MAINE DEPARTMENT OF
Professional & Financial Regulation

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

PREPARED BY THE STAFF OF THE
MAINE BUREAU OF FINANCIAL INSTITUTIONS

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INTRODUCTION

The Bureau of Financial Institutions ("Bureau") is Maine's primary regulator of state chartered financial institutions. The statutory mission of the Bureau is to ensure the strength and stability of the financial institutions that it regulates, encourage the development and expansion of financial services, to provide reasonable and orderly competition and to protect consumers against unfair practices by institutions that provide consumer credit. Maine has 51 state-chartered and 74 federally-chartered financial institutions providing services to consumers and businesses.

The financial needs of Maine citizens and small businesses continue to be well served by financial institutions operating within the State boundaries. Maine financial institutions remain in sound financial condition with sufficient capital, good earnings and acceptable asset quality. The Bureau continues to monitor the performance of state-chartered financial institutions within its realm of regulatory responsibility. In addition, the Bureau continually explores new ways to assure the appropriate level of protections for Maine citizens.

Modern business practices have created an environment that promotes immediate access to financial products and services. With growing advancements in technology, consumers are offered an increasingly wider range of products, services and payment options, greater access to credit, and faster transactions. The technological advancements do not, however, come without a price. The massive data bases developed to warehouse information essential for an efficient e-commerce system have become daily targets by those seeking to acquire data for use in fraudulent activity. In addition, consumers are inundated with scams and other attempts to access confidential personal information by cyber-criminals intent upon stealing identities for use in other financial crimes.

Identity theft is the fastest growing financial crime in the United States. Identity theft is generally described as the acquisition of an individual's Social Security number, date of birth, mother's maiden name, account numbers, or address for use in fraudulent activity. According to a survey commissioned by the Federal Trade Commission, an estimated 4.6% of U.S. consumers over the age of 18 (about 10 million individuals) were victims of identity theft. Losses resulting from identity theft cost American businesses an estimated $48 billion and costs consumers an additional $5 billion in out-of-pocket losses[1].

Fraudulent access to consumer information systems that collect, assemble and analyze information is growing both in number and in the nature of entities encountering such breaches. The Privacy Rights Clearinghouse, a nonprofit consumer information and advocacy organization, has been tracking data breaches reported since the ChoicePoint incident[2] was made public in February 2005. Since that time, 81 organizations reported data breaches that affected 51 million accounts housing personal information. The majority of those entities reporting data breach incidents were colleges and universities located throughout the country. The remainder of those data breaches were reported by data collection houses and retailers, followed closely in order by governmental entities, hospitals and financial institutions. Computer hacking and theft were noted as the predominate threats to data losses.

The foregoing has spurred a growing sense of uncertainty and vulnerability among consumers and businesses alike. The 122nd Maine Legislature enacted several measures to address identity theft including laws that: (1) prohibit credit card scanning or reencoding; (2) permit a consumer to place a security freeze on his or her consumer report; and (3) require information brokers to serve notice following the discovery of a security breach. In addition to the aforementioned legislative responses, the Department of Professional and Financial Regulation has been charged with the responsibility of conducting a study of electronic data security and security breach requirements of Maine businesses. The Department must evaluate the practicality and cost of imposing additional requirements, including breach notification requirements, and the right to private cause of action for a person injured by a violation of the security breach notification law. In conjunction with the Department study, the Chief Information Officer within the Department of Administrative and Financial Services has been required to study the State's current and planned-for policies, strategies and systems to protect the privacy and security of electronic personal information maintained by State

[1] Federal Trade Commission, *Identity Theft Survey Report* (September 2003).
[2] ChoicePoint provided notice of security breach, as required by California law, that 145,000 computerized data files had been compromised by unauthorized access.

Government. As part of its study, the Department of Professional and Financial Regulation conducted a series of informational meetings to solicit testimony from businesses and the public. A report of the findings, coupled by any recommended legislation, will be submitted to the Joint Legislative Standing Committee on Insurance and Financial Services on or before February 1, 2006.

Federal financial regulatory agencies have also taken action to address the issue of identity theft and data breach. The Federal Deposit Insurance Corporation, Office of the Comptroller of the Currency, Office of Thrift Supervision, and National Credit Union Administration have issued rules and other guidance that require banks and credit unions to develop formal programs to ensure the security and confidentiality of customer information and to develop a process to notify customers when systems have been breached. Federal and state examiners review these programs through routine compliance examinations. In addition to the foregoing, other state legislatures and the United States Congress have taken steps to address these issues.

Legislatures in 20 states have passed, or are considering, data breach notification laws. Since January 2005, 15 bills were introduced in the United States Congress to address data breach, identity theft, use of Social Security numbers, and sale of personal financial information. These proposals include setting safekeeping and data breach notification requirements for data brokers to the more broad-based initiatives that would subject all types of businesses, including governmental agencies, to similar consumer protections. Recognizing the advance work done by states enacting data breach legislation, some of the Congressional proposals empower state attorneys general to enforce federally imposed data breach notification standards. However, other proposals seek to preempt state laws in this area in deference to a uniform national set of standards that would be enforced by federal regulators. As expected, each proposal has been met with either support or resistance depending upon the breadth of its coverage. It is anticipated that it will take several months to sort out the issues before passage of federal legislation in this area. Clearly, the states are on the forefront of enacting measures designed to alert citizens to data breach situations and prevent or ameliorate identity theft opportunities.

The Bureau of Financial Institutions recognizes the vulnerability of Maine citizens to the ever-growing threat of identity theft. Through its Consumer Outreach Program, the Bureau provides mediation and informational services to Maine consumers. Over the course of the past year, the Bureau noted an increase in the number of individuals reporting fraudulent activity. Scam artists are increasingly using the Internet to make false promises of get rich schemes, such as lottery/sweepstakes and opportunities for government grants or loans. Internet websites of large corporations, including federal agencies and banks, have been duplicated in order to lure consumers into providing account numbers, social securities numbers or other personal information. The number and variety of companies being exposed to these "phishing expeditions" has grown to include smaller banks and credit unions, international banks, and large electronic companies such as eBay and Paypal as targets.

In November 2004, the Bureau launched the Consumer Library (http://www.state.me.us/pfr/bkg/bkg_library.htm) on its website which provides access to a plethora of consumer informational brochures. In the fall of 2005, the Bureau added "Hot Topics" to its Home page (http://www.MaineBankingReg.org). Through these outlets, consumers can obtain information about the latest fraudulent activities, how to better protect themselves from becoming a victim, and how to take action when personal confidential information has been fraudulently accessed. Recently enacted Maine law permits a consumer to initiate a "credit freeze" on his or her consumer reports. In order to fully understand the consequences of that action, the Bureau is taking steps to inform consumers of their rights and responsibilities through the development of an informational pamphlet on the subject. The Bureau plans to make that brochure available in early 2006.

States continue to plow new ground in the fight to protect consumers from identity theft and to enforce laws combating abuse and unfair practices. However, a growing national trend threatens the states' ability to effectively enforce these laws; that trend is the federal preemption of state law.

Section I of this Report presents "Challenges to the Dual Banking System", a discussion of how the growing weight of preemptive Federal law and rules has tipped the balance of the dual chartering system in favor of the federal chartering system. Under regulations issued by the Office of the Comptroller of the Currency that were finalized in 2004, the application of all state depository and lending laws to activities of nationally-chartered banks and their subsidiaries has been preempted. This action, which is currently being challenged in the judicial system, essentially strips states of their ability to enforce consumer protection laws. State attorneys general from across the country have submitted amicus briefs in support of a state's right to enforce its own laws. The Bureau and its counterparts in other states have issued formal comments to the Federal Deposit Insurance Corporation in opposition to current rulemaking that would further erode the authority of state regulatory agencies to effectively protect the residents of their respective states. The conclusion of that rulemaking, resolution of court cases that have been appealed, and any possible Congressional action regarding federal preemption of state consumer protection laws may, indeed, have a profound effect on the future of the dual banking system.

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ISSUES AND CHALLENGES

Challenges to the Dual Banking System

Over the past year, the Bureau has been engaged in an important discussion relative to the preservation of the dual banking system in the United States. The dual banking system of parallel state and federal banking laws has increasingly tilted off center as federal preemption makes the national bank charter more attractive to financial institutions engaged in interstate business. The growing weight of preemptive federal law over the past decade has slowly upset the equilibrium in the banking system. More recently, however, new Office of Comptroller of the Currency ("OCC") regulations have dramatically tipped the scales in favor of the national charter.[3] The new OCC regulations preempt the application of state depository and lending laws to the activities of nationally-chartered banks and their subsidiaries. The ability of national banks and their subsidiaries to operate free from state oversight undermines historic principles of federalism embodied in the dual banking system.[4] The Bureau believes that states have a strong interest in how banks conduct business, especially when it comes to consumer protection. The OCC's broad preemption prevents the Bureau from enforcing many state laws that were designed to protect Maine citizens. Finding little success in pushing back federal preemption in the courts, advocates for the preservation of the dual banking system, including the Bureau, are turning to other federal regulators and the U.S. Congress for assistance.

Imbalance in the dual banking system is reflected by the growing number of conversions to the national charter by large state institutions. The primary reason behind the conversions is the ease with which nationally-chartered banks may conduct interstate business relative to state-chartered banks. The new OCC regulations result in a system where state-chartered banks adhere to the laws of the jurisdictions in which they operate and nationally-chartered banks do not. Nationally-chartered banks, by and

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[3] See 12 C.F.R. §§7.4007, 7.4008, 7.4009; 12 C.F.R. §34.4.

[4] See generally, OCC's Preemption Rules Exceed the Agency's Authority and Present a Serious Threat to the Dual Banking System and Consumer Protection, By Arthur E. Wilmarth, Jr., Annual Review of Banking and Financial Law, Vol. 23 (2004).

large, need only adhere to a single set of federal banking laws. Interstate state-chartered banks face the additional burden and expense of following the laws of multiple state jurisdictions. Despite the trend in charter conversions, most bankers still value the accessibility and responsiveness of state regulators. According to the Conference of State Bank Supervisors, of the 161 new charters approved through November 2005, 136 are state charters. Even though new banks are predominately state-chartered, conversion to a national charter by the larger interstate banks has placed two-thirds of all U.S. banking assets under a national charter.[5]

The growing imbalance is galvanizing those who wish to preserve the dual banking system. The Bureau, along with other regulators, bankers and consumer advocates share a belief that a well balanced dual banking system, one that does not favor one charter over another, is essential for the maintenance of a strong and diverse national banking system. The dual banking system allows states to explore new ideas and methods of conducting business that often prove useful throughout the country. It also allows financial institutions to choose a charter that best suits their business plans. If a single bank regulator is allowed to emerge, financial institutions and consumers will have to endure whatever that regulator requires, whether or not it responds to their needs. The OCC preemption of state laws designed to protect consumers and keep financial institutions safe and sound is by no means a genuine or equitable solution to the regulatory burdens faced by interstate banks. Unless balance is restored to the dual banking system, the vibrancy and innovation of the state systems will fade and banks and consumers will suffer the consequences.

<u>Proposed Solutions – FDIC Rulemaking</u>

The diverse organizations seeking to preserve the dual banking system do not agree on how best to do so. In 2005, a group known as the Financial Services Roundtable ("Roundtable")[6] petitioned the FDIC to engage in rulemaking to establish parity between national banks and state-chartered banks in their interstate banking

[5] Conference of State Bank Supervisors, Washington Update, using FDIC December 2003 and March 2004 data with CSBS projection of loss of assets of state-chartered commercial banks in 2004

[6] The Roundtable is a trade association for integrated financial services companies. Its members consist of the nation's largest banks, insurance companies and investment companies.

activities. On October 14, 2005, the FDIC issued a Notice of Proposed rulemaking that largely follows the recommendations of the Roundtable.[7] The objective of the proposed rule is to achieve parity between state-chartered banks and nationally-chartered banks relative to their interstate activities and operations. The FDIC believes that by lowering the barriers for state banks to engage in interstate business, the state charter will remain a viable alternative for large interstate banks. The FDIC also seeks to codify FDIC General Counsel Opinions 10 and 11 in order to clarify that there is parity between state banks and national banks with respect to the exportation of interest rates. The proposed interest exportation regulations will allow state banks to charge interest rates on interstate loans in accordance with the rate limitations of the state in which they are located.

The intent of the FDIC's proposed rule is to end the disadvantage state banks have with respect to national banks when operating outside their home states. Currently, interstate state banks operating outside their home state must adhere to many of the banking laws of the host state. Under the proposed rule, if a federal court or the OCC has determined that a host state law is preempted with respect to an out-of-state national bank operating a branch in that state, then the host state law will be similarly preempted with respect to an out-of-state state-chartered bank operating a branch in that state. Essentially, home state law would govern the interstate activities of state banks and their subsidiaries to the same extent that applicable federal law governs the activities of national banks and their subsidiaries on an interstate basis.[8] The drafters anticipate that this parity would stem the conversion of state-chartered banks to the national charter and restore balance to the dual banking system.

[7] See 70 F.R. 60019. The Board of Directors of the FDIC voted 3 to 2 to move forward with rulemaking. Since the vote, FDIC Chairman Powell has left the FDIC. Chairman Powell voted in favor of rulemaking; his departure creates some uncertainty as to whether the FDIC will continue to support the rulemaking as currently drafted.

[8] 70 F.R. 60019, proposed regulation 12 C.F.R. 362.19.

The Bureau’s response to the FDIC rulemaking

The Bureau supports the intent of the FDIC proposal to the extent that it relates to returning balance to the dual banking system by ensuring that a state charter is a viable option for banks with multi-state operations. However, the Bureau, along with other state regulators, has several concerns about the consequences of the FDIC approach. The impact of the proposed changes is uncertain and subject to intense debate by regulators, consumer interest groups and politicians. The Bureau believes the rulemaking would disadvantage in-state state-chartered community banks, create oversight and enforcement difficulties and adversely affect consumers.

The rulemaking would place in-state state-chartered community banks at a competitive disadvantage relative to both out-of-state nationally-chartered and out-of-state state-chartered banks and their subsidiaries. The in-state state-chartered community banks must adhere to state law in the state where they are located. If those host-state laws are more burdensome than the laws followed by out-of-state banks, the host-state state-chartered community banks would find it difficult to compete. Maine state-chartered community banks with no interstate branches would face greater competition without benefiting from the reduced costs of interstate operations.

The proposed regulations may also start a “race to the bottom” because states may end up competing against one another to eliminate consumer protections in order to attract, or just to retain, the state-chartered banks that are engaged in multi-state operations. State-chartered banks located in states with strong anti-predatory lending and consumer protection laws may seek to switch charters to states with fewer such laws. In addition to the ongoing migration by the multi-state state banks to national charters, the proposed rules would start a migration to state charters in states with the least restrictive laws. As states begin to lose bank charters in this way, state legislatures would be forced to eliminate consumer protection laws in order to retain bank charters, forcing a choice between economic development and consumer protection. The states that are first to create the most favorable operating conditions for multi-state banks will be rewarded with the largest share of state bank charters.

Under the proposed regulations, state regulators would find it difficult to provide efficient oversight to the financial institutions operating in their states. The process of determining which host state laws apply to the activities of out-of-state banks is sure to involve disputes and thus require the frequent involvement of the courts or the OCC, the two bodies endowed by the proposed regulation to determine the applicability of state law. Host state regulators would also need familiarity with the laws of other states in order to identify improper banking practices. Further, consumers would find it hard to determine which laws protect them. As financial products become more difficult to compare, consumers may choose products that do not meet their needs or expectations.

Given the many arguments against the proposed regulation, it is the Bureau's position that preservation of the dual banking system is beyond the powers of a single regulatory agency. If there is a need to preempt state laws in order to preserve the system, then Congress, and not federal regulators, should make that decision. Some members of Congress are now listening to the concerns of state regulators. The Committee on Financial Services is currently reviewing a bill titled "The Preservation of Federalism in Banking Act."[9] The bill removes certain business advantages currently enjoyed by national banks. It is clear that many recognize the value of the dual banking system. In the coming year, the Bureau hopes to see a greater consensus on just how to preserve that system.

<u>Bank Secrecy Act and Anti-Money Laundering</u>

Bank Secrecy Act[10] ("BSA") compliance remains a priority for the federal bank and credit union regulatory agencies,[11] as well as state regulators. The Bureau entered into an information sharing agreement with the Financial Crimes Enforcement Network ("FinCEN") on June 1, 2005, as did 29 other states. The agreement provides that the Bureau will share information with FinCEN about significant BSA violations uncovered during the Bureau's examinations. The agreement also requires the Bureau to provide

[9] See 109 H.R. 3426.
[10] 31 U.S.C. § 5311 et seq.
[11] Office of the Comptroller of the Currency (OCC), Board of Governors of the Federal Reserve System (Federal Reserve), Office of Thrift Supervision (OTS), Federal Deposit Insurance Corporation (FDIC), and National Credit Union Administration (NCUA).

quarterly and annual reports on the Bureau's BSA examination activities. The Bureau has designed a simple information management system to collect raw data and to produce reports for FinCEN. The Bureau anticipates entering into a similar information sharing agreement with the Internal Revenue Service ("IRS"). The IRS has been delegated BSA authority over non-federally regulated financial institutions such as Maine's non-depository trust companies (unaffiliated with banks), merchant banks, and uninsured banks.

Federal regulators, through the Federal Financial Institutions Examination Council ("FFIEC"), issued comprehensive BSA examination procedures on June 30, 2005. The Bureau has adopted these procedures for its BSA examination program. One component of BSA compliance is the accurate and timely filing of Suspicious Activity Reports ("SARS"). The Bureau reviews SARS filed by Maine Financial Institutions and brings any deficiencies to the attention of management. The FFIEC has also developed a BSA / Anti-Money Laundering InfoBase at http://www.ffiec.gov/bsa_aml_infobase/. Along with examination procedures, the Infobase contains other BSA-related reference material for examiners and industry professionals.

The federal banking regulators and FinCEN engaged in significant nationwide BSA enforcement activity in 2005, including several cease and desist orders and civil money penalties. On August 17, 2005 the Office of the Comptroller of the Currency and FinCEN assessed a $24 million civil money penalty for BSA violations against the New York branch of the Arab Bank, PLC. In 2005, the Bureau, either alone or in conjunction with federal regulators, issued one formal enforcement action (Cease and Desist Order) and three informal enforcement actions (one Memorandum of Understanding, and two Board Resolutions) against financial institutions requiring improved compliance with BSA. The Bureau expects that these institutions will correct their BSA deficiencies in one year or less. No Maine financial institutions have been assessed civil money penalties to date.

The Bureau anticipates a high level of regulatory scrutiny for BSA compliance for the foreseeable future because of ongoing efforts to thwart terrorist financing in the United States and abroad. Financial institutions must devote the resources necessary to develop and implement sound anti-money laundering programs to avoid facilitating illegal activity. Failure to do so risks serious reputational harm and the financial consequences associated with formal enforcement actions. The Bureau encourages financial institutions to review the quality and efficacy of their BSA compliance programs by consulting the FFIEC InfoBase, which is the same resource used by the Bureau's examiners when evaluating BSA programs.

Bankruptcy Reform of 2005

The Bankruptcy Abuse Prevention and Consumer Protection Act became law in April of 2005.[12] The Act, which makes numerous and significant changes to the Bankruptcy Code and to the Truth-in-Lending Act, is widely viewed as a major achievement by financial institutions. With some exceptions, the law took effect October 17, 2005. The new law directs higher income debtors into repayment plans so that those that are able to repay their unsecured debts must do so. If a debtor's income exceeds the median income for their state, and the debtor can meet living expenses, then the debtor is expected to pay a portion of the debt over time. This so-called "means testing" is expected to significantly reduce bankruptcy losses for credit card companies and other unsecured creditors.

The impetus behind the means testing found in the new bankruptcy law was the belief that many debtors were using the bankruptcy process to escape debts that they were able to pay. Under the new law, a court on its own motion, or on a motion by a creditor or trustee, may now dismiss a Chapter 7 liquidation bankruptcy case if it believes that providing a bankruptcy discharge would be an abuse of the bankruptcy process. The court may dismiss the case or, with the debtor's consent, convert it to another bankruptcy chapter that requires the debtor to enter into a repayment plan. The court will presume abuse of the bankruptcy process if a debtor's income, reduced by allowable expenses, exceeds specific thresholds described in the law. If a debtor has the ability to make even small payments on unsecured debt, the court will require the debtor to make those payments. The ability to force a debtor into a repayment plan is limited if the debtor's income is equal to, or less than, the median income for families of

[12] 109 P.L. 8 (S. 256)

similar size. If income is below the median, then a bankruptcy discharge, without a repayment plan, is still available. As an added deterrent to filing bankruptcy, debtors are now required to seek credit counseling before seeking a bankruptcy discharge.

Although lenders may favor the Bankruptcy Abuse Prevention and Consumer Protection Act, the new law is not without its detractors. Consumer advocates criticize the legislation because they believe it is too harsh on individual debtors and their families. They argue that many individuals find themselves in a financial crisis due to medical bills or other unexpected emergencies and not due to irresponsible behavior. Prior to the new law, many individuals could obtain a bankruptcy discharge and immediately enjoy a fresh start. The new law now places many individuals into repayment plans that may last as long as five years; a period during which unsecured creditors compete for a share of the debtor's resources.

The Bankruptcy Abuse Prevention and Consumer Protection Act contains important consumer protections enacted as amendments to the Truth-in-Lending Act. These protections generally become effective one year after rulemaking by the Federal Reserve. Most of the new protections pertain to the types of disclosures that credit card lenders must provide. A minimum payment warning will be required on billing statements for open-end credit. The purpose of the warning is to inform borrowers that making only the minimum payment in a given month increases the total interest expense and the time it takes to repay the loan. Consumers must be given access to a toll-free number where they can learn how long it will take to repay their debt when making just the minimum payment. The drafters hope that consumers armed with this knowledge will make better decisions about managing their debts.

Financial institutions should be aware that the bankruptcy reform measures also require creditors to disclose information about introductory or "teaser" interest rates in solicitations for open-end credit. Applications and solicitations, and any accompanying promotional materials that offer introductory interest rates, must clearly and conspicuously use the term "introductory" in proximity to the listing of the temporary rate. The applications and solicitations must also clearly and conspicuously show what the annual interest rate is, or the index it will follow, when the introductory rate comes to an end. If the introductory rate is revocable upon any event, then the creditor must provide a description of the circumstances that may result in revocation and the new rate that will apply. Congress did not entrust lenders with the creation of the new disclosures. The Federal Reserve has been given the task of explaining to the industry what a “clear and conspicuous” disclosure must contain.

The new bankruptcy law also requires enhanced disclosures for Internet credit card solicitations and for late payment deadlines. If a late payment fee may be imposed on an account, the billing statement must show the date on which the payment is due and the amount of the late payment fee. The new law prevents creditors from terminating an account solely because a consumer has not incurred finance charges, although accounts may be terminated if there is inactivity for three or more consecutive months. The enhanced disclosure requirements are not limited to credit cards. The new law also requires new disclosures for loans that are secured by a person’s dwelling. If a loan exceeds the fair market value of the dwelling, the lender must disclose that the interest charged on the unsecured portion of the loan is not tax deductible.

Creditors and debtors are just beginning to unravel the new bankruptcy laws as new cases work through the courts. The success of the changes will be measured by a reduction in bankruptcy filings due to credit counseling, enhanced credit disclosures and the deterrent effect of means testing.

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SECTION II

BUREAU OVERSIGHT ACTIVITIES

Application Activity

As reflected in Table 1, a majority of the applications submitted to the Bureau in period ending October 2005 were to establish new branches.

TABLE 1

	11/02 – 10/03	11/03 – 10/04	11/04 – 10/05
Charters – Depository Inst.	0	0	0
Charters – Nondepository Inst.	0	0	1
Charter Conversions	0	1	0
Mergers, Acquisitions	1	8	3
New Activities	2	3	1
Branch Establishment	4	9	14
Branch Relocation	1	4	2
Branch Closing	3	3	0
Other	1	1	1

There were 14 branch notifications filed by ten different institutions (nine banks and one credit union). Eleven of the new branches are located in southern Maine: six in York County, four in Cumberland County and one in Androscoggin County. In June 2005, the Bureau was notified by First Tennessee Bank, NA, headquartered in Memphis, Tennessee, that the bank had filed notice with the Office of the Comptroller of the Currency of its plans to establish interstate branch offices in Bangor and Portland, Maine. This rise in new branch establishments is not unique to Maine as financial institutions nationwide have been aggressively expanding branch networks as a means to attract new deposits.

Other applications of note in the past year included the proposed acquisition of the $9 billion (assets) Hudson United Bancorp in New Jersey by TD Banknorth and the establishment of a nondepository trust company by Eaton Vance Corp., a Boston-based money manager with more than $100 billion in assets under management. Interest in the various limited purpose bank charters, including nondepository trust companies and uninsured banks, has been strong over the past several months. While no applications have been filed as yet, the Bureau anticipates that at least one application will be filed in the near future.

Technology Initiatives

The Bureau's examination staff examines financial institutions throughout Maine and, whenever feasible, the Bureau utilizes technology to minimize the burden of examinations, decrease costs and streamline operations. To that end, in the 4th quarter 2005, the Bureau purchased new computer hardware in an effort to keep pace with the industry. At the same time, the Bureau adopted the latest versions of FDIC and NCUA examination software.

While new technology is important to facilitate the oversight of financial institutions, the Bureau strives to ensure that the technology it uses adequately protects the confidentiality of information. In accordance with recommended federal standards and guidelines, the Federal Deposit Insurance Corporation, the Office of Thrift Supervision, and the Federal Reserve Board recently announced initiatives to implement e-mail encryption technologies. The Bureau is participating in these initiatives and hopes to soon fully utilize the security feature when exchanging email with its federal counterparts. In addition, the Bureau is exploring various means of offering a similar secure e-mail service for financial institutions to use in corresponding with the Bureau.

The Bureau's Extranet has provided on-line form filing capabilities since 2003. As part of its year-end 2005 data collection efforts, the Bureau surveyed the industry for suggestions on how to enhance Extranet services. The Bureau now plans to expand its menu of available forms and provide the capability of saving and editing documents prior to submission to the Bureau.

Consumer Outreach

The Bureau created a Consumer Outreach Program in 1987 to help meet the needs of Maine consumers. A Consumer Outreach Specialist is available to answer questions related to the business of financial institutions, to mediate complaints and to make referrals to other regulatory agencies. The Bureau has improved its ability to communicate with consumers by offering online submission of inquiries and complaints through its website. In addition, the website contains a consumer library that contains links to over 100 different banking topics. The library allows consumers to research topics of interest and learn ways to guard against fraud and identity theft.

During the fiscal year ending June 30, 2005, the Bureau responded to 894 consumer complaints and inquiries. Of those consumer contacts, 147 were complaints involving state-chartered institutions that required Bureau intervention. The Bureau is most effective when intervening in disputes involving state-chartered financial institutions. When a federally-chartered financial institution is involved, complaints are often forwarded to the institution's appropriate federal regulator. Table #2 lists the Bureau's consumer contacts by account type in fiscal year 2005.

TABLE #2

Type of Account	**Number of Contacts**	**% of Total**
Credit Cards	303	34%
Checking Accounts	146	16%
Installment Loans	83	9%
Mortgage Loans	157	18%
Other[13]	205	23%
Total	894	100.0%

Fraudulent activity involving Maine consumers and financial institutions continues to grow as scam artists continue to invent ways to steal from trusting or uninformed consumers. The Bureau receives inquiries from consumers about a variety of scams. A common scam involves a false promise of government grants, loans, lottery/sweepstakes winnings, and Medicare and prescription benefits. These scams typically require victims to pay some type of fee to obtain a prize or benefit that does not exist. The Bureau is aware of other scam artists that attempt to steal identifications by posing as court clerks seeking information related to an individual's obligation for jury duty. Other scams copy or mimic the websites of federal agencies, financial institutions

[13] Included in "Other" are the following: credit report problems, check cashing fees, forgery, funds availability, identity theft and telemarketing.

and other organizations and then lure consumers into providing account numbers, social security numbers and other valuable personal information.

Financial institutions play a large role in preventing fraud. The Bureau has seen several instances where banks or credit unions prevented the common “fake check” scams, which take advantage of the federal deadlines for making funds deposited by check available to depositors. Under certain circumstances, the federal law requires financial institutions to make funds available before a check has been cleared or rejected through the payment system. Scam artists overpay for goods with counterfeit checks and then request that the intended victim return the overpayment amount. Well trained tellers prevent the scam by warning customers that deposit a suspicious check that the funds from such a check may be available for use before it is determined to be counterfeit. The tellers explain that if a check is a fake, the depositor must return the deposited funds to the financial institution. Though the Bureau has information about this and other scams on its website, vigilance at the teller-line is crucial to the prevention of these crimes. It is also hoped that the rapid check clearing promised by the Check Clearing for the 21 Century Act (Check 21) will help reduce this type of fraud. Check 21 allows checks to clear electronically, thus reducing the time it takes to clear checks and detect counterfeits.

The Bureau has also received inquiries about a practice called “blocking.” Hotels, car rental companies, restaurants and gas stations frequently use blocking to make sure credit and debit cards have enough funds available to pay for their services. Blocking occurs in circumstances where a consumer presents a credit or debit card before the merchant knows the exact amount to charge. To insure payment, some merchants estimate the charge and seek authorization for the estimated amount from the consumer’s credit card company or financial institution. The estimate is generally higher than the actual charge. When the transaction is authorized the consumer’s credit card balance or checking account balance is blocked, reducing the funds available in the account by the amount authorized. For example, gas stations may automatically block each consumer’s account for $50 when the consumer uses a credit or debit card and pays for gas at the pump. Even if the consumer buys only $20 in gas, due to blocking, the account will appear as if the consumer has spent the full $50 authorized. The block may last for several days.

The practice of account blocking is legal, however, it can cause problems for a consumer. If the consumer is close to a credit card limit or carries a low balance in a debit account, the consumer may exceed credit limits or overdraw an account if spending continues under the assumption that the account was only adjusted by the amount of the purchase. A consumer that is unaware of this blocking process may be unable to access cash and may incur over-limit fees and withdrawal penalties. The Bureau's website offers information about blocking so that consumers can learn about the process and avoid the problems it may cause. The Federal Trade Commission has a number of suggestions for avoiding problems; one suggestion is to simply ask businesses about blocking practices before ever using a credit or debit card.

Preventing Identify Theft

Recent nationally publicized instances of data breach at businesses and government agencies around the country have spurred consumers to seek ways to protect themselves. Fear of identity theft has inspired many consumers to monitor their own credit reports, buy identity theft insurance and enroll in credit monitoring services.

Monitoring personal credit reports is an important step in preventing identity theft. According to the Federal Trade Commission, it takes an average of 12 months for a consumer to realize that he or she is a victim of identity theft. A consumer may detect signs of identity theft earlier by regularly reviewing personal credit reports. If unfamiliar credit activity appears on a credit report, it may indicate that a criminal is using that consumer's identity to obtain credit or services. Once a theft has been detected by the consumer, the consumer can take action to clear the credit record and prevent further theft. Since 2003, Maine law has entitled consumers to receive a free credit report every year. As of September 1, 2005, federal law provides citizens of other states with similar rights. A consumer may get at least one free credit report a year from each of the three major credit reporting companies. A consumer can now easily access free annual credit reports online by going to www.annualcreditreport.com.

The Maine Legislature passed a law in 2005 that provides additional protection against identity theft for Maine citizens. Beginning February 2006, a Maine consumer will be able to place a security freeze on his or her credit reports. When the freeze is in place, information from the credit report may not be released to anyone without the express authorization of the consumer. This prevents thieves from applying for credit in the name of the consumer because creditors will not be able to verify credit history.

Some consumers are turning to credit monitoring services to alert them to changes in their credit report. These services typically include the monitoring of credit reports and scores, notification of any changes to the reports, and insurance coverage for expenses incurred in restoring credit in the event of identity theft. Credit monitoring services are offered by a number of organizations, including credit reporting agencies and credit card companies. The services and prices vary widely from plan to plan.

SECTION III

INDUSTRY CONDITIONS

Maine's financial institutions remain in sound financial condition with sufficient capital, earnings and strong asset quality. Each of the three main sectors, banks and thrifts, credit unions and limited purpose banks, is discussed separately below.

Maine Banks

There are 40 state and federally chartered banks and thrifts that operate offices in Maine. Three of those organizations, Bank of America, KeyBank and Ocean National Bank, have a significant presence in Maine but are headquartered outside of Maine. TD Banknorth is headquartered in Maine, but its Maine operations represent only a small portion of the bank's consolidated business. Maine-specific data is limited or nonexistent for these four organizations. Therefore, the analysis in this section refers to the performance of the remaining 36 state and federally-chartered banks and thrifts headquartered in Maine (the "Maine Banks").[14] TD Banknorth, Bank of America and KeyBank remain the three largest financial institutions operating in Maine, but over the past five years, their share of loans and deposits of all financial institutions operating in Maine continues to decline, dropping from 37% to 30% (loans), and 39% to 33% (deposits), respectively.

The Maine Banks continue to maintain very strong capital ratios, well above the minimum standards to qualify as "well-capitalized" under federal guidelines. Capital retention (net income less dividends) exceeded asset growth in 2004 and through the first six months of 2005, resulting in modest increases in the core capital ratio. See Chart #1.

[14] As of June 30, 2005, there were 13 commercial banks, 16 savings banks and 7 thrift institutions: 29 are state-chartered and 7 are federally-chartered. All of the Maine Banks operate their banking offices solely in Maine.

However, capital ratios based on risk-weighted assets declined as of June 2005 due to continuing shifts in assets (increase in loans vis-à-vis other assets) and in loan types (decreasing percentage of first residential mortgages). Both of these shifts require more capital because they represent a movement to riskier assets.

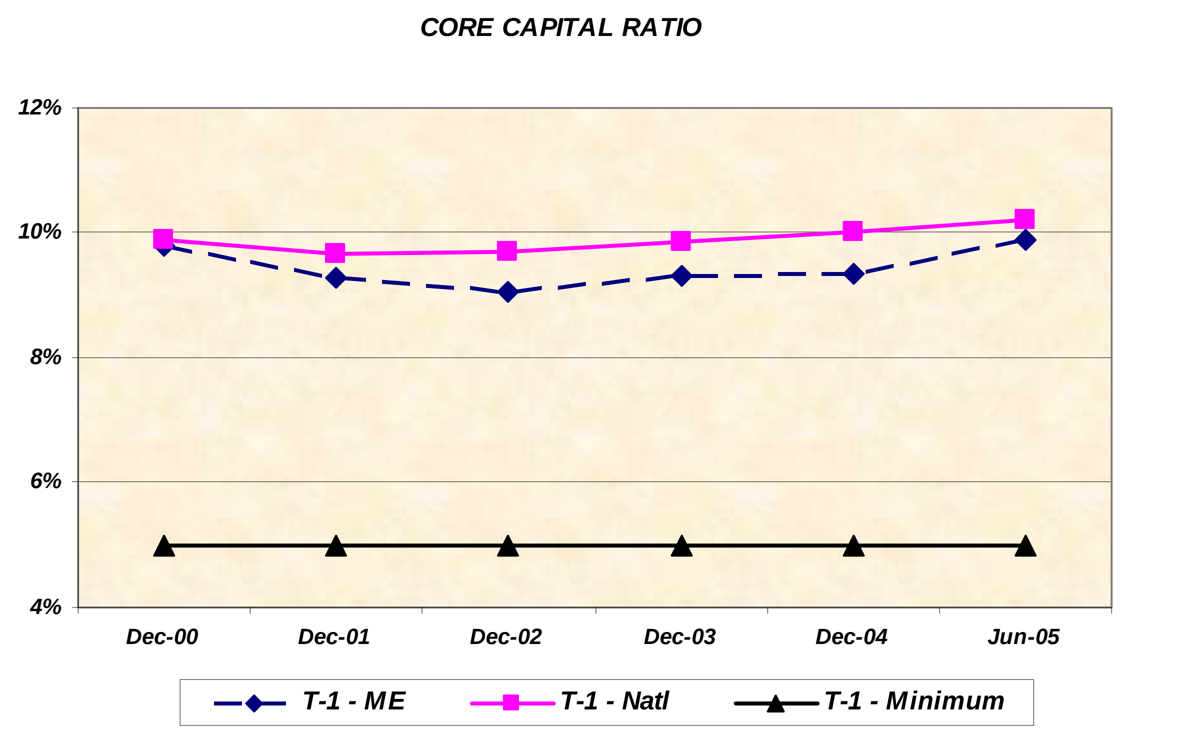

CHART #1

Net income for calendar year 2004 was a record $139 million, up 8% from 2003 and return on average assets ("ROA") was essentially unchanged at a very satisfactory 1.00%. The higher net income is attributable primarily to greater net interest income ("NII") as non-interest income ("OI") experienced its smallest increase in ten years. Dollar net income for the first six months of 2005 was flat as higher NII was offset by lower OI and higher overhead ("OVHD"). The decrease in OI is largely attributed to the slowdown in residential mortgage originations and refinancings, which has generated less fee income and gains on sales of loans.

Table #3 shows comparative data for calendar years 2003 and 2004 and the six-month period ending June 2005 and June 2004.

TABLE #3

	12/04	12/03	% Chg	6/05	6/04	% Chg
Net Interest Income (NII)	484	458	5.7	255	235	8.5
Non-Interest Income (OI)	119	116	2.6	52	54	(3.7)
Overhead (OVHD)	396	377	5.0	205	192	6.8
Allowance for Possible Loan Losses (ALLP)	13	17	(23.5)	5	7	(28.6)
Core Operating Income (COI)	194	180	7.8	97	90	7.8
Securities Gains	9	8	12.5	3	8	(62.5)
Taxes	64	60	6.7	31	31	0.0
Net Income	139	128	8.6	68	67	1.4

Amounts are shown in millions of dollars. (Core Operating Income is income before securities gains and taxes).

Table #4 shows the same income and expense categories shown in Table #3 as a percentage of average assets and compares the performance of the Maine Banks to all federally-insured banks in the United States. The comparatively weak NII recorded by Maine Banks is due to a greater reliance on non-core funding (brokered deposits, certificates of deposits in excess of $100,000 and borrowings) which results in a higher interest expense. The flat yield curve, resulting from long-term interest rates being only narrowly higher than short-term interest rates, has squeezed NII. This compression of the interest margin, which is expected to continue over the near term, is one of the biggest challenges facing bankers today.

TABLE #4

	12/02		12/03		12/04		6/05	
	ME	Natl	ME	Natl	ME	Natl	ME	Natl
Net Interest Income (NII)	3.80	4.03	3.62	4.03	3.50	3.88	3.51	3.93
Non-Interest Income (OI)	0.88	0.77	0.92	0.77	0.86	0.74	0.72	0.71
Overhead (OVHD)	3.04	3.13	2.98	3.13	2.87	3.08	2.82	3.03
Allowance for Possible Loan Losses (ALLP)	0.21	0.24	0.14	0.24	0.09	0.17	0.08	0.14
Core Operating Income (COI)	1.44	1.50	1.44	1.50	1.40	1.45	1.33	1.55
Return on Assets (ROA)	0.89	1.08	1.01	1.08	1.00	1.06	0.94	1.13
Non-Interest Income to Revenue (OI/Rev)	18.8	16.0	20.3	16.0	19.7	16.0	17.0	15.3

Assets at the Maine Banks increased 7% for the 12 months ending June 2005, slightly lower than all federally-insured banks. However, loan growth modestly exceeded asset growth as loans increased to a record 76% of assets, well above the national average of 64%. Table #5 details some key balance sheet numbers (in millions of dollars) for the Maine Banks and compares their growth rate with that of all banks nationwide.

TABLE #5

	6/05	6/04	% Chg – MB	% Chg - Natl
Assets	14,903	13,880	7.4	8.3
Core Deposits	8,951	8,410	6.4	3.5
Non-Core Funding	4,356	4,016	8.5	15.1
Equity	1,472	1,348	9.2	18.5
Loans	11,258	10,344	8.8	11.2
Commercial Real Estate (CRE)	2,696	2,441	10.4	8.9
1st Residential RE Mortgage	4,496	4,318	4.1	11.2
Home Equity (HE)	1,133	939	20.7	28.4
Total Real Estate Mortgage	8,985	8,243	9.0	14.7
Commercial & Industrial (C&I)	1,127	992	13.6	14.7
Individual	931	935	(0.5)	12.5
Non-Current Loans (NCL)	49	43	14.0	(11.0)

All major categories of loans increased, except for loans to individuals, which declined a nominal 0.4%. The mix continued to shift slightly towards loans secured by real estate, which now account for 80% of all loans. The national average for loans secured by real estate is 68% and is increasing at about the same pace as that for Maine Banks. The strong growth in commercial and industrial loans ("C&I") at the Maine Banks, the highest in five years, is a positive reflection of current economic growth in Maine. Chart #2 compares the loan mix of the Maine Banks with that of all banks nationally as of 6/05.

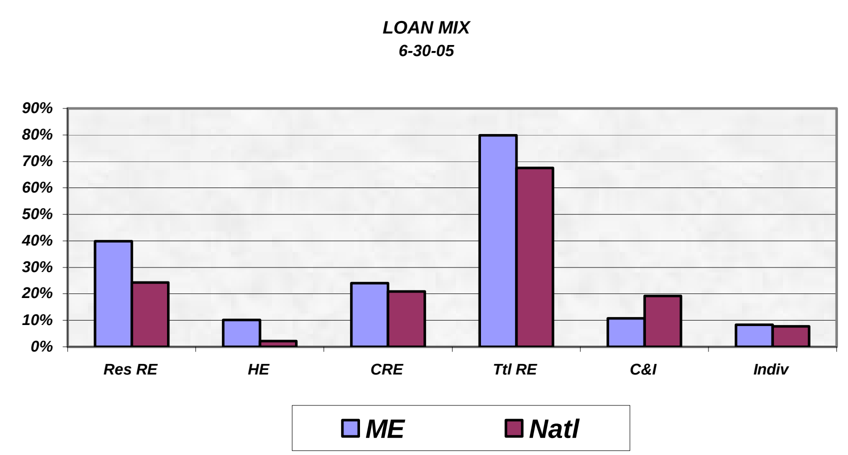

CHART #2

Loan quality is remarkably strong and, while some slippage over the next year would not be surprising given the softening in the real estate market, it is expected to remain relatively strong. As seen in Chart #3, the Maine Banks continue to compare very favorably to banks nationally. Although Maine Banks have a heavy concentration of housing loans (first real estate mortgages and home equity loans), the impact of stagnant, or even modestly declining, housing values is not expected to be material. Further, the Allowance for Possible Loan Losses ("ALLP"), despite declining as a percentage of total loans to its lowest level in more than ten years, remains very strong based on noncurrent loans ("NCL" – loans more than 90 days past due or not accruing interest) and net loan losses ("NLL").

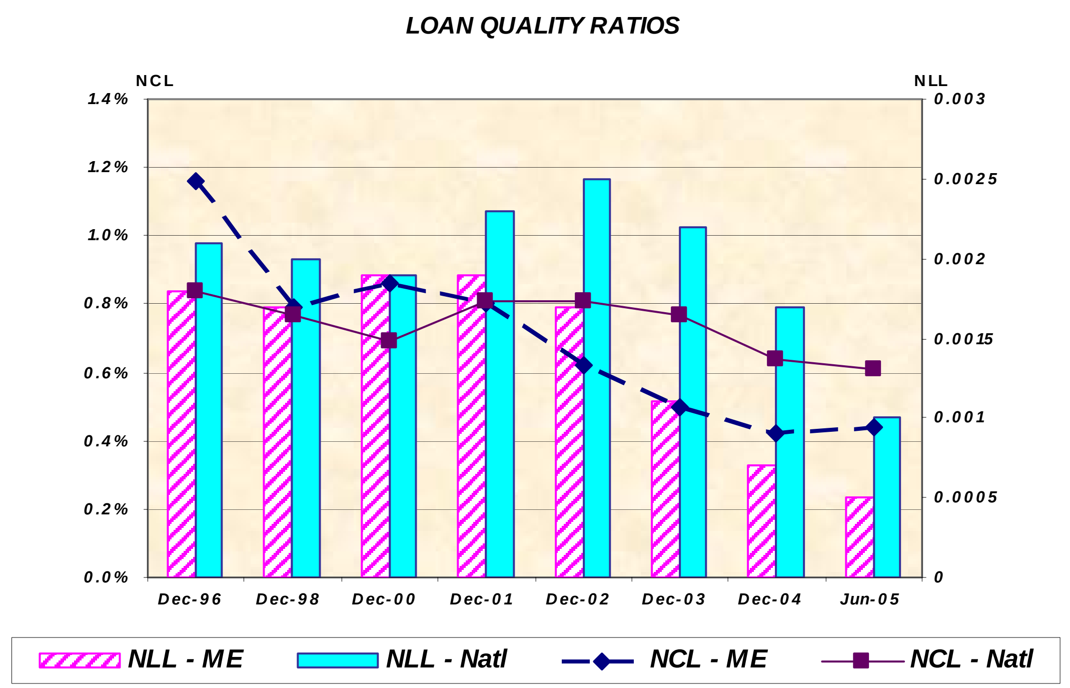

CHART #3

In 2004 and through June 2005, the Maine Banks continued to book loans faster than core deposits, necessitating increased reliance on noncore funding. Noncore funding now supports nearly 30% of all assets and the loan-to-core deposit ratio stands at 124%. At the national level, these ratios are 17% and 96%, respectively. Adding to these funding concerns is the large volume of long-term assets (maturity or re-pricing greater than five years) held by the Maine Banks, which represent 36% of total assets vs. only 14% for banks nationwide. Fortunately, the preponderance of these long-term assets is residential mortgage loans or mortgage-backed securities for which there is a liquid secondary market or which can be pledged to secure borrowings.

Overall, the Maine Banks remain in sound financial condition with strong capital, adequate earnings and sound asset quality. As such, they are well-positioned to continue to provide a wide variety of financial products and services to Maine consumers and businesses. However, there are a number of challenges facing the Maine Banks. These challenges include increasing core deposits, maintaining sound credit underwriting while increasing loans, preventing further erosion of the interest margin, growing non-interest income and controlling expenses. Management's response to these challenges will continue to be complicated by intense competition, including increased competition from nonbanks, the need to keep pace with technological advances and an increased regulatory burden, particularly in the compliance arena. To help prioritize these challenges and their associated risks, increasing importance is placed on each institution's internal risk management practices, especially as the institution grows in asset size and complexity. An effective risk management process will enable management to not only identify the bank's risks, but also to measure, monitor and mitigate those risks. A sound risk management process, though challenging to create in the short-term, will in the long-run assist management to better confront the myriad of issues it will encounter. Management of Maine Banks continues to improve and expand their risk practices as they become more familiar with the process and its benefits.

Maine Credit Unions

Maine Credit Unions[15] continue to record steady and moderate performance, resulting in an industry that remains in sound financial condition. Key ratios such as net worth-to-total assets ("NWR"), return on average assets ("ROA"), past due loans ("PD") and net loan losses ("NLL"), while generally not as strong as the national averages are nevertheless solid. Capital and earnings are more than adequate to support expected future asset growth and the credit quality, based on PD and NLL, is at or very near historic high points.

[15] As of June 30, 2005, there were 75 credit unions headquartered in Maine – 12 had a Maine charter and 63 had a federal charter. Collectively, these 75 credit unions are referred to as "Maine Credit Unions."

In calendar year 2004, there was a minimal improvement in ROA and a slight decrease in asset growth which resulted in a nominal increase in NWR. For the first six months of 2005, there was a small drop in ROA, but asset growth held steady at 6%, resulting in a further nominal increase in NWR to 10.7%. As Chart # 4 shows, Maine Credit Unions have consistently lagged credit unions nationally in both asset growth and NWR, but the gap is very small and inconsequential.

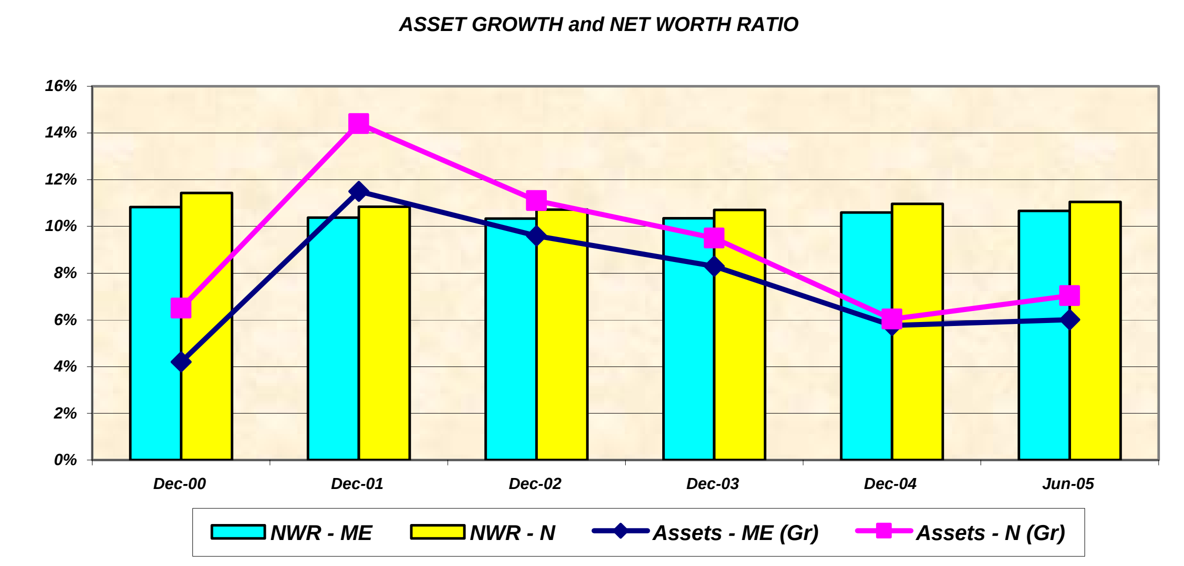

CHART #4

As previously stated and seen in Table #6, ROA improved slightly in 2004 due to a combination of lower overhead ("OVHD") and a lower provision for the allowance for loan losses ("ALLP"). The decrease in these two expense categories was greater than the decrease in the two revenue accounts. However, in the first six months of 2005, an increase in OVHD and a continued decline in net interest income resulted in a drop in ROA. Despite the ongoing decrease in net interest income ("NII"), Maine Credit Unions continue to enjoy a comparatively strong NII, due largely to a high loan-to-asset ratio, supplemented by a slightly higher loan yield and a slightly lower cost of funds.

TABLE #6

	12/02		**12/03**		**12/04**		**6/05**	
	ME	**NATL**	***ME***	**NATL**	***ME***	**NATL**	***ME***	**NATL**
Net Interest Income (NII)	4.03	3.63	3.82	3.42	3.75	3.32	3.68	3.26
Non-Interest Income (OI)	0.93	1.01	1.06	1.15	1.01	1.16	1.02	1.22
Overhead (OVHD)	3.84	3.27	3.80	3.23	3.74	3.21	3.80	3.20
Allowance for Loan Losses (ALLP)	0.21	0.35	0.25	0.35	0.17	0.36	0.13	0.35
Return on Average Assets (OA)	0.91	1.02	0.83	0.99	0.85	0.91	0.77	0.93

In 2004, Maine Credit Union loans increased $216 million, or 8%, which was slightly above the annual compound growth rate ("ACGR") of the prior five years. For the first six months of 2005, loan growth slowed to an annual rate of 5%. The bulk of the growth has been in real estate loans, which now account for 55% of all loans. Other RE, which consists primarily of home equity loans, has grown the fastest. Other RE now accounts for more than one-third of the dollar growth for the first six months of 2005. Unsecured loans, which include credit card loans, continue to decline in both dollars and as a share of total loans.

Table #7 shows the change in loan mix for Maine Credit Unions and compares the mix with that of credit unions nationally.

TABLE #7

LOAN MIX	6/00		6/05	
	ME	NAT'L	*ME*	NAT'L
Auto	32%	40%	30%	38%
1st Real Estate	32%	26%	35%	32%
Other Real Estate	13%	13%	20%	15%
Unsecured	12%	14%	6%	10%
Other	11%	7%	9%	5%

Credit quality indicators, particularly NLL, remain very sound. The low level of NLL continues to be positively affected by the loan mix, which consists of a high percentage of real estate loans and a low percentage of unsecured loans. Chart #5 compares NLL and PD for Maine Credit Unions and credit unions nationally.

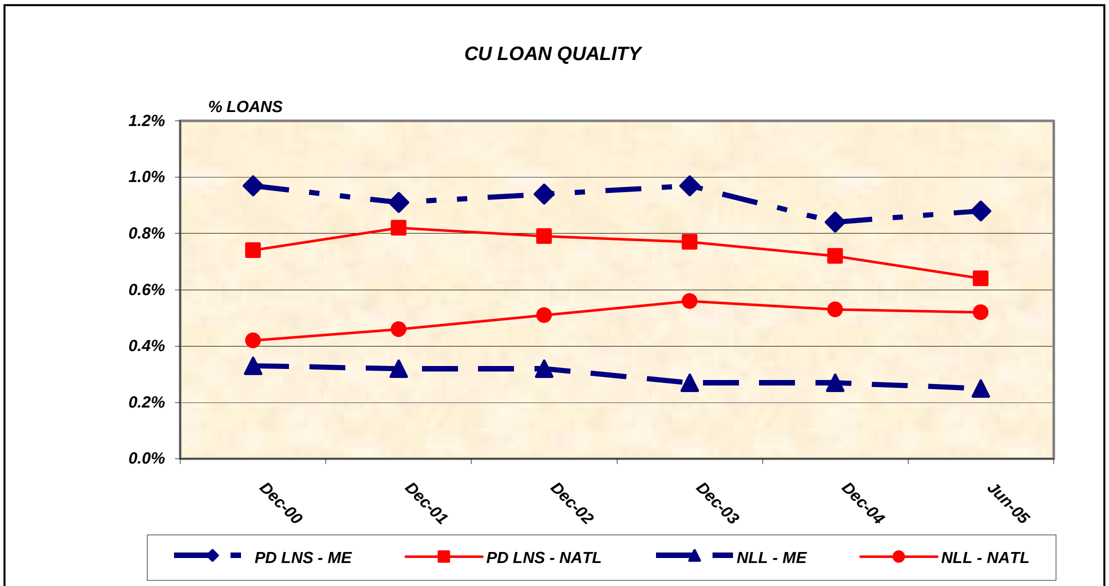

CHART #5

In 2004, total shares increased $137 million, or 4%, well below the 7% ACGR of the prior five years. Share growth accelerated during the first six months of 2005 to 6%, however, share growth historically has been highest during the first six months of the year. Because share growth has lagged asset growth, reliance on borrowings has increased, but remains relatively insignificant at only 4% of assets. Table #8 compares some key liquidity ratios for Maine Credit Unions with those of credit unions nationally. In general, Maine Credit Unions have slightly tighter liquidity ratios, as evidenced by higher loan-to-share and loan-to-asset ratios, than credit unions nationally. Maine Credit Unions also have slightly greater interest rate risk, evidenced by a higher percentage of long-term assets ("LTA"), a consequence of their greater share of real estate loans.

TABLE #8

	12/02		**12/03**		**12/04**		**6/05**	
	ME	**NATL**	***ME***	**NATL**	***ME***	**NATL**	***ME***	**NATL**
Loan Growth	*5.6*	6.3	*10.0*	9.8	*8.3*	10.1	*5.5*	9.8
Share Growth	*9.4*	10.8	*7.8*	9.1	*4.4*	5.3	*6.2*	5.8
Loan to Share	*81.4*	70.8	*83.1*	71.2	*86.2*	74.5	*85.9*	75.9
Loan to Total Assets	*70.3*	61.5	*71.4*	61.6	*73.1*	64.0	*72.9*	64.9
Borrowings to Total Assets	*2.8*	1.4	*3.2*	1.9	*4.1*	2.4	*3.9*	2.7
Long-Term Assets	*29.7*	22.9	*31.1*	25.3	*31.5*	25.2	*31.0*	24.8

Over the last ten years, loan and share growth at Maine Credit Unions has narrowly outpaced that for all financial institutions in Maine. As a result, the percentages of loans and deposits held by Maine Credit Unions have steadily increased; their percentage of total loans has increased from 11% to 14% and, of total deposits, from 13% to 16%. Nationally, credit unions hold 6% of total loans and 8% of total deposits. Over the same ten year period, the number of Maine Credit Unions dropped from 94 to 75, but their percentage of all Maine financial institutions has held steady at 66%. The decline in the number of institutions, all attributable to mergers, has contributed to the increase in average asset size from $23 million to $53 million.

Maine Credit Unions, despite their comparatively strong growth, continue to hold a small share of loans and deposits in Maine and are dominated by small, one or two office institutions. In addition to facing stiff competition from banks and other financial service providers for loans and deposits, they are confronted with increased regulatory burden and ever-changing technology demands. These challenges generally require added expenditures, but with revenue growth constrained by the increasing pressure on the net interest margin, Maine Credit Unions must control expenses. These challenges are not unique to Maine Credit Unions, they are common to all financial institutions regardless of asset size. For Maine Credit Unions, the difficulties in overcoming the challenges are exacerbated by their relatively small size.

Limited Purpose Banks

The ninth independent limited purpose state-chartered bank opened for business in January 2005, continuing the slow but steady growth in Maine niche banks. These banks, not affiliated with another financial institution, are primarily engaged in fiduciary activities and are not authorized to accept deposits. Their focus remains generally on one of two separate markets: (1) "traditional" trust, investment management, advisory and custodial services to individuals; or (2) custodial and administrative services, typically to retirement plans. Table #9 shows the growth in fiduciary assets of Maine limited purpose banks (in millions of dollars) as well as the number of accounts (adjusted for the sale of a line of business by a nondepository trust company in late 2003).

TABLE #9

	12/02		**12/03**		**12/04**		**6/05**	
# Banks	7		7		8		9	
	$	#	$	#	$	#	$	#
Managed	1,185	2,075	1,396	2,085	1,487	2,195	1,562	2,431
Non-Managed	771	502	1,068	461	1,557	472	1,286	380
Custody	1,615	1,058	1,874	2,203	2,199	2,271	2,424	2,486
TOTAL	3,582	3,635	4,338	4,749	5,243	4,938	5,272	5,297

As of June 30, 2005, each of the state-chartered limited purpose banks had capital in excess of that required by the Bureau, and only one reported negative net income, and that was nominal. Compared to June 30, 2004, each limited purpose bank had higher capital, higher revenues and higher net income (lower net loss) at June 30, 2005.

The Bureau anticipates that the existing entities and new entrants will continue to expand the range of services and products offered as they recognize the business opportunities that the limited purpose charters provide. These same opportunities have challenged, and will continue to challenge, the Bureau to develop adequate resources to effectively supervise the limited purpose banks.

EXHIBITS

SUMMARY OF MAINE FINANCIAL INSTITUTIONS
June 30, 2005

		ASSETS		DEPOSITS/SHARES		LOANS	
	No.	Dollars (000's)	% of Total	Dollars (000's)	% of Total	Dollars (000's)	% of Total
Trust Companies	11	3,336,620	17.58%	2,363,406	11.06%	2,454,152	12.02%
Limited Purpose Banks	10	96,565	0.51%	N/A	N/A	21,000	0.10%
National Banks[1]	6	2,025,228	10.67%	8,625,754	40.37%	7,741,273	37.93%
State Savings Banks	15	8,374,049	44.13%	6,141,686	28.74%	6,326,358	31.00%
Federal Savings Banks	1	699,776	3.69%	514,003	2.41%	572,988	2.81%
State Savings & Loans	3	160,612	0.85%	117,200	0.55%	137,108	0.67%
Federal Savings & Loans	4	306,466	1.62%	230,012	1.08%	259,367	1.27%
State Credit Unions	12	1,007,522	5.31%	847,813	3.97%	728,196	3.57%
Federal Credit Unions	63	2,967,293	15.64%	2,526,081	11.82%	2,168,932	10.63%
TOTAL	125	18,974,131	100.00%	21,365,955	100.00%	20,409,374	100.00%
Commercial Banks[1]	17	5,361,848	28.26%	10,989,160	51.43%	10,195,425	49.95%
Limited Purpose Banks	10	96,565	0.51%	N/A	N/A	21,000	0.11%
Savings Banks	16	9,073,825	47.82%	6,655,689	31.15%	6,899,346	33.80%
Savings and Loans	7	467,078	2.46%	347,212	1.63%	396,475	1.94%
Credit Unions	75	3,974,815	20.95%	3,373,894	15.79%	2,897,128	14.20%
TOTAL	125	18,974,131	100.00%	21,365,955	100.00%	20,409,374	100.00%
State-Chartered	51	12,975,368	68.38%	9,470,105	44.32%	9,666,814	47.36%
Federally Chartered[1]	74	5,998,763	31.62%	11,895,850	55.68%	10,742,560	52.64%
TOTAL	125	18,974,131	100.00%	21,365,955	100.00%	20,409,374	100.00%
In-State Ownership	121	18,639,610	98.24%	16,963,899	79.40%	17,216,206	84.35%
Out-of-State Ownership[1]	4	334,521	1.76%	4,402,056	20.60%	3,193,168	15.65%
TOTAL	125	18,974,131	100.00%	21,365,955	100.00%	20,409,374	100.00%

[1] Maine deposits and loans for the following banks operating in a multi-state environment are included in this exhibit, however, Maine assets are not available.
Bank of America, National Association
KeyBank National Association
Ocean National Bank
TD Banknorth, National Association

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

	06/30 2001	06/30 2002	06/30 2003	06/30 2004	06/30 2005
Commercial Banks					
Trust Companies					
Banks	9	9	10	10	11
Branches	73	74	73	72	83
Assets	1,876,969	2,078,769	2,303,686	2,610,874	3,336,620
Deposits	1,424,564	1,547,458	1,697,078	1,845,199	2,363,406
Loans	1,259,999	1,377,629	1,564,522	1,778,851	2,454,152
National Banks					
Banks	7	7	7	7	6
Branches	222	198	192	191	196
Assets	5,934,364	1,442,222	1,603,100	1,778,091	2,025,228
Deposits	7,494,223	7,440,908	7,837,742	8,462,889	8,625,754
Loans	6,203,371	6,508,230	6,835,230	7,311,140	7,741,273
Limited Purpose Banks					
Merchant Banks					
Banks	1	1	1	1	1
Branches	0	0	0	0	0
Assets	16,852	16,789	39,944	40,397	42,334
Deposits	0	0	0	0	0
Loans	118	404	21,381	21,269	21,000
Uninsured Banks					
Banks	0	0	0	0	0
Branches	0	0	0	0	0
Assets	0	0	0	0	0
Deposits	0	0	0	0	0
Loans	0	0	0	0	0
Nondepository Trust Companies					
Banks	5	6	7	8	9
Branches	0	0	0	0	0
Assets	10,201	9,897	10,521	50,748	54,231
Deposits	N/A	N/A	N/A	N/A	N/A
Loans	N/A	N/A	N/A	N/A	N/A
Savings Banks and Savings and Loan Associations					
Savings Banks					
Banks	16	15	15	15	15
Branches	145	149	149	153	162
Assets	6,299,301	6,734,208	7,189,190	7,851,486	8,374,049
Deposits	4,690,828	5,010,519	5,302,765	5,678,939	6,141,686
Loans	4,610,666	4,859,363	5,268,506	5,895,263	6,326,358
Federal Savings Banks					
Banks	2	2	2	2	1
Branches	28	29	29	30	20
Assets	957,437	1,014,826	1,102,267	1,194,426	699,776
Deposits	704,563	739,898	765,155	847,584	514,003
Loans	813,946	859,251	921,362	982,150	572,988

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

	06/30 2001	**06/30 2002**	**06/30 2003**	**06/30 2004**	**06/30 2005**
State Savings & Loan Associations					
Associations	3	3	3	3	3
Branches	0	0	0	0	1
Assets	132,484	140,244	148,090	153,515	160,612
Deposits	100,834	103,550	110,428	112,302	117,200
Loans	104,868	107,427	114,609	129,987	137,108
Federal Savings & Loan Associations					
Associations	4	4	4	4	4
Branches	4	4	4	4	5
Assets	248,855	257,846	269,949	291,554	306,466
Deposits	200,502	206,822	211,965	223,857	230,012
Loans	201,494	211,442	212,098	231,426	259,367
Credit Unions					
State Credit Unions	14	15	15	14	12
Branches	19	17	17	17	20
Assets	726,888	823,799	912,826	956,141	1,007,522
Shares	628,463	711,205	782,689	806,457	847,813
Loans	519,972	568,652	629,438	686,535	728,196
Federal Credit Unions	67	63	63	64	63
Branches	49	53	59	67	61
Assets	2,230,863	2,437,559	2,687,355	2,840,541	2,967,293
Shares	1,948,491	2,127,767	2,333,734	2,430,151	2,526,081
Loans	1,624,946	1,735,908	1,825,396	2,024,802	2,168,932
State Totals					
Financial Institutions	128	125	127	128	125
Branches	540	524	523	534	548
Assets	18,434,214	14,956,159	16,266,928	17,767,773	18,974,131
Shares & Deposits	17,192,468	17,888,127	19,041,556	20,407,378	21,365,955
Loans	15,339,380	16,228,306	17,392,542	19,061,423	20,409,374

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

Bank of America, National Association
KeyBank National Association
Ocean National Bank
TD Banknorth, National Association

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

MAINE
STATE CHARTERED
COMMERCIAL BANKS

	06/30/05 $ in (000's) Assets	Deposits	Loans
Joseph Murphy, CEO **BAR HARBOR BANKING AND TRUST COMPANY** 82 Main St. Bar Harbor, ME 04609	680,480	408,245	484,665
Earle Harvey, President **BORDER TRUST COMPANY** 368 Route 3., PO Box 220 So. China, ME 04538	72,052	58,492	47,111
Thomas Finn, Jr., President **DAMARISCOTTA BANK & TRUST** 25 Main St. Damariscotta, ME 04543	134,944	109,711	103,554
Dennis Haggerty, Jr., President **FIRST CITIZENS BANK & TRUST** 9 Dyer St., PO Box 231 Presque Isle, ME 04769	130,852	117,425	87,883
Jon Prescott, President **KATAHDIN TRUST COMPANY** 11 Main St. Patten, ME 04765	357,661	261,849	261,304
Samuel Ladd, III, President **MAINE BANK & TRUST COMPANY** 467 Congress St., PO Box 619 Portland, ME 04104	334,521	268,415	265,401
William Lucy, President **MERRILL MERCHANTS BANK** 201 Main St., PO Box 925 Bangor, ME 04402-0925	390,180	314,762	301,739
James Delameter, President **NORTHEAST BANK** 500 Canal Street Lewiston, ME 04240=6594	573,261	400,936	461,371
George Giovannis, President **PEPPERELL BANK & TRUST** 163 Main St. Biddeford, ME 04005	82,380	68,249	48,953

MAINE
STATE CHARTERED
COMMERCIAL BANKS

	06/30/05 $ in (000's) Assets	Deposits	Loans
A. William Canaan, President **RIVERGREEN BANK** 36 Portland Rd. Kennebunk, ME 04043	61,299	48,333	49,432
Peter Blyberg, President **UNION TRUST COMPANY** 66 Main St., PO Box 479 Ellsworth, ME 04605	518,990	306,989	342,739
TOTAL: 11	**3,336,620**	**2,363,406**	**2,454,152**

EXHIBIT III

MAINE
STATE CHARTERED
LIMITED PURPOSE BANKS

	06/30/05 $ in (000's) Assets	Deposits	Loans
Daniel Hurley, III, President **BAR HARBOR TRUST SERVICES** 135 High St., PO Box 1100 Ellsworth, ME 04605	933	N/A	N/A
G. West Saltonstall, President **EATON VANCE TRUST COMPANY** 255 State Street Boston, MA 02109	500	N/A	N/A
John Keffer, President **FORUM TRUST, LLC** Two Portland Sq., PO Box 446 Portland, ME 04112	43,326	N/A	N/A
John Walker, President **H. M. PAYSON AND COMPANY** 1 Portland Sq., PO Box 31 Portland, ME 04101	3,617	N/A	N/A
Gail Weiss, President **INTERNATIONAL CLEARING TRUST COMPANY** 828 S. Charles St. Baltimore, MD 21230	119	N/A	N/A
Joseph Yohlin, President **MAINE MERCHANT BANK** Two Monument Sq. Portland, ME 04101	42,334	0	21,000
Wayne Foren, President **QUADS TRUST COMPANY** 12 W. Church St. Frederick, MD 21701	742	N/A	N/A
John Higgins, CEO **RAM TRUST COMPANY** 45 Exchange St. Portland, ME 04101	345	N/A	N/A
C. Paul Tyborowski, President **RSGROUP TRUST COMPANY** 317 Madison Ave. New York, NY 10017	4,311	N/A	N/A
Richard Curran, Jr., President **SPINNAKER TRUST** 5 Milk St., PO Box 7160 Portland, ME 04112-7160	338	N/A	N/A
TOTAL: 10	**96,565**	**0**	**21,000**

MAINE
STATE CHARTERED
SAVINGS BANKS

	06/30/05 $ in (000's)		
	Assets	**Deposits**	**Loans**
Steven Closson, President **ANDROSCOGGIN SAVINGS BANK** 30 Lisbon St., PO Box 1407 Lewiston, ME 04240	511,787	342,777	378,672
James J. Conlon, Chief Executive Officer **BANGOR SAVINGS BANK** 99 Franklin Street., PO Box 930 Bangor, ME 04401	1,759,406	1,305,588	1,232,530
Glen Hutchinson, President **BATH SAVINGS INSTITUTION** 105 Front St., PO Box 548 Bath, ME 04530-0548	390,288	314,388	270,990
Wayne Sherman, President **BIDDEFORD SAVINGS BANK** 254 Main St., PO Box 525 Biddeford, ME 04005-0525	232,572	180,875	171,348
Gary Downs, President **FRANKLIN SAVINGS BANK** 197 Main St., PO Box 825 Farmington, ME 04938-0825	292,110	215,003	241,894
Christopher Emmons, President **GORHAM SAVINGS BANK** 10 Wentworth Dr., PO Box 39 Gorham, ME 04038	702,085	442,675	473,577
Mark Johnston, President **KENNEBEC SAVINGS BANK** 150 State St., PO Box 50 Augusta, ME 04330	526,030	369,748	423,319
Joel Stevens, President **KENNEBUNK SAVINGS BANK** 104 Main St., P.O. Box 28 Kennebunk, ME 04043-0028	672,193	583,015	563,825
Edward Hennessey, Jr., President **MACHIAS SAVINGS BANK** 4 Center St., PO Box 318 Machias, ME 04654-0318	552,757	438,197	476,671
John Kannegieser, Acting President **MECHANICS' SAVINGS BANK** 100 Minot Ave., PO Box 400 Auburn, ME 04210	236,682	197,695	203,870

MAINE
STATE CHARTERED
SAVINGS BANKS

	06/30/05 $ in (000's) Assets	Deposits	Loans
Robert Harmon, President **NORWAY SAVINGS BANK** 261 Main St., PO Box 347 Norway, ME 04268	698,569	537,996	564,219
Kevin Savage, President **SACO AND BIDDEFORD SAVINGS INSTITUTION** 252 Main St., PO Box 557 Saco, ME 04073	590,670	396,998	443,890
Mark Mickeriz, President **SANFORD INSTITUTION FOR SAVINGS** 900 Main St., PO Box 472 Sanford, ME 04073	338,138	216,718	258,098
Virginia Howard, President **SKOWHEGAN SAVINGS BANK** 13 Elm St., PO Box 250 Skowhegan, ME 04976	389,049	287,542	281,801
Jeffrey Smith, President **UNITEDKINGFIELD BANK** 145 Exchange St. Bangor, ME 04401	481,713	312,471	341,654
TOTAL: 15	**8,374,049**	**6,141,686**	**6,326,358**

MAINE
STATE CHARTERED
SAVINGS AND LOAN ASSOCIATIONS

	06/30/05 $ in (000's) Assets	Deposits	Loans
Allen Sterling, President **AUBURN SAVINGS AND LOAN ASSOCIATION** 256 Court St., PO Box 3157 Auburn, ME 04210	59,029	41,412	48,359
William Weir, President **BAR HARBOR SAVINGS AND LOAN ASSOCIATION** 103 Main St. Bar Harbor, ME 04609	27,623	21,243	24,242
Harry Mank, Jr., President **ROCKLAND SAVINGS AND LOAN ASSOCIATION** 582 Main St., PO Box 585 Rockland, ME 04841	73,960	54,545	64,507
TOTAL: 3	**160,612**	**117,200**	**137,108**

EXHIBIT III

MAINE
STATE CHARTERED
CREDIT UNIONS

	Assets	06/30/05 $ in (000's) Deposits	Loans
Matthew Griffiths, CEO **COAST LINE CREDIT UNION** 333 Cottage Rd. South Portland, ME 04106	36,421	27,598	24,189
Donna Steckino, CEO **COMMUNITY CREDIT UNION** 144 Pine St., PO Box 7810 Lewiston, ME 04240	40,315	36,052	36,124
Eugene Ardito, CEO **cPORT CREDIT UNION** 50 Riverside Industrial Pkwy., PO Box 777 Portland, ME 04101-0777	103,045	90,729	81,685
H. Tucker Cole, CEO **EVERGREEN CREDIT UNION** 35 Cumberland St. Westbrook, ME 04092-4354	94,205	85,433	66,602
Richard Dupuis, CEO **FIVE COUNTY CREDIT UNION** 765 Washington St., PO Box 598 Bath, ME 04530-0598	106,993	98,441	82,959
Kerry Hayes, CEO **GREATER PORTLAND MUNICIPAL CREDIT UNION** 799 Broadway South Portland, ME 04106-2738	70,278	57,958	58,440
Richard LaChance, CEO **MAINE EDUCATION CREDIT UNION** 23 University Dr., PO Box 1096 Augusta, ME 04330-1096	20,930	18,658	14,714
Normand Dubreuil, CEO **MAINE STATE CREDIT UNION** 200 Capital St., PO Box 5659 Augusta, ME 04332-5659	200,693	169,881	112,800
Charles Hinkley, CEO **SABATTUS REGIONAL CREDIT UNION** 2 Middle Rd., PO Box 250 Sabattus, ME 04280	24,507	22,276	15,412

MAINE
STATE CHARTERED
CREDIT UNIONS

	06/30/05 $ in (000's)		
	Assets	**Shares& Deposits**	**Loans**
Carrie Shaw, CEO **SACO VALLEY CREDIT UNION** 312 Main St., PO Box 740 Saco, ME 04072-0740	52,935	47,528	36,710
Luke Labbe, CEO **ST. JOSEPH'S CREDIT UNION** 35 Bradbury St., PO Box 463 Biddeford, ME 04005	105,890	92,488	75,564
Howard Dunn, CEO **UNIVERSITY CREDIT UNION** Rangeley Rd. University of ME Orono, ME 04469-5779	151,310	100,771	122,997
TOTAL: 12	**1,007,522**	**847,813**	**728,196**

EXHIBIT III

MAINE
FEDERAL CHARTERED
NATIONAL BANKS

	Assets	06/30/05 $ in (000's) Deposits	Loans
Elizabeth Greenstein, Regional CEO **BANK OF AMERICA, NATIONAL ASSOCIATION** 2 Portland Sq. Portland, ME 04101	N/A	1,461,991	1,345,999
Gregory Dufour, President **CAMDEN NATIONAL BANK** 2 Elm St., PO Box 310 Camden, ME 04843	1,095,338	770,107	788,828
Katherine Underwood, District President **KEYBANK NATIONAL ASSOCIATION** One Monument Sq., PO Box 678 Portland, ME 04112	N/A	2,450,085	1,406,060
Danny O'Brien, President **OCEAN NATIONAL BANK** 100 Main St., PO Box 58 Kennebunk, ME 04043	N/A	221,565	175,708
Michael McNamara, President **TD BANKNORTH, NATIONAL ASSOCIATION** One Portland Sq., PO Box 9540 Portland, ME 04112	N/A	3,048,986	3,305,890
Daniel Daigneault, President **THE FIRST, NATIONAL ASSOCIATION** 223 Main St., PO Box 940 Damariscotta, ME 04543	929,890	673,020	718,788
TOTAL: 6	**2,025,228**	**8,625,754**	**7,741,273**

Note: Maine deposits and loans for the following banks operating in a multi-state environment are included in this exhibit, however, Maine assets are not available.
Bank of America, National Association
KeyBank National Association
Ocean National Bank
TD Banknorth, National Association

MAINE
FEDERAL CHARTERED
SAVINGS BANKS

	06/30/05 $ in (000's) Assets	Deposits	Loans
Arthur Markos, President **GARDINER SAVINGS INSTITUTION, FSB** 190 Water St., PO Box 190 Gardiner, ME 04345-0190	699,776	514,003	572,988
TOTAL: 1	**699,776**	**514,003**	**572,988**

MAINE
FEDERAL CHARTERED
SAVINGS & LOAN ASSOCIATIONS

	06/30/05 $ in (000's) Assets	Deposits	Loans
John Swanberg, President **AROOSTOOK COUNTY FEDERAL SAVINGS AND LOAN ASSOCIATION** 43 High St., PO Box 808 Caribou, ME 04736-0808	78,071	65,318	73,972
Dennis Brown, President **CALAIS FEDERAL SAVINGS AND LOAN ASSOCIATION** 344 Main St., PO Box 1047 Calais, ME 04619-6047	52,498	36,730	47,701
Andrew Perry, President **FIRST FEDERAL SAVINGS AND LOAN ASSOCIATION OF BATH** 125 Front St., PO Box 488 Bath, ME 04530	105,782	88,273	78,211
Allen Rancourt, President **KENNEBEC FEDERAL SAVINGS AND LOAN ASSOCIATION** 70 Main St., PO Box 488 Waterville, ME 04903-0497	70,115	39,691	59,483
TOTAL: 4	**306,466**	**230,012**	**259,367**

MAINE
FEDERAL CHARTERED
CREDIT UNIONS

	06/30/05 $ in (000's) Assets	Deposits	Loans
Judith Griffin, CEO **ALLIANCE OF MAINE** 44 Edison Dr., PO Box 1056 Augusta, ME 04332-1056	31,175	25,446	12,262
Steve Obrin, CEO **ATLANTIC REGIONAL FEDERAL CU** 55 Cushing St., PO Box 188 Brunswick, ME 04011-0188	195,208	162,368	134,221
Stephen Clark, CEO **BANGOR FEDERAL CU** 339 Hogan Rd., PO Box 1161 Bangor, ME 04401-1161	73,902	65,797	63,856
Darla King, CEO **BANGOR HYDRO FEDERAL CU** 193 Broad St. STE 3 Bangor, ME 04401-6323	13,644	11,932	11,458
Cynthia Burke, CEO **BLUE CROSS AND BLUE SHIELD OF ME FEDERAL CU** 2 Gannett Dr. South Portland, ME 04106-6911	6,584	5,580	3,673
Daniel Daggett, CEO **BOWDOINHAM FEDERAL CU** 20 Main St., PO Box 73 Bowdoinham, ME 04008-0073	18,334	16,742	16,742
Barry Jordan, CEO **BREWER FEDERAL CU** 77 N. Main St., PO Box 189 Brewer, ME 04412-0189	34,733	31,354	30,464
Beth Oliver, CEO **CAPITAL AREA FEDERAL CU** 10 North Belfast Ave., PO Box 2626 Augusta, ME 04438	15,482	14,136	8,118
David Sayers, CEO **CASCO FEDERAL CU** 375 Main St., PO Box 87 Gorham, ME 04038-0087	33,516	27,441	23,306

MAINE
FEDERAL CHARTERED
CREDIT UNIONS

	Assets	06/30/05 $ in (000's) Shares& Deposits	Loans
Scott Harriman, CEO **CUMBERLAND COUNTY TEACHERS FEDERAL CU** 101 Gray Rd. Falmouth, ME 04105-2514	57,446	49,284	39,564
Ralph Ferland, CEO **EASTERN MAINE MEDICAL CENTER FEDERAL CU** 489 State St. Bangor, ME 04401-6616	33,049	30,158	17,556
Daniel Byron, CEO **EASTMILL FEDERAL CU** 60 Main St. East Millinocket, ME 04430-1128	48,463	40,199	15,502
David Desjardins, CEO **FORT KENT FEDERAL CU** 9 East Main St. Fort Kent, ME 04743-1398	35,539	29,208	28,219
Cass Hirschfelt, CEO **FRANKLIN SOMERSET FEDERAL CU** 485 Wilton Rd., PO Box 5061 Farmington, ME 04938-9600	46,085	41,468	28,305
Philip Bergeron, CEO **GARDINER FEDERAL CU** 8 Brunswick Rd. RR 5 Box 105 Gardiner, ME 04345-9006	14,309	13,133	11,963
Nancy Bard, CEO **GREAT FALLS REGIONAL FCU** 34 Bates St. Lewiston, ME 04240	21,853	18,313	10,271
Barbara Haynes, CEO **GREATER WATERVILLE FEDERAL CU** 50 Elm St. Waterville, ME 04901-6094	24,988	21,404	11,645
Peter Prinz, CEO **HANNAFORD ASSOCIATES FEDERAL CU** 145 Pleasant Hill Rd., PO Box 1440 Scarborough, ME 04104-5034	27,730	22,261	22,288

MAINE
FEDERAL CHARTERED
CREDIT UNIONS

	06/30/05 $ in (000's) Assets	Deposits	Loans
Deborah Pomeroy, CEO **HEALTHFIRST FEDERAL CU** 9 Quarry Rd. Waterville, ME 04901	11,083	8,648	10,015
Kathleen Smith, CEO **HOULTON FEDERAL CU** 13 Market Sq. Houlton, ME 04730-1775	14,098	12,276	7,217
Gary Bragdon, CEO **HOWLAND ENFIELD FEDERAL CU** 4 Coffin St., PO Box 405 Howland, ME 04448-0405	8,167	7,416	5,234
Kenneth Williams, CEO **INFINITY FEDERAL CU** 202 Larrabee Rd., PO Box 9742 Westbrook, ME 04104-5060	148,362	94,464	122,533
Beverly Beaucage, CEO **KV FEDERAL CU** 316 Northern Ave., PO Box 2108 Augusta, ME 04338	45,809	41,532	31,024
Donald Casko, CEO **KATAHDIN FEDERAL CU** 1000 Central St. Millinocket, ME 04462-2193	64,333	54,582	45,354
Alvera Bosica, CEO **KNOX COUNTY FEDERAL CU** 710 Main St., PO Box 159 Rockland, ME 04841-0159	23,676	20,638	15,161
Deseree Gilman, CEO **KSW FEDERAL CU** 222 College Ave. Waterville, ME 04901	31,670	28,401	24,254
Eddie Plourde, CEO **LA VALLEE FEDERAL CU** 90 Main St. Madawaska, ME 04756-1500	31,207	27,041	16,089

MAINE
FEDERAL CHARTERED
CREDIT UNIONS

	Assets	**06/30/05 $ in (000's) Shares& Deposits**	**Loans**
Donald Sansouci, CEO **LEWISTON MUNICIPAL FEDERAL CU** 291 Pine St., PO Box 60 Lewiston, ME 04243-0060	14,282	12,176	11,764
David Brillant, CEO **LINCOLN MAINE FEDERAL CU** 171 W Broadway, PO Box 220 Lincoln, ME 04457-0220	23,389	21,298	18,350
George Roy, CEO **LISBON COMMUNITY FEDERAL CU** 325 Lisbon Rd., O Box 878 Lisbon, ME 04240-0878	56,720	49,910	36,457
Ronald Fournier, CEO **MAINE FAMILY FEDERAL CU** 555 Sabattus St. Lewiston, ME 04240-4195	79,387	70,693	62,174
Rhonda Taylor, CEO **MAINE HIGHLANDS FEDERAL CU** 73 Main St., PO Box 233 Dexter, ME 04930-0233	50,823	45,628	38,247
Jennifer Hartel, CEO **MAINE MEDIA FEDERAL CU** 390 Congress St., PO Box 7702 Portland, ME 04112-7702	5,319	4,209	3,798
John Reed, CEO **MAINE SAVINGS FEDERAL CU** 1101 Western Ave., PO Box 347 Hampden, ME 04444-0347	152,055	134,678	116,521
Gail Richardson, CEO **MIDCOAST FEDERAL CU** 831 Middle St., PO Box 780 Bath, ME 04530-0780	90,231	80,078	63,508
Marguerite Gagne, CEO **MONMOUTH FEDERAL CU** 1176 Main St., O Box 150 Monmouth, ME 04259-0150	7,538	6,986	5,598
David Rossignol, CEO **NORSTATE FEDERAL CU** 78 Fox St. Madawaska, ME 04756	91,027	74,753	75,792

EXHIBIT III

MAINE
FEDERAL CHARTERED
CREDIT UNIONS

	Assets	06/30/05 $ in (000's) Deposits	Loans
Ryan Poulin, CEO **NEW DIMENSIONS FEDERAL CU** 61 Grove St. Waterville, ME 04901-5826	45,643	41,707	31,410
Joseph Chapin, CEO **OCEAN COMMUNITIES FEDERAL CU** 1 Pool St., PO Box 1961 Biddeford, ME 04005-1961	108,374	95,052	91,624
Roland Poirier, CEO **OTIS FEDERAL CU** 170 Main St., PO Box 27 Jay, ME 04329-0027	88,074	72,313	55,511
Matthew Kaubris, CEO **OXFORD FEDERAL CU** 225 River Rd., PO Box 252 Mexico, ME 04257-0252	106,408	94,204	86,190
Steve Baillargeon, CEO **PENOBSCOT FEDERAL CU** 191 Main St., PO Box 434 Old Town, ME 04468-0434	30,822	25,436	27,526
Hosea Carpenter, CEO **PORTLAND MAINE POLICE DEPARTMENT FEDERAL CU** 109 Middle St. Portland, ME 04101	6,832	6,281	5,690
Robert Hill, CEO **PORTLAND ME TRANSIT FEDERAL CU** 2 Frank Savage Rd. Hollis, ME 04042	395	343	212
Bert Beaulieu, CEO **PORTLAND REGIONAL FEDERAL CU** 1345 Washington Ave. Portland, ME 04103	20,948	18,233	12,669
Lillian Turner, CEO **R.C.H. FEDERAL CU** 420 Franklin St. Rumford, ME 04276	346	237	140
Philippe Moreau, CEO **RAINBOW FEDERAL CU** 391 Main St., PO Box 741 Lewiston, ME 04243-0741	102,817	87,526	67,944

MAINE
FEDERAL CHARTERED
CREDIT UNIONS

	Assets	06/30/05 $ in (000's) Shares& Deposits	Loans
Betty Bailey, CEO **RIVERVIEW FEDERAL CU** 15 Depot Sq. Gardiner, ME 04345-2117	7,441	6,569	5,118
Kyle Casburn, CEO **SEABOARD FEDERAL CU** 177 Main St., PO Box G Bucksport, ME 04416-1207	75,531	66,727	49,662
James Lemieux, CEO **SEBASTICOOK VALLEY FEDERAL CU** 14 Sebasticook St., PO Box 10 Pittsfield, ME 04967-0010	35,540	28,275	29,460
Diana Garcia, CEO **SEMICONDUCTOR OF ME FEDERAL CU** 333 Western Ave. South Portland, ME 04106-0022	10,161	8,706	7,261
Debra Hegarty, CEO **SHAW'S EMPLOYEES FEDERAL CU** 205 Spencer Dr. Wells, ME 04090-5553	7,954	6,253	4,995
MaryAnn Chamberlain, CEO **ST. AGATHA FEDERAL CU** 315 Mason St., PO Box 130 Saint Agatha, ME 04772-0130	13,090	11,798	7,058
David Tozier, CEO **ST. CROIX FEDERAL CU** 23 Third Ave., PO Box 130 Baileyville, ME 04694	48,773	36,284	41,157
Gina Ouellette, CEO **ST. FRANCIS COMMUNITY FEDERAL CU** 907 Main St., PO Box 38 Saint Francis, ME 04774	1,169	868	1,113
Vicki Stuart, CEO **STE. CROIX REGIONAL FEDERAL CU** 1000 Lisbon St., PO Box 1746 Lewiston, ME 04241-1746	68,982	59,947	38,063
Sidney Wilder, CEO **TACONNET FEDERAL CU** 60 Benton Ave. Winslow, ME 04901-6798	30,735	28,100	22,440

EXHIBIT III

MAINE
FEDERAL CHARTERED
CREDIT UNIONS

	06/30/05 $ in (000's) Assets	Deposits	Loans
Kenneth Hensler, CEO **THE COUNTY FEDERAL CU** 82 Bennett Dr., PO Box 939 Caribou, ME 04736-1944	87,672	76,751	65,872
Chris Daudelin, CEO **TOWN & COUNTRY FEDERAL CU** 557 Main St., PO Box 9420 South Portland, ME 04106-9420	126,209	113,214	98,287
Kenneth Acker, CEO **TRUCHOICE FEDERAL CU** 272 Park Ave., PO Box 10659 Portland, ME 04104-6059	55,520	49,172	50,046
Cathy Bond, CEO **WINSLOW COMMUNITY FEDERAL CU** 12 Monument St., PO Box 8117 Winslow, ME 04901	20,988	18,524	13,898
Jeffrey Seguin, CEO **WINTHROP AREA FEDERAL CU** 22 Highland Ave., PO Box 55 Winthrop, ME 04364	41,063	36,600	31,821
James Nelson, CEO **YORK COUNTY TEACHERS FEDERAL CU** 1516 Main St. Sanford, ME 04073-3530	144,590	115,330	125,262
TOTAL: 63	**2,967,293**	**2,526,081**	**2,168,932**

DEPARTMENT OF PROFESSIONAL & FINANCIAL REGULATION
MAINE BUREAU OF FINANCIAL INSTITUTIONS

Lloyd P. LaFountain III, Superintendent
Lloyd.P.LaFountain.III@Maine.gov
624-8575

MISSION

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

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Bureau of Financial Institutions Advisory Committee

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

Edwin Clift, President, Merrill Merchants Bank
Robert Harmon, President, Norway Savings Bank
Samuel Ladd, III, President, Maine Bank & Trust Co.
John Murphy, President, Maine Credit Union League
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