MAINE DEPARTMENT OF
Professional
& Financial
Regulation

THE STATUS OF MAINE'S FINANCIAL INSTITUTIONS

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

January 15, 1999

Angus S. King, Jr.
Governor

H. Donald DeMatteis
Superintendent

IN DEDICATION

H. DONALD DEMATTEIS
SUPERINTENDENT OF BANKING
FROM 1979 TO 1999

It is with great pleasure that the Staff of the Bureau of Banking dedicates this 14^{th} issue of the Annual Report of the Status of Maine's Financial Institutions to H. Donald DeMatteis, Superintendent of Banking.

Don will retire after completing his fourth consecutive 5-year term in June, 1999. He has the unique distinction of having served in this capacity longer than any other Superintendent of Banking in the 150+ year history of the State Banking Department. During his tenure, Maine's financial institutions grew stronger, weathering the recession of the early 90's relatively unscathed. Don's direction in the development and implementation of the Universal Bank Charter set Maine in the forefront of financial modernization, positioning state chartered banks to compete in the global financial marketplace.

Through this extraordinary commitment to public service, Don has maintained a regulatory environment that has assured the strength, stability and efficiency of all financial institutions. We, the staff of the Bureau of Banking will miss his visionary leadership; we wish him well in his new endeavors.

The Staff of the Maine
Bureau of Banking

INTRODUCTION

Following the enactment of substantial state banking legislation in 1997 which modernized the Maine Banking Code, permitted banks to expand activities into the insurance and securities brokerage business, and created chartering options for several types of "niche" or special purpose banks, most of 1998 was spent implementing these changes and responding to institutions that were capitalizing on these state initiatives. The Bureau recently chartered a merchant bank, three non-depository trust companies and one uninsured bank. In addition, at least five state chartered banks are in the process of offering insurance services to their customers, and one now owns a securities brokerage firm. Rules and protocols have been developed in concert with Bureau of Insurance and the Office of Consumer Credit Regulation to protect Maine consumers and coordinate the supervision of financial institutions which offer products that transcend the jurisdiction of a single regulator. Recent enhancements to the Banking Code position the state and its financial institutions to participate in future opportunities that will evolve as federal law changes (see Section IV) and more advanced technology becomes available.

The state and national economies exceeded expectations for 1998 and provided a favorable climate for the continued growth of financial institutions in Maine. The global decline in interest rates that took place throughout the year put pressure on interest margins and profitability at most financial institutions. In addition, the marketplace competition for deposits was keen with more consumers looking toward mutual funds and stocks as an alternatives to traditional deposit accounts; however, most Maine institutions did experience some deposit growth during the year. Competition for loan business intensified as well. Given the current levels of liquidity and the abundance of lenders, most creditworthy borrowers found many financial institutions aggressively seeking their business. Stiff competition based on rates and terms provided good opportunities for Maine businesses to expand or refinance during the year. At the same time, this intense competition narrowed net interest margins for most lenders. Institutions have turned to more services that provide fee income to augment those services that are interest rate sensitive.

In the early 1980's, the Bureau supported legislation to allow mutual savings banks to reorganize into mutual holding companies. Up until this year, this statute remained dormant; then, during 1998, three mutual savings banks formed mutual holding companies. Historically, mutual holding companies were organized to raise additional capital through a public offering and sale of a minority interest in the bank. However, Maine's savings banks enjoy very high capital ratios; the recent reorganizations are designed to better prepare these banks for growth and diversification opportunities, rather than to raise capital. Section II of this report contains a more in-depth discussion of this subject.

Financial institutions continue to respond to consumers' needs for more convenient access. Additional supermarket branches were established during the year; these branches tend to be open more days and more hours than traditional branches. The number of automated teller machines has been expanded, particularly in offsite locations, and the proliferation of non-bank ATM's, which just dispense cash, is growing at convenience store locations. More institutions, that have traditionally provided telephone banking services, are now permitting customers computer access to their services. The Internet has brought the availability of financial services from providers around the globe to the fingertips of many Maine citizens. With uncertainty existing regarding security issues such as authentication and encryption, some consumers are still reluctant to access financial services via the "net". However, as is the case with most new technology, what is novel and uncertain today, becomes the standard for tomorrow.

When considering the subject of technology as it relates to the delivery of financial services, one cannot escape a discussion of the problems relating to the change in date to year 2000, known as "Y2K." Section III of this report contains a detailed discussion of this issue and indicates that state and federal regulators have done extensive onsite examinations of Y2K readiness in all financial institutions. It appears that the industry will be ready for the transition. The critical test phase is to be completed in the first half of 1999; all institutions will also have one more regulatory visit before mid-year 1999. It is important that public confidence in the financial system be maintained. Financial institutions, regulators and other government officials must communicate their confidence in the system and be prepared to meet any liquidity demands that might occur during the time of transition.

The rapidly approaching turn of the century gives me the opportunity to reflect upon the enormity of the changes that have taken place at the Bureau and in the financial services community during the last 20 years. Maine was the first state in the nation to offer interstate banking and, since 1982, a dozen interstate institutions choose to operate here. For nearly a decade, the out-of-state banks dominated the landscape, but today only two remain and make up about 30% of Maine assets. Only half the number of financial institutions exist (compared to 1978), but the industry's assets have grown by a factor of three! The size of the Bureau's banking staff remains about the same; while the skill sets of the employees and the available technology have taken a quantum leap forward. Maine was one of the first regulatory agencies to provide portable computers to their field personnel. Now the entire examination process is computer based and much of the examination is conducted off-site.

Maine's Banking Code continues to be one of the most advanced. The state enacted the Universal Bank Charter, and the Bureau chartered the nation's first Merchant Bank and Uninsured Bank. When federal bank modernization legislation eventually passes, virtually all anticipated new changes will have been provided for in Maine law. Maine consumers now also have the opportunity to have insurance and brokerage services available at their financial institutions. The ongoing cooperation between and among the agency, the regulated industry, and the Legislature fosters an environment of creativity and trust in which new ideas become reality. It has been a pleasure to be a part of that process.

H. Donald DeMatteis
Superintendent

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EXHIBITS

SECTION I

INDUSTRY CONDITION

Banks[1]

Maine banks continued to record strong performance through June 1998, based on capital, earnings and asset quality indicators. Institutions benefited from favorable and stable economic conditions. However, recent events, including the financial turmoil in Asia, Russia and Latin America and the erratic US stock market, have introduced increased volatility and speculation that a long foreseen economic slowdown will occur. If there is a slowdown, the performance of Maine banks will be adversely affected, but the banks appear to be postured to withstand the consequences.

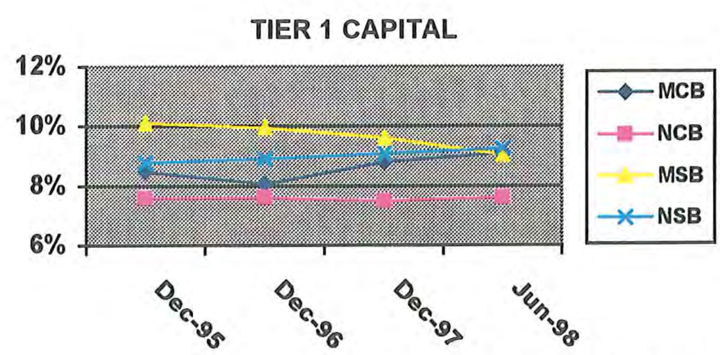

CHART #1

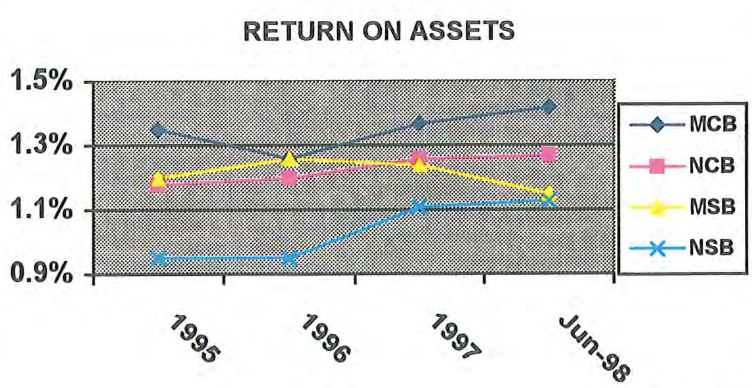

CHART #2

Charts #1 and 2 show the trends in capital and net income, comparing Maine commercial banks ("MCB") and savings banks ("MSB") with nationwide commercial banks ("NCB") and savings banks ("NSB"). The ratios for Maine banks continue to compare favorably and, for a number of reasons, the downward trend shown for Maine savings banks is misleading. A change in the methodology for computing peer group averages, recent

[1] Banks are defined as state-chartered savings banks, state-chartered trust companies and national banks. Collectively, state-chartered trust companies and national banks are referred to as commercial banks.

acquisitions by the two largest savings banks which accounted for nearly 60% of June 30, 1998 savings bank assets, strong asset growth, and the recent establishment of charitable foundations, involving substantial seed contributions, by several of the mutual savings banks are reflected in these trends.[2]

In fact, despite the downward trend shown in the charts, in 1997, Tier 1 and ROA ratios increased in two-thirds of the savings banks; for the first six months of this year, the ratios increased in nearly one-half the banks. Further, each Maine bank remains "well-capitalized," the highest category of capital measurement used by federal bank regulators, and all banks were profitable in 1997 and through June 30, 1998. Maine's financial institutions, commercial banks in particular, continue to enjoy a strong net interest margin, due largely to their commitment to lending. This net interest margin, however, may be compressed if interest rates decline further. Interest income is being squeezed by two factors: declining overall rates plus intense competition. Interest expense is also coming under pressure, but banks are limited in their ability to cut deposit rates commensurate with overall rate reductions: deposit rates are already very low and banks need funds to support loan growth. Financial institutions continue to emphasize non-interest income, which increased as a percentage of both average assets and operating income. The ratio of loans-to-assets remains very high, well

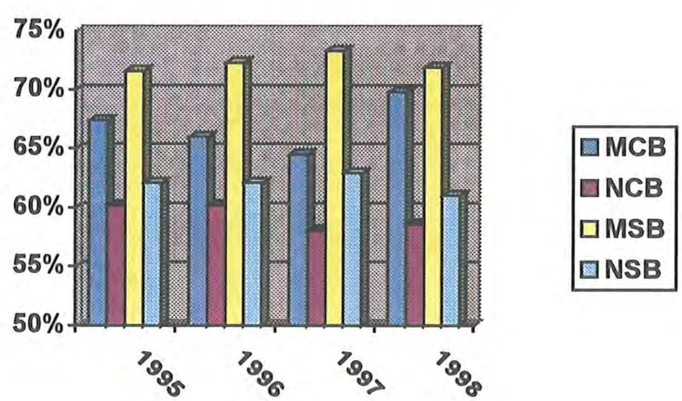

CHART #3

[2] In mid-1998, federal regulators changed the methodology for computing peer group averages, replacing the trimmed average method (which relied on individual bank ratios) with a weighted average (which relies on aggregate dollar amounts). The change gives more weight to large banks, which is especially noticeable in a state such as Maine which has one or two banks that are significantly larger than the others.

above national averages, as shown in Chart #3.

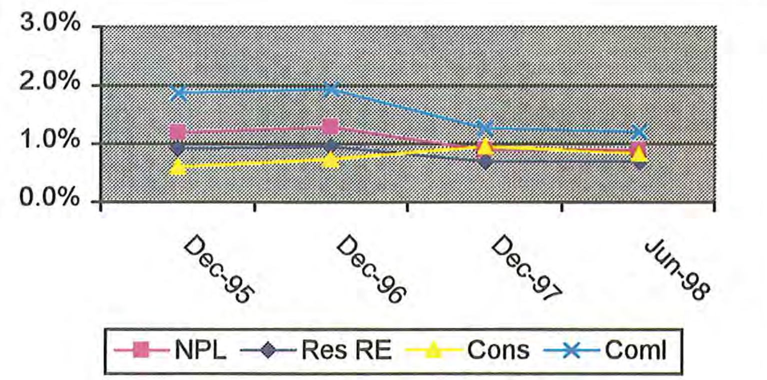

CHART #4

Loan quality also remains good as nonperforming loans continue to decline and net loan losses were stable. See Chart # 4. Both ratios are well within acceptable ranges and further comfort is provided by the Allowance for Loan and Lease Losses, which reflects above average coverage of nonperforming loans. If Maine's economy slows down, as many predict will take place in the national economy, Maine's banks appear well-positioned to work with affected businesses and individuals. During the past year, there has been little shift in the loan mix, as shown in Chart #5.

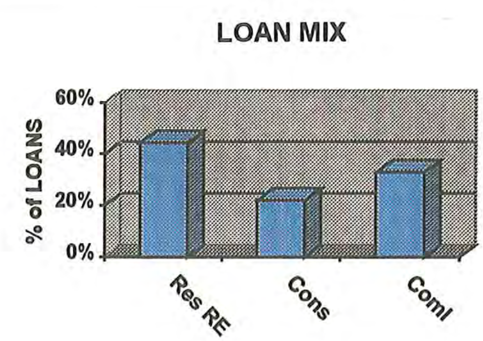

CHART #5

Thrifts[3]

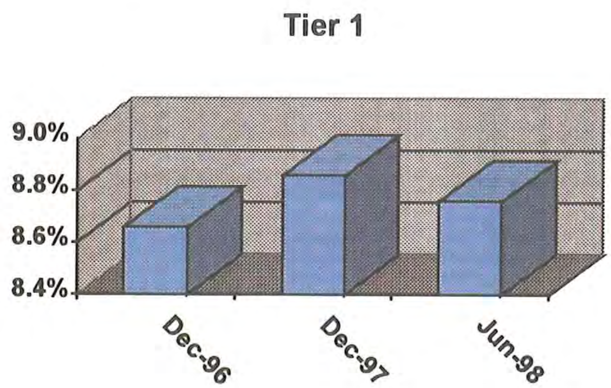

CHART #6

Maine's eleven thrifts hold between 6% and 7% of the loans and deposits held by financial institutions, increasing their share during the twelve month period ending June 30, 1998 at a slightly faster pace than did all institutions in Maine. Their financial condition remains sound, with strong capital ratios and solid asset quality and earnings. Performance in the latter area is moderately below that of the banks This is not surprising given the thrifts' emphasis on residential mortgage lending, which provides a much narrower interest spread. Although nonperforming loans are slightly higher at the thrifts than for Maine's banks, the thrifts have a much lower net loan loss ratio, due to their residential mortgage concentration.

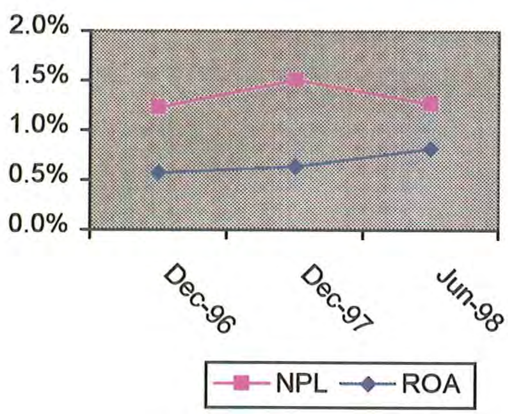

CHART #7

[3] Thrifts are defined as state-chartered savings and loan associations, federal savings banks and federal savings and loan associations.

Credit Unions

Maine's credit unions continued to increase their share of loans and deposits, but the gains were minimal, leaving their June 30, 1998 market share at 12% and 14%, respectively. Capital, earnings and asset quality indicators for the credit unions also remain favorable, consistent with prior years. Due to credit union shares increasing slightly faster than loans, the loan-to-share ratio fell slightly but, at an overall ratio of 80%, it is in line with that of Maine's other financial institutions. Lending and funding mixes held steady: real estate loans account for 42% of all loans with automobile loans accounting for another 32%; business loans increased nominally, but fell as a percentage of all loans to 2.1%. Borrowings, after increasing to 1.1% of assets at 12/97, fell by 20% in the six months ending 6/98, to .8% of assets. Loan quality indicators also continued to improved modestly, based on declining delinquencies and net loan losses.

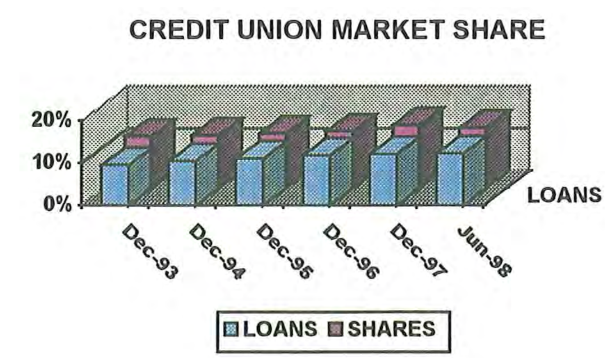

CHART #8

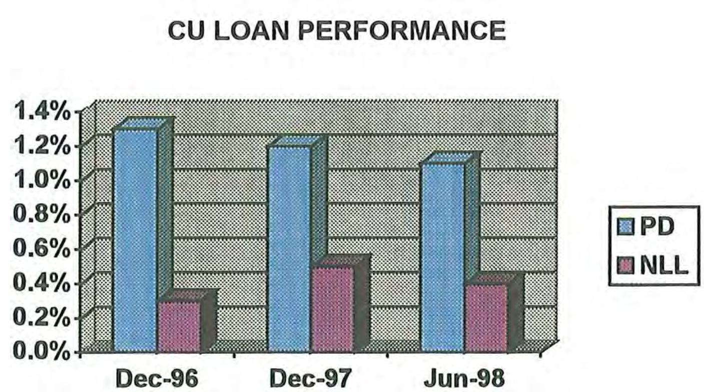

CHART #9

Summary

Overall, Maine's financial institutions continue to enjoy very strong performance, mirroring the performance of financial institutions throughout the United States. Capital and earnings are at, or near, record levels, and loan quality remains high and stable. Non-interest income continues to surge, fueled by rising fee income as institutions search for alternative sources of revenue to counterbalance increasing pressure on net interest margins. Interest margins are being squeezed by declining rates and intense competition from banks and non-banks. This margin compression and increased competition are changing the way many institutions operate, causing them to look for alternative revenue sources (e.g., insurance and/or securities), to limit or specialize services, or to assume more of an intermediary role (e.g., originating loans for resale or buying homogenized loan portfolios for holding).

Another challenge confronting financial institutions is funding. The combined assets of the nation's mutual funds surpassed $5 trillion in October, 1998, up 18% from October, 1997. While much of the increase is due to appreciation, there has also been positive net cash inflow of more than $400 billion year-to-date into mutual funds. By comparison, deposits at all FDIC insured institutions increased only $200 billion in the twelve months ending June 30, 1998. The dominance of the mutual fund industry is demonstrated more convincingly by the average annual compound growth rate over the past four and one-half years: 4.1% for bank deposits and 21.7% for mutual funds. At the end of 1992, mutual fund net assets represented less than one-half of bank deposits; now mutual fund net assets are more than 20% greater than bank deposits.

Clearly, there are many challenges facing Maine's financial institutions (and all financial institutions in the United States), but Maine's institutions are well-positioned to face the future.

Residential Mortgage Activity

First mortgage loans in the State of Maine are made to consumers by banks and thrifts, mortgage companies, and credit unions. The Bureau of Banking collects data annually regarding mortgages originated during the year from banks, thrifts and credit unions. The Office of Consumer Credit Regulation collects similar data from the mortgage companies that it licenses and regulates. Data from both sources have been aggregated to the extent possible for purposes of this report.

As mortgage interest rates continued to trend down during 1997, mortgage originations increased $438 million to $2.8 billion in 1997 compared to $2.4 billion in 1996, an 18% increase.

CHART #10

Market share among the various types of creditors shifted somewhat during 1997. Banks and thrifts reported 52.8% of the 1997 mortgage market, followed by mortgage companies at 42.5%, and credit unions at 4.7%. This compares to 57.8%, 37.7% and 4.5% respectively during 1996. While shifts in market share by as much as 4% and 5% per year have been reported in prior years (mostly attributed to restructuring by bank holding companies); the current shift may be more indicative of increased competition between traditional mortgage lenders (i.e. banks and thrifts) and mortgage companies.

Given the relatively stable interest rate scenario for the last 3 years, refinancings at banks and thrifts have remained fairly stable: $504 million in 1995 or 37% of mortgages originated; $494 million in 1996 or 36% of mortgages originated; and $505 million in 1997 or 34% of mortgages originated. Given that mortgage interest rates have decreased even further during 1998, it is anticipated that both the volume and percentage of refinancings for 1998 will increase. Data for refinances written by mortgage companies and credit unions are not available.

More detail about mortgages originated by Maine banks and thrifts is available in Exhibit I.

Note: Mortgage originations reported in last year's report for mortgage companies were found to be in error and subsequently have been corrected in this report. Originations for mortgage companies during 1996 were underreported by $92 million.

SECTION II
INDUSTRY TRENDS

Commercial Lending

After increasing for five consecutive years, commercial loans by Maine financial institutions decreased 4% in the twelve month period ending June 30, 1998. This decrease, however, is misleading due to changes by the larger bank holding companies in their corporate structure and balance sheet management. Also, commercial loans are increasingly becoming a commodity bought and sold by banks, as the banks attempt to effectively utilize limited capital and generate fee income. As such, holdings of loans may have little relevance to the origination of loans to local businesses.

Another factor affecting Maine banks' holdings of commercial loans, and again primarily the large banks, is the intense competition for loans which brings larger out-of-state banks and non-bank lenders into the local market. Such lenders, because they are much larger, can be very aggressive in pricing loans and offer more favorable terms, resulting in refinancings and payoffs to Maine's banks. The entire decrease in commercial loans can be traced to restructuring and sales actions by the larger banks. Excluding data from these banks in the 6/97 and 6/98 figures, Maine commercial loans increased by 12% as the small banks increased their outstanding commercial loans by 11%.[4]

Only five of the 34 smaller banks reported a decrease in outstanding commercial loans. Due to the shift of Bangor Savings Bank from the small bank to the large bank category (a result of its acquisition of 28 Fleet Bank branches) the small banks share of commercial loans fell, for the first time in more than five years. (See Chart #11) The out-of-state owned banks' share continued to fall, dropping to 42%.

[4] For purposes of this report, a large bank is defined as a bank with total assets in excess of $1 billion and a small bank has total assets less than $1 billion. As of June 30, 1998, there were four large banks

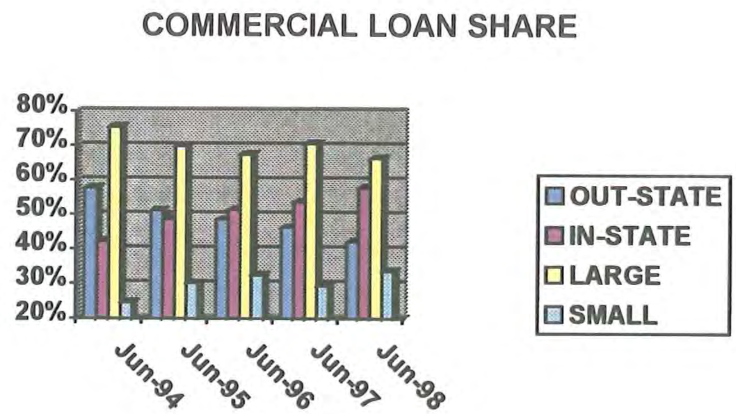

CHART #11

As Chart #12 shows, there were some fairly large movements in loans by industry segment. Some of the shifts, in particular between Finance and Other, may be attributable to refinements in the report form. The only two industry segments to report dollar growth were Finance, which is primarily real estate-based loans, and Manufacturing, with growth of 10% and 2%, respectively. Decreases were reported in Other, 16%; Trade, 10%; Services, 6%; and Construction, 2%.

The dollar amount of government-guaranteed loans increased substantially from 6% of commercial loans to 9% during the twelve months ending June 30, 1998. However, the entire increase is attributable to one bank, which accounted for nearly 40% of the total amount. Excluding that individual bank, government-guaranteed loans decreased 2%. The reduced reliance on guaranteed loans is consistent with a stronger economy and the intense competition

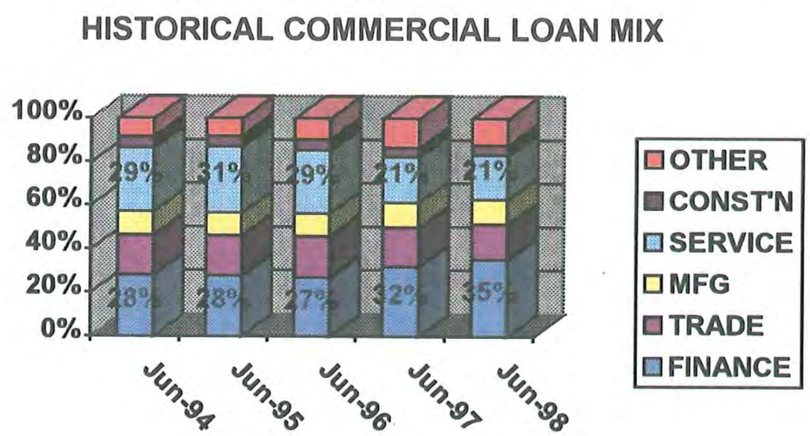

CHART #12

(Bangor Savings Bank, Fleet Bank of Maine, Peoples Heritage Savings Bank and the Maine branches of KeyBank, NA) with loans averaging $1.8 billion and 30 small banks with loans averaging $139 million.

for loans. If the economy declines, it is expected that lenders would again look to secure loans with governmental guarantees.

Deposit Production Offices

This is the second year of mandatory reporting under the statutory prohibition on deposit production offices. A deposit production office is defined as an office that primarily generates deposits but does not reasonably meet the credit needs of the community that the office serves. An institution that has a ratio of Maine loans to Maine deposits of at least 50% or has received an "outstanding" Community Reinvestment Act ("CRA") assessment, from its primary federal regulator, is deemed to be in compliance with the Bureau's implementing regulation. As of June 30 of each year, each financial institution authorized to do business in Maine is required to complete the Branch Loan and Deposit Survey, which provides information on loans and deposits.

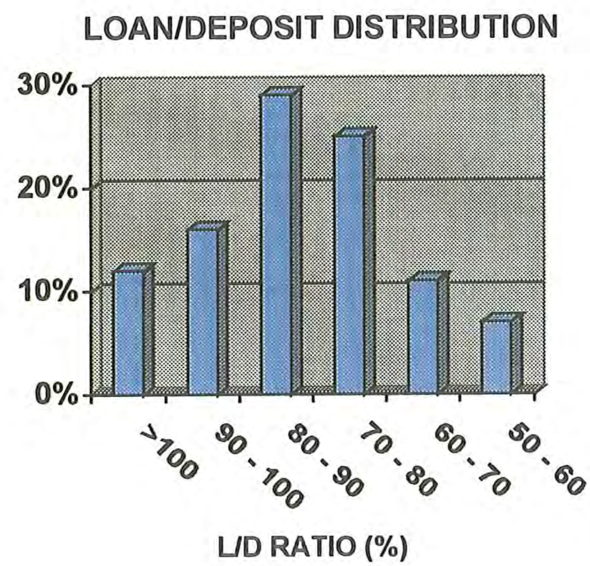

CHART # 13

Based on the reports and other available data, all institutions were found to be in compliance for the period ending June 30, 1998. Overall, the ratio of total Maine loans to Maine deposits was 83% as was the average ratio for all the institutions; these ratios compare favorably to national averages. Chart #13 shows the distribution of Maine loan to Maine deposit ratios by individual institution. This distribution is virtually identical to the distribution at 6/97.

Each bank and thrift institution operating in Maine received either an "outstanding" or "satisfactory" CRA rating, the two highest ratings; credit unions are not subject to CRA. Chart 14 also shows that the majority of assets continue to be held by institutions that are rated "outstanding," as the percentage of both number of institutions and assets in that category increased.

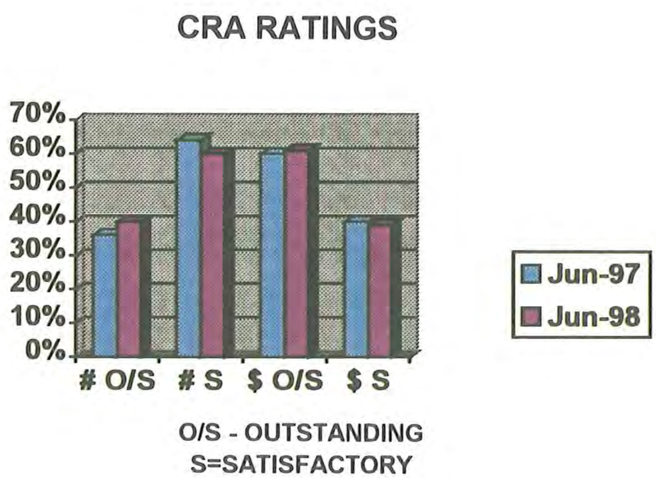

CHART #14

Mutual Holding Company Formations

Title 9-B M.R.S.A Chapter 105 authorizes the mutual holding company form of organization for mutual banks. In a mutual holding company reorganization, a mutual bank forms a stock financial institution as a subsidiary. It then transfers all or a substantial part of the assets and liabilities of the mutual savings bank to the subsidiary stock institution. The stock financial institution usually takes the name of the former mutual savings bank and the name of the mutual savings bank, now a mutual holding company, is changed to reflect that status. Depositors having liquidation rights with respect to the mutual bank at the time of formation of the subsidiary stock institution, have those rights with respect to the mutual holding company.

Since the 4th quarter of 1997, three state-chartered mutual savings banks have reorganized in a mutual holding company form of organization. The banks are as follows:

Mutual Savings Bank	Mutual Holding Company	Date of Order Approving Reorganization to a Mutual Holding Company
Franklin Savings Bank	FSB Bancorp, MHC.	October 9, 1997
Androscoggin Savings Bank	Androscoggin Bancorp, MHC	August 17, 1998
Machias Savings Bank	Machias Bancorp, MHC	November 19, 1998

The Bureau anticipates that more mutual savings banks will seek to reorganize as mutual holding companies in the coming year.

The authority for mutual holding company reorganizations has existed several years, but mutual savings banks have not exercised this authority until this past year. Recent interest in the mutual holding company structure is motivated by the ongoing process of homogenization in the financial services industry. The barriers between banks, insurance companies, and securities firms are breaking down. Given these trends in the marketplace and the liberalization of the Maine Banking Code through the passage of the Universal Bank Charter legislation in 1997, mutual banks are looking at the mutual holding company structure as a more flexible organizational design which improves their competitive abilities in the marketplace. The mutual holding company structure will allow mutual organizations to own and operate other banks as subsidiaries of the holding company, which is precluded for a mutual bank. It may also conduct closely related activities in holding company subsidiaries. One example, is Androscoggin Savings Bank's anticipated acquisition of and merger with Livermore Falls Trust Company. This transaction is much more simple and straightforward in the context of the mutual holding company structure than it would have it have been prior to Androscoggin's reorganization.

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SECTION III

REGULATORY ISSUES

Year 2000 Compliance Update

As communicated in last year's report and frequently in the news media since then, Year 2000 ("Y2K") refers to the problem shared by many computer systems and applications relative to the processing of dates. In order to save memory, which was expensive in the early days of electronic data processing, most computer systems designated the year as a two-digit field. For example, a computer application may refer to December 31, 1998 as 981231, the first two digits of field designating the year; however, this system would refer to January 1, 2000 as 000101. When we reach the century date change January 1, 2000, computers may represent the year as January 1, 1900, rendering many errors in date sensitive calculations, or systems will simply be unable to perform such calculations. Consequently, the problem has the potential to adversely affect all date-sensitive computer applications, including built-in microprocessors in machine tools, automobiles, aircraft, etc. The financial services industry, in general, is particularly sensitive to this problem given the number of date-sensitive computer applications and the sheer volume of transactions processed.

Banks and credit unions are heavily dependent upon computers, hence the federal banking and credit union agencies, through the Federal Financial Institutions Examination Council ("FFIEC") issued a plethora of interagency guidance with respect to the Y2K problem. Particularly significant is the timetable for financial institutions to complete the various phases of the Y2K readiness project as follows:

Key Y2K Milestone Dates

September 30, 1997

Identification and assessment of mission critical systems and development of project plan for achieving Y2K compliance.

June 30, 1998

Institutions should complete the development of their written testing strategies and plans.

September 1, 1998

Institutions processing in-house and service providers should have commenced testing of internal mission-critical systems, including those programmed in-house and those purchased from software vendors.

December 31, 1998

Testing of internal mission-critical systems should be substantially complete. Service providers should be ready to test with customers.

March 31, 1999

Testing by institutions relying on service providers for mission-critical systems should be substantially complete. External testing with material other third parties (customers, other financial institutions, business partners, payment system providers, etc.) should have begun.

June 30, 1999

Testing of mission-critical systems should be complete and implementation should be substantially complete.

In addition to issuing guidance to the industry, the federal banking regulators developed a supervision process for Y2K in which all banks would be examined for Y2K compliance in two phases. Phase I examinations, which were completed from 1/1/98 to 6/30/98 focused on an institution's Y2K project plan, the identification and assessment of mission critical systems, and contingency planning. Phase II examinations, which commenced in August, 1998 and are scheduled to be completed by 3/31/99, focus primarily upon testing of mission critical systems, including testing plans, test scripts, and test results. The supervision protocol requires examiners to assign Y2K ratings to institutions in accordance with a three tier rating system. Specifically, the ratings are *Satisfactory, Needs Improvement, and Unsatisfactory.*

The Bureau of Banking is participating in the Y2K examination process. The Bureau is conducting Y2K examinations in all state-chartered credit unions, including MECUL Services, Inc. (the information services vendor for a significant majority of state and federal credit unions in Maine). The Bureau has been doing joint Phase II reviews in banks with the FDIC and FRB as resources permit, approximately 30% have been completed to date. Regardless of our participation in a bank Phase II Y2K review, reports for all institutions are reviewed, and we participate in any enforcement actions that may result. The following table summarizes Y2K ratings for Maine banks, thrifts, and credit unions as well as two in-state service bureaus as of 11/30/98:

Rating	**Number of Institutions**
Satisfactory	42
Needs Improvement	3
Unsatisfactory	0
Total	45

The data for Y2K readiness is favorable with 93% of Maine institutions and service bureaus rated satisfactory. Data for the industry nationwide is comparable. While the current rating data is encouraging, the industry has more work to do to achieve Y2K compliance. Testing is the most time and resource intensive phase of the Y2K process as a myriad of transactions must be tested as well as the interfaces with other systems. In addition to testing their own systems, banks and credit unions must test their systems against other systems with which they interface, such as the Fedwire system, ATM networks, correspondent banks, credit bureaus, etc. The regulators will not have sufficient information relative to the industry's progress in testing renovated systems until the first quarter of 1999.

Even though the Bureau of Banking is optimistic that the banking industry will achieve a level of Y2K compliance sufficient to preclude significant systemic disruptions in the payment and settlement systems, it is still possible that liquidity problems may arise or the system's ability to satisfy increased public demand for currency will be strained. Public confidence in the banking system may be undermined even if the banking system is largely Y2K compliant if other industries, such as the telecommunications industry, or the government are insufficiently Y2K compliant. Therefore, as the Year 2000 approaches, the industry must educate the public as to its state of readiness to alleviate liquidity demand on the system, while developing contingency plans for liquidity and to satisfy public demand for currency. The Federal Reserve System plans to improve the capacity of the currency distribution system to assure that public demand for currency is satisfied.

The Bureau of Banking will continue to monitor Y2K progress and contingency planning in banks during 1999. Emphasis will be placed on institutions' public relations and education plans as 1999 progresses, and will also provide educational information to the public regarding the Y2K.

Economic Conditions

There have been several reports in the news media about a current or impending credit crunch. These reports have occurred in wake of the Asian financial crisis as well as the financial collapse of Russia and concerns regarding the financial stability in much of the developing world. The collapse of the hedge fund, Long Term Capital Management, in September also contributed to trepidation regarding an impending credit crunch. These events have contributed to significant volatility in the U.S. and world equity markets as well.

The United States last experienced a credit crunch during the 1990 – 1992 recession. This recession and its concurrent credit crunch were particularly severe in New England as significant speculation in the commercial real estate sector coupled with overlending caused the failure of large numbers of banks. Banks that survived struggled to resolve their financial difficulties, strengthen their balance sheets, and improve capitalization well into 1993. As the economy is still growing and banks are healthy and have ample capitalization to support lending activities, it does not appear that fears regarding a general credit crunch are well supported. In fact, the federal bank regulatory agencies, led by the Federal Reserve Board, published regulatory bulletins expressing concern over loosening underwriting standards and credit risk management practices during 1998. However, given the instability and volatility experienced by the financial markets since July 1998, concerns regarding a recession and a credit crunch are not wholly displaced.

Concern over the Asian situation has resulted in significant volatility in the stock market. In August, this volatility led investors to move over $10 billion from equity mutual funds to bond or money market funds. This was the first outflow from equity mutual funds since the early 1990's. The failure and bailout of the Long Term Capital

Management in September also contributed to a capital flight to U.S. Treasury securities. Consequently, the yield on 30-year U.S. Treasury bonds fell to less than 5% for the first time in its 30-year history in late September.

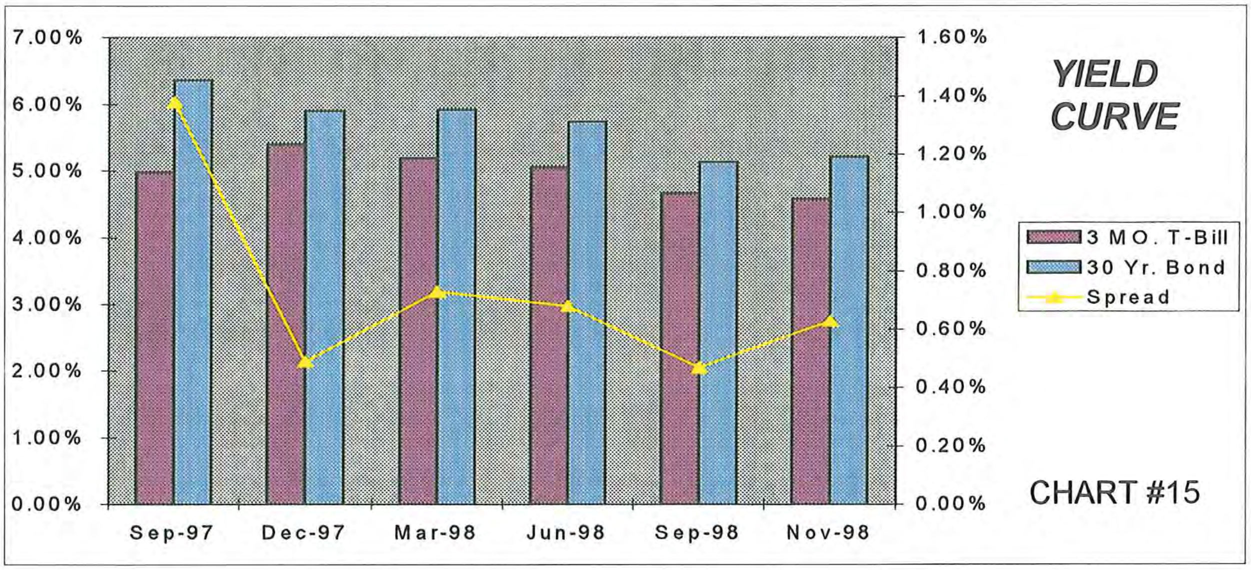

CHART #15

Coupled with the reduction in yield on U.S. Treasury securities, the risk premium for lower quality debt obligations increased dramatically. For example, prior to acceleration of the Asian crises this past summer, BAA – rated corporate debt securities traded at a yield of approximately 160 BP[5] above the 10-year U.S. Treasury Note. This spread had increased to 240 BP by the end of September 1998. The increase in risk premium increased more dramatically for more risky investments. Spreads over U.S. Treasuries doubled from 700 BP to 1400 BP in just a few months for certain classes of junk bonds. As a result, liquidity in these markets dried up as the value of higher risk investments dropped. Access to affordable capital was greatly curtailed; thus, leading to a "credit or capital crunch" for firms relying on these markets for funding. For example, several mortgage companies specializing in higher risk residential mortgages filed for bankruptcy as banks ceased providing necessary funding for these companies to operate. This credit crunch, however, has been relatively narrow in scope. It has not affected access for most businesses to bank loans and lines of credit, as was the case in the early 1990's.

[5] BP=Basis Points. A basis point is 1/100 of a percent.

The Federal Reserve responded to growing turmoil in the financial markets by cutting interest rates 25 BP three times commencing in late September, 1998 for a total reduction of 75 BP. These actions have led to greater stability in the financial markets and improved liquidity in the risk segment of the market. Equity values in the stock market have largely recovered to the highs of mid-July, 1998.

Despite recent stability in the financial markets and 3.5% growth in GDP in 1998, there is more downside risk to the U.S. economy than upside. Recently released economic statistics indicate an economy with low inflation, a strong housing market, weakness in manufacturing and exports, softening employment, moderating consumer spending and confidence, and building inventories. The consensus among economists is that GDP growth should slow to the 2% range next year. The economic drag of weaker U.S. exports and a growing trade deficit will be more acutely felt in 1999. Declining U.S. profit margins will likely reduce stock prices, leading to a contracting of household wealth and curtailed spending as the private savings rate increases to offset reduced wealth. The cost of capital may also rise with renewed investor risk aversion if the global financial crisis continues, depressing business investment. The U.S. Treasury yield has been very flat for the past year and continues to be flat despite the Federal Reserve's interest rate cuts. The spread between the 3-month Treasury bill and the 30-year Treasury bond was only 63 BP at the end of November. Historically, flat or inverted yield curves are harbingers of economic trouble. The last time the yield curve was this flat was in 1989. Flat yield curves also tend to reduce a lender's appetite for long-term loans, which can restrict business expansion and investment.

While these risks to the economy are palpable, most economists are not forecasting a recession, or negative GDP growth, but a reduction in GDP growth during 1999. This is sometimes referred to as a "growth recession" or an economic "soft landing." If this forecast is accurate, an economy with 2% GDP growth remains relatively favorable when considering the –2.5% growth experienced by Japan in 1998. Certainly, continued GDP in the U.S is very unlikely to produce a credit crunch or result in financial problems for the banking industry. Even if the forecast is incorrect and continued world economic instability causes a recession in the United States, it is unlikely that it would result in significant financial difficulties for banks and cause a credit crunch as in the early 1990's, particularly for regional and community banks. Bank loan portfolios have more diversification and less inherent risk than in the late 1980's, when banks, particularly in New England, had large portfolios of higher risk real estate development loans and commercial real estate loans. Banks, however, are likely to be become somewhat more risk adverse as the economy softens and risk premiums on commercial loans increase from levels that have been extremely favorable to borrowers over the past 2-3 years.

Credit Unions

The past year was an eventful one for the credit union movement. In its decision on the case of *NCUA v. First National Bank & Trust Co., et.al* issued in early 1998, the United States Supreme Court upheld the decision of the U.S. Court of Appeals for the District of Columbia, which had invalidated the NCUA's long-standing policy that permitted federally insured credit unions to expand their fields of membership through the addition of select employee groups. With this action, the Supreme Court remanded the case to the lower court for determination of relief. The NCUA appealed several issues relating to the scope of relief provided for in the Federal District Court's injunction and issued for comment a revised chartering manual consistent with the Supreme Court's ruling.

At the same time, H.R. 1151, the Credit Union Membership Access Act, was introduced in the federal Congress. This proposal, passed in the House of Representatives by a vote of 411 to 8, amended the Federal Credit Union Act to embody in statute longstanding policies of the National Credit Union Administration with regard to the credit union field of membership. A similar proposal passed in the Senate with an equally large margin and in August, 1998, President Clinton signed the Credit Union Membership Access Act of 1998.

This federal legislation had four major provisions which are:

Title I – Credit Union Membership

- ✓ These provisions re-authorize multiple employee group chartering for federal credit unions, dictate that new community charter applications will be limited to well defined "local" communities; and require the NCUA to define the term "immediate family member" for membership eligibility purposes.
- ✓ All persons and groups already included within a federal credit union's field of membership as of the date of the enactment of HR 1151, were grandfathered by the Act.

Title II – Regulation of Credit Unions

- ✓ Financial Statements and Audits:
  - ♦ All federally insured credit unions with assets of $500 million or more must obtain an annual independent audit by a certified public accountant or state licensed accountant, and those with assets of $10 million or more must follow generally accepted accounting principles.
- ✓ Member Business Loans:
  - ♦ A new aggregate limit on a credit union's outstanding member business loans set at the lesser of 1.75 times the credit union's net worth (undivided earnings, regular reserves, and any other reserves) or 12.25% of the credit union's total assets is imposed on all credit unions insured by the NCUA.
  - ♦ Total business loans to one member of less than $50,000 are loans not counted against the new aggregate limit.
  - ♦ A credit union may petition the NCUA or the appropriate state regulator for exception from the aggregate limit.
- ✓ Conversion to Mutual Savings Bank or Savings Association Charter
  - ♦ A credit union may convert to a mutual savings bank or savings association charter without the prior approval of the NCUA Board as long as the transaction is approved by the Board of Directors of the credit union and by a majority of the members.

Title III – Capitalization and Net Worth of Credit Unions

- ✓ A new system of tiered capital requirements, which closely models the provisions that exist for banks, is established for all federally insured credit unions.
- ✓ New capital requirements do not take effect until August 7, 2001.
- ✓ For credit unions not meeting these standards, progressively more stringent "prompt corrective action" requirements will apply.

Title IV – Miscellaneous Provisions

- ✓ The U.S. Treasury Department must conduct three new studies, to be completed within 1 year after enactment of HR 1151:
    1. The differences in regulation of credit unions and other financial institutions and the potential effects of taxation on credit unions;
    2. How to reduce and simplify the tax burden on small depository institutions; and
    3. Member business lending by insured credit unions.

After the passage of HR 1151, the NCUA released a comprehensive proposal to revise its chartering and field of membership policies in keeping with the legislation. In this proposal, the NCUA addresses the newly created statutory criteria that a multiple group credit union must meet in order to add a new select employee group (3,000 members or less; some exceptions permitted for adding larger groups). In addition, the definitions of single occupational and associational common bonds are updated and the requirements to charter, expand, or convert to a community charter, including the definition of "local community" are presented.

Maine law governing credit union fields of membership is similar to that of the Federal Credit Union Act. The Bureau is currently reviewing state law, in light of the changes made to the FCUA, in order to assure that parity is maintained. The activities that have taken place, both in the Courts and Congress, are of particular interest to the Bureau and we will continue to monitor this process closely.

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SECTION IV

FINANCIAL MODERNIZATION

Financial modernization continued to be of great significance in 1998. As the lines which have historically delineated different sectors of the financial services industry begin to disappear, and as innovative delivery systems continue to evolve, financial modernization becomes increasingly important.

Financial Modernization on the State Level: The Universal Bank Charter

Maine took great strides toward financial modernization with the passage of the Universal Bank Charter legislation in 1997. Several states are now using Maine's law as a model for their own consideration. In Maine, some of the practical effects of this progressive law may be seen as Maine financial institutions begin to engage in activities such as insurance and securities brokerage. In addition, the Bureau has chartered several limited purpose banks.

- *Insurance and Securities.*

In 1997, Peoples Heritage Savings Bank became the first Maine bank to engage in insurance agency activities, when it acquired Morse, Payson & Noyes, the state's largest insurance agency. Several other Maine's financial institutions ventured into the insurance arena in 1998. The methods through which this has been accomplished are varied: some, such as Peoples Heritage, chose to acquire an existing agency; others have opted to enter into joint ventures with existing insurance agencies. There are also institutions which have chosen not to become directly involved in insurance agency activities, but to affiliate with established local insurance agencies, either through space-sharing arrangements or programs in which each participant's customers are referred to the other.

1998 also witnessed Maine banks entry into the field of securities brokerage. Bangor Savings Bank became the first currently operating Maine bank to engage in securities brokerage when it acquired Livada Securities in May of 1998.

▸ *Limited Purpose Banks.*

The success of Maine's financial modernization is also evidenced by the continued development of the limited purpose banks in this state. The Maine Merchant Bank, whose application to form a merchant bank was approved in 1997, commenced operations in 1998. In addition, the application of Sinclair Bank & Trust, the state's first uninsured bank was approved this year. Non-depository trust companies have also seen significant growth, as two applications to form non-depository trust companies were approved earlier this year (RAM Trust and RSI Group, Inc.) and a third application (Forum Trust) was approved in December of this year.

Financial Modernization on the Federal Level: H.R. 10

"The Financial Services Act of 1998", often referred to as "H.R. 10," was taken to the brink of passage by Congress. Although the measure passed in the House of Representatives by a vote of 214 – 213 and was voted upon favorably by the Senate Banking Committee, insufficient time remained in the Congressional session to allow the measure to be considered by the full Senate. Although the bill did not pass in 1998, Congress is expected to consider the legislation again in 1999. Significant provisions of H.R. 10, as considered by Congress in 1998, include:

▸ *Holding Company Activities*

- Repeal of Glass-Steagall restrictions on the ability of banks to affiliate with securities firms.
- Authorization for financial holding companies to conduct specific activities that are deemed to be "financial in nature" or "incidental to financial activities," including insurance underwriting and merchant banking.
- Designation of the Federal Reserve Board as the umbrella regulator of the new holding companies, with limited authority over functionally regulated affiliates.

▸ *Banking and Commerce*

- Allowance of a commercial basket for financial holding companies of no more than 15% of the annual gross revenues of the holding company.

- Divestiture of the commercial activities required after 10 years, although the Federal Reserve Board is given the authority to extend this period for one additional 5-year period.

▸ *Preemption*

- Preemption of state laws that prevent or significantly interfere with the activities permitted by H.R. 10 or other provisions of federal law.
- Requirement that Federal banking agencies enact consumer protection regulations regarding the sale of insurance.
- The House version established the Illinois law governing the sale of insurance by banks as a standard for preemption. The Senate version provided for safe harbors from preemption in 13 areas, but other state laws that prevent or significantly interfere with the ability of a financial institution to engage in insurance sales, solicitation, or cross-marketing, would be preempted.

▸ *Subsidiaries*

- National Bank subsidiaries prohibited from engaging in activities not specifically authorized for national banks by federal statute.
- All bank subsidiaries (federal and state) prohibited from underwriting securities.

▸ *Wholesale Financial Institutions*

- Creates Wholesale Financial Institutions ("WFIs" or "woofies") which do not have deposit insurance and cannot accept deposits of less than $100,000.
- WFIs subject to holding company regulations and Community Reinvestment Act ("CRA").

Insurance

- Affirmation of the applicability of state insurance regulation (the McCarran-Ferguson Act). Mandatory insurance licensing by the appropriate insurance regulator would be required.

- Provision for the expedited review of disputes between insurance regulators and the Office of the Comptroller of the Currency (the "OCC") over the classification of new products.
- Elimination of the deference traditionally given to federal regulators by the courts.

▸ *Securities*

- Elimination of the exemption for banks from the broker-dealer registration.
- Elimination of banks' exemption from the Investment Advisors Act of 1940, to the extent they offer advice to a mutual fund.
- Senate version gave the Federal Reserve Board, in consultation with the Securities and Exchange Commission, the ability to determine what are new "banking products" that do not have to be "pushed out" into a securities brokerage.

▸ *Thrift Charter/Unitary Thrift Holding Companies*

- Preservation of the thrift charter.
- House version prohibited creation of new unitary thrift holding companies after a certain date, while Senate version prohibited those whose applications for a unitary thrift holding company were not filed by a specified date from affiliating with commercial companies.
- House version allowed grandfathered unitary thrift holding companies to change owners and retain all powers; the Senate version allowed grandfathered unitary thrift holding companies to retain all powers, but would prohibit their acquisition by commercial companies.

While Maine's Universal Bank Charter law continues to be on the cutting edge of financial modernization, it is important to recognize that changes are still needed at the federal level before Maine's financial institutions can fully avail themselves of all of the provisions of the Universal Bank Charter law. However, the Universal Bank Charter law places Maine's financial institutions in a position to take full advantage of any changes that are made at the federal level through HR 10 or its progeny.

SECTION V

CONSUMER OUTREACH PROGRAM

Through the Consumer Outreach Program, the Bureau of Banking provides complaint mediation services to Maine consumers and information to consumers and businesspersons regarding banking products and services. Outreach programs include the production and distribution of informational booklets, videotapes, seminars, Internet home page, plus the dissemination of information through the news media.

The Consumer Outreach staff accepts complaints in writing, by telephone, walk-in, and e-mail via the World Wide Web. Complaint/mediation efforts on behalf of consumers and business is a major activity and is also growing rapidly. Since assuming the responsibilities of the Maine Consumer Credit Code and Federal Reserve Board Regulation Z in January of 1996, the Bureau's complaint volume has trended upward from 313 complaints in F/Y 1996, to 423 in F/Y 1997, to 455 in F/Y 1998 and is estimated to be 550 in F/Y 1999 (see Chart #16). Inquiries increased slightly to 856 in F/Y 1998 from 824 in F/Y 1997. Much of the growth in banking complaints can be attributed to the Bureau's intervention on behalf of Maine citizens dealing with credit

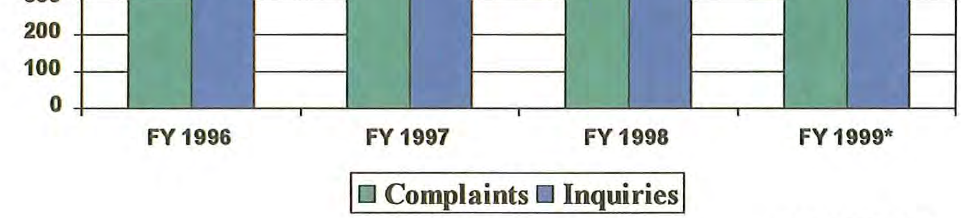

CHART #16

cards (mostly involving out of state banks) loan servicing, and collection issues.

The Bureau's Outreach staff also made fifty-five in-person presentations, distributed over 15,000 copies of our free banking guides, and lent or sold over 125 copies of our five video tapes on consumer banking issues. The highlight of this year's presentations was a keynote speech at the Portland Public School's Multilingual Refugee Conference entitled, "Consumerism in America." Adult refugees from a variety of countries were advised on topics such as avoiding financial frauds and scams, how federal deposit insurance protects funds and the effect of mass marketing on personal buying decisions. Outreach staff also made presentations at senior citizens centers and attended several of the Governor's Regional Conferences on Small Business.

The Bureau has recently utilized both Interactive Television (ITV) and a new technology called Asynchronous Transfer Mode (ATM) in its presentation. A four part ITV Personal Finance Series was presented to Maine high schools – with potentially over 100 of these schools connected to the state-wide ITV system. The new ATM system, a true interactive format where presenter and audience can see and interact with each other, was utilized with a concurrent seminar involving both Hall-Dale and Presque Isle High Schools. The Bureau is transitioning to a greater reliance on these electronic distribution networks in order to reach a greater number of students in a cost efficient manner.

The Bureau of Banking's homepage on the World Wide Web (http://www.state.me.us/pfr/bkg/bkghome2.htm) continues to be enhanced to allow individuals to file complaints, download consumer booklets and in the very near future, review frequently asked questions. Given the rapidly increasing number of people who have access to the Internet, the Bureau's home page should become a more valuable means of disseminating information in the future.

EXHIBITS

MORTGAGE ORIGINATIONS
By Maine Banks and Thrifts

	Year Ended 12/31/97			Year Ended 12/31/96		
	Number	Amount (In 000's)	% Dollar Volume	Number	Amount (In 000's)	% Dollar Volume
Conventional	16,431	1,396,684	93.7%	16,972	1,301,712	94.4%
Insured	1,170	93,834	6.3%	1,045	77,319	5.6%
Total Mortgages Originated	17,601	1,490,518	100.0%	18,017	1,379,031	100.0%
Variable Rate	4,960	455,693	30.6%	4,893	426,925	31.0%
Fixed Rate	12,641	1,034,825	69.4%	13,124	952,106	69.0%
Total Mortgages Originated	17,601	1,490,518	100.0%	18,017	1,379,031	100.0%

MORTGAGES SOLD
ON SECONDARY MARKET
by Maine Banks & Thrifts

	Year Ended 12/31/97			Year Ended 12/31/96		
	Number	Amount (In 000's)	% Dollar Volume	Number	Amount (In 000's)	% Dollar Volume
Current Year	25,650	3,188,287	95.5%	9,657	959,946	77.1%
Seasoned	2,026	149,311	4.5%	3,751	284,923	22.9%
Total Mortgages Sold	27,676	3,337,598	100.0%	13,408	1,244,869	100.0%
Variable Rate	8,640	1,059,012	31.7%	2,424	257,033	20.6%
Fixed Rate	19,036	2,278,586	68.3%	10,984	987,836	79.4%
Total Mortgages Sold	27,676	3,337,598	100.0%	13,408	1,244,869	100.0%
Servicing Retained	25,307	2,707,306	81.1%	12,655	1,163,554	93.5%
Servicing Released	2,369	630,292	18.9%	753	81,315	6.5%
Total Mortgages Sold	27,676	3,337,598	100.0%	13,408	1,244,869	100.0%

NOTE: 1997 Mortgage originations do not include 19,449 mortgage purchases totaling $2.9 billion, some of which were subsequently sold during that year.

SUMMARY OF MAINE FINANCIAL INSTITUTIONS

June 30, 1998

		ASSETS		DEPOSITS/ SHARES		LOANS	
	No.	Dollars (000's)	% of Total	Dollars (000's)	% of Total	Dollars (000's)	% of Total
Trust Companies	12	3,603,763	21.32	2,660,193	17.62	2,607,425	18.62
Limited Purpose Banks	1	20,015	0.12	0	0.00	836	0.01
National Banks*	5	1,075,190	6.36	2,915,927	19.31	2,449,368	17.49
State Savings Banks	17	8,617,818	50.98	6,497,694	43.04	6,276,824	44.83
Federal Savings Banks	4	849,901	5.03	613,691	4.06	689,785	4.93
State Savings and Loans	3	112,256	0.66	91,170	0.60	86,496	0.62
Federal Savings and Loans	4	206,475	1.22	173,879	1.15	163,963	1.17
State Credit Unions	12	478,256	2.83	422,829	2.80	318,112	2.27
Federal Credit Unions	77	1,941,498	11.48	1,721,696	11.40	1,408,636	10.06
TOTAL	135	16,905,172	100.00	15,097,079	100.00	14,001,445	100.00
Commercial Banks*	17	4,678,953	27.68	5,576,120	36.94	5,056,793	36.12
Limited Purpose Banks	1	20,015	0.12	0	0.00	836	0.01
Thrifts	28	9,786,450	57.89	7,376,434	48.86	7,217,068	51.55
Credit Unions	89	2,419,754	14.31	2,144,525	14.20	1,726,748	12.33
TOTAL	135	16,905,172	100.00	15,097,079	100.00	14,001,445	100.00
State-Chartered	45	12,832,108	75.91	9,671,886	64.06	9,289,693	66.35
Federally Chartered*	90	4,073,064	24.09	5,425,193	35.94	4,711,752	33.65
TOTAL	135	16,905,172	100.00	15,097,079	100.00	14,001,445	100.00
In-State Ownership	133	14,841,930	87.80	11,539,157	76.43	10,688,587	76.34
Out-of-State Ownership*	2	2,063,242	12.20	3,557,922	23.57	3,312,858	23.66
TOTAL	135	16,905,172	100.00	15,097,079	100.00	14,001,445	100.00

**Note: During 1997, KeyBank of Maine merged with KeyBank of Ohio. KeyBank's deposits and loans for its Maine operations are included in this exhibit; however, Maine assets are not available.*

ASSET/DEPOSIT & SHARE/LOAN DISTRIBUTION BY FACILITY TYPE

(000's omitted)

	12/31 1989	12/31 1990	12/31 1991	12/31 1992	12/31 1993	12/31 1994	12/31 1995	12/31 1996	6/30 1997	6/30 1998
Commercial Banks										
Trust Companies										
Banks	13	14	15	15	14	14	14	14	13	12
Branches	209	205	258	244	238	232	233	237	147	142
Assets	4,274,307	4,524,549	6,581,755	6,607,111	6,535,587	7,302,656	7,666,885	7,577,338	3,782,972	3,603,763
Deposits	3,580,638	3,720,234	5,530,272	5,214,182	5,013,503	5,144,441	5,612,664	5,379,443	2,790,194	2,660,195
Loans	3,121,825	3,202,384	4,316,712	4,196,819	4,250,112	4,534,823	5,277,166	5,080,569	2,609,126	2,616,375
Limited Purpose Banks										
Merchant Banks										1
Branches										0
Assets										20,015
Deposits										0
Loans										836
National Banks										
Banks	7	7	6	6	6	6	5	5	6	5
Branches	118	117	60	60	61	62	33	35	128	103
Assets	3,930,191	3,649,933	2,247,183	2,173,511	2,163,287	2,202,715	1,325,898	1,418,945	1,523,574	1,075,190
Deposits	3,382,105	3,170,351	1,856,364	1,911,452	1,825,252	1,736,050	1,066,251	1,054,196	3,433,699	2,915,928
Loans	2,928,147	2,644,703	1,640,413	1,542,736	1,613,601	1,564,868	902,970	986,924	3,775,651	2,449,376
Thrift Institutions										
Savings Banks										
Banks	18	18	17	17	17	17	17	17	17	17
Branches	135	140	117	118	124	129	138	149	152	189
Assets	6,678,896	6,344,802	5,175,919	5,161,431	5,417,590	5,777,389	6,176,563	6,550,089	6,871,847	8,617,818
Deposits	5,536,288	5,568,885	4,478,844	4,389,135	4,499,669	4,645,358	5,017,631	5,173,298	5,307,205	6,501,801
Loans	4,997,360	4,579,735	3,702,408	3,713,054	3,942,123	4,231,614	4,495,235	4,812,875	5,083,110	6,277,715

EXHIBIT III

ASSET/DEPOSIT & SHARE/LOAN DISTRIBUTION BY FACILITY TYPE

(000's omitted)

	12/31 1989	12/31 1990	12/31 1991	1231 1992	12/31 1993	12/31 1994	12/31 1995	12/31 1996	6/30 1997	6/30 1998
Federal Savings Banks										
Banks	6	7	6	6	6	4	4	4	4	4
Branches	14	15	14	15	14	11	16	22	25	29
Assets	523,391	606,665	590,111	570,790	541,510	448,059	540,532	707,419	754,241	849,901
Deposits	407,733	512,662	491,009	459,853	443,395	342,894	419,973	523,273	556,835	611,442
Loans	403,023	476,150	469,096	478,939	461,652	371,469	417,957	562,787	598,001	688,982
State Savings & Loans										
Associations	4	4	4	4	4	4	3	3	3	3
Branches	0	0	0	0	0	0	0	0	0	0
Assets	94,355	96,896	105,668	112,634	114,166	121,022	99,142	102,961	105,068	112,256
Deposits	83,496	84,912	94,782	99,491	99,983	102,498	83,978	88,437	88,399	91,170
Loans	74,977	76,396	77,498	82,872	84,913	90,369	73,717	82,515	84,541	86,223
Federal Savings & Loans										
Associations	7	5	5	5	5	5	5	4	4	4
Branches	15	4	4	4	4	6	6	4	4	4
Assets	331,514	227,081	240,319	255,334	261,051	272,978	297,656	201,580	203,264	206,475
Deposits	585,622	202,413	211,129	216,989	220,901	224,796	244,628	167,967	168,591	173,385
Loans	302,046	191,368	195,484	201,565	207,136	216,771	224,654	155,475	159,678	163,134
State Credit Unions	14	14	10	10	12	13	13	12	11	12
Branches	3	2	2	2	5	8	9	10	9	11
Assets	212,345	235,420	250,791	273,794	364,155	373,864	390,491	409,629	430,322	478,256
Shares	199,526	218,655	233,162	251,894	330,195	335,443	350,928	365,645	380,613	421,299
Loans	154,133	157,681	140,275	133,706	195,238	234,320	252,992	274,905	283,557	317,496

EXHIBIT III

ASSET/DEPOSIT & SHARE/LOAN DISTRIBUTION BY FACILITY TYPE

(000's omitted)

	12/31 1989	12/31 1990	12/31 1991	12/31 1992	12/31 1993	12/31 1994	12/31 1995	12/31 1996	6/30 1997	6/30 1998
Federal Credit Unions										
Credit Unions	102	100	99	95	90	83	82	80	80	77
Branches	17	20	20	20	17	20	23	21	47	49
Assets	1,171,111	1,310,244	1,390,219	1,508,901	1,495,028	1,560,976	1,659,614	1,744,848	1,848,919	1,941,498
Shares	1,080,549	1,197,571	1,281,208	1,380,767	1,352,153	1,390,967	1,489,837	1,556,965	1,650,747	1,721,661
Loans	836,756	857,802	821,046	852,719	914,007	1,050,341	1,160,463	1,285,963	1,334,964	1,408,596
State Totals:										
Institutions	171	169	162	158	154	146	143	139	138	135
Branches	511	503	475	463	463	468	458	478	515	527
Assets	17,216,110	16,995,590	16,581,965	16,663,506	16,892,374	18,059,659	18,156,781	18,712,809	15,520,207	16,905,172
Shares & Deposits	14,855,957	14,675,683	14,176,770	13,923,763	13,785,051	13,922,447	14,285,890	14,309,224	14,376,283	15,096,881
Loans	12,818,267	12,186,219	11,362,932	11,202,410	11,668,782	12,294,575	12,805,154	13,242,013	13,928,628	14,008,733

Beginning in 1997, these data are collected as of 6/30.

Note: During 1997, KeyBank of Maine converted from a state charter to a national charter and merged with KeyBank of Ohio. KeyBank's deposits and loans for its Maine operations are included in this exhibit for June, 1997 and June, 1998; however, its Maine assets are not available

Source of data: Branch and deposit/share data.

MAINE
STATE CHARTERED
TRUST COMPANIES

June 30, 1998
(in thousands)

	Assets	Deposits	Loans
Sheldon Goldthwait, President **BAR HARBOR BANKING AND TRUST COMPANY** 82 Main St. Bar Harbor, Maine 04609	$368,113	$245,188	$229,226
James P. Violette, Jr., President **BORDER TRUST COMPANY** Route 3, PO Box 220 China, Maine 04358	$50,289	$44,531	$35,968
Thomas J. Finn., Jr., President **DAMARISCOTTA BANK & TRUST** Main Street Damariscotta, Maine 04543	$73,728	$64,629	$48,351
David I. Dorsey, President **FIRST CITIZENS BANK & TRUST** PO Box 231 Presque Isle, Maine 04769	$103,470	$87,210	$84,590
David Ott, President **FLEET BANK OF MAINE** One City Center Portland, Maine 04112	$2,063,242	$1,450,218	$1,598,628
Jon J. Prescott, President **KATAHDIN TRUST COMPANY** Main Street Patten, Maine 04765	$127,807	$106,840	$101,156
L. Gary Knight, President **LIVERMORE FALLS TRUST COMPANY** 38 Main Street Livermore Falls, Maine 04254	$67,044	$54,685	$43,156
Wayne McGarvey, President **MAINE BANK & TRUST COMPANY** PO Box 619 Portland, Maine 04104	$206,167	$182,443	$139,081

MAINE
STATE CHARTERED
TRUST COMPANIES

	June 30, 1998 (in thousands)		
	Assets	Deposits	Loans
Edwin Clift, President **MERRILL MERCHANTS BANK** 201 Main St., PO Box 925 Bangor, Maine 04402-0925	$183,281	$148,815	$123,174
John Everett, IV, President **PEPPERELL TRUST COMPANY** 163 Main Street Biddeford, Maine 04005	$39,376	$35,590	$29,379
Peter Blyberg, President **UNION TRUST COMPANY** 66 Main St., PO Box 479 Ellsworth, Maine 04605	$230,389	$174,061	$115,528
Bruce D. Bartlett, President **UNITED BANK** 145 Exchange St., PO Box 906 Bangor, Maine 04401	$90,857	$65,983	$59,188
TOTAL: 12	**$3,603,763**	**$2,660,193**	**$2,607,425**

MAINE
STATE CHARTERED
LIMITED PURPOSE BANKS

	June 30, 1998 (in thousands) Assets	Deposits	Loans
Donald Glecklin, President **MAINE MERCHANT BANK** Two Monument Square Portland, Maine 04101	$20,015	$0	$836
TOTAL: 1	**$20,015**	**$0**	**$ 836**

MAINE
STATE CHARTERED
SAVINGS BANKS

	June 30, 1998 (in thousands)		
	Assets	Deposits	Loans
Steven A. Closson, President **ANDROSCOGGIN SAVINGS BANK** PO Box 1407 30 Lisbon Street Lewiston, Maine 04240	$279,775	$222,912	$177,606
P. James Dowe, Jr., President **BANGOR SAVINGS BANK** 3 State Street, PO Box 656 Bangor, Maine 04401	$1,087,094	$864,539	$890,755
Glen Hutchinson, President **BATH SAVINGS INSTITUTION** 105 Front Street, PO Box 548 Bath, Maine 04530	$206,158	$165,809	$124,495
William J. Denyer, President **BIDDEFORD SAVINGS BANK** 254 Main Street Biddeford, Maine 04005	$157,439	$123,863	$92,580
Gregory T. Caswell, President **COASTAL SAVINGS BANK** PO Box 8550 Portland, Maine 04105	$168,440	$139,113	$106,750
Gary M. Downs, President **FRANKLIN SAVINGS BANK** 81 Main Street, PO Box 825 Farmington, Maine 04938	$242,912	$199,169	$184,128
Charles M. Yandell, Acting President **GORHAM SAVINGS BANK** 64 Main Street, PO Box 38 Gorham, Maine 04038	$310,062	$267,108	$183,797
William H. Pelletier, President **KENNEBEC SAVINGS BANK** 150 State Street, PO Box 108 Augusta, Maine 04330	$283,273	$211,254	$232,568

MAINE
STATE CHARTERED
SAVINGS BANKS

	June 30, 1998 (in thousands)		
	Assets	**Deposits**	**Loans**
Joel Stevens, President **KENNEBUNK SAVINGS BANK** 104 Main Street Kennebunk, Maine 04043	$261,868	$234,536	$194,811
John C. Witherspoon, President **KINGFIELD SAVINGS BANK** Main Street, PO Box 105 Kingfield, Maine 04947	$158,653	$125,231	$127,606
Edward L. Hennessey, Jr., President **MACHIAS SAVINGS BANK** Center Street, PO Box 318 Machias, Maine 04947	$266,392	$190,174	$211,141
John Kannegieser, President **MECHANICS' SAVINGS BANK** 100 Minot Avenue Auburn, Maine 04210	$105,989	$85,363	$73,050
Peter Montpelier, President **NORWAY SAVINGS BANK** 132 Main Street Norway, Maine 04268	$319,324	$258,748	$230,960
Glenn McAllister, President **PEOPLES HERITAGE SAVINGS BANK** One Portland Square, PO Box 9540 Portland, Maine 04112	$3,963,073	$2,797,553	$2,946,770
Kevin P. Savage, President **SACO AND BIDDEFORD SAVINGS INSTITUTION** 252 Main Street Saco, Maine 04072	$267,340	$202,567	$174,995
Rodney Normand, President **SANFORD INSTITUTION FOR SAVINGS** 184 Main Street Sanford, Maine 04073	$219,226	$140,526	$114,032

MAINE
STATE CHARTERED
SAVINGS BANKS

	Assets	June 30, 1998 (in thousands) Deposits	Deposits
William Randall, President **SKOWHEGAN SAVINGS BANK** 7 Elm Street, PO Box 250 Skowhegan, Maine 04976	$320,800	$269,229	$210,780
TOTAL: 17	**$8,617,818**	**$6,497,694**	**$6,276,824**

MAINE
STATE CHARTERED
SAVINGS AND LOAN ASSOCIATIONS

	June 30, 1998 (in thousands)		
	Assets	**Deposits**	**Loans**
Allen Sterling, President **AUBURN SAVINGS AND LOAN ASSOCIATION** 256 Court Street, PO Box 3157 Auburn, Maine 04210	$36,813	$28,483	$26,238
Norman P. Shaw, Secretary/Treasurer **BAR HARBOR SAVINGS AND LOAN ASSOCIATION** Main Street Bar Harbor, Maine 04609	$14,847	$11,647	$12,046
Floyd A. Johnson, President **ROCKLAND SAVINGS AND LOAN ASSOCIATION** PO Box 585 Rockland, Maine 04841	$60,596	$51,040	$48,212
TOTAL: 3	**$112,256**	**$91,170**	**$86,496**

MAINE
STATE CHARTERED
CREDIT UNIONS

	June 30, 1998 (in thousands)		
	Assets	**Shares**	**Loans**
BIW FIVE COUNTY CREDIT UNION 765 Washington St., PO Box 598 Bath, Maine 04530	$50,034	$45,832	$35,150
CHESTNUT CREDIT UNION PO Box 604 Augusta, Maine 04332	$5,426	$5,115	$4,412
COAST LINE CREDIT UNION 38 Rigby Road West Portland, Maine 04104	$14,108	$11,418	$7,213
COMMUNITY CREDIT UNION 144 Pine Street Lewiston, Maine 04240	$31,096	$28,449	$24,795
GOVERNMENT EMPLOYEES CREDIT UNION 555 Forest Avenue Portland, Maine 04101	$71,671	$64,884	$48,302
MAINE EDUCATION CREDIT UNION 36 Community Drive, PO Box 1096 Augusta, Maine 04330	$8,571	$7,156	$6,250
MAINE STATE EMPLOYEES CREDIT UNION PO Box 5659 Augusta, Maine 04332-5659	$132,880	$114,739	$65,778
SABATTUS REGIONAL CREDIT UNION 9 High Street Sabattus, Maine 04280	$17,076	$15,873	$10,862
SACO VALLEY CREDIT UNION PO Box 740 Saco, Maine 04072	$22,361	$20,001	$19,764

MAINE
STATE CHARTERED
CREDIT UNIONS

	June 30, 1998 (in thousands) Assets	Shares	Loans
SD WARREN CREDIT UNiON 35 Cumberland Street Westbrook, Maine 04092	$52,902	$48,434	$40,850
UNIVERSITY CREDIT UNION Rangeley Road University of Maine Orono, Maine 04473	$65,114	$54,564	$49,667
UNUM EMPLOYEES' CREDIT UNION 2211 Congress Street Portland, Maine 04102	$7,017	$6,364	$5,069
TOTAL: 12	**$478,256**	**$422,829**	**$318,112**

MAINE
FEDERAL CHARTERED
NATIONAL BANKS

	Assets	June 30, 1998 (in thousands) Deposits	Loans
Robert Daigle, President **CAMDEN NATIONAL BANK** 2 Elm Street, PO Box 310 Camden, Maine 04843	$490,376	$382,100	$331,093
Timothy Healey, President **THE FIRST NATIONAL BANK OF BAR HARBOR** 102 Main Street, PO Box A Bar Harbor, Maine 04609	$133,094	$104,295	$95,950
Daniel R. Daigneault, President **THE FIRST NATIONAL BANK OF DAMARISCOTTA** Main Street, PO Box 940 Damariscotta, Maine 04543	$285,012	$181,992	$203,245
Michael McNamara, Maine District President **KEYBANK, NATIONAL ASSOCIATION*** One Canal Plaza Portland, ME 04112	N/A	$2,107,704	$1,714,230
Russell G. Cole, President **THE OCEAN NATIONAL BANK OF KENNEBUNK** 100 Main Street, PO Box 58 Kennebunk, Maine 04043	$166,708	$139,836	$104,850
TOTAL: 5	**$1,075,190**	**$2,915,927**	**$2,449,368**

*Branch of a national bank headquartered in Ohio

MAINE
FEDERAL CHARTERED
SAVINGS BANKS

	Assets	June 30, 1998 (in thousands) Deposits	Loans
Dennis Young, President **AUGUSTA FEDERAL SAVINGS BANK** 22 Western Avenue Augusta, Maine 04330	$98,254	$76,388	$80,540
Arthur Markos, President **GARDINER SAVINGS INSTITUTION, FSB** 190 Water Street Gardiner, Maine 04345	$364,591	$303,643	$277,003
James D. Delameter, President **NORTHEAST BANK, FSB** Main Street Bethel, Maine 04217	$321,764	$186,465	$280,750
Wesley Richardson, President **THE WALDOBORO BANK, FSB** Jefferson Street Waldoboro, Maine 04572	$65,292	$47,195	$51,492
TOTAL: 4	**$849,901**	**$613,691**	**$689,785**

MAINE
FEDERAL CHARTERED
SAVINGS & LOAN ASSOCIATIONS

	June 30, 1998 (in thousands)		
	Assets	Deposits	Loans
John S. Swanberg **AROOSTOOK COUNTY FEDERAL SAVINGS AND LOAN ASSOCIATION** 43 High Street, PO Box 808 Caribou, Maine 04736	$46,296	$42,190	$42,031
John E. Emery, President **CALAIS FEDERAL SAVINGS AND LOAN ASSOCIATION** 136 Main Street Calais, Maine 04619	$35,524	$29,555	$21,342
Daniel R. Donovan, President **FIRST FEDERAL SAVINGS AND LOAN ASSOCIATION OF BATH** 125 Front Street Bath, Maine 04530	$93,884	$75,847	$73,340
Allen L. Rancourt, President **KENNEBEC FEDERAL SAVINGS AND LOAN ASSOCIATION** 70 Main Street Waterville, Maine 04901	$30,771	$26,287	$27,250
TOTAL: 4	**$206,475**	**$173,879**	**$163,963**

MAINE
FEDERAL CHARTERED
CREDIT UNIONS

	June 30, 1998 (in thousands)		
	Assets	Shares	Loans
BANGOR FEDERAL CU 74 Harlow Street Bangor, Maine 04401	$35,979	$33,412	$29,687
BANGOR HYDRO FEDERAL CU 193 Broad Street Bangor, Maine 04401	$6,963	$6,007	$5,217
BANSCO FEDERAL CU 87-89 Hillside Avenue, Suite 3 Bangor, Maine 04401	$9,588	$9,063	$6,531
BARCO FEDERAL CU PO Box 447 Milo, Maine 04463	$87,015	$75,956	$76,669
BLUE CROSS AND BLUE SHIELD OF MAINE FEDERAL CU 2 Gannett Drive South Portland, Maine 04106	$4,316	$3,726	$2,591
BOWDOINHAM FEDERAL CU PO Box 73 Bowdoinham, Maine 04008	$8,083	$6,885	$6,850
BREWER FEDERAL CU 237 Wilson Street Brewer, Maine 04412	$15,351	$14,173	$8,446
CAPITAL AREA FEDERAL CU 23 Maple Street Augusta, Maine 04430	$8,880	$8,134	$7,042
CENTRAL MAINE POWER COMPANY FEDERAL CU 44 Edison Drive Augusta, Maine 04330	$28,238	$23,748	$17,302

MAINE
FEDERAL CHARTERED
CREDIT UNIONS

	Assets	June 30, 1998 (in thousands) Shares	Loans
CUMBERLAND COUNTY TEACHERS FEDERAL CU 173 Gray Road Falmouth, Maine 04105	$28,626	$23,880	$18,892
DEXTER REGIONAL FEDERAL CU PO Box 129 Dexter, Maine 04930	$38,686	$36,405	$26,807
EASTERN MAINE MEDICAL CENTER FEDERAL CU 489 State Street Bangor, Maine 04401	$17,067	$15,749	$12,579
EASTMILL FEDERAL CU 60 Main Street East Millinocket, Maine 04430	$37,598	$32,352	$18,092
FORT KENT FEDERAL CU 7 East Main Street 11 Fort Kent, Maine 04743	$23,943	$20,790	$19,571
FRANKLIN COUNTY FEDERAL CU PO Box 5048 Farmington, Maine 04938	$14,469	$13,145	$11,565
FRASER FEDERAL CU PO Box 389 Madawaska, Maine 04756	$53,688	$46,535	$47,268
GARDINER FEDERAL CU 8 Brunswick Road Gardiner, Maine 04345	$11,460	$10,389	$9,210
GATEWAY FEDERAL CU 306 Main Street Van Buren, Maine 04785	$8,435	$7,248	$4,507
GORHAM REGIONAL FEDERAL CU 375 Main Street Gorham, Maine 04038	$18,442	$16,966	$13,852

MAINE
FEDERAL CHARTERED
CREDIT UNIONS

	June 30, 1998 (in thousands)		
	Assets	Shares	Loans
GRAND ISLE COMMUNITY FCU PO Box 199 Grand Isle, Maine 04746	$1,637	$1,483	$814
GREAT FALLS REGIONAL FCU 33 Dunn Street Auburn, Maine 04210	$18,550	$16,181	$14,034
*** GREATER PORTLAND MUNICIPAL FEDERAL CU** 799 Broadway South Portland, Maine 04106	$37,103	$33,963	$30,218
GUY GANNETT COMMUNICATIONS EMPLOYEE FEDERAL CU PO Box 6693 Portland, Maine 04104	$4,738	$3,856	$2,659
HANNAFORD BROTHERS FEDERAL CU PO Box 1440 Portland, Maine 04104	$15,378	$14,256	$11,838
HOULTON FEDERAL CU 3 Market Square Houlton, Maine 04730	$8,431	$7,625	$4,809
HOWLAND ENFIELD FEDERAL CU Box 405 Howland, Maine 04448	$9,511	$8,947	$5,536
INFINITY FEDERAL CU 4 Davis Farm Road Portland, Maine 04104	$86,385	$72,527	$65,060
KV FEDERAL CREDIT UNION 316 Northern Avenue Augusta, Maine 04330	$36,318	$33,325	$28,911

*Converted to state charter effective 12/01/98.

MAINE
FEDERAL CHARTERED
CREDIT UNIONS

	June 30, 1998 (in thousands)		
	Assets	Shares	Loans
KATAHDIN FEDERAL CU 1000 Central Street Millinocket, Maine 04462	$59,774	$51,697	$39,440
KESO FEDERAL CU PO Box 298 Fairfield, Maine 04937	$2,403	$2,165	$1,834
KEYES FIBRE FEDERAL CU c/o Keyes Fibre Company 222 College Avenue Waterville, Maine 04901	$23,186	$21,716	$21,096
KNOX COUNTY FEDERAL CU PO Box 159 Rockland, Maine 04841	$11,174	$9,845	$7,654
LA VALLEE FEDERAL CU 794 Main Street Madawaska, Maine 04756	$21,199	$18,453	$13,781
LEWISTON MUNICIPAL FEDERAL CU 291 Pine Street Lewiston, Maine 04240	$7,414	$6,276	$5,202
LINCOLN MAINE FEDERAL CU 8 Taylor Street Lincoln, Maine 04457	$14,907	$13,856	$10,208
LISBON COMMUNITY FEDERAL CU 325 Lisbon Road Lisbon Center, Maine 04251	$37,124	$32,932	$22,770
MADISON ANSON COMMUNITY FCU 48 Main Street Madison, Maine 04950	$2,626	$2,346	$1,491
MAINE FAMILY FEDERAL CU 555 Sabattus Street Lewiston, Maine 04240	$50,950	$45,322	$35,390

MAINE
FEDERAL CHARTERED
CREDIT UNIONS

	June 30, 1998 (in thousands)		
	Assets	Shares	Loans
MEBS FEDERAL CU PO Box 4060, Station A Portland, Maine 04101	$359	$300	$330
MEDICAL SERVICES FEDERAL CU 272 Park Avenue Portland, Maine 04104	$26,773	$24,523	$22,770
MID MAINE MEDICAL CENTER FCU North Street Waterville, Maine 04901	$5,694	$5,066	$4,363
MIDCOAST FEDERAL CU 831 Washington Street Bath, Maine 04530	$47,922	$42,497	$34,525
MONMOUTH FEDERAL CU PO Box 298 Monmouth, Maine 04259	$5,492	$5,125	$3,770
NISSEN EMPLOYEES FEDERAL CU 56 Washington Avenue Portland, Maine 04104	$2,413	$2,063	$1,379
NOPAR FEDERAL CU PO Box 274 South Paris, Maine 04281	$4,967	$4,633	$2,475
NOTRE DAME WATERVILLE FEDERAL CU 61 Grove Street Waterville, Maine 04901	$30,657	$27,854	$21,020
OCEAN COMMUNITIES FEDERAL CU 1 Pool Street Biddeford, Maine 04005	$64,950	$61,024	$44,846
OTIS FEDERAL CU PO Box 27 Jay, Maine 04329	$49,699	$38,996	$36,643

MAINE
FEDERAL CHARTERED
CREDIT UNIONS

June 30, 1998
(in thousands)

	Assets	Shares	Loans
OXFORD FEDERAL CU 149 Main Street Mexico, Maine 04257	$63,150	$55,815	$43,179
PENOBSCOT FEDERAL CU PO Box 434 Old Town, Maine 04468	$16,762	$16,029	$13,981
PEOPLES REGIONAL FEDERAL CU PO Box 10 Pittsfield, Maine 04967	$16,480	$14,510	$8,375
PORTLAND MAINE POLICE DEPARTMENT FEDERAL CU 109 Middle Street Portland, Maine 04101	$2,163	$1,839	$1,697
PORTLAND ME TRANSIT FEDERAL CU 41 Allen Avenue Extension Falmouth, Maine 04105	$292	$246	$240
PORTLAND REGIONAL FEDERAL CU PO Box 6693 Portland, Maine 04103	$12,885	$11,157	$9,882
R. C. H. FEDERAL CU 420 Franklin Street Rumford, Maine 04104	$393	$277	$200
RAINBOW FEDERAL CU PO Box 741 Auburn, Maine 04243-0741	$64,502	$57,870	$51,714
RIVERVIEW FEDERAL CU 15 Depot Square Gardiner, Maine 04345	$6,042	$5,515	$3,663

MAINE
FEDERAL CHARTERED
CREDIT UNIONS

	June 30, 1998 (in thousands)		
	Assets	Shares	Loans
ST. AGATHA FEDERAL CU PO Box 136 Saint Agatha, Maine 04772	$10,992	$9,928	$7,036
ST. CROIX FEDERAL CU PO Box 130 Woodland, Maine 04694	$25,541	$22,784	$22,047
ST. FRANCIS COMMUNITY FEDERAL CU PO Box 121 Saint Francis, Maine 04774	$1,132	$1,003	$931
ST. FRANCIS DE SALES FEDERAL CU 50 Elm Street Waterville, Maine 04901	$17,900	$15,334	$8,197
ST. JOHN'S (BRUNSWICK) FEDERAL CU 55 Cushing Street Brunswick, Maine 04011	$110,186	$91,568	$79,818
ST. JOSEPH'S (BIDDEFORD) FEDERAL CU PO Box 463 Biddeford, Maine 04405	$60,985	$54,684	$45,278
STE. CROIX REGIONAL FEDERAL CU PO Box 1746 Lewiston, Maine 04240	$69,415	$63,371	$53,966
SEABOARD FEDERAL CU 531 Main Street Bucksport, Maine 04416	$52,697	$46,605	$36,661
SEMICONDUCTOR OF MAINE FEDERAL CU 333 Western Avenue South Portland, Maine 04106	$4,916	$3,715	$2,736

MAINE
FEDERAL CHARTERED
CREDIT UNIONS

	Assets	June 30, 1998 (in thousands) Shares	Loans
SHAW'S EMPLOYEES FEDERAL CU RR 3 616 Spencer Industries Wells, Maine 04090	$5,777	$4,841	$3,530
SKOWHEGAN COMMUNITY FEDERAL 119 Water Street Skowhegan, Maine 04976	$8,346	$7,820	$6,022
SPRAGUE-SANFORD FEDERAL CU PO Box 231 Sanford, Maine 04073	$3,750	$3,200	$1,832
TACONNET FEDERAL CU 60 Benton Avenue Winslow, Maine 04901	$23,962	$22,025	$15,024
THE COUNTY FEDERAL CU PO Box 871 Loring, Maine 04751	$59,876	$53,524	$46,832
TOWN & COUNTRY FEDERAL CU 557 Main Street South Portland, Maine 04106	$57,912	$53,372	$35,587
VASSALBORO FEDERAL CU 36 Main Street North Vassalboro, Maine 04962	$12,857	$12,161	$9,266
WALDO COMMUNITY DEVELOPMENT FEDERAL CU 55 ½ High Street, PO Box 812 Belfast, Maine 04915	$1,768	$1,795	$977
WINSLOW COMMUNITY FEDERAL CU PO Box 8117 Winslow, Maine 04901	$15,776	$14,019	$8,079
WINTHROP AREA FEDERAL CU PO Box 55 Winthrop, Maine 04364	$22,629	$20,342	$16,337

MAINE
FEDERAL CHARTERED
CREDIT UNIONS

	June 30, 1998 (in thousands)		
	Assets	Shares	Loans
YORK COUNTY TEACHERS FEDERAL 124 Main Street Sanford, Maine 04073	$47,851	$42,932	$38,005
TOTAL: 77	**$1,941,498**	**$1,721,696**	**$1,408,636**

DEPARTMENT OF PROFESSIONAL & FINANCIAL REGULATION
MAINE BUREAU OF BANKING

H. Donald DeMatteis, Superintendent
don.dematteis@state.me.us
624-8575

MISSION

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

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Banking Advisory Committee

In March, 1994, the Bureau established the Banking Advisory Committee. The role of that Committee, which meets quarterly, is to review the financial issues relating to the Bureau's operation. Over the past four years, the Bureau has benefited from the discussions and guidance of this advisory group. The following is a list of the current members of the Banking Advisory Committee and its immediate past members. Special thanks to all for dedication and interest of these individuals serving in this advisory capacity to the Bureau.

Gary Downs, President, Franklin Savings Bank
Thomas Finn, Jr., President, Damariscotta Bank & Trust Company
Elizabeth Greenstein, Executive Vice President, Fleet Bank of Maine
Gretchen Jones, General Counsel, Maine Credit Union League
L. Gary Knight, President, Livermore Falls Trust Company
Joseph J. Pietroski, Jr., Executive Director, Maine Bankers Association
Christopher W. Pinkham, President, Maine Association of Community Banks
Donna Steckino, President, Community Credit Union

Immediate past members (1998)

Joel Stevens, President, Kennebunk Savings Bank

* * * * *

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"THE STATUS OF MAINE'S FINANCIAL INSTITUTIONS"

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