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THE STATUS OF MAINE'S FINANCIAL INSTITUTIONS

A REPORT OF THE BANK SUPERINTENDENT
PREPARED BY THE STAFF OF THE
MAINE BUREAU OF BANKING

Submitted to the 117th Legislature
Pursuant to the Requirements of
Title 9-B M.R.S.A. § 217

January 13, 1995

Angus S. King, Jr.
Governor

H. Donald DeMatteis
Superintendent

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INTRODUCTION

Maine bank earnings in calendar year 1994 should well exceed the $145 million record set in 1993. Independent sources estimate 1994 earnings in the $175-190 million range. Although interest rates have risen, spreads in rates paid versus rates earned were maintained in the first half of the year. However, during the past six months, competition for deposits has intensified and rates have increased, particularly on certificates of deposit. Consequently, margins have narrowed, and the return on assets has declined slightly. Although Maine bank commercial lending has improved relative to peer comparisons in New England, the region and state still lag the nation. The recent sharp rise in rates also dampened the residential mortgage market where refinancings were a significant source of fee income to banks in 1993.

While national attention has been brought to the potential risks of certain "derivative" investment products, we do not believe they pose a serious risk to the banking system in Maine. Although some Maine banks have invested in these instruments, their positions are small and potential losses are manageable. The Bureau conducted a seminar (in concert with the Maine Association of Community Banks and the Maine Bankers Association) to discuss the nature of structured notes, their potential risks and the appropriate accounting and regulatory treatment. There are ongoing Federal government agency reviews of the issuers and sellers of these derivative products, and the Bureau's Securities Division is prepared to respond to banks who question dealers' sales practices in the distribution of these investment vehicles.

As the health of the banking community continues to improve, the number of institutions under close regulatory supervision has declined to a very small number. At the same time, the newly chartered community banks in Maine all are growing well; several have been successful in raising additional capital to fund future growth. During the past year, two interstate competitors have chosen to leave the state. CitiCorp sold its Maine affiliate, Citibank (Maine), N.A., to a group of local investors who are operating it as Atlantic Bank, N.A. Bank of Boston Corporation has also agreed to sell its Casco Northern Bank, N.A. subsidiary to KeyCorp; the affiliate will be merged into Key Bank of Maine and Key Trust Company. As part of a divestiture agreement, approximately $250 million of Casco deposits (and some affiliated loans) will be sold; in the hopes of creating another viable middle market business lender, most, if not all, are to be sold to a single acquiror. These transactions should take place in early 1995.

Congress has been busy altering Federal banking law in order to prepare the nation's banking system for the 21st Century. In September of 1995, interstate banking will be permitted nationwide and any related discriminatory state statutes will be preempted by Federal law. Maine will lose its ability to rely upon the "Net New Funds" provisions which were enacted in state statutes in 1975, along with Interstate Banking authority. The "Net New Funds" provision has been utilized in all Maine interstate banking transactions (de novo or acquisition) and assured that interstate companies reinvest deposits gathered in this state back into Maine communities. The state must now reassess its structure of bank regulation in order to safeguard against an outflow of our limited capital resources.

Interstate branching will also be mandated by Federal law within three years; however, states may "opt in" early or "opt out" of interstate branching, or just let it happen, if they so choose. It will be incumbent upon the state to prepare a legislative framework to deal with branches of out-of-state banks operating within our borders. In addition to bank regulatory concerns, taxation, consumer credit, and anti-trust issues must also be addressed, well in advance of the entry of these interstate branches.

With the current improvement in industry condition, Bureau staff has now had the opportunity to review its internal operating procedures and financial stewardship. The Advisory Committee of bank representatives, created in 1993, has been most helpful in this regard. The increase in annual assessment and the collection of revenues on a quarterly basis now provide adequate resources to meet the Bureau's operational needs. The special assessment, planned for the second quarter of 1994, was not needed and, therefore, was waived by the Superintendent. Our focus for 1995 will be to continue to streamline examination procedures, improve the technology available to Bureau staff, and develop legislation that will provide for a smooth transition to nationwide interstate banking consistent with changes in Federal law. It is anticipated that the banking community will face increasing interest rates and narrowing margins in 1995, but overall performance will remain within the same range as 1993 and 1994.

H. Donald DeMatteis
Superintendent

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SECTION I

INTERSTATE BANKING AND NET NEW FUNDS

Interstate banking will change dramatically during the next few years due to the enactment of the Riegle-Neal Interstate Banking and Branching Efficiency Act of 1994, signed into law by President Clinton on September 29, 1994. (See Section III for a further discussion of this Act.) Maine's 1975 legislation permitting interstate banking incorporated the concept of net new funds, which requires that funds gathered in Maine be reinvested in Maine within the parameters of acceptable banking risk. Since the first acquisition of a Maine bank by an out-of-state owned bank, there have been ten additional acquisitions. Through a series of mergers and closings, the number of out-of-state owned banks has steadily declined from a high of ten in 1987 to four at June 30, 1994. Subsequent to June 30, one of those banks (Citibank (Maine), N.A.) was sold to a group of Maine investors and is no longer considered an out-of-state owned bank; a second bank (Casco Northern Bank, N.A.) is in the process of being acquired, subject to regulatory approval, by Key Bank of Maine, itself an out-of-state owned bank. If that sale is finalized, the number of out-of-state owned banks operating in Maine will be reduced to two.

The twelve month period ending June 30, 1994 showed a continuation of the trend of declining loan and deposit share by the out-of-state owned banks. Their share of total financial institution loans fell from 45% at June 30, 1993 to 44%; their share of deposits fell from 44% to 43%. Further, the out-of-state owned banks experienced a dollar decline in both loans (.5%) and deposits (2.2%) versus increases of 5.0% and 1.1%, respectively, for the in-state owned banks. However, the loan figures are distorted due to transactions with affiliates. For example, Fleet Bank of Maine sold its credit card portfolio of approximately $85 million to an affiliate and Citibank (Maine) sold $81 million in residential first mortgage loans to an affiliate. Because out-of-state owned banks are affiliated with very large and diversified holding companies, their balance sheets do not necessarily accurately reflect the scope or volume of the banks' operations in Maine. Each bank was initially managed as a stand-alone entity; however, they are now operated and managed more as a division of the consolidated company, resulting in both assets and liabilities frequently being "transferred" from one affiliate to another, depending on such factors as supply and demand, maturity distributions and pricing structure. In fact, as these companies move to functional (line of business) reporting, the individual bank data becomes less meaningful.

At June 30, 1994, the affiliates of the out-of-state owned banks contributed an additional 13% in net Maine assets (primarily loans) to the Maine-based assets of the banks themselves.[1] **Chart #1** shows the increasing trend of Maine assets being held by their out-of-state

NET MAINE ASSETS TO MAINE ASSETS

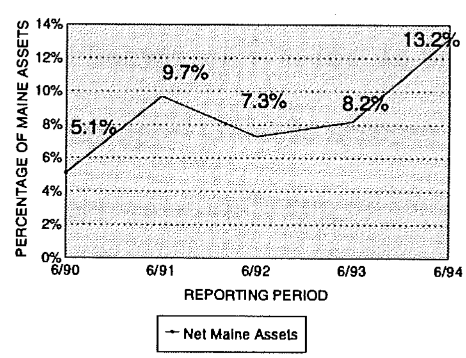

Chart #1

[1]For purposes of this section, the following terms are defined: (1) Net Maine Assets means net assets (total assets minus total liabilities) based in Maine that are carried on the balance sheet of affiliates of the Maine financial institution; (2) Maine Assets are those earning assets, based in Maine, of the Maine financial institution only; (3) Adjusted Maine Assets is the sum of Maine Assets plus Net Maine Assets; and (4) Maine Funds is the sum of capital, Maine-based deposits and Maine-based borrowings.

affiliates. This was a major factor in the June 30, 1994 ratio of Adjusted Maine Assets to Maine Funds ("the AMA ratio") increasing for the first time in four years (see Exhibit II). Although the AMA ratio of 76% may appear low, it compares favorably to a similar ratio for the in-state owned commercial banks (see **Chart #2**).[2] It is interesting to note that the gap between the out-of-state and in-state owned banks has narrowed over the past three years. Have the in-state owned banks become more aggressive, are the out-of-state owned banks retrenching or becoming more conservative, or are consumers (individuals and businesses) favoring the in-state owned banks? Despite the increase in the AMA ratio, the out-of-state owned banks continued to increase their reliance on investments and decrease their reliance on loans, as investments increased 15% whereas net loans decreased .5%. This trend is at least partially attributable to the quantity of bankable loans in the Maine market as well as increased competition, both from large out-of-state banks and the smaller community-based in-state banks. The trend of declining deposits and

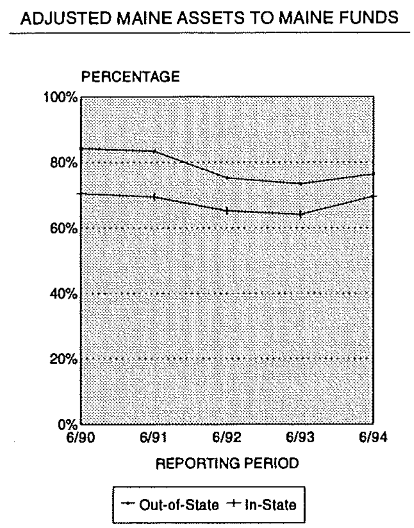

Chart #2

[2]While the in-state owned banks do not submit the same data, for analytical purposes the ratio of loans to deposits and capital is considered a reasonable proxy. Because virtually all investments are deducted from earning assets in arriving at Net Maine Assets, the ratio is essentially reduced to the ratio of Maine-loans to Maine funds (including capital). For the purpose of this exercise, it is assumed that all loans and deposits of the in-state owned commercial banks are Maine-based.

increased investments necessitated increased reliance on non-Maine funds at June 30, 1994; non-Maine funds increased to 18% of all funding versus the 12% to 14% averaged in the prior five years.

The out-of-state owned banks, returning to sound profitability in 1993, resumed dividend payments to their parents, upstreaming an acceptable 30% of net income. Management fees paid by the banks to their parent and affiliates also continued to escalate, although not as dramatically as in 1992. This increase reflects, at least in part, the consolidation among affiliates of operations along a functional basis. Questions, however, regarding the efficiencies and economies of scale to be gained from interstate consolidation do not appear to be conclusively resolved. The Bureau will closely monitor the level of, and basis for, management fees to ensure that the payment is reasonable and within the parameters of appropriate laws and regulations.

Peoples Heritage Financial Group remains the sole Maine financial institution that owns an affiliate operating outside of Maine; it too is subject to an Interstate Acquisition Agreement designed to prevent an outflow of Maine deposits to fund activities in the company's New Hampshire subsidiary. The company's Adjusted Maine Asset to Maine Funds ratio has been steady for the past three years at 78%, which is slightly above that of the out-of-state owned banks and well above that of the in-state owned banks.

In conclusion, Maine funds do not appear to have been diverted to support activities outside of Maine nor does credit to Maine residents, both individuals and businesses, appear to have been restricted as a result of interstate banking.

SECTION II

COMMERCIAL LENDING ACTIVITIES

All commercial banks and selected savings banks operating in Maine file a Commercial Lending Activities report which provides data about the institution's commercial loan portfolio. This annual report is designed to provide comparable data for the commercial lending activities of in-state owned banks versus out-of-state owned banks in assessing the latter's performance regarding Maine's net new funds requirement.[3] In the last two annual reports, however, the comparison has expanded to include large banks vs. small banks.[4] While this year's report continues the comparison of in-state and out-of-state owned banks, the focus shifts to the large bank/small bank comparison, recognizing the declining number and role of the out-of-state owned banks and the increasing dichotomy of the state's banks by asset size.

The twenty-seven reporting banks recorded an increase of outstanding commercial loans of $101 million, or 2.6%. This increase, though modest, is nearly double the increase recorded in the prior twelve months; this follows substantial declines for the twelve month periods ending June 30, 1992 and June 30, 1991. Individually, seven banks reported a decline in outstanding commercial loans; five banks reported flat growth (defined as under 1%); and fifteen banks reported an

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[3]The data is collected annually as of June 30; the data referred to in this section is as of June 30, 1994 and is compared to the data for June 30, 1993.

[4]For purposes of this report, a large bank is defined as a bank with total assets in excess of $1 billion; a small bank is defined as a bank with less than $1 billion in assets. As of June 30, 1994, there were four large banks with assets averaging $2.2 billion and 23 small banks with assets averaging $159 million.

increase with ten of those banks reporting an increase greater than 10%. The following table provides details on commercial loan share and growth by the four categories.

	# of Banks	6/94 Loan Share	6/93 Loan Share	Loan Growth
In-State	23	43%	42%	5%
Out-of-State	4	57%	58%	1%
Small	23	25%	24%	8%
Large	4	75%	76%	1%

Although both the small and the in-state banks increased their share of commercial loans, the rate of increase was slightly less than that recorded in the previous twelve month period. Conversely, despite losing market share, both the out-of-state and the large banks had positive commercial loan growth versus negative growth in the previous period. On average, commercial loans accounted for 46% of total loans at June 30, 1994, down from the 47% average a year earlier; residential real estate loans (including home equity loans) held steady at 38% of loans and consumer loans increased from 15% to 16% of loans. Consumer loans increased at 3.8% rate and residential real estate increased at a 2.7% rate versus the 2.6% increase for commercial loans. There is very little difference in the commercial loan-to-total loan ratio among the four categories, although the large and the out-of-state banks have a slightly higher ratio of commercial loans. Each category, however, did record a decreased ratio for the latest period.

As **Chart #3** shows, there was minimal change in the composition of the

SIC COMPARISON: 6/94 AND 6/93

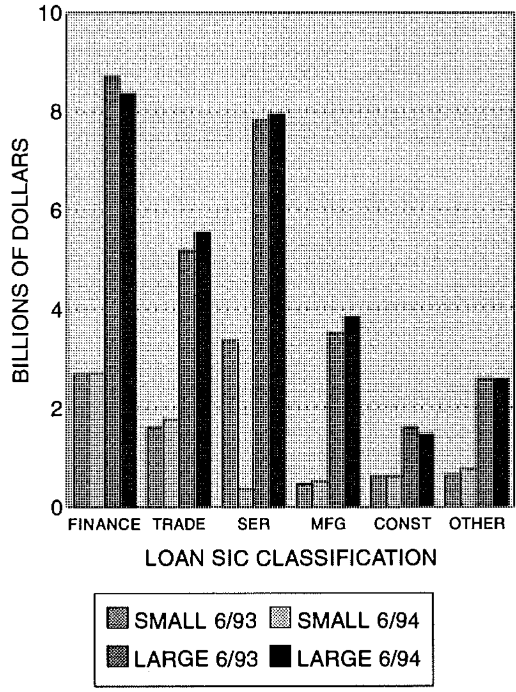

Chart #3

commercial loan portfolios of both the small and large banks; the same is true of the in-state and out-of-state owned banks. **Chart #4** shows the longer term trend of the SIC classification of total commercial loans, highlighted by a steady, but modest, increase in Service, Manufacturing and Other loans and a steady decline in Construction loans.

HISTORICAL COMMERCIAL LOAN COMPOSITION

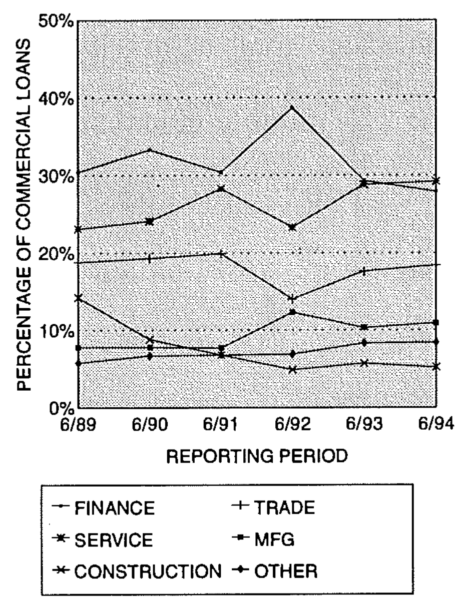

Chart #4

These long term trends are consistent with the Maine economy and a continuation of these trends, as well as a continued decrease in Finance loans, is anticipated.

Lending to the natural resource-based industries (farming, fishing, forestry, mining, food products processing, wood products and furniture manufacturing) jumped 21% during the period, increasing from 5.3% of total commercial loans to 6.2%, but still below the 6.7% recorded at June 30, 1992. The increase was in virtually all categories and proportionately split between the small and large banks. The large banks continue to account for more than two-thirds of the lending to these industries.

The average loan decreased substantially, falling from $114 thousand in 1993 to $97 thousand in 1994. The decrease is solely attributable to the large banks, where the average loan fell from $140 thousand to $107 thousand; the small banks continued to increase their average loan, rising from $72 thousand to $76 thousand. The decreased average loan by the large banks is most likely due to their concerted efforts to solicit small business loans. The large banks have targeted this market very aggressively, emphasizing low documentation and a quick decision. The number of loans under $100 thousand increased from 76% of all loans in 1993 to 81% in 1994. (See **Chart #5**) The data for new advances granted between June 30, 1993 and June 30, 1994 is consistent with the trend discussed above: the average new loan was $85 thousand and 86% of all new loans, numerically, were under $100 thousand.

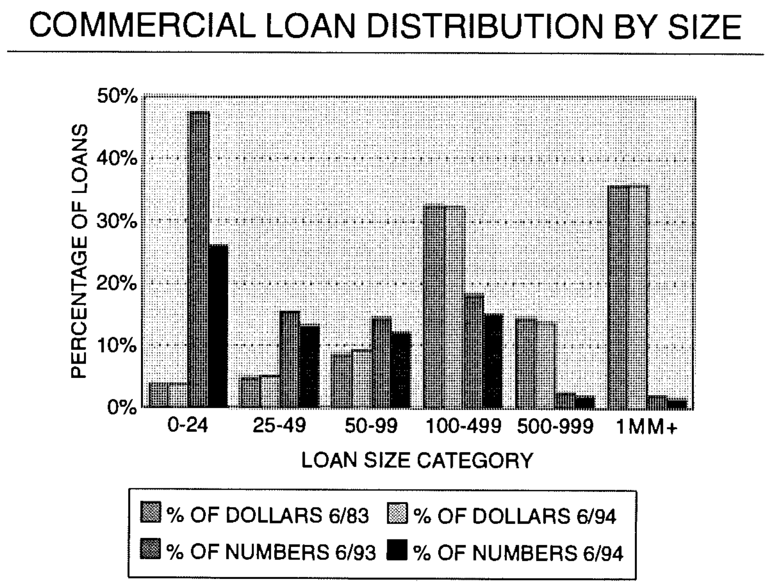

Chart #5

The use of government guaranty programs (both federal and state guarantees) by the reporting banks continued to increase. The dollar volume was up 16% and the total represented 5.1% of all commercial loans, up from 4.5% a year earlier. The large banks increased their utilization slightly faster than did the small banks, accounting for 64% of all dollars and 79% of the number of guaranteed loans.

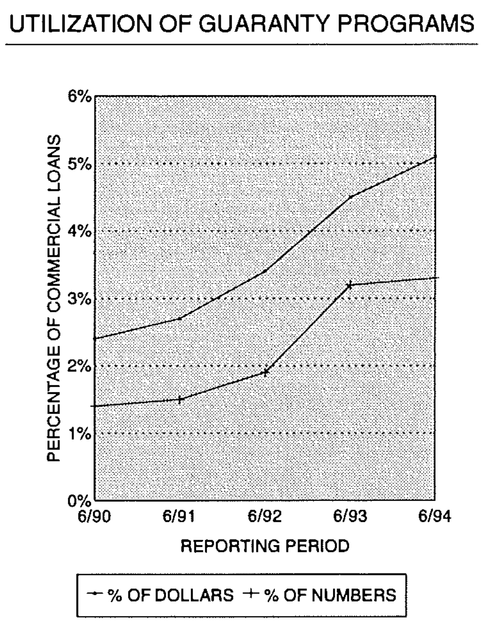

Chart #6

Chart #6 depicts the steady growth, both in numbers and in dollars, of government guaranty programs. This increased popularity is due to a number of factors, most of which are an out-growth of the "credit crunch" of the early 1990s. Because these programs maximize credit availability to small and mid-sized businesses that often have no other viable alternative and provide the lending bank with added protection from loss, it is anticipated that utilization of these programs will continue to increase.

A recently announced nationwide reduction in the maximum SBA loan amount, from $750 thousand to $500 thousand, should not have any impact on availability of loans to Maine businesses. This reduction was designed to maximize the number of small businesses that could obtain SBA guaranteed loans in view of the substantial utilization of the agency's limited funds. In Maine, the average SBA-guaranteed loan has fallen from $210 thousand in fiscal 1994 to $111 thousand in the first quarter of fiscal 1995; the number of loans, however, has more than doubled on an annualized basis, climbing from 257 for fiscal 1994 to 132 in less than one quarter of fiscal 1995. The Finance Authority of Maine (FAME) advises that it currently has excess capacity to lend due to falling demand caused by the banks' increased aggressiveness and improved business conditions.

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SECTION III

INTERSTATE BANKING/BRANCHING

The Riegle-Neal Interstate Banking and Branching Efficiency Act of 1994, (Riegle-Neal Act) which was signed into law on September 29, 1994, made substantial changes to federal statutes governing interstate banking and interstate branching. It also compels states to make fundamental decisions about their state-chartered banking system and their supervisory structure for regulation of interstate banking or interstate branching transactions.

INTERSTATE BANKING

The concept of interstate banking, which was adopted by the Maine legislature in 1975, limited interstate transactions to bank holding companies operating in states that had interstate laws which mirrored Maine's. This reciprocity provision was later (in 1984) eliminated and nationwide interstate banking transactions were permitted. Interstate banking occurs when a bank holding company owns and operates banking subsidiaries in more than one state. Each bank subsidiary of a bank holding company must have its own capital, its own board of directors and management. Each bank must comply with separate regulatory reporting requirement and undergo separate supervisory examinations. Each bank is taxed and legally treated as a separate corporate entity.

Federal law governing interstate banking was changed by the Riegle-Neal Act to authorize interstate banking in all states. The major impact of this change will be felt in those states that do not permit any form of interstate banking, or those states that have passed laws limiting interstate banking (i.e. regional compacts which only permit acquisitions in certain states). Maine, with its nationwide interstate banking statute, will not be impacted in this regard.

However, effective September, 1995, the Riegle-Neal Act preempts any state law provision that would place restrictions or limitations having a discriminatory effect on an interstate organization. In Maine, perhaps the most prominent of those "discriminatory" laws is our Net New Funds requirement. This statutory requirement, which requires that funds gathered in Maine be reinvested in Maine within the parameters of acceptable banking risk, has been an important aspect of each interstate acquisition consummated in the State since 1984 and is the subject of on-going regulatory monitoring in those financial institutions engaging in interstate banking. We must recognize, however, that because this law governs only those financial institutions with an interstate relationship, it would be considered discriminatory under the provisions of the new federal law, and Maine must consider ways to eliminate this discriminatory effect prior to September 29, 1995 or Maine law in this area will be preempted.

The Bureau is presently drafting legislation to address these issues, for consideration in the First Regular Session of the 117th Legislature. This legislation will amend those sections of Maine law having a discriminatory effect on interstate banking and offer alternatives.

INTERSTATE BRANCHING

Maine banks have been permitted to establish branches within Maine since the early 1920's. The initial authority to establish a branch, however, was restricted to a county contiguous to the main office of the bank. In the 1975 recodification of the Banking Code, this restriction was lifted and Maine's financial institutions were permitted to branch anywhere within the State subject to the approval of the Superintendent of Banking.

Consistent with federal law, Maine's financial institutions have been specifically prohibited from establishing interstate branches. Interstate branching occurs when a bank acquires or establishes branches in other states. Under interstate branching, a bank need not be part of a bank holding company (as is the case in interstate banking). Interstate branches are offices of the parent bank and share the parent bank's capital resources, board of directors and management.

The Reigle-Neal Act eliminates the federal prohibition on interstate branching. Maine, along with all other states, must now decide important public policy issues relating to financial institution branching across state lines. Under the new federal law, states have until June 1, 1997 to decide whether to:

1. Opt-in early - pass legislation that would permit interstate branching before June 1, 1997;
2. Opt-out - pass legislation specifically prohibiting interstate branching before June 1, 1997; or
3. Let it happen - do nothing and interstate branching will be permitted on the federal level as of June 1, 1997.

The varied implications and options available to the State are too extensive and complex to explain within the context of this report. The issues surrounding interstate branching even transcends the implications of banking law and regulation. Indeed, with interstate branching, states must consider impact on consumer protection, anti-trust and fair lending statutes as well as taxation issues.

The Bureau recognizes that the early effective date (9/95) contained in the interstate banking provisions of the Reigle-Neal Act requires immediate legislative action to protect the integrity of Maine's interstate banking statute, and we are committed to working with the legislature in this regard. However, the concept of nation-wide interstate branching brings with it a myriad of regulatory and public policy issues that require careful study and crafting of a comprehensive legislative response. The Bureau believes this effort would be best served by establishing a group comprised of legislators, representatives of the banking industry and state regulatory agencies to study these issues and prepare an appropriate response for legislative consideration.

SECTION IV

INDUSTRY CONDITION AND ENVIRONMENT

BANKS[5]

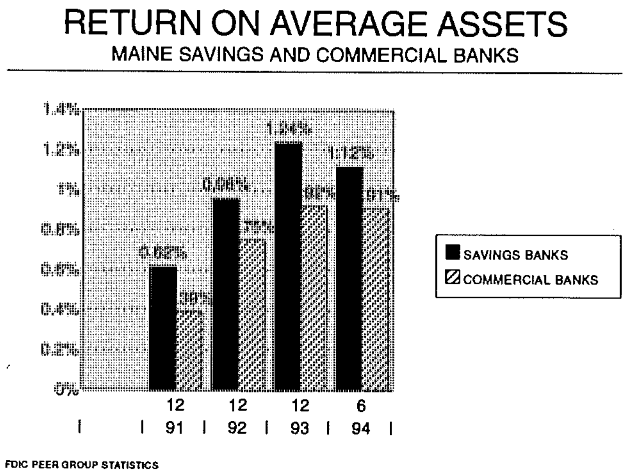

Chart # 7

The condition of Maine banks remained relatively strong in 1994 after a return to a more favorable level of financial strength and performance in 1993. As indicated by **Chart #7**, net income to average assets ("ROA") for commercial and savings banks improved to healthy levels in 1993 after 2 years of poor to marginal performance. ROA is flat for commercial banks and slightly declined for savings banks at 6/94, but remain at healthy levels. Commercial banks reported ROA of .91% (annualized) at 6/30/94 as compared to .92% and .75% at 12/31/93 and 12/31/92, respectively. The ROA for savings banks declined with 1.12% reported at 6/30/94 as compared to 1.24% at 12/31/93. If an extraordinary item related to Financial Accounting Standard #109 is excluded from 12/31/93 savings bank results, ROA was approximately 1.15%, which indicates only a slight decline in the current period.

ROA for Maine banks compares favorably with their New England peers, which reported ROA's of .98% and .80% at 6/30/94 for commercial banks and savings banks,

[5] Unless otherwise noted, "banks" are defined as state-chartered savings banks, state-chartered trust companies, and national banks. Collectively, trust companies and national banks are referred to as commercial banks. This definition is used to provide valid comparisons to the Federal Reserve Bank of Boston New England peer group statistics.

respectively. In the aggregate, Maine banking institutions reported net income of $89.6 million for the six months ending 6/30/94 as compared to $60.5 million at 6/30/93. Thirty-six (36) of the thirty-seven (37) institutions are reporting profits, or 97%, which is above the 90% rate for New England as a whole at 6/30/94. However, 3 of the 36 profitable Maine banks reported near break-even results at 6/30/94.

Asset quality statistics indicate the industry, with the exception of just a few institutions, has fully recovered from the serious loan quality problems of 1989 to 1992. The level of net loan losses/average loans has declined steadily since 1991 to .20% for commercial banks and .10% for savings banks at 6/30/94. These levels of loan losses are well within acceptable parameters. Nonperforming assets are now with acceptable parameters as well. Nonperforming assets for commercial and savings banks were $214.6 million, or 1.49%, at 6/30/94 as compared to $326.1 million, or 2.35% of assets, at 6/30/93. As **Chart #8** indicates, nonperforming asset levels for Maine banks compare favorably with their New England peers, which also experienced significant decreases in nonperforming assets over the past two years.

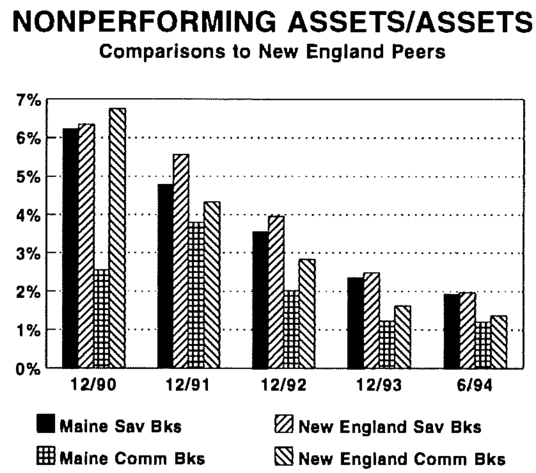

Chart # 8

The most significant change in the banking environment during this past year is a reversal from a declining interest rate environment to an increasing interest rate environment. This change in environment has implications for interest margins and bank capital positions. As indicated by **Chart #9**, both savings banks and commercial banks have experienced significant improvement in net interest margin ("NIM") during the early 1990's due to the on-going reduction in nonperforming assets and the generally favorable impact of the declining interest rate environment for most institutions.

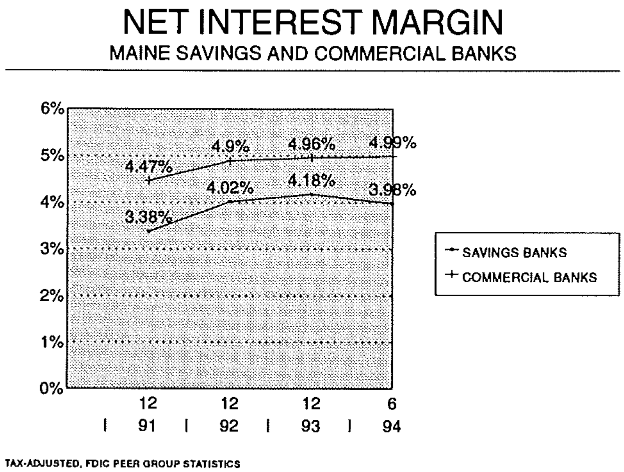

Chart #9

NIM has improved steadily since 1990, though the rate of improvement has slowed considerably. In fact, the savings banks reported a 20 basis point declined at 6/30/94, though the level remains satisfactory. This decline in NIM for savings banks is not surprising as the composition of their earnings assets and funding liabilities is such that savings banks' NIM remains more susceptible to changes in market interest rates on average than commercial banks.

While it is difficult to predict what effect the interest rate environment will have on bank earnings in the next twelve months, it is more likely to be negative as opposed to positive for most banks. As **Chart #10** indicates, the composition of the industry's deposit base has become more weighted to savings deposits without stated maturities (i.e., savings MMDA's, NOW's, etc.) As of 6/30/94, savings deposits accounted for approximately 51% of interest-bearing deposits as compared to 39% at 12/31/90. This change in deposit mix is the result of customers moving away from certificates of deposit until rates begin to rise and/or they feel rates on certificates of deposit are relatively attractive by comparison. This change in the mix of interest-bearing deposits has implications for bank performance. The cost of deposits will be lower as savings deposits typically carry lower rates of interest than certificates of deposit. While this is beneficial in the short-term, it is problematic given the current interest rate environment. Under current rising rate conditions, banks are pressured to increase rates on savings deposits, which would be very expensive as rates paid on the entire balance of these accounts, $5.1 billion as of 6/30/94, would be increased at once. So far, banks have resisted the pressure to raise rates on savings deposits, preferring instead to aggressively market certificates of deposit. While this strategy results in increased deposit costs, the pace of increase within a bank's funding liabilities is much slower.

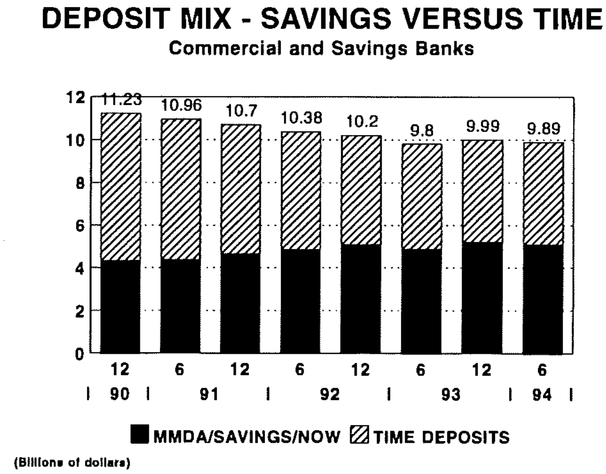

Chart #10

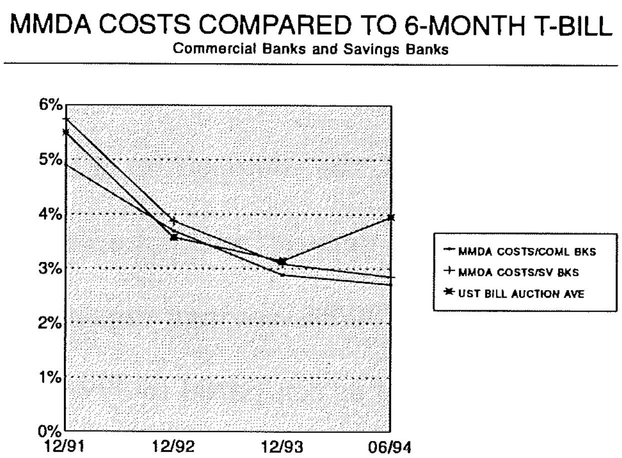

Chart #11

How long and how much banks can lag the market with respect to rates paid on savings deposits is unclear. While continued sluggish loan growth is a disincentive for banks to raise rates on savings deposits, the growing differential between rates paid on savings deposits and the 6-month Treasury Bill may inhibit a bank's ability to retain its current funding base. As indicated by **Chart #11**, Maine banks typically have paid rates on savings deposits approximately equal to the 6-month Treasury Bill. At 6/30/94, banks are paying 100-150 basis points lower than the 6-month Treasury Bill, and the gap has widened since that date. While it is unlikely the banks will pay rates equivalent to the 6-month Treasury Bill rate in the future, it is also unlikely they can continue to lag the market to this degree. Therefore, it is likely, in absence of any other offsetting factor, that NIM for banks will decline over the next 12-18 months, and, thus reduce bank earnings.

The rising interest rate environment is also adversely impacting the liquidity of bank bond portfolios as market prices for bonds have declined. As Financial Accounting Standard #115 requires banks to reflect unrealized losses on bonds classified as available for sale, which is a large portion of bank portfolios, through the establishment of a capital reserve, industry capitalization is effected. As of 3/31/94, the industry had unrealized losses of $1.6 million on "available for sale" securities. Unrealized losses increased to $23.0 million at 6/30/94. While this increase is dramatic, the amount of unrealized losses on "available for sale securities" is insignificant at 1.8% of industry capital. The Maine banking industry's capitalization remains strong at 8.67% as compared to the New England peer of 7.53%. It should be noted that the federal banking agencies recently determined that the amount of unrealized losses on available for sale securities would not be considered in determining compliance with regulatory capital standards.

As indicated by **Chart #12**, the decline in assets and loans appears to have abated as the industry has experienced some growth, albeit sluggish, since 12/31/92. During the 18 months ended 6/30/94, assets have grown $495.1 million, or 3.5%, loans have grown $476.1 million, or 5.1%. Asset and loan growth is inflated by approximately $130 million and $90 million, respectively, due to acquisitions by Peoples Heritage Savings Bank and Kingfield Savings Bank of institutions not included in these statistics . Deposits have continued to decline totaling $11.2 billion at 6/30/94 as compared to $11.5 billion at 12/31/92.

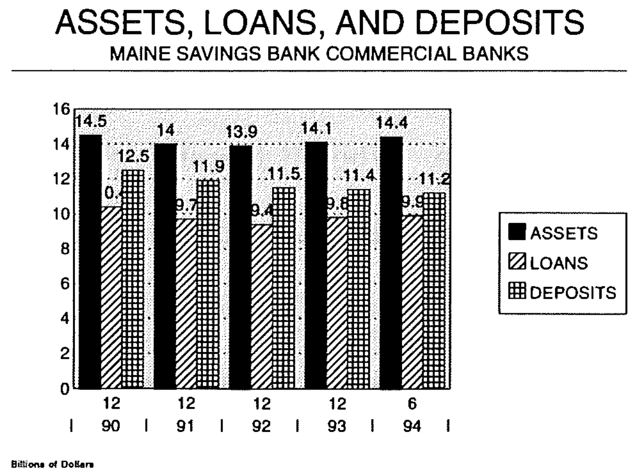

Chart #12

The continued decline in deposits is due to disintermediation as the public has withdrawn funds from banks to invest in mutual funds in order achieve better returns. Overall, the larger banks have experienced more deposit run-off or less deposit growth as compared to the smaller banks in the state.

Bank asset and loan growth in New England continues to lag the rest of the nation. As reported by Eric Rosengren in the Federal Reserve Bank of Boston's Fall, 1994, New England Banking Trends, assets of U.S. commercial banks are 20% higher than in the second quarter of 1989 while assets at New England banks are well below their 6/89 level. The trend is similar for loans. Loans at U.S. commercial banks are 10% higher than at 6/89, while loans for New England banks are 20% lower. Much of the growth nationwide has occurred this past year. The statistics for Maine are similar to that of New England in general.

It is difficult to project the future course of lending activity by Maine banks as the statistical and anecdotal evidence is mixed. While loan growth has generally been sluggish, commercial and industrial loan growth has been robust, approximately $300 million, or 20%, since 12/92. This is not surprising given the degree of small business loan marketing being conducted by the larger banks in particular. There is also some evidence of a relatively modest liberalization of credit standards, which also may bode favorably for future growth.

In summary, the Maine banking industry's financial health is greatly improved with asset quality at satisfactory levels, but it remains an industry experiencing sluggish growth and is without clear prospects for improving growth in the near term.

The aforementioned quantitative results and trends also have impacted on more qualitative issues. As the industry's health has improved, the number of institutions under enforcement actions (Memoranda of Understanding or Cease and Desists Orders) have declined. At the date of the last Annual Report (January 15, 1994), there were 6 state-chartered institutions under enforcement actions. Over this past year, this number has been reduced to 2.

An emerging safety and soundness issue in 1994 involves structured notes. Structured notes are generally defined as notes which contain unique formulas for determining the interest rate or timing and/or amount of principal amortization, call features, floors and caps, etc. Specifically, these securities include instruments called step-up bonds, inverse floaters, dual index floaters, cash flow anticipation notes, etc. Some U.S. Government-sponsored agencies, particularly the Federal Home Loan Bank System, have been major issuers of these bonds. Unfortunately, many of these agency bonds are proven to be thinly traded and very volatile in the current rate environment. There are instances where banks purchased securities a year ago at par which are now "trading" at less than 60% of par. At this point, the Bureau of Banking has identified 10 institutions with portfolios containing these bonds. Fortunately, the portfolios are relatively small portions of these banks' earning asset base, and do not pose a significant long-term threat to industry financial condition.

Merger and acquisition activity in the state has been relatively brisk. During 1994, KeyCorp of Albany, New York and Society Corp. of Cleveland, Ohio completed its merger under the name KeyCorp. Shortly after, KeyCorp announced it had agreed to purchase Casco Northern Bank, N.A. and the Bank of Vermont from the Bank of Boston Corporation. It is expected that these transactions will be competed during first quarter of 1995. Peoples Heritage Savings Bank completed its acquisition of Mid-Maine Savings during 1994 and Kingfield Savings completed its acquisition of First Federal Savings Bank of Lewiston. Kingfield Savings has also announced its intention to purchase 4 branches of Fleet Bank in Western Maine. A local investor group, headed by Robert Monks, Lyndel J. Wishcamper, and Weston Bonney, purchased Citibank (Maine) N.A. from Citicorp and renamed the bank Atlantic Bank, N.A.

It is anticipated that 1995 will be a busy year as well. As KeyCorp will have to divest some of the Casco Northern branches in order to satisfy anti-competitive concerns, another bank or banks will be acquiring these branches. Secondly, as Coastal Savings Bank has now settled, pending stockholder approval, the cross-guaranty liability with the FDIC, it is likely that this bank will be sold or recapitalized in 1995.

As supervisory concerns for the industry have generally abated, Congress authorized the federal banking agencies to decrease the frequency of bank examination from 12 to 18 months for certain institutions under $250 million in assets. Fourteen (14) institutions in Maine are eligible for decreased examinations. However, the FDIC staffing situation is such that the 18-month examination cycle for eligible institutions will likely not be implemented for institutions in New England. While the Bureau of Banking is prepared to implement the 18-month cycle, the Concord Field Office of the FDIC is not. Therefore, it may be 1996 before the 18-month examination cycle for eligible institutions is implemented in Maine.

CREDIT UNIONS

The state's credit unions[6] continue to grow at a slightly faster rate than the banking industry, though growth relative to the banking industry is slowing compared to the past few years. As the following table indicates, credit unions' market share as measured by total assets grew only from 11.0% at 6/93 to 11.1% at 6/94. During 93-94, credit union assets grew approximately $84 million, or a 4.6% increase as compared to a 3.7% increase for banks.

Period Ending	6/90	6/91	6/92	6/93	6/94
Credit Unions - Share of Maine Financial Institution Assets	8.7%	9.6%	10.6%	11.0%	11.1%

While asset growth was somewhat reduced over previous years, loans grew 12.2% for the year ended 6/94, another year of double digit growth after the 10.3% recorded for the year ended 6/93. As indicated by **Chart #13**, loan growth during the past two years has reversed the decline in the loan to share ratio. The loan to share ratio has climbed to 67.5% from 59.1% at 6/92, though level remains well below historical standards for credit unions. As noted in last year's

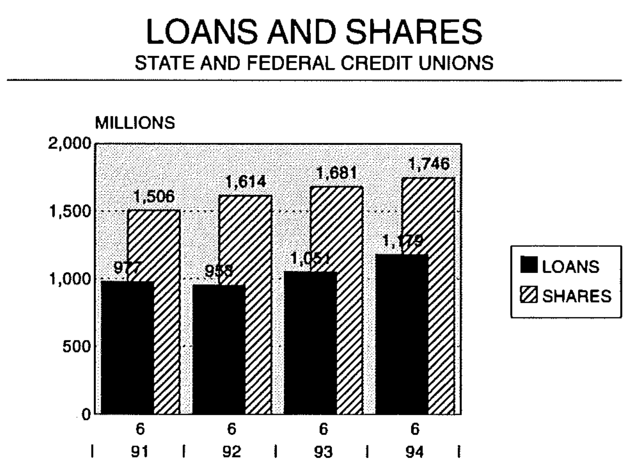

Chart #13

[6]Unless otherwise noted, credit unions include both state-chartered and federally- chartered credit unions.

report, the Bureau remains concerned that relatively low loan to share ratios will cause credit unions to seek alternative investments with more inherent risk in order to maintain interest margins. In fact, one situation was noted this past year where a credit union purchased somewhat inappropriate investments which officials did not fully understand. While the situation is not considered serious, it underscores the need to understand the securities purchased and to retain independent investment counsel when management lacks sufficient expertise, as opposed to relying upon advice of a broker, who is compensated for selling securities.

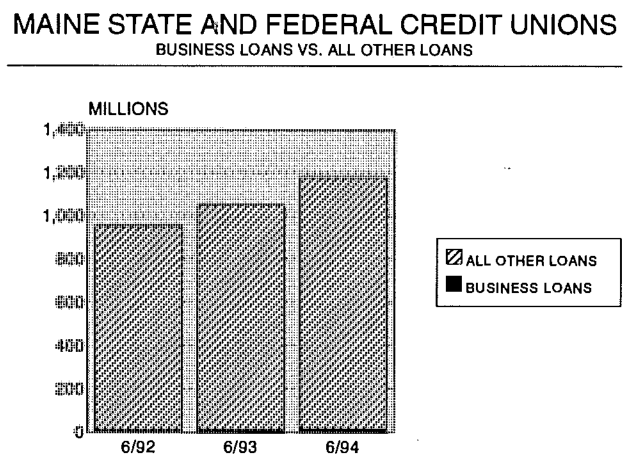

Chart #14

The Bureau has also been concerned that credit unions would enter the commercial lending business to maintain margins and improve the loan/share ratio. In fact, the Bureau has received much anecdotal "evidence" during the past year that suggested that at least some credit unions were embarking on more aggressive commercial lending programs. The data in **Chart #14** indicate that member business loans have increased, but remain an insignificant portion of credit union loan portfolios. At 6/94, member business loans totalled $17.9 million, or 1.5% of total loans in credit unions as compared to $12.8 million, or 1.2% at 6/93.

The Bureau of Banking's position relative to commercial lending by credit unions is generally one of discouragement, unless expertise can be demonstrated. Commercial lending expertise generally does not exist in credit unions, and the

Bureau is not supportive of commercial lending programs at credit unions unless the credit union is willing to invest sufficient resources in personnel and systems for safe and sound conduct of the business.

Due primarily to the mergers of smaller, financially-troubled credit unions, the number of credit unions in the state continues to decline. At 6/94, there were 97 credit unions operating within the state as compared to 111 at 6/91.

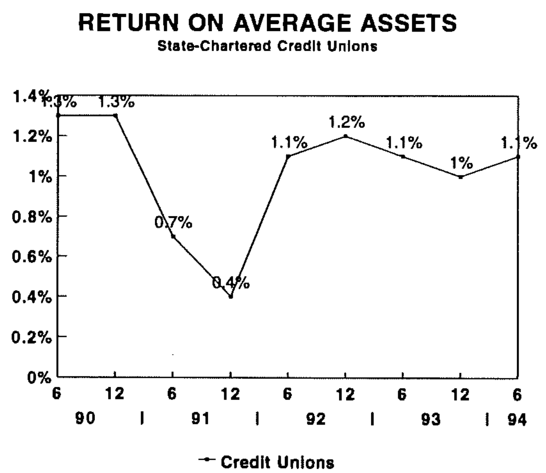

Chart #15

ROA for state-chartered credit unions remains stable in the 1% range. Surplus levels continue to increase and represents 8.7% of assets at 6/94. Past due loans (60 days or more) at state-chartered credit unions was a low 1.1% at 6/94 as compared to 1.6% at 6/93.

Cooperation and coordination with the National Credit Union Administration remains good; however, the Bureau is concerned about the objectivity of the local NCUA examiners in their treatment of the 3 recently converted state-chartered credit unions. This issue has been discussed with the Regional Director of the NCUA's Northeast Region; and, while he did not necessarily concur with our assessment, he appreciated our concerns.

Additional issues involving credit unions are discussed in Section V.

SECTION V

BANKS VS. CREDIT UNIONS

Maine bank trade associations are joining the trend of bankers and their associations across the country aggressively opposing credit union expansion. The once peaceful co-existence between competitors, which was occasionally broken by a skirmish over tax issues, is developing into open warfare, at least on the part of bankers. Their tolerance for credit union expansion has waned as competition in the banking and financial services industry intensifies. In recent months, Maine bank trade associations have filed legal challenges to two Bureau decisions regarding credit unions and have requested the Bureau promulgate rules further regulating credit union advertising.

As of June 30, 1994, there were 13 state-chartered credit unions in Maine and 84 federally-chartered credit unions. Although credit unions accounted for nearly two-thirds of the number of financial institutions in Maine, they held only 11% of total assets. The largest credit union had assets of $114 million and the second largest had assets of $64 million; 46 credit unions, or nearly one-half, had assets less than $10 million. At yearend 1993, the 102 credit unions operated a total of 124 offices (15 credit unions operated a branch) whereas the 52 banks and thrifts operated a total of 493 offices (nine institutions did not operate a branch). As of June 30, 1994, the credit unions reported member business loans totaling $18 million, less than 2% of all credit union loans. The commercial banks and state-chartered savings banks had nearly $3 billion in outstanding commercial loans, representing 40% of their total loans.

The banks have two main objections to credit unions: their tax-free status and the liberalization of the "common bond" concept. Bankers feel these factors give the credit unions an unfair competitive advantage. Credit unions are statutorily exempt from both federal and state taxes; it would require legislative changes to alter the tax status of credit unions. Further, this change should come at the federal level if it is to be effective. A change by the states would only be applicable to state-chartered credit unions and could result in most state-chartered credit unions converting to a federal charter. While historically credit unions have not been held to the same regulatory standards that other financial institutions, these differences are narrowing. Maine bankers, in their effort to eliminate the perceived competitive advantage of the credit unions, are staging a judicial and legislative attack on the credit unions. Their objectives include (1) equal regulation of credit unions and banks; (2) equal taxation of credit unions and banks; and (3) narrowing the field of membership of credit unions. A very brief overview of credit unions and how they differ from banks and thrift institutions is appropriate at this point.

A credit union is a not-for-profit cooperative owned by its members and offering financial services to those in its field of membership. Each member has one vote in the affairs of the credit union. The early characterization of credit unions as "blue collar" institutions serving those with low incomes is no longer accurate. Credit unions today offer a broad array of consumer services and products to all income segments; credit unions provide minimal services to commercial customers.

The first credit unions, like the first banks, were state-chartered; there was no federal charter alternative until 1934. The first credit union in the United States was organized in 1909 in New Hampshire; later that year Massachusetts became the first state to enact legislation providing for a credit union charter. Maine's first credit union was formed in 1921 under a special charter granted by the Legislature; it was not until 1941 that legislation was enacted authorizing the incorporation of credit unions upon the approval of the Bureau (rather than the Legislature).

COMMON BOND

Early credit unions were composed of members who knew each other, a concept which evolved into the "common bond" requirement. Initially, however, state laws did not universally impose a common bond requirement, although a Model Credit Union Act was revised in 1924 to include the following language:

> "Credit union organizations shall be limited to groups (of both large and small membership) having a common bond of occupation, or association or to groups within a well-defined neighborhood, community or rural district."

This language has survived and is virtually the same language included, without explanation, in the Federal Credit Union Act enacted in 1934. While the statutory language has not changed, the interpretation by the NCUA has become more liberal, permitting groups with very different common bonds to belong to a single credit union. The relaxation of membership requirements and the expansion of powers, which has followed that for financial institutions, has facilitated growth of credit unions and made them more formidable competitors to banks, who are also being confronted by other non-bank competitors such as brokerage firms, mutual funds, insurance companies, mortgage companies and finance companies.

TAXATION

State-chartered credit unions have been exempt from federal taxes since 1917; federal credit unions have been exempt since 1937. This tax-exemption is grounded upon their status as a cooperative nonprofit organization. While certain banks and thrifts also enjoyed tax exempt status for many years, their exemption was repealed in 1951; the credit union exemption was retained with no discussion. Since then, there have been several attempts, at the federal and state level, by bank trade associations to repeal the tax-exempt status of credit unions; to date, all have failed.

CREDIT UNION GROWTH

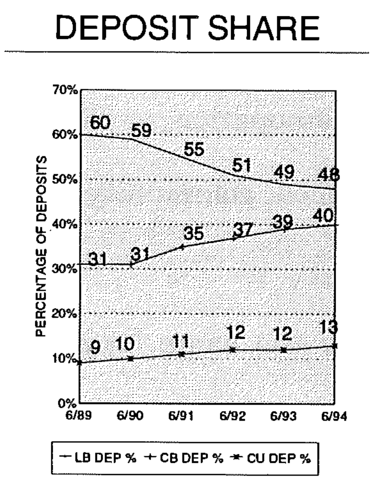

Chart #16

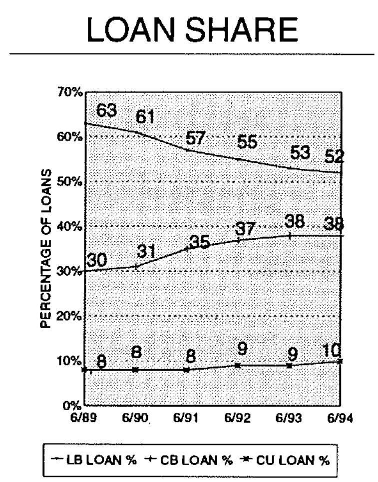

Chart #17

Charts 16 and 17 show the change in deposit and loan share held by large banks ("LB;" those banks with total assets exceeding $1 billion), community banks ("CB;" those banks and thrifts with total assets less than $1 billion) and credit unions ("CU"). Between June 1989 and June 1994, deposits for the community banks increased at an average annual rate of 4% versus 6% for the credit unions; community bank loans increased 3% for both community banks and credit unions.

These increases came at the expense of the large banks which experienced annual declines averaging 6% for deposits and 5% for loans.

For every one dollar of deposits lost by the large banks between June 1988 and June 1994, the credit unions gained 44 cents in deposits whereas the community banks gained 100 cents; in all but one year the community banks gained significantly more than did the credit unions. A similar comparison for loan data shows an even greater disparity: for each dollar of loans lost by the large banks, the credit unions gained 30 cents versus the 92 cents gained by the community banks. Therefore, while credit unions have steadily gained market share, their gain has been less than one-half the gain enjoyed by community banks. In terms of absolute dollars, deposits at the community banks increased $1.1 billion, or 2.3 times more than credit union deposits; community bank loans increased $1.0 billion, 3.0 times more than for the credit unions. Further, credit union market share remains small. Last, at June 1994, average deposits per community bank were more than six times that for a credit union; average loans per community bank were almost eight times that for a credit union. (**See Chart #18**)

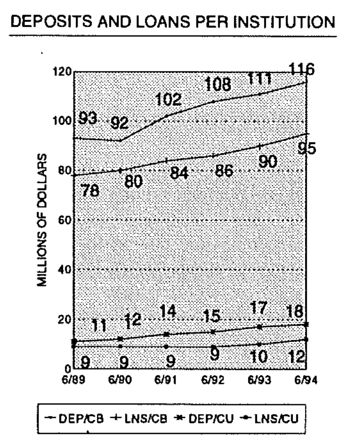

Chart #18

JUDICIAL ACTION BY BANKERS

The bank trade associations' formal opposition to credit unions was precipitated by the October, 1992 Bureau approval of an application filed by BIW Employees Federal Credit Union to convert to a state-chartered credit union and to expand its field of membership to those who live or work in Androscoggin, Cumberland, Kennebec, Lincoln or Sagadahoc Counties. The credit union converted to state-charter February, 1993. In the two years between June, 1992 and June, 1994 its deposits increased only 2.5% per year, climbing from $32 million to $33 million. Subsequent to that application, the $44 million deposit S.D. Warren Federal Credit Union and the $3 million deposit Chestnut Federal Credit Union filed similar conversion and field of membership expansion applications; their field of membership expansions were significantly smaller, limited to two municipalities each. Both applications were approved in early 1993 and both credit unions are now state-chartered. The three applications were predicated on a need to expand the existing membership base so that the credit union could continue to provide an acceptable and competitive level of service to members and, in turn, enhance the credit union's continued financial viability. Both BIW and S.D.Warren were employee-based credit unions; the long term employment prospects at both companies were clouded. Chestnut had primarily an associational membership that afforded it little prospects for growth. Management of each of these credit unions was taking proactive measures to address declining future prospects and assure service to their members and prospective members. None of the Bureau's decisions to approve these applications for conversion were appealed.

The opposition intensified when the $14 million deposit Saco Valley Federal

Credit Union (Saco Defense is the primary sponsor) applied to convert from a federal charter and expand its field of membership from an occupational-base to a community-base. The Maine bankers' trade associations aggressively opposed the field of membership expansion and a hearing was held on the matter. The Bureau in September, 1994 approved the conversion and an expansion of the field of membership limited to residents and employees in six communities (denying four other communities which were requested in the application). The Maine Bankers Association exercised its appeal rights and filed a lawsuit in the Kennebec County Superior Court; the case is now pending.

In November 1994, the Maine Bankers Association filed a lawsuit in response to a by-law change which permitted a field of membership expansion by University Credit Union; the Bureau had approved the by-law amendment granting membership privileges to the approximate 40 employees of a small business located in close proximity to the credit union's Portland branch office.

Similar field of membership expansion lawsuits brought by banks (or their state and/or national trade associations) are currently pending in seven other states throughout the country. To date, the legal challenges to field of membership expansion have been unsuccessful and the states' and the National Credit Union Administration's interpretation of common bond has been upheld by the courts.

LEGISLATIVE ACTION BY BANKERS

In Maine, legislation was passed in 1993 that restricted the customers that a state-chartered credit union service corporation could serve; this legislation imposes stricter limitations on a service corporation owned by a state-chartered credit union than one owned by a federally-chartered credit union. Legislation was also introduced in 1993 to subject all Maine credit unions to the financial institutions franchise tax; this bill was voted out of committee "ought not to pass."

The Bureau has recently been petitioned by the bank trade associations to promulgate a regulation requiring credit unions "to specify field of membership restrictions in their advertising." This request also proposes procedures for the credit union to follow in determining membership eligibility for new customers. If rule-making were undertaken by the Bureau, it would only be applicable to the 13 state-chartered credit unions; the 84 federally-chartered credit unions would have no such regulatory restrictions. The Bureau has suggested that the issue be addressed by the Legislature; if acted upon by the Legislature the restrictions could be applied to all credit unions and possibly other financial institutions.

In October, 1994, the Independent Bankers Association of America, a national trade association representing community banks, proposed federal legislation that would bring credit unions under the same tax and regulatory framework as banks. Additionally, it proposes limiting credit unions to one common bond. This initiative comes on the heels of extensive hearings that were held in 1994 regarding the application of the Community Reinvestment Act to credit unions, which are currently exempt from this regulation.

PUBLIC OPINION

According to a recent newspaper article, one Maine commercial banker expressed his opinion that "complaints from bankers about credit unions enjoying an unfair tax advantage amount to whining, spurred by banking industry lobbyists who need to justify their salaries." Without denying that credit unions do have a tax advantage and some legislated regulatory advantages, anecdotal information suggests that a major advantage credit unions have is their emphasis on personal service, customer responsiveness, and flexibility. According to the *1994 American Banker Consumer Survey* (a random sample of customers of financial institutions conducted by the Gallup Organization), credit unions ranked first in customer satisfaction: 72% of their customers rated service "very satisfactory;" banks received a 61% rating and thrifts, 54%. Respondents to the *Survey* also ranked credit unions first in annual improvement in service (38% of credit union customers said service improved, 7% said it declined; bank ratings were 24% and 9%, respectively) and first in loan and deposit rates and in fees. A recent random survey by the Bureau indicated that, on average, credit union rates on savings/share accounts were only slightly higher than bank rates but that bank rates were higher for term certificates, and the spread increasing as the maturity lengthened. Results of the *American Banker Survey*, while taken nationwide, are consistent with the steady growth in membership in Maine's credit unions, which now numbers more than 500,000.

SUMMARY

The deposit and loan numbers and trends cited elsewhere in this Section note that community bank growth has been nearly equal to that of the credit unions and, in dollar terms, community banks grew substantially more than credit unions. This analysis would lead one to conclude that credit unions have not been a serious threat to banks, particularly community banks, which are inclined to be more service-oriented and flexible than the large banks. In recent years, the banking industry has been hurt far more by the rapid growth in mutual funds and increased competition from outside the traditional financial services sector. The financial services industry is going through a period of restructuring, leading to a more consolidated and open financial system; the protective walls built up around the various segments are increasingly eroding. Surviving institutions must be more visionary, dynamic and responsive to change, providing high quality and cost efficient products that meet the fundamental needs of customers, and valued service.

SECTION VI

CONSUMER OUTREACH PROGRAM

During the past fiscal year, the Bureau of Banking's Consumer Outreach Program has continued its mission of providing a place where Maine consumers can turn for complaint mediation and accurate financial information/education.

The primary function of Consumer Outreach is responding to consumer banking inquiries and complaints. During the most recently completed fiscal year, the Bureau mediated 162 complaints and affected restitution of $157,580 to Maine consumers. Some of the more prevalent issues Outreach mediated included mortgage refinancing complaints and tele-marketing fraud.

When another agency or organization appears more appropriate to address an individuals's concern, every effort is made to refer the caller to the appropriate agency. The most common referral of inquiries is to the Bureau of Consumer Credit Protection which regulates most consumer loan transactions, such as car loans, credit cards, credit reporting agencies and mortgage companies. Questions and issues more appropriately directed to the Bureau of Banking involve transaction accounts, such as checking, savings, share and share draft accounts, certificates of deposit, and first lien mortgages with financial institutions.

The Bureau received over 880 general inquiries about financial services and practices. Common themes include; funds availability on checks, banking fees and the financial stability of a bank or credit union. The increased visibility of the Bureau of Banking through its Outreach Program has affected an almost doubling of consumer inquiries since 1989.

Consumer Outreach also provides services for young adults. Topics such as checking and savings account management, used car buying, personal money management, establishing and maintaining credit and comparison shopping for loans are addressed in videos, student guides, and in-school lectures. The Bureau has worked with teachers in developing a test to be used in conjunction with videos and curriculum enhancements to educate young adults on their rights and responsibilities as consumers of financial services.

The Bureau distributes four free booklets on money management issues to residents of the State. In addition, a fifth booklet, which provides information to owners of small businesses, is currently in production.

Due to the dramatic increase in tele-marketing fraud complaints received by this office, Consumer Outreach, in coordination with WCSH-TV, produced a 30 second public service announcement warning consumer about the dangers of disclosing their checking account number to unknown telephone solicitors. This announcement was aired state-wide on a variety of TV stations for several months. According to the Federal Trade Commission, tele-marketing fraud continues to be a nationwide problem costing consumers an estimated 100 billion dollars a year.

As part of the State of Maine's commitment to quality and continuous improvement, the Consumer Outreach Division is participating in a pilot program to measure our customer's level of satisfaction with our services and to provide an opportunity to make suggestions for improvement. Our responses have been very positive and reinforce our belief that Consumer Outreach continues to be an essential service resource for Maine's citizens.

SECTION VII

RESIDENTIAL MORTGAGE ACTIVITY

Total mortgage originations statewide grew to $3.1 billion in 1993 from $2.6 billion in 1992, a 19% increase. **(See Chart #19)** Market share of the mortgage origination business continues to increase for

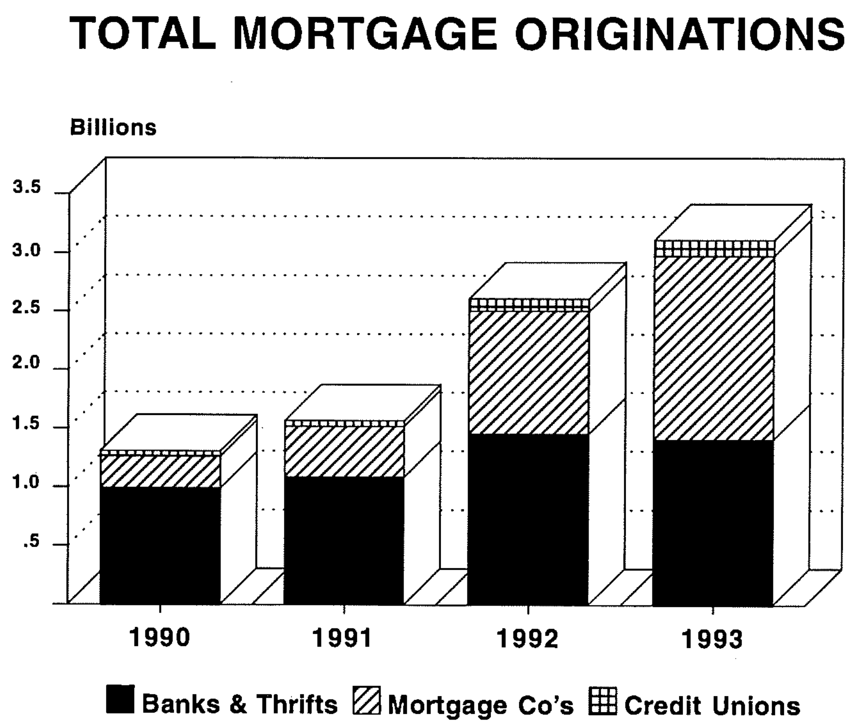

Chart #19

mortgage companies, as opposed to financial institutions who have traditionally dominated this business. **(See Chart #20)** As recently as 1990, banks and thrifts held 75.9% of this market, with mortgage companies and credit unions holding 20.7% and 3.4% respectively. For the first time since the Bureau began collecting these data, mortgage companies originated more mortgages than did financial institutions. Mortgage originations by mortgage companies grew by 49.5% in 1993 as compared to 1992. By contrast, mortgage originations by Maine banks and thrifts decreased

3.4% during the same time period. Of the 50 banks and thrifts who report these data to the Bureau, 31 or 62% reported a decline in the volume of mortgage originations, while 33 or 45% of the active mortgage companies in Maine reported increases in originations, many of them significant. Prior to 1992, decreases in mortgage originations by Maine banks and thrifts were noted as 3 of Maine's largest banks began originating mortgages through holding company affiliated mortgage companies, as opposed to through the bank itself. The decline in mortgage originations between 1992 and 1993 for Maine banks and thrifts cannot be attributed to a shift in the reporting status from one type of creditor (bank & thrift) to another type of creditor (mortgage company), and is indicative of true growth by the reporting mortgage companies.

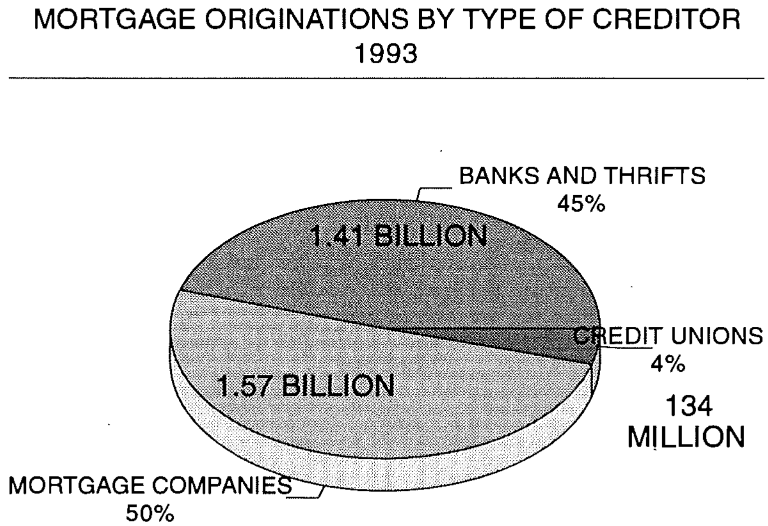

Chart #20

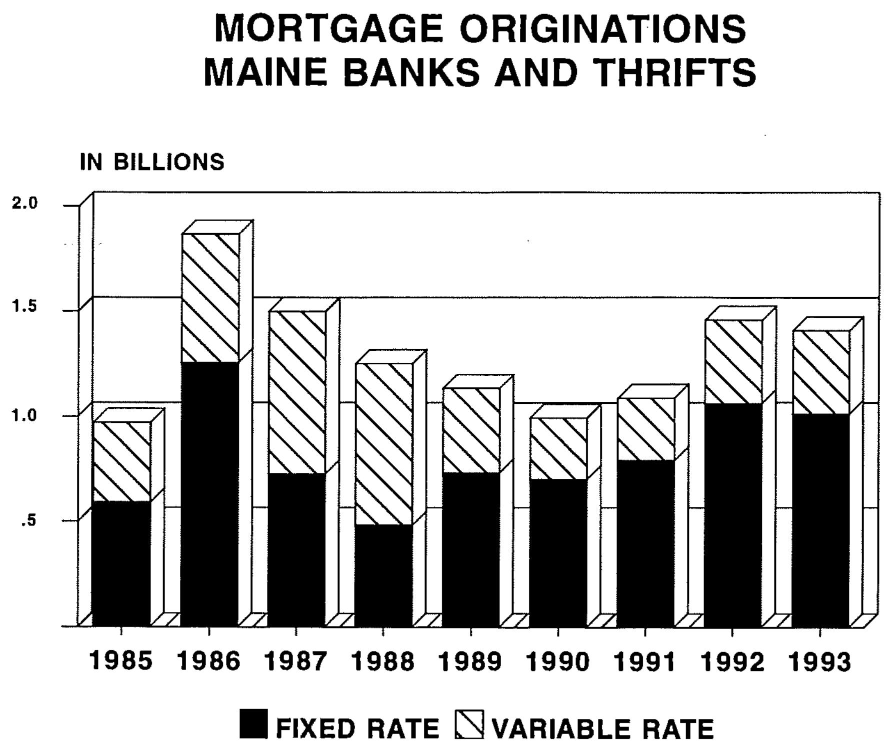

Chart #21

As can be seen from **Chart #21**, fixed rate mortgages remain the most popular mortgage vehicle of choice for Maine consumers; nearly 3 out of every 4 mortgages written by Maine banks and thrifts were fixed rate. Additional information regarding mortgage originations is contained in Exhibit I.

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Exhibit I

MORTGAGE ORIGINATIONS
by Maine Banks & Thrifts

	Year Ended 12/31/93			Year Ended 12/31/92		
	Number	Amount (in 000's)	% Dollar Volume	Number	Amount (in 000's)	% Dollar Volume
MORTGAGES ORIGINATED:						
Conventional	19,775	1,373,911	97.5%	20,871	1,434,838	98.3%
Insured	570	34,957	2.5%	329	24,183	1.7%
Total Mortgages Originated	20,345	1,408,868	100.0%	21,200	1,459,021	100.0%
Variable Rate	5,560	398,027	28.3%	5,529	398,897	27.3%
Fixed Rate	14,785	1,010,841	71.7%	15,671	1,060,124	72.7%
Total Mortgages Originated	20,345	1,408,868	100.0%	21,200	1,459,021	100.0%
Breakdown of Originations by Affiliation:						
Banks with in-state ownership:						
Conventional	18,973	1,296,179	97.4%	19,695	1,315,780	98.2%
Insured	570	34,957	2.6%	329	24,183	1.8%
Total Mortgages Originated	19,543	1,331,136	100.0%	20,024	1,339,963	100.0%
Variable Rate	5,474	388,181	29.2%	5,350	375,321	28.0%
Fixed Rate	14,069	942,955	70.8%	14,674	964,642	72.0%
Total Mortgages Originated	19,543	1,331,136	100.0%	20,024	1,339,963	100.0%
Banks with out-of-state ownership:						
Conventional	802	77,732	100.0%	1,176	119,058	100.0%
Insured						
Total Mortgages Originated	802	77,732	100.0%	1,176	119,058	100.0%
Variable Rate	86	9,846	12.7%	179	23,576	19.8%
Fixed Rate	716	67,886	87.3%	997	95,482	80.2%
Total Mortgages Originated	802	77,732	100.0%	1,176	119,058	100.0%

Exhibit I
(continued)

MORTGAGES SOLD ON SECONDARY MARKET by Maine Banks & Thrifts

	Year Ended 12/31/93			Year Ended 12/31/92		
	Number	Amount (in 000's)	% Dollar Volume	Number	Amount (in 000's)	% Dollar Volume
MORTGAGES SOLD:						
Current Year Origination	8,261	630,947	88.1%	8,585	626,058	86.2%
Seasoned (1 year or more)	1,180	85,079	11.9%	1,040	99,965	13.8%
Total Mortgages Sold	9,441	716,026	100.0%	9,625	726,023	100.0%
Variable Rate	1,013	82,651	11.5%	1,339	116,774	16.1%
Fixed Rate	8,428	633,375	88.5%	8,286	609,249	83.9%
Total Mortgages Sold	9,441	716,026	100.0%	9,625	726,023	100.0%
Servicing Retained	8,851	673,773	94.1%	8,882	661,874	91.2%
Servicing Released	590	42,253	5.9%	743	64,149	8.8%
Total Mortgages Sold	9,441	716,026	100.0%	9,625	726,023	100.0%
Breakdown of Sales By Affiliation:						
Banks with in-state ownership:						
Current Year Origination	7,810	565,783	87.6%	7,487	538,785	96.1%
Seasoned (1 year or more)	1,111	79,818	12.4%	277	21,977	3.9%
Total Mortgages Sold	8,921	645,601	100.0%	7,764	560,762	100.0%
Variable Rate	1,003	81,504	12.6%	785	69,368	12.4%
Fixed Rate	7,918	564,097	87.4%	6,979	491,394	87.6%
Total Mortgages Sold	8,921	645,601	100.0%	7,764	560,762	100.0%
Servicing Retained	8,331	603,348	93.5%	7,120	501,353	89.4%
Servicing Released	590	42,253	6.5%	644	59,409	10.6%
Total Mortgages Sold	8,921	645,601	100.0%	7,764	560,762	100.0%
Banks with out-of-state ownership:						
Current Year Origination	451	65,164	92.5%	1,098	87,273	52.8%
Seasoned (1 year or more)	69	5,261	7.5%	763	77,988	47.2%
Total Mortgages Sold	520	70,425	100.0%	1,861	165,261	100.0%
Variable Rate	10	1,147	1.6%	554	47,406	28.7%
Fixed Rate	510	69,278	98.4%	1,307	117,855	71.3%
Total Mortgages Sold	520	70,425	100.0%	1,861	165,261	100.0%
Servicing Retained	520	70,425	100.0%	1,762	160,521	97.1%
Servicing Released	0	0	0.0%	99	4,740	2.9%
Total Mortgages Sold	520	70,425	100.0%	1,861	165,261	100.0%

Exhibit II

SUMMARY OF NET NEW FUNDS
(in millions)

	6-30-94	6-30-93	Difference	% Change
Total Loans	4,531	4,524	7	.15
Total Investments	1,662	1,443	218	13.15
Federal Funds and Repos	41	63	-22	-53.36
Other Earning Assets	4	15	-11	-248.49
Total Earning Assets	6,238	6,045	193	3.09
Total Adjustments	2,340	2,061	279	11.93
Maine Assets	3,898	3,984	-86	-2.22
Net Maine Assets	514	327	187	36.46
Adjusted Maine Assets	4,412	4,311	101	2.29
Total Deposits	5,107	5,219	-111	-2.18
Total Non-Parent Borrowings	1,069	822	4	.42
Total Parent Borrowings	265	15	251	94.49
Total Capital Funds	571	522	49	8.58
Total Funding	7,012	6,819	193	2.75
Non-Maine Funding	1,231	946	285	23.15
Maine Funds	5,781	5,873	-92	-1.59
Adjusted Maine Assets To Maine Funds	76.32%	73.40%		

SUMMARY OF MAINE FINANCIAL INSTITUTIONS

JUNE 30, 1994

		ASSETS		DEPOSITS	
	No.	Dollars (000's)	% of Total	Dollars (000's)	% of Total
Trust Companies	14	6,739,591	38.9	4,909,550	35.8
National Banks	6	2,191,184	12.6	1,744,084	12.7
State Savings Banks	17	5,508,739	31.8	4,523,302	33.0
Federal Savings Banks	5	593,982	3.4	473,484	3.4
State Savings and Loans	4	119,470	.7	101,595	.7
Federal Savings and Loans	5	263,819	1.5	216,956	1.6
State Credit Unions	13	374,026	2.2	341,875	2.5
Federal Credit Unions	84	1,548,528	8.9	1,404,583	10.2
TOTAL	148	17,339,339	100.0	13,715,429	100.0
Commercial Banks	20	8,930,775	51.5	6,653,634	48.5
Thrifts	31	6,486,010	37.4	5,315,337	38.7
Credit Unions	97	1,922,554	11.1	1,746,458	12.7
TOTAL	148	17,339,339	100.0	13,715,429	100.0
State-Chartered	48	12,741,826	73.5	9,876,322	72.0
Federally Chartered	100	4,597,513	26.5	3,839,107	28.0
TOTAL	148	17,339,339	100.0	13,715,429	100.0
In-State Ownership	144	10,313,731	59.5	8,607,168	62.8
Out-of-State Ownership	4	7,025,608	40.5	5,108,261	37.2
TOTAL	148	17,339,339	100.0	13,715,429	100.0

Exhibit IV

ASSET/DEPOSIT/LOAN DISTRIBUTION BY FACILITY TYPE

December 31, 1993
(000's omitted)

	1986	1987	1988	1989	1990	1991	1992	1993
State-Chartered								
Trust Companies	15	16	12	13	14	15	15	14
Branches	209	218	216	209	205	258	244	238
Assets	3,363,673	3,708,220	4,126,401	4,274,307	4,524,549	6,581,755	6,607,111	6,535,587
Deposits	2,840,392	3,107,117	3,297,184	3,580,638	3,720,234	5,530,272	5,214,182	5,013,503
Loans	2,136,035	2,504,138	2,942,453	3,121,825	3,202,384	4,316,712	4,196,819	4,250,112
National Banks	7	7	7	7	7	6	6	6
Branches	115	120	121	118	117	60	60	61
Assets	2,739,836	3,099,126	3,603,057	3,930,191	3,649,933	2,247,183	2,173,511	2,163,287
Deposits	2,375,046	2,644,739	3,134,128	3,382,105	3,170,351	1,856,364	1,911,452	1,825,252
Loans	1,886,768	2,338,898	2,789,828	2,928,147	2,644,703	1,640,413	1,542,736	1,613,601
State-Chartered								
Savings Banks	18	18	18	18	18	17	17	17
Branches	117	125	127	135	140	117	118	124
Assets	4,780,737	5,552,659	6,375,435	6,678,896	6,344,802	5,175,919	5,161,431	5,417,590
Deposits	3,938,694	4,379,270	5,181,206	5,536,288	5,568,885	4,478,844	4,389,135	4,499,669
Loans	3,221,539	3,989,369	4,820,442	4,997,360	4,579,735	3,702,408	3,713,054	3,942,123

Exhibit IV
(Continued)

ASSET/DEPOSIT/LOAN DISTRIBUTION BY FACILITY TYPE

December 31, 1993
(000's omitted)

	1986	1987	1988	1989	1990	1991	1992	1993
Federal Savings Banks	6	6	6	6	7	6	6	6
Branches	13	14	14	14	15	14	15	14
Assets	420,403	448,401	445,058	523,391	606,665	590,111	570,790	541,510
Deposits	343,775	365,254	398,067	407,733	512,662	491,009	459,853	443,395
Loans	280,889	332,751	391,294	403,023	476,150	469,096	478,939	461,652
State Savings & Loan Associations	4	4	4	4	4	4	4	4
Branches	0	0	0	0	0	0	0	0
Assets	83,780	87,154	91,620	94,355	96,896	105,668	112,634	114,166
Deposits	74,708	77,375	81,183	83,496	84,912	94,782	99,491	99,983
Loans	62,153	68,278	75,068	74,977	76,396	77,498	82,872	84,913
Federal Savings & Loan Associations	7	7	7	7	5	5	5	5
Branches	15	16	16	15	4	4	4	4
Assets	852,105	1,109,897	777,466	331,514	227,081	240,319	255,334	261,051
Deposits	577,289	545,266	741,231	585,622	202,413	211,129	216,989	220,901
Loans	459,099	263,534	341,465	302,046	191,368	195,484	201,565	207,136

Exhibit IV
(Continued)

ASSET/DEPOSIT/LOAN DISTRIBUTION BY FACILITY TYPE

December 31, 1993
(000's omitted)

	1986	1987	1988	1989	1990	1991	1992	1993
State-Chartered Credit Unions	16	15	14	14	14	10	10	12
Branches	3	4	3	3	2	2	2	5
Assets	168,746	189,681	205,640	212,345	235,420	250,791	273,794	364,155
Shares	156,282	178,113	191,316	199,526	218,655	233,162	251,894	330,195
Loans	97,986	119,204	137,787	154,133	157,681	140,275	133,706	195,238
Federal Credit Unions								
Credit Unions	111	104	103	102	100	99	95	90
Branches	7	17	16	17	20	20	20	17
Assets	952,033	1,066,612	1,170,351	1,171,111	1,310,244	1,390,219	1,508,901	1,495,028
Shares	881,011	992,160	1,054,710	1,080,549	1,197,571	1,281,208	1,380,767	1,352,153
Loans	534,160	664,515	806,215	836,756	857,802	821,046	852,719	914,433
Totals:								
Financial Institutions	184	177	171	171	169	162	158	154
Branches	479	514	513	511	503	475	463	463
Assets	13,361,313	15,261,750	16,795,028	17,216,110	16,995,590	16,581,965	16,663,506	16,829,374
Shares & Deposits	11,187,197	12,289,294	14,079,025	14,855,957	14,675,683	14,176,770	13,923,763	13,785,051
Loans	8,678,629	10,280,687	12,304,552	12,818,267	12,186,219	11,362,932	11,202,410	11,668,782

Exhibit V

MAINE
STATE CHARTERED
TRUST COMPANIES

	June 30, 1994 (In thousands) Assets	Deposits	Loans
Sheldon F. Goldthwait, President **BAR HARBOR BANKING AND TRUST COMPANY** Bar Harbor, Maine 04609	$ 283, 422	$ 216,113	$ 175,400
Edwin Harvey, President **BORDER TRUST COMPANY** Route 3, P.O. Box 220 China, Maine 04358	44,153	40,075	26,376
Ronald W. Smith, President **CUSHNOC BANK AND TRUST** 1 Bangor Street P.O. Box 68 Augusta, ME 04332-0068	21,431	18,666	17,227
William H. Dunlavey, President **DAMARISCOTTA BANK & TRUST** Main Street Damariscotta, Maine 04543	53,149	46,077	32,779
David I. Dorsey, President **FIRST CITIZENS BANK & TRUST** P.O. Box 231 Presque Isle, ME 04769	70,194	59,133	54,311
Paul R. McConnell, President **FLEET BANK OF MAINE** One City Center Portland, Maine 04112	3,014,436	2,054,512	1,621,731
Steven L. Richardson, President **KATAHDIN TRUST COMPANY** Main Street Patten, Maine 04765	98,357	90,550	74,619
Richard Molyneux, President **KEY BANK OF MAINE** One Canal Plaza Portland, Maine 04112	2,651,012	1,950,381	1,906,712
L. Gary Knight, President **LIVERMORE FALLS TRUST COMPANY** 638 Main Street Livermore Falls, Maine 04254	56,582	49,060	39,886

Exhibit V
(Continued)

	June 30, 1994 (In thousands) Assets	Deposits	Loans
Wayne McGarvey, President **MAINE BANK & TRUST COMPANY** P. O. Box 619 Portland, Maine 04104	$ 92,246	$ 81,294	$ 63,870
Edwin Clift, President **MERRILL MERCHANTS BANK** 201 Main St., P.O. Box 925 Bangor, Maine 04402-0925	99,061	81,324	72,071
John Everett, IV, President **PEPPERELL TRUST COMPANY** 163 Main Street Biddeford, Maine 04005	26,060	24,268	20,128
Robert S. Boit, President **UNION TRUST COMPANY** P.O. Box 479 66 Main Street Ellsworth, Maine 04605	175,780	154,298	86,780
Bruce D. Bartlett, President **UNITED BANK** 2 Hammond Street Bangor, Maine 04401	53,708	43,799	37,926
TOTAL: 14	**$6,739,591**	**$4,909,550**	**$4,229,816**

**MAINE
STATE CHARTERED
SAVINGS BANKS**

	June 30, 1994 (In thousands) Assets	Deposits	Loans
Steven A. Closson, President **ANDROSCOGGIN SAVINGS BANK** P.O. Box 1407 30 Lisbon Street Lewiston, Maine 04240	$ 238,523	$ 202,339	$ 91,575
Malcolm E. Jones, President **BANGOR SAVINGS BANK** P.O. Box 656 3 State Street Bangor, Maine 04401	671,465	584,862	501,863
P. James Dowe, Jr., President **BATH SAVINGS INSTITUTION** P.O. Box 548 105 Front Street Bath, Maine 04530	123,834	108,898	74,411
William J. Denyer, President **BIDDEFORD SAVINGS BANK** 254 Main Street Biddeford, Maine 04005	123,080	108,491	70,297
James H. Whittaker, President **COASTAL SAVINGS BANK** PO Box 8550, Portland, ME 04104 Colonel Westbrook Executive Park 36 Thomas Drive Westbrook, ME 04092	162,951	135,690	118,093
Gary M. Downs, President **FRANKLIN SAVINGS BANK** P.O. Box 825 81 Main Street Farmington, Maine 04938	207,794	179,607	139,534
Ronald B. Demers, President **GORHAM SAVINGS BANK** P.O. Box 38 64 Main Street Gorham, Maine 04038	262,558	232,544	185,730

Exhibit V
(Continued)

	June 30, 1994 (In thousands)		
	Assets	**Deposits**	**Loans**
William H. Pelletier, President **KENNEBEC SAVINGS BANK** P.O. Box 108 150 State Street Augusta, Maine 04330	$ 174,351	$ 145,606	$ 123,986
Joel Stevens, President **KENNEBUNK SAVINGS BANK** 104 Main Street Kennebunk, Maine 04043	188,007	167,974	112,561
John C. Witherspoon, President **KINGFIELD SAVINGS BANK** P.O. Box 105 Main Street Kingfield, Maine 04947	99,547	85,237	53,369
Edward L. Hennessey, Jr., President **MACHIAS SAVINGS BANK** P.O. Box 3184 Center Street Machias, Maine 04654	200,122	164,261	158,796
John Kannageiser, President **MECHANICS' SAVINGS BANK** 100 Minot Avenue Auburn, Maine 04210	83,415	72,161	57,947
Peter Montpelier, President **NORWAY SAVINGS BANK** 132 Main Street Norway, Maine 04268	252,885	209,551	185,720
William J. Ryan, President **PEOPLES HERITAGE SAVINGS BANK** P.O. Box 1200 481 Congress Street Portland, Maine 04111	2,126,463	1,629,589	1,725,160
Kevin P. Savage, CEO **SACO AND BIDDEFORD SAVINGS INSTITUTION** 252 Main Street Saco, Maine 04072	203,665	173,551	143,951

	June 30, 1994 (In thousands) Assets	Deposits	Loans
Rodney Normand, President **SANFORD INSTITUTION FOR SAVINGS** 184 Main Street Sanford, Maine 04073	$ 137,070	$ 97,961	$ 69,803
Alton D. Powers, President **SKOWHEGAN SAVINGS BANK** P.O. Box 250 7 Elm Street Skowhegan, Maine 04976	253,009	224,980	182,116
TOTAL: 17	**$5,508,739**	**$4,523,302**	**$3,994,912**

Exhibit V
(Continued)

MAINE
STATE CHARTERED
SAVINGS AND LOAN ASSOCIATIONS

	June 30, 1994 (In thousands) Assets	Deposits	Loans
August M. Berta, President **AUBURN SAVINGS AND LOAN ASSOCIATION** P.O. Box 3157 256 Court Street Auburn, Maine 04210	$ 22,536	$ 19,082	$ 15,542
Norman P. Shaw, Secretary/Treasurer **BAR HARBOR SAVINGS AND LOAN ASSOCIATION** Main Street Bar Harbor, Maine 04609	12,455	10,179	10,390
Floyd A. Johnson, President **ROCKLAND SAVINGS AND LOAN ASSOCIATION** 22 School Street Rockland, Maine 04841	48,919	41,386	35,815
Dennis W. Matthews, President **WATERVILLE SAVINGS AND LOAN ASSOCIATION** Corner North and Main Streets Waterville, Maine 04901	35,560	30,948	24,372
TOTAL: 4	**$119,470**	**$101,595**	**$86,119**

**MAINE
STATE CHARTERED
CREDIT UNIONS**

**June 30, 1994
(In thousands)**

	Assets	Deposits	Loans
BURNHAM & MORRILL EMPLOYEES CREDIT UNION One Bean Pot Circle P.O. Box 1871 Portland, Maine 04103	$ 1,040	$ 982	$ 557
BIW FIVE COUNTY CREDIT UNION 765 Washington St., PO Box 598 Bath, Maine 04530	35,450	33,133	23,705
CHESTNUT CREDIT UNION P.O. Box 604 Augusta, Maine 04332	3,407	3,737	2,581
COMMUNITY CREDIT UNION Pine Street Lewiston, Maine 04240	28,015	25,664	19,524
GOVERNMENT EMPLOYEES CREDIT UNION 555 Forest Avenue Portland, Maine 04101	63,595	58,859	37,568
MAINE STATE EMPLOYEES CREDIT UNION State House Complex State House Station #44 Augusta, Maine 04330	114,280	103,527	51,857
MAINE EDUCATION CREDIT UNION 35 Community Drive Augusta, Maine 04330	6,705	5,930	5,384
MAINE TURNPIKE CREDIT UNION 430 Riverside Street Portland, Maine 04103	1,585	1,471	721
RAILROAD WORKERS' CREDIT UNION Rigby Road West P.O. Box 9701 Portland, Maine 04104	11,594	10,249	2,597

Exhibit V
(Continued)

	June 30, 1994 (In thousands) Assets	Deposits	Loans
SABATTUS REGIONAL CREDIT UNION 9 High Street Sabattus, Maine 04280	$ 12,954	$ 11,815	$ 8,126
SD WARREN CREDIT UNION 35 Cumberland Street Westbrook, Maine 04092	46,170	42,401	21,450
UNIVERSITY CREDIT UNION P.O. Box 279 Orono, Maine 04473	42,625	38,439	34,204
UNUM EMPLOYEES' CREDIT UNION 2211 Congress Street Portland, Maine 04102	6,106	5,668	3,390
TOTAL: 13	**$374,026**	**$341,875**	**$211,664**

MAINE
NATIONAL BANKS

	Assets	June 30, 1994 (In thousands) Deposits	Loans
Keith C. Patten, President **CAMDEN NATIONAL BANK** 2 Elm Street, Box 310 Camden, Maine 04843	$ 383,164	$ 291,890	$ 221,606
Denison Gallaudet, President **CASCO NORTHERN BANK, N.A.** One Monument Square P.O. Box 678 Portland, Maine 04106	1,122,934	895,494	923,297
Elizabeth Timm Greenstein, President **CITIBANK (MAINE), N.A.** 100 Foden Road, Box 2888 South Portland, Maine 04106	237,226	207,874	198,082
Peter Reilly, President **THE FIRST NATIONAL BANK OF BAR HARBOR** 102 Main Street, Box A Bar Harbor, Maine 04609	115,312	88,798	92,346
Daniel R. Daigneault, President **THE FIRST NATIONAL BANK OF DAMARISCOTTA** Main Street, Box 940 Damariscotta, Maine 04543	198,540	146,446	121,313
David A. Page, President **THE OCEAN NATIONAL BANK OF KENNEBUNK** 100 Main Street, Box 58 Kennebunk, Maine 04043	134,008	113,582	80,153
TOTAL: 6	**$2,191,184**	**$1,744,084**	**$1,636,797**

Exhibit V
(Continued)

MAINE
FEDERALLY CHARTERED
SAVINGS BANKS

	June 30, 1994 (In thousands) Assets	Deposits	Loans
Dennis Young, President **AUGUSTA FEDERAL SAVINGS BANK** 22 Western Avenue Augusta, Maine 04330	$ 68,235	$ 57,691	$ 56,882
James D. Delameter, President **BETHEL SAVINGS BANK, FSB** Main Street Bethel, Maine 04217	98,379	64,654	83,857
Arthur Markos, President **GARDINER SAVINGS INSTITUTION, FSB** 190 Water Street Gardiner, Maine 04345	201,999	154,147	170,140
Ralph L. Hodgkins, Jr., President **MID MAINE SAVINGS BANK, FSB**[7] Great Falls Plaza Auburn, Maine 04240	173,932	160,315	133,409
Wesley Richardson, President **THE WALDOBORO BANK, FSB** Jefferson Street Waldoboro, Maine 04572	51,437	36,677	43,806
TOTAL: 5	**$593,982**	**$473,484**	**$488,094**

[7] Acquired by Peoples Heritage Savings Bank July 31, 1994

MAINE
FEDERALLY CHARTERED
SAVINGS AND LOAN ASSOCIATIONS

	June 30, 1994 (In thousands) Assets	Deposits	Loans
John S. Swanberg, President **AROOSTOOK COUNTY FEDERAL SAVINGS AND LOAN ASSOCIATION** 43 High Street Caribou, Maine 04736	$ 30,065	$ 26,800	$ 26,893
Richard Allen, President **BRUNSWICK FEDERAL SAVINGS, F.A.** 186 Maine St., PO Box 68 Brunswick, Maine 04011	89,251	60,606	75,132
John E. Emery, President **CALAIS FEDERAL SAVINGS AND LOAN ASSOCIATION** 136 Main Street Calais, Maine 04619	33,512	29,900	21,624
Daniel R. Donovan, President **FIRST FEDERAL SAVINGS AND LOAN ASSOCIATION OF BATH** 125 Front Street Bath, Maine 04530	78,570	70,121	62,443
Allen L. Rancourt, President **KENNEBEC FEDERAL SAVINGS AND LOAN ASSOCIATION** 70 Main Street Waterville, Maine 04901	32,421	29,529	22,198
TOTAL: 5	**$263,819**	**$216,956**	**$208,290**

MAINE
FEDERAL CREDIT UNIONS

	June 30, 1994 (In thousands) Assets	Deposits	Loans
AEROTRED FEDERAL CU 34 Bates Street Lewiston, Maine 04240	$ 7,190	$ 6,403	$ 5,660
BANGOR FEDERAL CU 74 Harlow Street Bangor, Maine 04401	28,667	27,047	18,690
BANGOR HYDRO FEDERAL CU 193 Broad Street Bangor, Maine 04401	6,538	5,933	4,305
BANME FEDERAL CU 114 Harlow Street, Suite G Bangor, Maine 04401	1,639	1,574	1,359
BANSCO FEDERAL CU 87-89 Hillside Ave., Suite 3 Bangor, Maine 04401	6,784	6,409	4,776
BARCO FEDERAL CU P.O. Box 447 Milo, Maine 04463	52,645	48,522	34,875
BLUE CROSS AND BLUE SHIELD OF MAINE FEDERAL CU 110 Free Street Portland, Maine 04101	4,079	3,743	1,865
BOWDOINHAM FEDERAL CU P.O. Box 73 Bowdinham, Maine 04008	5,053	4,387	2,087
BREWER FEDERAL CU 237 Wilson Street Brewer, Maine 04412	7,783	7,344	5,845
CAPITAL AREA FEDERAL CU 23 Maple Street Augusta, Maine 04330	5,043	4,811	3,975

	Assets	June 30, 1994 (In thousands) Deposits	Loans
CENTRAL MAINE POWER COMPANY FEDERAL CU 44 Edison Drive Augusta, Maine 04330	$ 27,156	$ 23,691	$ 12,687
CUMBERLAND COUNTY TEACHERS FEDERAL CU 173 Gray Road Falmouth, Maine 04105	18,068	15,663	10,919
DEXTER REGIONAL FEDERAL CU P.O. Box 129 Dexter, Maine 04930	25,773	24,758	17,552
EASTERN MAINE MEDICAL CENTER FEDERAL CU 489 State Street Bangor, Maine 04401	12,876	12,134	6,736
EASTMILL FEDERAL CU 60 Main Street East Millinocket, Maine 04430	32,206	28,462	10,769
FORT KENT FEDERAL CU 7 East Main Street11 Fort Kent, Maine 04743	17,851	15,956	14,508
FRANKLIN COUNTY FEDERAL CU P.O. Box 5048 Farmington, Maine 04938	8,084	7,578	6,559
FRASER EMPLOYEES FEDERAL CU P.O. Box 389 Madawaska, Maine 04756	42,751	33,262	35,266
GARDINER FEDERAL CU 8 Brunswick Road Gardiner, Maine 04345	8,040	7,149	6,911
GATEWAY FEDERAL CU 306 Main Street Van Buren, Maine 04785	8,297	7,464	4,337

	June 30, 1994 (In thousands) Assets	Deposits	Loans
GORHAM REGIONAL CU 375 Main Street Gorham, Maine 04038	$ 12,680	$ 11,676	$ 9,783
GRAND ISLE COMMUNITY FEDERAL CU P.O. Box 199 Grande Isle, Maine 04746	1,393	1,275	887
GREATER PORTLAND MUNICIPAL FEDERAL CU 799 Broadway South Portland, Maine 04106	23,487	21,403	16,046
HANNAFORD BROTHERS FEDERAL CU P.O. Box 1440 Portland, Maine 04104	12,204	11,519	8,885
HOULTON FEDERAL CU 3 Market Square Houlton, Maine 04730	7,267	6,821	3,472
HOWLAND-ENFIELD FEDERAL CU Box 405 Howland, Maine 04448	7,672	7,329	3,495
JAX LAB FEDERAL CU c/o The Jackson Laboratory P.O. Box 581 Bar Harbor, Maine 04609	934	876	279
K V FEDERAL CREDIT UNION 316 Northern Avenue Augusta, Maine 04330	27,808	25,611	15,841
KATAHDIN FEDERAL CU 1000 Central Street Millinocket, Maine 04462	57,975	52,133	22,915
KENNEBEC COUNTY FEDERAL CU 104 Capitol Street Augusta, Maine 04330	4,494	4,284	3,080
KESO FEDERAL CU P.O. Box 298 Fairfield, Maine 04937	2,791	2,600	1,854

	June 30, 1994 (In thousands) Assets	Deposits	Loans
KEYES FIBRE FEDERAL CU c/o Keyes Fibre Company 222 College Avenue Waterville, Maine 04901	$ 13,734	$ 12,967	$ 12,276
KNOX COUNTY FEDERAL CU P.O. Box 159 Rockland, Maine 04841	7,360	6,617	4,588
LA VALLE FEDERAL CU 794 Main Street Madawaska, Maine 04756	17,072	15,144	10,712
LEWISTON MUNICIPAL FEDERAL CU 291 Pine Street Lewiston, Maine 04240	7,754	6,995	4,680
LINCOLN MAINE FEDERAL CU 8 Taylor Street Lincoln, Maine 04457	11,763	11,110	5,862
LISBON COMMUNITY FEDERAL CU 325 Lisbon Road Lisbon Center, Maine 042521	28,941	26,104	17,051
MADISON-ANSON COMMUNITY FEDERAL CU 48 Main Street Madison, Maine 04950	1,929	1,803	1,417
MAINE FAMILY FEDERAL CU 555 Sabattus Street Lewiston, Maine 04240	43,006	39,342	26,832
MEBS FEDERAL CU P.O. Box 4060, Station A Portland, Maine 04101	869	384	360
MEDICAL SERVICES FEDERAL CU 272 Park Avenue Portland, Maine 04104	23,407	22,751	13,904
MID-MAINE MEDICAL CENTER FEDERAL CU North Street Waterville, Maine 04901	5,382	4,920	3,737

Exhibit V
(Continued)

	June 30, 1994 (In thousands)		
	Assets	Deposits	Loans
MIDCOAST FEDERAL CU 831 Washington Street Bath, Maine 04530	$ 38,634	$ 35,751	$ 26,872
MONMOUTH FEDERAL CU P.O. Box 298 Monmouth, Maine 04259	4,448	4,280	3,406
NATIONAL OF MAINE FEDERAL CU 333 Western Avenue South Portland, Maine 04106	4,831	3,842	2,683
NEW AUBURN FEDERAL CU 33 Dunn Street Auburn, Maine 04210	8,447	7,683	3,340
NISSEN EMPLOYEES FEDERAL CU 56 Washington Avenue Portland, Maine 04104	3,044	2,698	1,606
NOPAR FEDERAL CU P.O. Box 274 South Paris, Maine 04281	4,427	4,277	2,087
NOTRE DAME WATERVILLE FEDERAL CU 61 Grove Street Waterville, Maine 04901	23,113	20,970	14,701
OCEAN COMMUNITIES FEDERAL CU 1 Pool Street Biddeford, Maine 04005	35,812	32,967	24,032
OTIS DIVISION FEDERAL CU P.O. Box 27 Jay, Maine 04329	38,945	31,417	25,289
OXFORD FEDERAL CU 149 Main Street Mexico, Maine 04257	51,684	46,205	29,314
PENOBSCOT FEDERAL CU P.O. Box 434 Old Town, Maine 04468	8,597	8,104	3,935

	June 30, 1994 (In thousands) Assets	Deposits	Loans
PEOPLES REGIONAL FEDERAL CU P.O. Box 10 Pittsfield, Maine 04967	$ 15,455	$ 14,411	$ 5,571
PORTLAND MAINE POLICE DEPARTMENT FEDERAL CU 109 Middle Street Portland, Maine 04101	1,585	1,386	1,401
PORTLAND MAINE TEACHERS FEDERAL CU 94 Auburn Street Portland, Maine 04103	7,701	6,928	2,489
PORTLAND MAINE TRANSIT FEDERAL CU 41 Allen Avenue Extension Falmouth, Maine 04105	302	257	188
PORTLAND REGIONAL FEDERAL CU P.O. Box 6693 Portland, Maine 04103	11,720	10,766	9,395
PRESS HERALD FEDERAL CU P.O. Box 1414 Portland, Maine 04104	5,414	4,639	2,354
R C H FEDERAL CU 420 Franklin Street Rumford, Maine 04276	454	336	176
RAINBOW FEDERAL CU P.O. Box 1117 Auburn, Maine 04210	50,907	45,727	40,483
RIVERVIEW FEDERAL CU 15 Depot Square Gardiner, Maine 04345	4,027	3,762	2,196
ST. AGATHA FEDERAL CU P.O. Box 136 Saint Agatha, Maine 04772	10,588	9,575	7,209
ST. CROIX FEDERAL CU P.O. Box 130 Woodland, Maine 04694	17,693	16,371	6,824

Exhibit V
(Continued)

	June 30, 1994 (In thousands) Assets	Deposits	Loans
ST. FRANCIS COMMUNITY FEDERAL CU P.O. Box 121 Saint Francis, Maine 04774	$ 995	$ 878	$ 816
ST. FRANCIS DE SALES FEDERAL CU 50 Elm Street Waterville, Maine 04901	16,532	14,694	8,047
ST. JOHN'S (BRUNSWICK) FEDERAL CU 55 Cushing Street Brunswick, Maine 04011	72,332	63,640	48,499
ST. JOSEPH'S BIDDEFORD FEDERAL CU P.O. Box 463 Biddeford, Maine 04405	51,824	48,312	40,566
STE. CROIX PARISH FEDERAL CU P.O. Box 1746 Lewiston, Maine 04240	64,299	58,532	39,171
SACO VALLEY FEDERAL CU P.O. Box 740 Saco, Maine 04072	15,759	14,796	9,952
SAVERS FEDERAL CU 305 Main Street Sanford, Maine 04073	8,961	8,415	7,612
SEABOARD FEDERAL CU 531 Main Street Bucksport, Maine 04416	43,265	38,611	24,656
SENTINEL EMPLOYEES FEDERAL CU 25 Silver Street Waterville, Maine 04901	256	214	213
SHAW'S EMPLOYEES FEDERAL CU RR 3 - 616 Spencer Industries Wells, Maine 04090	7,444	6,927	3,152

	June 30, 1994 (In thousands) Assets	Deposits	Loans
SKOWHEGAN COMMUNITY FEDERAL CU 119 Water Street Skowhegan, Maine 04976	$ 5,445	$ 5,069	$ 3,762
SPRAGUE-SANFORD FEDERAL CU P.O. Box 231 Sanford, Maine 04073	5,369	4,945	2,004
TACONNET FEDERAL CU 60 Benton Avenue Winslow, Maine 04901	21,847	20,398	11,671
TELCO OF NEW ENGLAND FEDERAL CU 4 Davis Farm Road Portland, Maine 04104	73,210	67,002	45,059
THE COUNTY FEDERAL CU P.O. Box 871 Loring, Maine 04751	$ 52,732	$ 48,224	$ 32,703
TOWN & COUNTRY FEDERAL CU 557 Main Street South Portland, Maine 04106	41,091	38,476	26,106
VASSALBORO FEDERAL CU 36 Main Street North Vassalboro, Maine 04962	8,754	8,429	5,927
WINSLOW COMMUNITY FEDERAL CU P.O. Box 8117 Winslow, Maine 04364	14,594	13,649	6,762
WINTHROP AREA FEDERAL CU P.O. Box 55 Winthrop, Maine 04364	16,488	15,066	10,927
YORK COUNTY TEACHERS FEDERAL CU 124 Main Street Sanford, Maine 04073	33,058	30,000	26,637
TOTAL: 84	**$1,548,528**	**$1,404,583**	**$ 967,428**

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