Norway Savings Bank acquired by merger Coastal Bank.

Three more of the transactions were interstate acquisitions:

- Banknorth acquired MetroWest Bank, Massachusetts;
- Banknorth acquired Andover Bancorp, Massachusetts; and
- Chittenden Corporation acquired Maine Bank & Trust Company.

Chittenden Corporation, a Vermont multi-bank holding company, operates banking offices in Massachusetts and New Hampshire in addition to its home state of Vermont. The acquisition of Maine Bank & Trust represented Chittenden's initial entry into Maine. As of the date of this report, Chittenden Corporation has a second Maine acquisition (Ocean National Bank) pending regulatory approval.

The seventh transaction was the acquisition of Acadia Trust, N.A., a Portland-based independent nondepository trust company, by Camden National Corporation, as the latter sought to expand its product offerings and increase its noninterest income.

In the summer of 2001, the Bureau chartered a new independent nondepository trust company, Spinnaker Trust, which is concentrating on personal trust and investment management business, primarily in Southern Maine. This brings the number of independent state-chartered nondepository trust companies in Maine to five. The Bureau currently has an application pending to establish an internet-based nondepository trust company that will manage IRA accounts.

Maine financial institutions are increasingly seeking ways to expand their offerings of investment and insurance products. Most continue to enter into third-party arrangements with licensed securities firms and insurance agencies. However, a few institutions have entered the securities or insurance business directly by acquiring an existing organization. The most recent example was the July 2001 acquisition of Turner Barker Insurance Agency by Gorham Savings Bank. Previous examples include the 1997 acquisition of Morse, Payson and Noyes by Peoples Heritage Bank (the bank has subsequently acquired several insurance agencies in the states in which its parent holding company owns banks), the 1998 acquisition of Livada Securities by Bangor Savings Bank; the 1999 acquisition of Morris Insurance Services by Kennebunk Savings Bank; and the 2000 acquisition of Dirigo Investments by Bar Harbor Bankshares.

Maine's credit unions also continue to make structural changes, primarily through mergers and field of membership expansions. During the past year, the Bureau approved the conversion of Bansco Federal Credit Union to a state-chartered credit union. The credit unions are also entering into third-party arrangements with licensed securities and insurance personnel to provide non-investment products to their members.

Consumer Outreach

The Bureau of Financial Institutions serves as a resource for Maine consumers who have questions or concerns regarding their relationships with state-chartered Maine banks and credit unions. Bureau staff mediates disputes involving banks and credit unions subject to our jurisdiction. If a consumer has a complaint involving a federally chartered bank or credit union, the Bureau refers those concerns to the appropriate federal regulator for resolution. During the past fiscal year, the Bureau responded to 1,283 consumer complaints and inquiries and effected restitution or cost savings in excess of $28,000. In addition, the Bureau has published numerous consumer booklets that are available free of charge to Maine residents. This information may also be accessed by visiting the Bureau's web site at http://www.MaineBankingReg.org.

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APPENDIX

NATIONAL CONFERENCE *of* STATE LEGISLATURES

The Forum for America's Ideas

BANKING REGULATION

The National Conference of State Legislatures is committed to the preservation of the dual banking system.

Dual banking refers to the unique American banking system of separate state and federal chartering and regulation of banks and thrifts. States and the federal government act independently to charter, supervise and regulate financial institutions for their citizens benefit. A key feature of the dual banking system is the ability of a bank, whether a commercial or savings bank, to choose between a state or national charter. In doing so, a bank chooses as its primary regulator, a state banking department or the federal Office of the Comptroller of the Currency (OCC) or the federal Office of Thrift Supervision (OTS)

The Federal Deposit Insurance Corporation (FDIC), as deposit insurer, holds back-up regulatory authority over both state and national banks to make sure that banks do not take unnecessary risks with insured deposits. The Federal Reserve, as the central bank, ensures the free flow of funds through the banking system. The FDIC has federal oversight of the state-chartered banks that are not members of the Federal Reserve.

Banking is a part of the fabric of the economic life for each and every state. The nation as a whole is weakened by preemptive federal actions to limit the flexibility of state legislatures to deal with local economic problems, such as the capacity to make choices about the financing of housing, small business and community development.

The dual system enables state governments to apply laws and regulations to banks and thrifts that serve the needs of local economies and that respond to the values and concerns of local citizens. The dual system, thus, encourages diversity and innovation. It is no accident that many of the successful innovations in bank services have occurred first at the state level, including interstate banking, Negotiable Order of Withdrawal or NOW accounts, electronic fund transfers, check hold limits, and improved disclosure of credit card fees, rates, and terms as well as community reinvestment standards and basic banking availability.

In recognition of the advantages of the dual system to the public and to the health of the financial services industry, NCSL will oppose any efforts by the federal government to restrict state authority to charter, supervise, or regulate the powers of state-chartered banks and thrifts. Nonetheless, the states have a responsibility to use their powers responsibly and in a way that does not endanger the deposit insurance system and thereby the nation's financial stability.

THE FUTURE OF STATE BANKING

As state legislators, we are concerned about the financial viability of our state banking systems. We are well aware of the enormous contribution that state banks have made to the economic vitality of our states and we seek to ensure the preservation of the dual banking system. However, we acknowledge the uncertain future for state chartered banks in the new era of financial services modernization, interstate bank branching, bank consolidations and mergers and technological advances such as the Internet and on-line banking services. We also acknowledge that one of the strengths of the dual banking system, the ability of state legislatures and regulators to be the "laboratories" of financial innovation, is in jeopardy as the need for more uniform regulatory systems to meet the demand of global competition is advocated by many within our nation's financial services industry.

At present there are over 6,000 state chartered banks and at least 60 percent have assets under $100 million. Most state banks are small community banks that have well served our nation's cities and rural areas and have been the economic backbone of our county for over one hundred years. These are the banks that have responded time and time again to our communities' economic needs and crisis'. They may or may not have the desire to become a multinational financial giant, branching from coast to coast or to other countries. As state legislatures we have a responsibility to maintain and increase the number of state chartered banks with assets over $100 million, however, we must ensure that it is not at the expense of our community banks and their customers.

FINANCIAL SERVICES MODERNIZATION

In 1999, Congress passed and the President signed into law the Gramm-Leach-Bliley Financial Services Modernization Act (GLB Act). The GLB Act tore down the firewalls between banking and other financial services and commercial interests. The National Conference of State Legislatures did not oppose congressional repeal of the Glass-Steagall Act, which established those separations in response to the Great Depression of 1929. However, NCSL consistently and strongly advocated for functional regulation of financial services such as for insurance and securities and opposed provisions in the GLB Act preempting state laws and regulations with regard to the business of insurance.

Even before the enactment of the Gramm-Leach-Bliiey Act, state legislators were concerned about the regulatory encroachment by the OCC of state authority especially with regard to the regulation of insurance. Since the enactment of the GLB Act, the OCC has challenged a number of state laws with regard to the regulation of banks selling insurance. NCSL will continue to oppose this overreach by federal regulatory agencies. NCSL strongly advocates that if banks are involved in the business of insurance, then they must be regulated for this purpose by the appropriate state insurance supervisory agency, regardless if they are a state or national chartered bank. A consumer in a state must be able to expect that protections granted under state law and regulation will be the same regardless from which financial institution the insurance product is obtained.

INTERSTATE BANKING AND BRANCHING

NCSL urges our colleagues in Congress to oppose any effort to limit or repeal the requirement that branches of nationally chartered banks will be required to observe state consumer protection, interstate branching, fair lending and community reinvestment laws, as well as be subject to state taxing authority. NCSL supports Congressional efforts to reign-in OCC abuse of interpretative letters to preempt state laws. NCSL supports legislation to eliminate the judicial deference given to the OCC by federal courts in challenges to state financial services laws and regulations.

FEDERAL REGULATORY CONSOLIDATION

NCSL recognizes the need for the federal government to reduce federal regulatory burden that can impede the economic vitality of our nation's financial services industries. In consolidating the federal banking regulators, Congress must ensure that any consolidation does not invalidate the regulatory independence of the dual banking system.

NCSL will oppose any federal regulatory consolidation plan that would:

- preempt, limit or interfere with the rights of states to regulate state- chartered banks;
- require federal reporting requirements and examinations that duplicate state efforts and place state-chartered banks at a competitive disadvantage with national banks; and
- give oversight authority for state-chartered banks to the OCC, the regulator of national banks.

NCSL supports the continued federal oversight by the FDIC and the Federal Reserve of state-charter6d banks. It would be detrimental to the well-being of the dual banking system for Congress to tamper with present oversight cooperation between state banking departments, the FDIC and the Federal Reserve.

STATE BANK FEES

While NCSL strongly advocates that the federal government continue to take appropriate action to reduce the national deficit, state chartered institutions should not be made to bear the burden of such efforts. NCSL would oppose any proposal by the federal government that would mandate that the FDIC and the Federal Reserve charge and collect from state chartered banks a fee for their yearly examinations. It is estimated that such a tax on state-chartered banks would cost $1.002 Billion over five years and place state banks at a competitive disadvantage to national banks. At present, FDIC examinations are covered by deposit insurance that state banks already pay to the FDIC. Federal Reserve examinations are currently paid for by earnings from the Federal Reserve's monetary policy activities.

NCSL acknowledges that for the past nine years the President has included provisions to tax state banks for this duplicative federal oversight in the Administration's annual budget submission to Congress and, for those past nine years, Congress has removed those provisions from the federal budget. NCSL appreciates the support of Congress in ensuring that state banks are not double taxed for the same service.

CONSUMER PROTECTION

With the rapidly changing technological advances in the financial services industries, both state legislatures and Congress must periodically consider legislation to ensure consumer access to basic banking services; to protect the privacy of financial service consumers and the security of their personal financial information; to ensure disclosure of information about credit terms, interest rates, fees, and balances; to regulate branch closing; and to otherwise protect the consuming public. In recognition that this is an area of overlapping federal and state jurisdiction, NCSL will ordinarily not oppose such federal consumer protection measures, provided that there is no preemption of complementary state consumer protection legislation. Federal legislation should not prohibit state legislatures and state regulators from providing additional protections for consumers of financial services, including appropriate privacy protections.

Furthermore, as online banking continues to grow, clear rules must be established as to which jurisdiction's consumer protections apply to a given transaction. NCSL believes that any such rules should be crafted through a partnership between state and federal regulators and should not place state chartered banks at a disadvantage in their ability to provide services over the Internet.

FINANCIAL SERVICES AND ECONOMIC DEVELOPMENT

Adequate investment by banks and thrifts is crucial to the maintenance and growth of state and local economies. Rural communities with agricultural economic bases, suburban communities, and urban neighborhoods must continue to get the banking services that meet their particular economic development needs.

NCSL recognizes that racial, ethnic, or gender discrimination by financial services institutions may have an impact on the ability of residents in distressed communities to obtain financial assistance. We also recognize the need for financial institutions to make safe, sound and profitable investments. The National Conference of State Legislatures, recognizing the responsibilities that states have for financial institution regulation and solvency and for providing for fair lending to its constituents, believes that it is the responsibility of each state legislature to address the unique needs of its state. Likewise, the federal government as regulator of national banks must make the same determinations and act accordingly. However, Congress must not mandate federal guidelines that impede the states' abilities to regulate financial services.

The National Conference of State Legislatures believes that true economic revitalization will only happen when government, in partnership with the private sector, provides the tools for empowering those Americans within distressed communities to become part of this nation's economic mainstream.

Unanimously passed the Commerce and Communications Committee	*August 13, 2001*
Unanimously passed the full NCSL Annual Business Meeting	*August 15, 2001*

SUMMARY OF MAINE FINANCIAL INSTITUTIONS
June 30, 2001

		ASSETS		DEPOSITS/SHARES		LOANS	
	No.	Dollars (000's)	% of Total	Dollars (000's)	% of Total	Dollars (000's)	% of Total
Trust Companies	9	1,876,969	10.18	1,424,564	8.29	1,259,999	8.22
Limited Purpose Banks	6	27,053	0.15	0	0.00	118	0.00
National Banks*	7	5,934,364	32.20	7,494,223	43.59	6,203,371	40.44
State Savings Banks	16	6,299,301	34.17	4,690,828	27.28	4,610,666	30.06
Federal Savings Banks	2	957,437	5.20	704,563	4.10	813,946	5.31
State Savings and Loans	3	132,484	0.72	100,834	0.58	104,868	0.68
Federal Savings and Loans	4	248,855	1.35	200,502	1.17	201,494	1.31
State Credit Unions	14	726,888	3.94	628,463	3.66	519,972	3.39
Federal Credit Unions	67	2,230,863	12.10	1,948,491	11.33	1,624,946	10.59
TOTAL	128	18,434,214	100.00	17,192,468	100.00	15,339,380	100.00
Commercial Banks*	16	7,811,333	42.37	8,918,787	51.88	7,463,370	48.66
Limited Purpose Banks	6	27,053	0.15	0	0.00	118	0.00
Savings Banks	18	7,256,738	39.37	5,395,391	31.38	5,424,612	35.36
Savings and Loans	7	381,339	2.07	301,336	1.75	306,362	2.00
Credit Unions	81	2,957,751	16.04	2,576,954	14.99	2,144,918	13.98
TOTAL	128	18,434,214	100.00	17,192,468	100.00	15,339,380	100.00
State-Chartered	48	9,062,695	49.16	6,844,689	39.81	6,495,623	42.35
Federally Chartered*	80	9,371,519	50.84	10,347,779	60.19	8,843,757	57.65
TOTAL	128	18,434,214	100.00	17,192,468	99.99	15,339,380	100.00
In-State Ownership	126	18,434,214	100.00	13,886,638	80.77	12,788,237	83.37
Out-of-State Ownership*	2	N/A	N/A	3,305,830	19.23	2,551,143	16.63
TOTAL	128	18,434,214	100.00	17,192,468	99.99	15,339,380	100.00

**Note: KeyBank, National Association's and Fleet National Bank's deposits and loans for their Maine operations are included in this exhibit; however, Maine assets are not available*

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

	06/30 1997	06/30 1998	06/30 1999	06/30 2000	06/30 2001
Commercial Banks					
Trust Companies					
Banks	13	12	11	10	9
Branches	147	142	118	113	73
Assets	3,782,972	3,603,763	3,698,774	3,472,002	1,876,969
Deposits	2,790,194	2,660,195	2,958,142	2,488,507	1,424,564
Loans	2,609,126	2,616,375	2,742,374	2,555,152	1,259,999
National Banks					
Banks	6	5	5	6	7
Branches	128	103	102	169	222
Assets	1,523,574	1,075,190	1,250,250	5,736,194	5,934,364
Deposits	3,433,699	2,915,928	2,920,566	6,035,433	7,494,223
Loans	3,775,651	2,449,376	2,374,326	5,069,224	6,203,371
Limited Purpose Banks					
Merchant Banks					
Banks		1	1	1	1
Branches		0	0	0	0
Assets		20,015	19,595	16,782	16,852
Deposits		0	0	0	0
Loans		836	909	120	118
Uninsured Banks					
Banks			1	0	0
Branches			0	0	0
Assets			3,566	0	0
Deposits			772	0	0
Loans			3,200	0	0
Nondepository Trust Companies					
Banks			3	4	5
Branches			0	0	0
Assets			8,432	13,624	10,201
Deposits			N/A	N/A	N/A
Loans			N/A	N/A	N/A
Savings Banks and Savings and Loan Associations					
Savings Banks					
Banks	17	17	17	16	16
Branches	152	189	198	139	145
Assets	6,871,847	8,617,818	9,547,397	5,824,585	6,299,301
Deposits	5,307,205	6,501,801	6,909,744	4,269,611	4,690,828
Loans	5,083,110	6,277,715	6,334,103	4,344,859	4,610,666
Federal Savings Banks					
Banks	4	4	4	4	2
Branches	25	29	31	31	28
Assets	754,241	849,901	911,238	1,042,663	957,437
Deposits	556,835	611,442	661,957	750,020	704,563
Loans	598,001	688,982	725,566	836,880	813,946

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

	06/30 1997	06/30 1998	06/30 1999	06/30 2000	06/30 2001
State Savings & Loan Associations					
Associations	3	3	3	3	3
Branches	0	0	0	0	0
Assets	105,068	112,256	117,683	122,368	132,484
Deposits	88,399	91,170	95,868	94,665	100,834
Loans	84,541	86,223	87,827	98,966	104,868
Federal Savings & Loan Associations					
Associations	4	4	4	4	4
Branches	4	4	4	4	4
Assets	203,264	206,475	217,030	227,889	248,855
Deposits	168,591	173,385	178,385	179,365	200,502
Loans	159,678	163,134	163,681	184,841	201,494
Credit Unions					
State Credit Unions					
Credit Unions	11	12	13	13	14
Branches	9	11	14	12	19
Assets	430,322	478,256	567,975	585,849	726,888
Shares	380,613	421,299	501,390	502,274	628,463
Loans	283,557	317,496	391,525	431,371	519,972
Federal Credit Unions					
Credit Unions	80	77	75	72	67
Branches	47	49	44	48	49
Assets	1,848,919	1,941,498	2,064,617	2,116,854	2,230,863
Shares	1,650,747	1,721,661	1,816,004	1,841,490	1,948,491
Loans	1,334,964	1,408,596	1,467,194	1,564,601	1,624,946
State Totals					
Financial Institutions	138	135	137	133	128
Branches	512	527	511	516	540
Assets	15,520,207	16,905,172	18,406,557	19,158,810	18,434,214
Shares & Deposits	14,376,283	15,096,881	16,042,828	16,161,365	17,192,468
Loans	13,928,628	14,008,733	14,290,705	15,086,014	15,339,380

Note: The following financial institutions operate branches in the State of Maine and have provided Maine deposit/share and loan data to the Bureau that are included in this schedule. Maine assets for these financial institutions are not available.

Name of financial institution:	Main office location:
Fleet National Bank	Providence, Rhode Island
Keybank National Association	Cleveland, Ohio

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

MAINE
STATE CHARTERED
TRUST COMPANIES

June 30, 2001
Dollars (000's)

	Assets	Deposits	Loans
Dean Read, President **BAR HARBOR BANKING AND TRUST COMPANY** 82 Main St. Bar Harbor, Maine 04609	444,473	276,763	283,588
James P. Violette, Jr., President **BORDER TRUST COMPANY** 280 State Street Augusta, Maine 04330	73,851	63,690	43,482
Thomas J. Finn, Jr., President **DAMARISCOTTA BANK & TRUST** Main Street Damariscotta, Maine 04543	100,795	84,736	76,967
David I. Dorsey, President **FIRST CITIZENS BANK & TRUST** PO Box 231 Presque Isle, Maine 04769	121,386	106,839	102,058
Jon J. Prescott, President **KATAHDIN TRUST COMPANY** Main Street Patten, Maine 04765	241,843	196,083	147,122
Samuel Ladd, III, President **MAINE BANK & TRUST COMPANY** PO Box 619 Portland, Maine 04104	257,428	209,087	173,984
Edwin Clift, President **MERRILL MERCHANTS BANK** 201 Main St., PO Box 925 Bangor, Maine 04402-0925	248,240	198,367	173,057
Robert Johnson, President **PEPPERELL TRUST COMPANY** 163 Main Street Biddeford, Maine 04005	55,093	43,683	44,659

MAINE
STATE CHARTERED
TRUST COMPANIES

June 30. 2001
(dollars 000's)

	Assets	Deposits	Loans
Peter Blyberg, President **UNION TRUST COMPANY** 66 Main St., PO Box 479 Ellsworth, Maine 04605	333,860	245,316	215,082
TOTAL: 9	**$1,876,969**	**$1,424,564**	**$1,259,999**

MAINE
STATE CHARTERED
LIMITED PURPOSE BANKS

	Assets	June 30, 2001 (dollars 000's) Deposits	Loans
Frank P. Jansen, President **BAR HARBOR TRUST SERVICES** 82 Main Street Bar Harbor, Maine 04609	2,113	N/A	N/A
John Keffer, President **FORUM TRUST, LLC** Two Portland Square Portland, Maine 04101	3,126	N/A	N/A
Michael R. Currie, President **H. M. PAYSON AND COMPANY** P.O. Box 31 Portland, Maine 04112	3,039	N/A	N/A
Joseph Yohlin, CEO **MAINE MERCHANT BANK** Two Monument Square Portland, Maine 04101	16,852	0	118
Karen Lowell, CEO **RAM TRUST COMPANY** 45 Exchange Street Portland, Maine 04101	131	N/A	N/A
Christopher Tyborowski, President **RSGROUP TRUST COMPANY** 295 Forest Avenue, No. 610 P.O. Box 9715 Portland, Maine 04104-5015	1,792	N/A	N/A
Richard E. Curran, Jr. **SPINNAKER TRUST**[1] 5 Milk St., PO Box 7160 Portland, Maine 04112-7160	**N/A**	**N/A**	**N/A**
TOTAL: 6	**$27,053**	**$ 0**	**$ 118**

[1] Spinnaker Trust Company was newly chartered as a nondepository trust company on August 22, 2001

MAINE
STATE CHARTERED
SAVINGS BANKS

	Assets	June 30, 2001 (dollars 000's) Deposits	Loans
Steven A. Closson, President **ANDROSCOGGIN SAVINGS BANK** PO Box 1407 30 Lisbon Street Lewiston, Maine 04240	462,543	316,357	303,603
P. James Dowe, Jr., President **BANGOR SAVINGS BANK** 3 State Street, PO Box 930 Bangor, Maine 04401	1,337,354	1,003,704	1,098,281
Glen Hutchinson, President **BATH SAVINGS INSTITUTION** 105 Front Street, PO Box 548 Bath, Maine 04530	266,752	214,303	188,854
Wayne Sherman, President **BIDDEFORD SAVINGS BANK** 254 Main Street Biddeford, Maine 04005	187,789	137,869	115,215
Gregory T. Caswell, President **COASTAL BANK** PO Box 8550 Portland, Maine 04105	236,213	157,588	146,437
Gary M. Downs, President **FRANKLIN SAVINGS BANK** 81 Main Street, PO Box 825 Farmington, Maine 04938	269,933	213,527	211,366
Charles M. Yandell, President **GORHAM SAVINGS BANK** 64 Main Street, PO Box 38 Gorham, Maine 04038	437,128	295,142	289,257

[2] Coastal Bank merged with Norway Savings Bank on August 31, 2001

MAINE
STATE CHARTERED
SAVINGS BANKS

	June 30, 2001 (dollars 000's) Assets	Deposits	Loans
Mark L. Johnston, President **KENNEBEC SAVINGS BANK** 150 State Street, PO Box 50 Augusta, Maine 04330	389,647	273,655	311,986
Joel Stevens, President **KENNEBUNK SAVINGS BANK** 104 Main Street Kennebunk, Maine 04043	394,771	347,032	320,761
Edward L. Hennessey, Jr., President **MACHIAS SAVINGS BANK** Center Street, PO Box 318 Machias, Maine 04947	322,452	234,260	263,163
Sherwood Moody, President **MECHANICS' SAVINGS BANK** 100 Minot Avenue Auburn, Maine 04210	155,777	132,641	118,424
Robert Harmon, President **NORWAY SAVINGS BANK** 132 Main Street Norway, Maine 04268	386,142	309,248	259,128
Kevin P. Savage, President **SACO AND BIDDEFORD SAVINGS INSTITUTION** 252 Main Street Saco, Maine 04072	418,901	303,716	256,836
Rodney Normand, President **SANFORD INSTITUTION FOR SAVINGS** 184 Main Street Sanford, Maine 04073	272,699	194,824	179,744
William Randall, President **SKOWHEGAN SAVINGS BANK** 7 Elm Street, PO Box 250 Skowhegan, Maine 04976	411,825	306,215	284,677

MAINE
STATE CHARTERED
SAVINGS BANKS

June 30, 2001
(dollars 000's)

	Assets	**Deposits**	**Loans**
John C. Witherspoon, President **UNITEDKINGFIELD BANK** 145 Exchange St. Bangor, ME 04401	349,375	250,747	262,934
TOTAL: 16	**$6,299,301**	**$4,690,828**	**$4,610,666**

MAINE
STATE CHARTERED
SAVINGS AND LOAN ASSOCIATIONS

	June 30,2001 (dollars 000's)		
	Assets	**Deposits**	**Loans**
Allen Sterling, President **AUBURN SAVINGS AND LOAN ASSOCIATION** 256 Court Street, PO Box 3157 Auburn, Maine 04210	54,882	36,676	39,021
William Weir, President **BAR HARBOR SAVINGS AND LOAN ASSOCIATION** Main Street Bar Harbor, Maine 04609	16,974	13,211	13,075
Harry Mank, President **ROCKLAND SAVINGS AND LOAN ASSOCIATION** PO Box 585 Rockland, Maine 04841	60,628	50,947	52,772
TOTAL: 3	**$132,484**	**$100,834**	**$104,868**

MAINE
STATE CHARTERED
CREDIT UNIONS

	June 30, 2001 (dollars 000's)		
	Assets	**Shares**	**Loans**
Paul J. Gurney, CEO **CHESTNUT CREDIT UNION** PO Box 604 Augusta, Maine 04332	6,056	5,632	4,652
Matthew P. Griffiths, CEO **COAST LINE CREDIT UNION** 38 Rigby Road West Portland, Maine 04104	18,984	15,595	14,051
Donna R. Steckino, CEO **COMMUNITY CREDIT UNION** 144 Pine Street Lewiston, Maine 04240	35,238	32,711	27,470
Tucker Cole, CEO **EVERGREEN CREDIT UNION** 35 Cumberland Street Westbrook, ME 04092	67,687	62,254	52,343
Richard B. Dupuis, CEO **FIVE COUNTY CREDIT UNION** 765 Washington St., PO Box 598 Bath, Maine 04530	63,797	58,298	44,788
John O. Greenlaw, CEO **GOVERNMENT EMPLOYEES CREDIT UNION** 555 Forest Avenue Portland, Maine 04101	82,172	74,171	62,073
Mariann Goff, CEO **GREATER PORTLAND MUNICIPAL CREDIT UNION** 799 Broadway South Portland, Maine 04106	58,925	53,602	47,938
Richard P. LaChance, CEO **MAINE EDUCATION CREDIT UNION** 36 Community Drive, PO Box 1096 Augusta, Maine 04330	11,018	9,375	8,037

MAINE
STATE CHARTERED
CREDIT UNIONS

	Assets	June 30, 2001 (dollars 000's) Shares	Loans
Normand R.Dubreuil, CEO **MAINE STATE EMPLOYEES CREDIT UNION** PO Box 5659 Augusta, Maine 04332-5659	149,791	125,929	82,475
Charles E. Hinkley, CEO **SABATTUS REGIONAL CREDIT UNION** 9 High Street Sabattus, Maine 04280	20,374	18,944	13,111
Carrie A. Shaw, CEO **SACO VALLEY CREDIT UNION** PO Box 740 Saco, Maine 04072	38,968	35,186	28,787
Andrew J. Michaud **ST. JOSEPH'S CREDIT UNION** 35 Bradbury St. Biddeford, Me 04005	72,744	64,687	56,279
Howard Dunn, CEO **UNIVERSITY CREDIT UNION** Rangeley Road University of Maine Orono, Maine 04473	94,538	66,272	73,433
Susan C. Mottice, CEO **UNUMPROVIDENT CORPORATION CREDIT UNION** 2211 Congress Street Portland, Maine 04102	6,596	5,807	4,535
TOTAL: 14	**$726,888**	**$628,463**	**519,972**

MAINE
FEDERAL CHARTERED
NATIONAL BANKS

	June 30, 2001 (dollars 000's)		
	Assets	**Deposits**	**Loans**
Robert Daigle, President & CEO **CAMDEN NATIONAL BANK** 2 Elm Street, PO Box 310 Camden, Maine 04843	699,279	473,124	486,380
Tony C. McKim, President **THE FIRST NATIONAL BANK OF BAR HARBOR** 102 Main Street, PO Box A Bar Harbor, Maine 04609	182,112	132,575	131,807
Daniel R. Daigneault, President **THE FIRST NATIONAL BANK OF DAMARISCOTTA** Main Street, PO Box 940 Damariscotta, Maine 04543	417,413	281,647	282,479
Bradford Hunter, CEO **FLEET NATIONAL BANK** One City Center Portland, ME 04104	N/A	1,172,855	1,162,230
Katherine Underwood, District President **KEYBANK, NATIONAL ASSOCIATION** One Canal Plaza Portland, ME 04112	N/A	2,132,975	1,388,913
Russell G. Cole, President **THE OCEAN NATIONAL BANK OF KENNEBUNK** 100 Main Street, PO Box 58 Kennebunk, Maine 04043	258,304	210,900	187,947
Michael McNamara, President **PEOPLES HERITAGE BANK, N.A.** One Portland Square, PO Box 9540 Portland, Maine 04112	4,377,256	3,090,147	2,563,615
TOTAL: 7	**$5,934,364**	**$7,494,223**	**$6,203,371**

MAINE, FEDERAL CHARTERED SAVINGS BANKS

	Assets	June 30, 2001 (dollars 000's) Deposits	Loans
Arthur Markos, President **GARDINER SAVINGS INSTITUTION, FSB** 190 Water Street Gardiner, Maine 04345	527,056	429,020	432,812
James D. Delameter, President **NORTHEAST BANK, FSB** Main Street Bethel, Maine 04217	430,381	275,543	381,134
TOTAL: 2	**$957,437**	**$704,563**	**$813,946**

MAINE
FEDERAL CHARTERED
SAVINGS & LOAN ASSOCIATIONS
June 30, 2001
(dollars 000's)

	Assets	Deposits	Loans
John S. Swanberg **AROOSTOOK COUNTY FEDERAL SAVINGS AND LOAN ASSOCIATION** 43 High Street, PO Box 808 Caribou, Maine 04736	68,677	60,646	58,060
Dennis H. Brown, President **CALAIS FEDERAL SAVINGS AND LOAN ASSOCIATION** 136 Main Street Calais, Maine 04619	36,265	29,098	27,054
Daniel R. Donovan, President **FIRST FEDERAL SAVINGS AND LOAN ASSOCIATION OF BATH** 125 Front Street Bath, Maine 04530	100,486	81,613	82,016
Allen L. Rancourt, President **KENNEBEC FEDERAL SAVINGS AND LOAN ASSOCIATION** 70 Main Street Waterville, Maine 04901	43,427	29,145	34,364
TOTAL: 4	**$248,855**	**$200,502**	**$201,494**

MAINE
FEDERAL CHARTERED
CREDIT UNIONS

	June 30, 2001 (dollars 000's)		
	Assets	**Shares**	**Loans**
Steve J. Obrin, CEO **ATLANTIC REGIONAL FEDERAL CU** 55 Cushing Street Brunswick, Maine 04011	137,656	118,248	103,199
Stephen K. Clark, CEO **BANGOR FEDERAL CU** 74 Harlow Street Bangor, Maine 04401	49,836	43,918	38,164
Darla R. King, CEO **BANGOR HYDRO FEDERAL CU** 193 Broad Street Bangor, Maine 04401	8,522	7,330	6,906
Susan M. Cross, CEO **BANSCO FEDERAL CU** 868 Hammond St. Bangor, Maine 04401	10,193	9,605	7,868
John C. Reed, CEO **BARCO FEDERAL CU** PO Box 347 Hampden, Maine 04444	126,078	111,636	100,355
Cynthia Burke, CEO **BLUE CROSS AND BLUE SHIELD OF MAINE FEDERAL CU** 2 Gannett Drive South Portland, Maine 04106	5,531	4,676	3,073
Daniel A. Daggett, CEO **BOWDOINHAM FEDERAL CU** PO Box 73 Bowdoinham, Maine 04008	11,472	10,323	9,534
Barry A. Jordan, CEO **BREWER FEDERAL CU** 77 N. Main St. Brewer, Maine 04412	25,300	23,685	18,647

MAINE
FEDERAL CHARTERED
CREDIT UNIONS

June 30, 2001
(dollars 000's)

	Assets	Shares	Loans
Beth R. Oliver, CEO **CAPITAL AREA FEDERAL CU** 23 Maple Street Augusta, Maine 04430	11,231	10,091	8,934
Judith A. Griffin, CEO **CENTRAL MAINE POWER COMPANY FEDERAL CU** 44 Edison Drive Augusta, Maine 04330	31,717	26,221	16,511
Scott D. Harriman, CEO **CUMBERLAND COUNTY TEACHERS FEDERAL CU** 173 Gray Road Falmouth, Maine 04105	36,205	30,176	24,086
Rhonda M. Taylor, CEO **DEXTER REGIONAL FEDERAL CU** PO Box 233 Dexter, Maine 04930	41,997	38,366	24,409
Ralph E. Ferland, CEO **EASTERN MAINE MEDICAL CENTER FEDERAL CU** 489 State Street Bangor, Maine 04401	22,585	20,490	16,795
Dan Byron, CEO **EASTMILL FEDERAL CU** 60 Main Street East Millinocket, Maine 04430	41,902	35,294	17,537
Bernadette N. Michaud, CEO **FORT KENT FEDERAL CU** 9 East Main Street Fort Kent, Maine 04743	28,658	24,160	22,304
Cass Hirschfelt, CEO **FRANKLIN SOMERSET FEDERAL CU** PO Box 5061 Farmington, Maine 04938	25,077	22,796	18,098

MAINE
FEDERAL CHARTERED
CREDIT UNIONS

	Assets	June 30, 2001 (dollars 000's) Shares	Loans
Philip J. Bergeron, CEO **GARDINER FEDERAL CU** 8 Brunswick Road Gardiner, Maine 04345	11,612	10,617	8,693
David A. Sayers, CEO **GORHAM REGIONAL FEDERAL CU** 375 Main Street Gorham, Maine 04038	25,755	23,324	18,497
Nancy Bard, CEO **GREAT FALLS REGIONAL FCU** 34 Bates St. Lewiston, Maine 04240	21,164	18,088	13,295
Barbara A. Haynes, CEO **GREATER WATERVILLE FEDERAL CU** 50 Elm Street Waterville, Maine 04901	20,183	16,906	9,003
Jeffrey M. Vachon, CEO **HANNAFORD ASSOCIATES FEDERAL CU** PO Box 1440 Portland, Maine 04104	19,658	18,107	13,509
Deborah A. Pomeroy, CEO **HEALTHFIRST FEDERAL CU** 9 Quarry Road Waterville, Maine 04901	7,510	6,753	5,654
Kathleen, Smith, CEO **HOULTON FEDERAL CU** 13 Market Square Houlton, Maine 04730	11,070	9,824	6,905
Gary Bragan, CEO **HOWLAND ENFIELD FEDERAL CU** Box 405 Howland, Maine 04448	8,349	7,800	6,239

MAINE
FEDERAL CHARTERED
CREDIT UNIONS

	June 30, 2001 (dollars 000's)		
	Assets	**Shares**	**Loans**
Kenneth Williams, CEO **INFINITY FEDERAL CU** 202 Larrabee Rd. Westbrook, Maine 04074	105,631	86,565	80,422
Beverly W. Beaucage, CEO **KV FEDERAL CREDIT UNION** 316 Northern Avenue Augusta, Maine 04330	39,106	35,813	29,517
Donald P. Casko, CEO **KATAHDIN FEDERAL CU** 1000 Central Street Millinocket, Maine 04462	70,109	57,763	50,517
Tonia M. Westman, CEO **KESO FEDERAL CU** PO Box 298 Fairfield, Maine 04937	2,879	2,613	2,142
Anne L. Boulette, CEO **KEYES FIBRE FEDERAL CU** c/o Keyes Fibre Company 222 College Avenue Waterville, Maine 04901	24,855	22,931	20,485
Alvera S. Bosica, CEO **KNOX COUNTY FEDERAL CU** PO Box 159 Rockland, Maine 04841	14,059	12,143	10,642
Eddie A. Plourde, CEO **LA VALLEE FEDERAL CU** 794 Main Street Madawaska, Maine 04756	26,706	23,062	17,959
Donald S. Sansouci, CEO **LEWISTON MUNICIPAL FEDERAL CU** 291 Pine Street Lewiston, Maine 04240	9,249	7,832	7,108

MAINE
FEDERAL CHARTERED
CREDIT UNIONS

June 30, 2001
(dollars 000's)

	Assets	Shares	Loans
David Brillant, CEO **LINCOLN MAINE FEDERAL CU** Outer West Broadway Lincoln, Maine 04457	16,964	15,547	11,932
George Roy, CEO **LISBON COMMUNITY FEDERAL CU** 325 Lisbon Road Lisbon Center, Maine 04251	45,672	40,457	27,670
Charisse A. Keach, CEO **MADISON ANSON COMMUNITY FCU** 48 Main Street Madison, Maine 04950	3,044	2,736	2,026
Ronald J. Fournier, CEO **MAINE FAMILY FEDERAL CU** 555 Sabattus Street Lewiston, Maine 04240	58,668	51,803	46,486
Jennifer Hartel, CEO **MAINE MEDIA FEDERAL CU** 390 Congress St Portland, ME 04104	4,801	3,824	3,322
Kenneth B. Acker, CEO **MEDICAL SERVICES FEDERAL CU** 272 Park Avenue Portland, Maine 04104	33,073	29,744	27,707
Gail Richardson, CEO **MIDCOAST FEDERAL CU** 831 Middle Street Bath, Maine 04530	67,058	60,107	49,869
Catherina A. Pinard, CEO **MONMOUTH FEDERAL CU** PO Box 150 Monmouth, Maine 04259	5,963	5,500	4,846

MAINE
FEDERAL CHARTERED
CREDIT UNIONS

June 30, 2001
(dollars 000's)

	Assets	Shares	Loans
David E. Rossignol, CEO **NORSTATE FEDERAL CU** 534 Main Street Madawaska, Maine 04756	73,766	61,819	61,967
Jean A. Moulton, CEO **NOTRE DAME WATERVILLE FCU** 61 Grove Street Waterville, Maine 04901	39,478	36,292	29,385
Joseph J. Chapin, CEO **OCEAN COMMUNITIES FEDERAL CU** 1 Pool Street Biddeford, Maine 04005	78,320	73,084	63,117
Roland L. Poirier, CEO **OTIS FEDERAL CU** PO Box 27 Jay, Maine 04329	59,816	46,731	46,815
Matthew J. Kaubris, CEO **OXFORD FEDERAL CU** 255 River Road Mexico, Maine 04257	70,596	61,694	48,852
Anthony L. Emerson, CEO **PENOBSCOT FEDERAL CU** PO Box 434 Old Town, Maine 04468	18,608	17,357	13,736
James R. Lemieux, CEO **PEOPLES REGIONAL FEDERAL CU** PO Box 10 Pittsfield, Maine 04967	26,741	23,001	20,965
Hosea W. Carpenter, CEO **PORTLAND MAINE POLICE DEPARTMENT FEDERAL CU** 109 Middle Street Portland, Maine 04101	2,915	2,528	2,377

MAINE
FEDERAL CHARTERED
CREDIT UNIONS

	Assets	June 30, 2001 (dollars 000's) Shares	Loans
Robert Hill, CEO **PORTLAND ME TRANSIT FEDERAL CU** 67 Allen Avenue Falmouth, Maine 04105	306	259	264
Bert L.Beaulieu, CEO **PORTLAND REGIONAL FEDERAL CU** PO Box 6693 Portland, Maine 04103	16,607	14,572	10,381
Lillian Turner, CEO **R.C.H. FEDERAL CU** 420 Franklin Street Rumford, Maine 04276	368	256	209
Philippe R. Moreau, CEO **RAINBOW FEDERAL CU** PO Box 741 Lewiston, Maine 04243-0741	80,284	68,646	63,274
James O'Mara, CEO **RIVERVIEW FEDERAL CU** 15 Depot Square Gardiner, Maine 04345	6,679	6,052	3,785
Mary Ann Chamberlain, CEO **ST. AGATHA FEDERAL CU** PO Box 130 Saint Agatha, Maine 04772	11,467	10,322	6,365
David W. Tozier, CEO **ST. CROIX FEDERAL CU** PO Box 130 Baileyville, Maine 04694	33,202	27,108	28,052
Nancy Bard, CEO **ST. FRANCIS COMMUNITY FEDERAL CU** PO Box 38 Saint Francis, Maine 04774	1,529	1,349	1,301

MAINE
FEDERAL CHARTERED
CREDIT UNIONS

June 30, 2001
(dollars 000's)

	Assets	Shares	Loans
Vicki L. Stuart, CEO **STE. CROIX REGIONAL FEDERAL CU** PO Box 1746 Lewiston, Maine 04240	62,331	54,739	39,582
Kyle W. Casburn, CEO **SEABOARD FEDERAL CU** 531 Main Street Bucksport, Maine 04416	63,070	55,516	45,045
Daniel A. Clark, CEO **SEMICONDUCTOR OF MAINE FEDERAL CU** 333 Western Avenue South Portland, Maine 04106	6,377	5,128	4,410
Debra Hegarty, CEO **SHAW'S EMPLOYEES FEDERAL CU** 205 Spencer Drive Wells, Maine 04090	6,868	5,502	4,376
Bok K. Cho, CEO **SPRAGUE-SANFORD FEDERAL CU** PO Box 231 Sanford, Maine 04073	3,025	2,429	1,792
Sidney J. Wilder, CEO **TACONNET FEDERAL CU** 60 Benton Avenue Winslow, Maine 04901	26,572	24,535	18,456
Patrick St. Peter, CEO **THE COUNTY FEDERAL CU** PO Box 939 Caribou, Maine 04736	75,791	67,629	56,837
Chris Daudelin, CEO **TOWN & COUNTRY FEDERAL CU** 557 Main Street South Portland, Maine 04106	75,424	69,082	50,376

MAINE
FEDERAL CHARTERED
CREDIT UNIONS
June 30, 2001
(dollars 000's)

	Assets	Shares	Loans
Lewis D. Raymond, CEO **WINSLOW COMMUNITY FEDERAL CU** PO Box 8117 Winslow, Maine 04901	17,905	15,779	8,564
Jeffrey J. Seguin, CEO **WINTHROP AREA FEDERAL CU** PO Box 55 Winthrop, Maine 04364	28,527	25,482	22,468
James E. Nelson, CEO **YORK COUNTY TEACHERS FEDERAL** 124 Main Street Sanford, Maine 04073	77,193	64,726	61,330
TOTAL: 67	**$2,230,863**	**$1,948,491**	**$1,624,946**

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DEPARTMENT OF PROFESSIONAL & FINANCIAL REGULATION
MAINE BUREAU OF FINANCIAL INSTITUTIONS

Howard R. Gray, Jr., Superintendent
Howard.R.Gray.Jr@state.me.us
624-8575

MISSION

Our mission is to assure the strength, stability and efficiency of all financial institutions, to assure reasonable and orderly competition, thereby encouraging the development and expansion of financial services advantageous to the public welfare and to maintain close cooperation with other supervisory authorities.

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Bureau of Financial Institutions Advisory Committee

In March, 1994, the Bureau established its Advisory Committee. The role of that Committee, which now meets semi-annually, is to review the financial issues relating to the Bureau's operation. Over the past seven 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. Special thanks to all for dedication and interest of these individuals serving in this advisory capacity to the Bureau.

Edwin Clift, President, Merrill Merchants Bank
Thomas Finn, Jr., President, Damariscotta Bank & Trust Company
Howard R. Gray, Jr., Superintendent, Maine Bureau of Financial Institutions
Donald W. Groves, Chief Bank Examiner, Maine Bureau of Financial Institutions
Samuel Ladd, Executive Vice President, Maine Bank & Trust Co.
Colette L. Mooney, Deputy Superintendent, Maine Bureau of Financial Institutions
John Murphy, President, Maine Credit Union League
Joseph J. Pietroski, Jr., Executive Director, 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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