

# MAINE STATE LEGISLATURE

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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

January 15, 2007

*John Elias Baldacci*  
Governor

*Anne L. Head*  
Acting Commissioner

*Lloyd P. LaFountain III*  
Superintendent

## **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 regulated institutions that provide consumer credit.

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

Under the direction of Superintendent Lloyd P. LaFountain III, the Bureau provided supervision to 52 state-chartered financial institutions during 2006. These financial institutions included credit unions, savings and loan associations, commercial banks, limited-purpose banks and savings banks.

The Bureau was first accredited by the Conference of State Bank Supervisors in 1996 and was subsequently re-accredited in 2001. The Conference of State Bank Supervisors Accreditation Program identifies banking departments that serve the citizens of their State by operating capable and professional regulatory programs. In 2006, a Review Team from the Conference of State Bank Supervisors conducted a thorough review of the Bureau and notified the Bureau in December of its re-accreditation for a period of five years.

Section I of this Report presents “Bureau Oversight Activities and Regulatory Developments.” In 2006, Maine experienced substantial activity in the areas of branching, charter conversions and acquisitions by both state and federally-chartered institutions. As a result of the recently enacted federal *Financial Services Regulatory Relief Act of 2006*, the Bureau has revised its 2007 Examination Plan for state-chartered financial institutions. Longer examination cycles are now warranted for certain financial institutions that are both well-capitalized and well-managed.

Section II of this Report, “Consumer Outreach Activities and Developments,” discusses the continuing role of the Bureau in providing assistance to Maine consumers and in working with the Maine Legislature on a variety of initiatives. Through its Consumer Outreach Program, the Bureau offers education and mediation services to Maine citizens in an effort to help them understand their rights and responsibilities as recipients of financial services. Bureau staff respond to questions regarding financial services offered by Maine-chartered financial institutions, mediate complaints involving accounts in dispute, and provide referral services should the account relationship involve a federally-chartered financial institution. In response to concerns raised by the Maine Legislature in 2006, the Bureau worked with the Maine Credit Union League, Maine Association of Community Banks, Maine Bankers Association and other stakeholders to provide educational materials relating to data breaches and debit card holds to consumers. In addition, the Bureau worked with the Office of Elder Services, Maine Credit Union League, Maine Association of Community Banks and the Maine Bankers Association to provide training to bank and credit union employees to assist them to identify and prevent financial exploitation of their elderly customers.

Section III of this Report presents “Industry Conditions” and contains aggregate information relating to Maine Banks, Maine Credit Unions and Limited Purpose Banks. In addition, Section III identifies the specific issues and challenges that these financial institutions must address in order to be successful in the current business environment. Increased competition, customer demands for enhanced services, fluctuations in the yield curve, and regulatory requirements are some of the challenges facing financial institutions as they strive to grow and succeed in the marketplace.

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# SECTION I

## BUREAU OVERSIGHT ACTIVITIES AND REGULATORY DEVELOPMENTS

### Application Activity

Applications filed with the Bureau for the 12-month period ending October 2006 were concentrated in notices to establish new branches. Growth in new branches remained strong, but slowed somewhat due to the increased capabilities of gathering deposits via the internet and the upfront costs of establishing branches in a period when institutions are under earnings pressure. These phenomena are not unique to Maine, but are being experienced nationwide. Seven different state-chartered institutions (six banks and one credit union) filed ten notifications to establish branches in Maine. Nine of the new branches are located in southern Maine: three in York County, four in Cumberland County and one each in Androscoggin and Lincoln County. The only community with more than one new branch was Scarborough (with two).

**TABLE #1**

	11/03 – 10/04	11/04 – 10/05	11/05 – 10/06
<b>Charters – Depository Inst.</b>	0	0	0
<b>Charters – Nondepository Inst.</b>	0	1	1
<b>Charter Conversions</b>	1	0	1
<b>Mergers, Acquisitions</b>	8	3	3
<b>New Activities</b>	3	1	1
<b>Branch Establishment</b>	9	14	10
<b>Branch Relocation</b>	4	2	6
<b>Branch Closing</b>	3	0	1
<b>Other</b>	1	1	2

In addition to branch information, Table #1 reveals information on charters, mergers and acquisitions that were approved in the period November 2005 to November 2006. The charter conversion was filed by Down East Federal Credit Union, which converted to a state charter. Credit unions accounted for two of the three acquisition filings. Maine State Credit Union acquired Greater Waterville Area Federal Credit Union on December 1, 2006 and Five County Credit Union will acquire Knox

County Federal Credit Union effective February 2007. The Bureau approved an application to establish a merchant bank, to be known as Money Warehouse Bank, filed by a Pennsylvania mortgage banking company. Offsetting these additions to the number of state-chartered institutions were the conversion of a state-chartered savings and loan association to a federal charter, the merger of a state-chartered savings bank into its affiliated national bank, and the pending acquisition of a state-chartered commercial bank by a federal savings bank.

### **Staff Training and Development**

The Bureau has long been committed to professional education and development for its employees. The training and development program for examiners consists of three components: 1) Core Examiner Training; 2) Advanced and Specialized Training; and 3) Continuing Education. New examiners are expected to complete the Core Examiner Training within the first four years of employment. Once the Core Examiner Training is completed, examiners are expected to attend at least one course or seminar per year for advanced/specialized training or continuing education. After examiners have been promoted to Senior Bank Examiner, they are strongly encouraged to obtain a relevant Master's Degree or to attend one of the banking graduate schools offered through the American Bankers Association or other banking organizations.

Core Examiner Training consists of four courses offered by the Federal Deposit Insurance Corporation at their training center in Arlington, Virginia. These are two to three weeks in length and address topics including bank operations, bank financial analysis, loan analysis, and examination management. Core Examiner Training also includes one to two week courses in trust examinations, information technology examinations, and consumer compliance examinations. Examiners may also attend credit union examination courses sponsored by the National Credit Union Administration.

Advanced training consists of in-depth training in specialized areas of examination, such as anti-money laundering, information technology issues, trust topics, and specialized lending areas. Although examiners are expected to have general knowledge of all aspects of examinations, the Bureau permits examiners to choose a



specialty after completion of Core Examination Training in which to develop advanced expertise. Advanced courses are generally sponsored by the Federal Financial Institutions Examination Council, the Federal Deposit Insurance Corporation, or the Board of Governors of the Federal Reserve System.

Continuing Education for examiners generally consists of seminars on current issues provided by a variety of sources. In addition to seminars sponsored by the federal banking agencies and the National Credit Union Administration, examiners attend seminars sponsored by the Conference of State Bank Supervisors, Maine Bankers Association, Maine Association of Community Banks, Maine Credit Union League and other local banking-related organizations.

### **Technology Initiatives**

Some estimates place the number of records containing sensitive personal data involved in security breaches at 100 million since the high profile data breaches reported by ChoicePoint in February 2005.<sup>1</sup> Technology news during 2006 continued to be dominated by reports of data breaches, most notably the theft of a Veterans Administration laptop from the home of an employee that contained sensitive information on an estimated 25 million active and retired military personnel and spouses. With privacy rights and identity theft of major concern, legislative response to these breaches was swift: 23 states, including Maine, have enacted legislation that requires customer notification in the event of an information breach and similar legislation is under consideration at the national level. As of January 31, 2007, state agencies and businesses are required under a new Maine law to provide notice to consumers when there is a breach of the consumers' personal information. The new law, however, contains an exception relevant to financial institutions. A financial institution that complies with the security breach notification requirements of rules, regulations, procedures or guidelines established pursuant to federal law is deemed to be in compliance with Maine's notification requirements as long as the federal law, rules, regulations or guidelines provide for notification procedures at least as protective

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<sup>1</sup> Privacy Rights Clearinghouse

as the new Maine law. If a financial institution is subject to, and in compliance with, the federal guidelines known as Interagency Guidance on Response Programs for Unauthorized Access to Customer Information and Customer Notice (70 Federal Register 15736 (3/29/05)), then that institution is also in compliance with Maine law. Like the federal guidelines, which require notice to the appropriate federal regulator in the event of a data breach, state law also requires notice of a breach to be sent to the appropriate state regulator. In the event of a breach requiring notice to consumers, the Bureau must be notified of the event as soon as possible and informed of the circumstances.

The Bureau is aware of its responsibilities under the new law and continues to make the protection of confidential information a priority. During calendar year 2006, the Bureau adopted new policies and procedures designed to enhance the security of electronic messaging and electronic data in its possession. During the third quarter of 2006, the Bureau purchased and implemented Zix Corporation's electronic mail messaging system, which allows for the exchange of encrypted e-mail messages. The Bureau is in the process of testing new encryption software for its laptops and removable electronic storage media. Full implementation of this project is expected during the first quarter of 2007.

As part of a larger, departmental project, Bureau staff have been working with a third party vendor in the redesign of the Bureau's website at [www.mainebankingreg.org](http://www.mainebankingreg.org) to improve usability, incorporate newer technologies, and enhance compliance with the requirements of the *Americans With Disabilities Act*. The redesigned website became operational in January 2007 and can be found at [www.maine.gov/financialinstitutions](http://www.maine.gov/financialinstitutions).

### **Financial Services Regulatory Relief Act of 2006**

On October 13, 2006 the federal *Financial Services Regulatory Relief Act of 2006* ("the Act") was signed into law. The legislation originated over five years ago and represents an effort to eliminate unnecessary and overly burdensome regulation of federally-insured financial institutions. The law ultimately passed by a unanimous vote in both the House and Senate. Though not as far-reaching as some industry representatives had hoped, the law does include a number of provisions that should

ease the regulatory burden and make the banking system more efficient. Supporters hope that financial institutions will be able to devote more resources to helping their customers and fewer resources on regulatory compliance. The Act, which is both diverse and extensive, includes changes that impact both banks and credit unions.

State regulators are pleased that the Act includes a provision that allows for full voting rights to the Chairman of the State Liaison Committee of the Federal Financial Institutions Examination Council. The Federal Financial Institution Examination Council is an interagency body that prescribes uniform principles, standards and report forms for the federal examinations of financial institutions. Activities of the Council in areas such as bank secrecy and anti-money laundering examination increasingly affect state-chartered banks and credit unions. The voting rights provided in the Act will ensure that state regulators are represented in any discussion on regulatory issues and guidance that affect state financial institutions.

Among the Act's more notable provisions is one that relates to the examination cycle. The Act raises the asset threshold below which a depository institution may qualify for a longer exam cycle from \$250 million to \$500 million. Well-capitalized and well-managed institutions below the new threshold move from a 12-month safety and soundness exam cycle to an 18-month cycle. This translates to fewer exams for over one thousand financial institutions nationwide. In Maine, three state-chartered institutions will benefit from a longer examination cycle. Examinations are a critical regulatory tool, but they can strain the resources of financial institutions. An extended exam cycle will provide immediate relief to many financial institutions. Since the new law only applies to well-capitalized and well-managed institutions, the extended schedules should not compromise safety and soundness.

The Act also clarifies the manner in which state-chartered institutions with interstate branches will be supervised. An amendment to the *Federal Deposit Insurance Act* requires coordination between state bank supervisors when supervising interstate banks. State bank supervisors have cooperative agreements that govern the coordination of examinations of state-chartered banks that operate branches in more than one state. The new law requires that the home state and host state supervisors exercise their respective authority over branches of financial institutions, including the

imposition of supervisory fees, in accordance with such cooperative agreements. If the host state supervisor determines that a branch of an out-of-state state bank is violating host state law applicable to such branch, including laws governing fair lending and consumer protection, then the host state may, subject to the terms of any applicable cooperative agreement, undertake enforcement actions as if the out-of-state branch were a bank chartered by the host state. In addition, home state bank supervisors must inform host state bank supervisors when an out-of-state bank is determined to be in a troubled condition. These provisions should eliminate disputes between state supervisors and, consequently, simplify compliance for state banks with multi-state branches.

The Act also attempts to simplify the privacy notices required under the *Gramm Leach Bliley Act* (“GLB”). Every year, financial institutions must send privacy notices to customers describing the financial institutions’ policies and practices with respect to the protection and disclosure of non-public personal information. This requirement resulted in consumers receiving a confusing variety of privacy notices. The Act requires federal regulatory agencies to create a model disclosure notice that is easily comprehended by consumers. The model notice is intended to permit consumers to compare the privacy practices of various financial institutions. Financial institutions benefit as well. Those that elect to use the model form will enjoy a safe harbor. By using the form, a financial institution will be deemed to be in compliance with the disclosures required under GLB.

The Act also contains several important provisions for state credit unions. One provision relieves a long-standing limitation on a federal credit union’s ability to provide services to nonmembers. Federal credit unions may now engage in transactions that include check cashing, money orders and electronic fund transfers with nonmembers provided that the nonmembers fall within the credit union’s field of membership. The ability granted federal credit unions under the new law is relevant to state credit unions under Maine’s wild-card statute<sup>2</sup>. Under certain conditions, Maine law permits state credit unions to engage in activities that federal credit unions are authorized to engage in. The National Credit Union Administration issued an interim final rule in response to

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<sup>2</sup> See Title 9-B M.R.S.A. 878

the Act, effective October 27, 2006. The rule emphasizes that federal credit unions must meet some of the same compliance obligations with these transactions as they currently have for member transactions. These would include compliance with Bank Secrecy Act requirements and privacy laws.

The Act also requires the Government Accountability Office to conduct two studies that should be of interest to banks and credit unions. The first study required by the Act pertains to the volume of currency transaction reports filed with the Secretary of the Treasury. Federal law requires the reports in an effort to facilitate criminal, tax, or regulatory investigations and in the conduct of intelligence or counterintelligence activities. The purpose of this study is to evaluate whether the filing rules are burdensome and can or should be modified to reduce burdens on financial institutions without limiting their usefulness to law enforcement and regulatory operations.

The second study required by the Act pertains to financial institution diversity and consolidation of federal financial regulators. This study will examine the variety of financial institutions and the differences in powers among depository institution charters. The study seeks information on the evolution of depository institution charters and an analysis of the impact of charter differences on the overall safety and soundness of the banking industry. It will also investigate the effectiveness of the applicable depository institution regulator. Interestingly, this study will evaluate the aggregate cost and breakdown associated with regulatory compliance for financial institutions including the disproportionate impact that the cost of compliance may pose on smaller institutions, given the percentage of personnel that the institution must dedicate solely to compliance. Finally, in conducting the study, the Comptroller General must consider the efficacy and efficiency of the consolidation of financial regulators, as well as charter simplification and homogenization.

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## SECTION II

### CONSUMER OUTREACH ACTIVITIES AND DEVELOPMENTS

#### **Consumer Outreach Program**

In 1987, the Bureau created the Consumer Outreach Program to help meet the needs of Maine consumers by providing financial education, mediation and referral services. The Bureau employs a Consumer Outreach Specialist to answer questions and help resolve complaints related to the business of financial institutions. During the fiscal year ending June 30, 2006, the Bureau responded to 750 consumer complaints and inquiries. Of those consumer contacts, 132 were complaints requiring Bureau intervention. The Bureau is most helpful to consumers 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 2006.

**TABLE #2**

<b>Type of Account</b>	<b>Number of Contacts</b>	<b>% of Total</b>
Credit Cards	263	35%
Checking Accounts	140	19%
Installment Loans	73	10%
Mortgage Loans	99	13%
Other*	175	23%
Total	750	100%

\*Included in "Other" are the following: credit report problems, fees to cash checks, forgery, funds availability, identity theft and telemarketing.

Consumers can access a variety of services and information through the Bureau's website, [www.maine.gov/financialinstitutions](http://www.maine.gov/financialinstitutions). The website includes a section known as "Hot Topics" that contains links to information on such things as identify theft, reverse mortgages and cross-border scams. Consumers can make complaints and address questions to Bureau personnel on-line, through the mail, or by phone. The website contains a library of financial-related information, including a section containing frequently asked questions. Various links from the library allow consumers to request a

credit report, educate themselves about identify theft and scams, and research a variety of other consumer-related issues.

### **Elder Financial Exploitation**

Financial exploitation of incapacitated or dependent adults, particularly the elderly, is occurring at an ever-increasing rate. “Financial elder abuse” is generally defined as the improper use of a senior’s funds, property or assets. Examples include cashing a check without permission, forging a signature, or convincing an elder to withdraw large sums of money for illegal gain by another. Signs of financial exploitation may include large withdrawals of cash, or transferring the title on a bank account to individuals such as a new acquaintance, housekeeper or long lost relative. Maine financial institutions are in a unique position to detect and prevent financial exploitation and to increase public awareness of the problem.

In February 2006, the Joint Standing Committee on Insurance and Financial Services considered L.D. 1782 “An Act to Prevent Elder and Dependent Adult Financial Abuse.” The bill summary stated that “this bill requires officers and employees of financial institutions to report suspected financial abuse of an elder or a dependent adult.” It is the Bureau’s understanding that L.D. 1782 was modeled on a California law enacted in 2005 by the California Assembly. The California law, known as The Financial Abuse Reporting Act, requires employees of banks and credit unions to report suspected financial elder abuse to California’s Adult Protective Services or law enforcement authorities. Although California passed its law in mid-2005, it did not take effect until January 1, 2007. A delay in the law’s implementation was made in order to provide bank employees and officers the necessary time to be adequately trained to recognize potential abuse.

L.D. 1782 received considerable attention at the public hearing and work sessions before the Joint Standing Committee on Insurance and Financial Services. The Bureau maintained a neutral position on the bill for several reasons. Philosophically, the Bureau supports initiatives that will stem the fraudulent practices currently perpetrated on Maine’s most vulnerable population – the elderly. However, the bill created a mandatory reporting requirement in the Maine Banking Code without providing the Bureau with any enforcement authority. In addition, the Bureau was



concerned that compliance with the proposed law would be difficult to measure due to the subjective assessment of abuse. Finally, the Bureau was concerned that, because the California law had not become effective until 2007, there was no experience in California under its new law from which to draw.

As an alternative approach to addressing the issues raised in L.D. 1782, the Joint Standing Committee on Insurance and Financial Services convened a stakeholders' group at the suggestion of Senator Nancy B. Sullivan. The stakeholders included Maine Bankers Association, Maine Association of Community Banks, Maine Credit Union League, Legal Services for the Elderly, Association of Maine Police Chiefs, Maine Chapter of the AARP, Disability Rights Center, TRIAD, Senior Spectrum, Office of the Attorney General and representatives from the Office of Elder Services within the Department of Health and Human Services.

Rather than proposing new legislation, the stakeholders agreed to revitalize existing training materials pertaining to elder financial abuse that were prepared by the Office of Elder Services in the mid-1990's. The materials, known as the *Maine Reporting Project for Financial Institutions*, were and continue to be, a collaborative effort between state agencies, the Maine Bankers Association, the Maine Association of Community Banks and the Maine Credit Union League.

In November 2006, the Bureau issued a letter to the Presidents and CEO's of Maine's financial institutions requesting their participation in this voluntary program. In addition, the Bureau and the Office of Elder Services reissued two manuals for financial institutions to use to voluntarily train their employees to identify potential financial abuse of their elderly customers. The manuals include a Trainer Reference Manual and an Employee Reference Manual. The manuals outline appropriate responses for employees that encounter suspicious circumstances. The manual includes action steps for dealing with customers, gathering evidence and contacting bank security officials. In addition, the Bureau participated in four events, held throughout the state, that were designed to train financial institution employees to prevent financial abuse. The Maine Bankers Association and the Maine Association of Community Banks held two training events, as did the Maine Credit Union League. Though the training manuals and training events focus on preventing abuse of elder and dependent adults, the

knowledge gained in detecting fraud and scams is useful in assisting and protecting customers of any age.

The Bureau considers the procedures outlined in the *Maine Reporting Project for Financial Institutions* to be an important part of the overall mission of protecting Maine citizens from financial exploitation. However, the Bureau cautions that any program established by a financial institution for voluntary reporting should include appropriate safeguards to protect against unintentional disclosure of confidential financial records in violation of Chapter 16 of the Maine Banking Code.

### **Fraud**

Consumers continue to report a variety of scams to the Bureau. An increasingly prevalent ruse is known as the “fake check scam.” There are many variations on this scam, but most involve a stranger proposing to send the victim a check, encouraging the victim to deposit that check, and then encouraging the victim to return all or part of available funds to the stranger via wire transfer. Because the check deposited by the victim is a counterfeit check, any funds wired by the victim to the stranger are lost.

In one variation, the victim is notified that he or she has won a lottery or a sweepstakes. The con artist arranges to provide the victim a check as an advance on the prize money, but requires the victim to wire back some or all of the money ostensibly to pay taxes or a processing fee before collecting the full amount. The scam exploits a federal law that requires financial institutions to make deposited checks available for withdrawal before the checks have fully cleared through the collection process. The victim wires the money to the con artist and later learns the check is counterfeit. Because customers are responsible for the checks they deposit in their accounts, the victim is left to repay the bank or credit union the money withdrawn against the bad check. If the victim has no money, then the bank or credit union suffers the loss.

The fake check scam is also used in the purchase and sale of goods, such as a car. The buyer sends a check to the seller to cover the cost of the car and shipping expenses. Instructions are given to the seller to wire the money for shipping to a third party via a money transmitter such as Western Union or Money Gram. The seller

deposits the check and wires the funds for shipping as instructed. By the time the check is returned as counterfeit, the money is gone.

In the “advance-fee loan” scam, criminals often target individuals who are out of work or who have a poor credit history. The advance-fee scam involves promotions that guarantee that a loan will be approved, regardless of the applicant’s credit history. To take advantage of the offer, the consumer must pay a fee. Often, the perpetrators claim that the consumers’ fees will go to a third party for credit insurance or a related service. The promised loan does not materialize and the advance fees are lost. Legitimate lenders may provide firm offers of credit, but such offers are based on the creditworthiness of the customer.

### **Data Breach**

As mentioned earlier, recent data breaches have exposed millions of consumers to potential identity theft. Maine laws currently require information brokers, who collect and share personal information with third parties, to notify Maine residents if their confidential information has been acquired by an unauthorized person. As of January 31, 2007, breach notification responsibilities extend to all businesses, including financial institutions and state agencies. If these organizations maintain computerized data that includes personal information, they must give notice of a breach of the security of the system if, after investigation, misuse of the personal information has occurred or is reasonably possible to occur. When a financial institution experiences a breach, the Bureau must be notified and informed of the circumstances. Disclosure of data breach enables those affected to take action. Consumers subject to a breach are often advised to place a fraud alert on their credit report file and to subscribe to a credit monitoring service. The fraud alert informs lenders to be cautious when providing new credit due to a possible identity theft. Monitoring services let consumers know what credit activity is taking place under the consumer’s name.

Consumers subject to a data breach and those who are simply concerned with protecting themselves from identity theft may also take advantage of Maine’s new security freeze law. A security freeze restricts access to a consumer’s credit report. Creditors will not be able to approve credit because they will be unable to view the credit report. This prevents a criminal from opening credit accounts using the name of a

consumer who has a frozen credit file. The consumer who requested the freeze must request that the credit reporting agency unfreeze their file before they can apply for credit. The consumer may do this by providing the PIN (personal identification number) that was issued to them at the time they requested the security freeze. More information about security freezes can be found in “Credit Reports and Identity Theft,” an informational brochure created by the Bureau and available on the Bureau’s website.

### **Debit Card Holds**

In the last legislative session, the Legislature issued Resolve 2005, Chapter 176, Resolve, To Ensure That Consumers Are Informed of a Debit Card Hold at the Point of Sale. As instructed by the Legislature, the Bureau developed a consumer awareness brochure to explain the debit card hold process. Holds, or blocks, are placed on accounts by merchants when a consumer uses his or her debit card. The hold ensures that money will be available to the merchant when the actual charge is processed. This usually occurs in situations where the dollar amount of the transaction is unknown to the merchant when it seeks purchase authorization for the card. This may happen when a consumer uses a debit card to check into a hotel room, rent a car, pay for gas at the pump or pay for a meal at a restaurant. In each of these transactions, the merchant may receive an approval from the consumer’s lender for a charge in an amount higher than what the consumer actually incurs. The merchant may do this to allow for a tip, room service charges, or when estimating the amount of a gas purchase. As a result, a \$25 gas charge incurred at the pump could freeze \$50 or more in a personal account for several days. Blocking is legal and is used by merchants to protect themselves. The Bureau’s brochure explains the process to consumers so that consumers may take steps to assure that the blocking process will not cause account overdraft problems. The Maine Association of Community Bankers, Maine Bankers Association, Maine Credit Union League and the Maine Tourism Association have assisted in distributing the Bureau’s brochures. The resolve encourages businesses to provide notice to customers of hold policies and of alternatives to initiating a debit card hold. Notice may be written, oral or electronic and should be provided at the point in time that allows a consumer to avoid or cancel the transaction.

## SECTION III

### INDUSTRY CONDITIONS

Maine's financial institutions remain, in the aggregate, 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 41 banks authorized to do business in Maine as of June 30, 2006. Four of these banks are headquartered outside of Maine and a fifth, TD Banknorth, while headquartered in Maine, conducts a substantial majority of its business outside of Maine.<sup>3</sup> Maine-specific data for these five banks is limited to total deposits and loans. Therefore, the analysis in this section refers to the performance of the remaining 36 state and federally-chartered banks headquartered in Maine (the "Maine Banks").<sup>4</sup> TD Banknorth, Bank of America and KeyBank remain the three largest financial institutions operating in Maine, but their share of loans and deposits of all banks operating in Maine continues to decline, dropping from 39% to 31% (loans) and 44% to 37% (deposits), respectively, between June 2001 and June 2006.

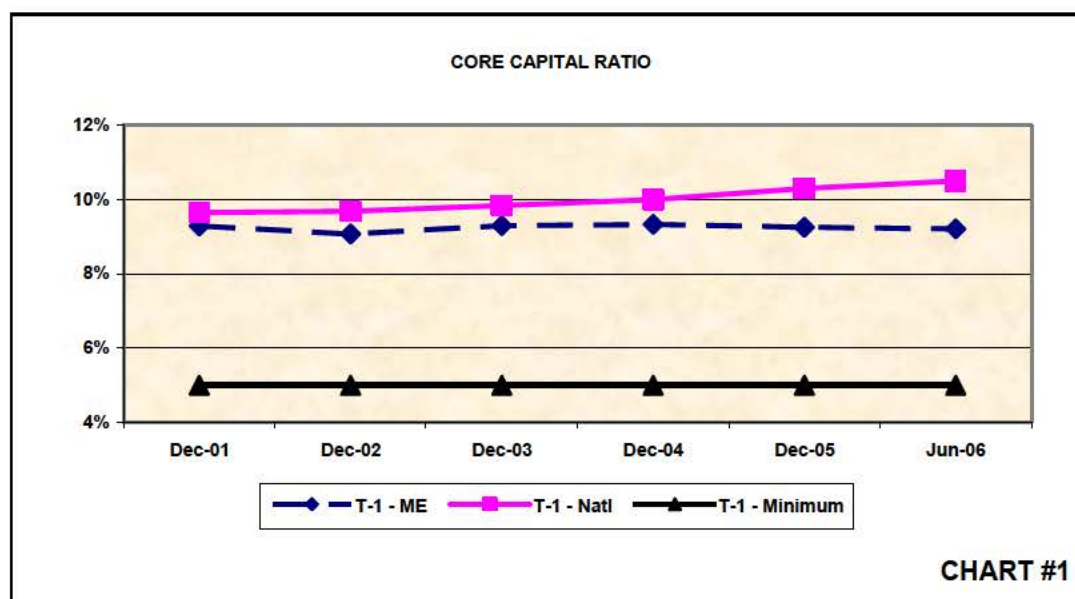
Relative to banks nationally, capital ratios for the Maine Banks have deteriorated due primarily to weaker earnings. A secondary factor relating to this deterioration has been that asset growth for Maine Banks has been slightly faster than for banks nationally. The core capital ratio has been virtually flat since December 2003 and capital ratios based on risk-weighted assets have declined nominally. Nevertheless, Maine Banks continue to maintain strong capital ratios, well above the minimum level to

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<sup>3</sup> The four banks headquartered outside of Maine are Bank of America, First Tennessee Bank, KeyBank and Ocean National Bank; each of these banks is federally-chartered.

<sup>4</sup> As of June 30, 2006, there were 13 commercial banks, 16 savings banks and seven thrift institutions: 29 are state-chartered and seven are federally-chartered. All of the Maine Banks operate their banking offices solely in Maine.

qualify as “well-capitalized” under federal guidelines. Chart #1 compares core capital ratios for Maine banks with banks nationally.



Net income for calendar year 2005 for Maine Banks was a record \$143 million, up 7% from 2004 and return on average assets (“ROA”) was essentially unchanged at a very satisfactory 0.96%. 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 and overhead (“OVHD”) increased. Dollar net income for the first six months of 2006 rose at a slower pace as growth in NII decelerated; the strong gain in OI was due to higher fee income across all sources. Table #3 shows comparative data for calendar years 2004 and 2005 and the six-month periods ending June 2005 and June 2006.

**TABLE #3**

	2004	2005	% Chg	6/05	6/06	% Chg
<b>NII</b>	484	522	7.9	255	266	4.3
<b>OI</b>	110	112	1.8	52	62	19.2
<b>OVHD</b>	394	419	6.4	204	217	6.4
<b>PLL</b>	13	15	15.4	6	9	50.0
<b>COI</b>	187	200	7.0	97	102	5.2
<b>Securities Gains</b>	9	8	(11.1)	3	4	33.3
<b>Taxes</b>	62	65	4.8	31	33	6.5
<b>Net Income</b>	134	143	6.7	69	72	4.4

Amounts are shown in millions of dollars; PLL is the Provision for Possible Loan Losses; and COI is Core Operating Income (income before securities gains and taxes).

TABLE #4

	12/03		12/04		12/05		6/06	
	ME	Natl	ME	Natl	ME	Natl	ME	Natl
<b>NII</b>	3.62	4.03	3.51	3.88	3.51	3.97	3.31	3.97
<b>OI</b>	0.83	0.77	0.79	0.74	0.75	0.71	0.78	0.69
<b>OVHD</b>	2.96	3.13	2.86	3.08	2.82	3.10	2.71	3.06
<b>ALLP</b>	0.14	0.24	0.09	0.17	0.10	0.16	0.12	0.13
<b>COI</b>	1.35	1.50	1.36	1.45	1.34	1.50	1.26	1.53
<b>ROA</b>	0.97	1.08	0.97	1.06	0.96	1.09	0.89	1.12
<b>OI/Rev</b>	18.7	16.0	18.4	16.0	17.7	15.2	19.1	14.8

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 attributed to intense competition for loans and deposits and the greater, and increasing, 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 yield curve, which measures the spread between rates of shorter-dated and longer-dated US Treasury securities, has been inverted for several months, meaning that short-term securities yield more than long-term securities. Because banks generally pay interest on deposits based on short-term rates and charge interest on loans based on longer-term rates, NII is influenced by the slope of the yield curve. A flat or inverted yield curve tends to depress NII. This compression of the interest margin, which is expected to continue over the near term, has been, and remains, one of the biggest, if not the biggest, challenges facing bankers today.



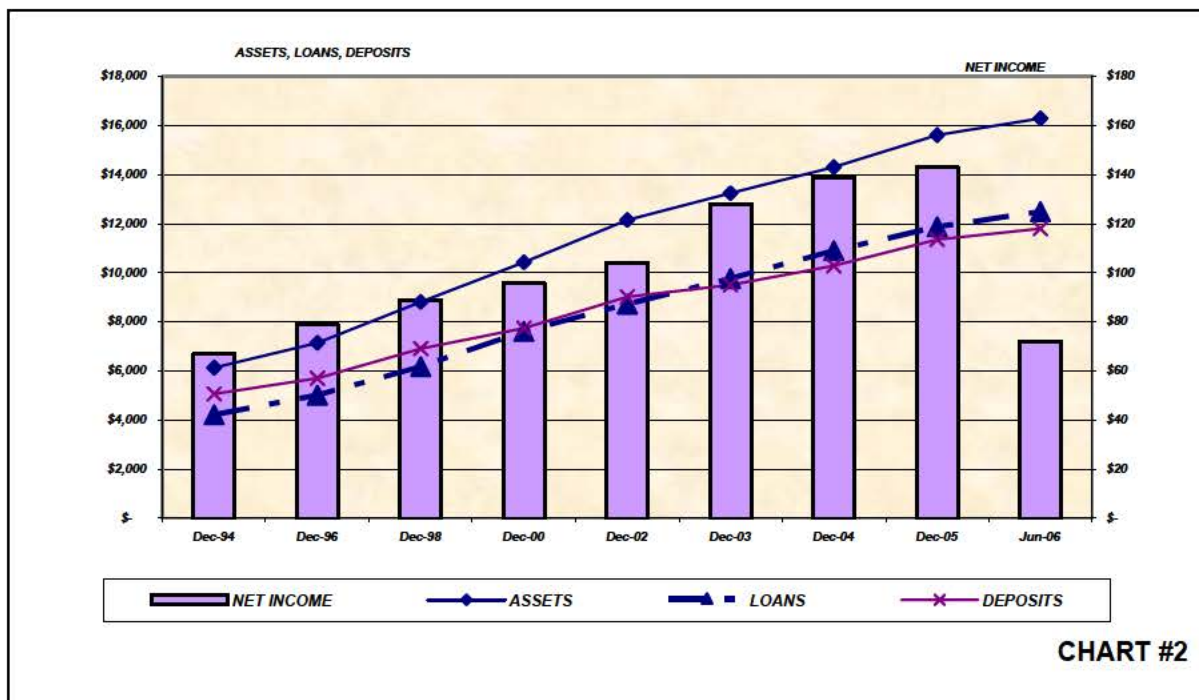


Chart #2 shows the growth in loans, deposits, assets and net income since December 1994 (in millions). Assets at the Maine Banks increased 9% for the 12 months ending June 2006, slightly higher than all federally-insured banks. Loans grew at an 11% rate, increasing to 77% of assets, well above the national average of 66%. Residential first real estate mortgages accounted for nearly one-half of the dollar increase, jumping 14%, their fastest rate of growth in several years. This strong growth in first mortgages is viewed as the primary cause of the slowdown in home equity lending and in loans to individuals. The Bureau does not have detailed information on the volume of nontraditional mortgages being originated by Maine Banks, but anecdotal reports suggest it is minimal.<sup>5</sup> Overall, residential mortgages – first mortgages plus home equity loans – increased to 51% of total loans, nearly double the national average. Commercial and industrial loan (“C&I”) growth was the strongest in six years in 2005 and continued to accelerate in the first two quarters of 2006, reflecting positively on the business environment in Maine.

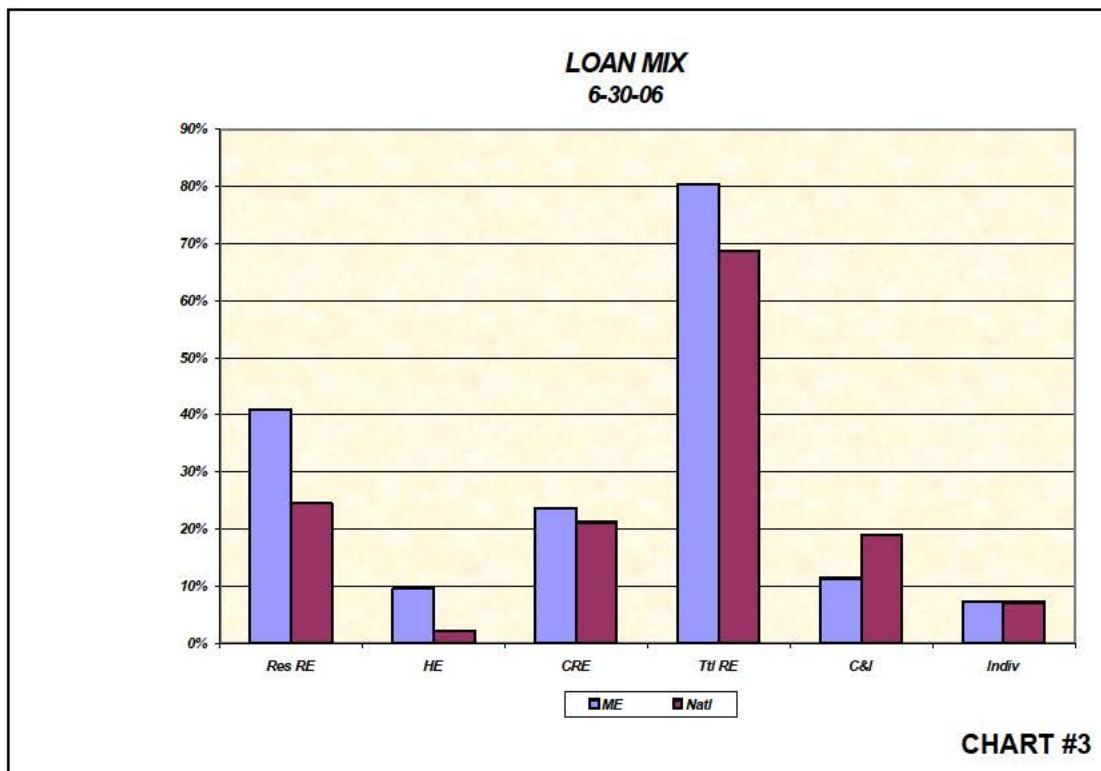
<sup>5</sup> Nontraditional mortgages include interest-only mortgage loans and payment option adjustable-rate mortgages, products which allow borrowers to exchange lower payments during an initial period for higher payments during a later amortization period.



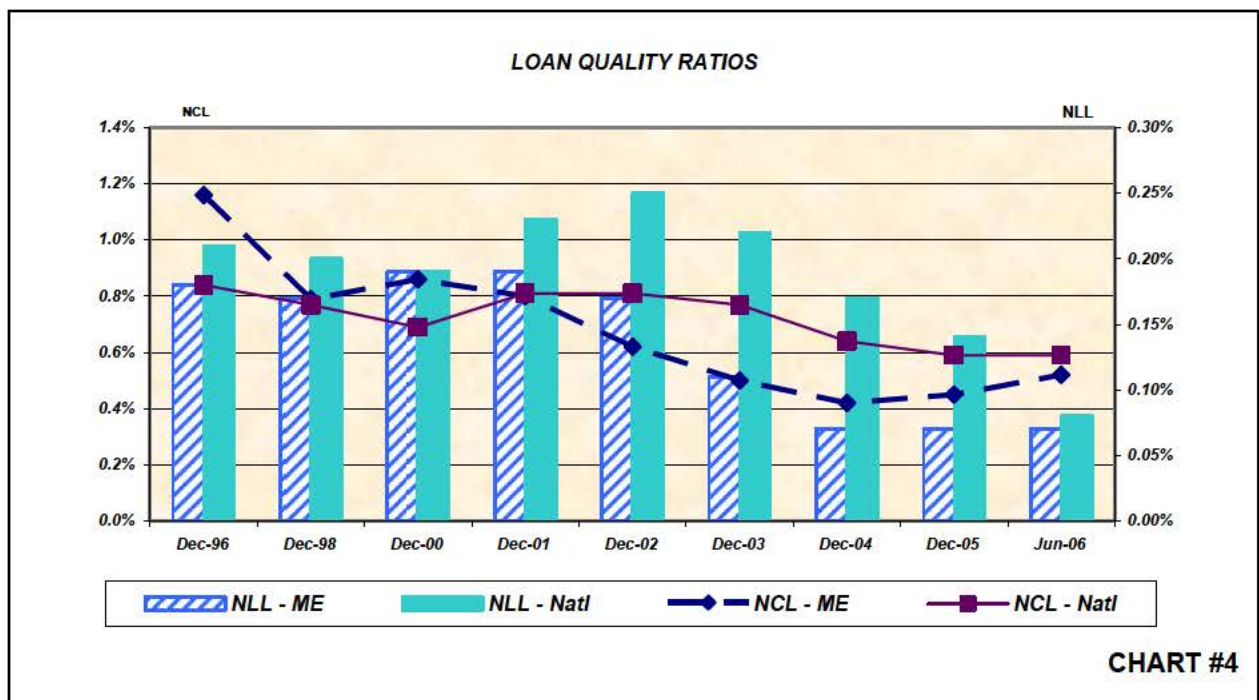
TABLE #5

	6/05	6/06	% Chg – MB	% Chg - Natl
Assets	14,903	16,289	9.3	10.0
Core Deposits	8,951	9,297	3.9	6.0
Non-Core Funding	4,356	5,320	22.1	14.7
Equity	1,472	1,539	4.6	8.9
Loans	11,258	12,496	11.0	10.2
Commercial RE (CRE)	2,696	2,963	9.9	9.7
1 <sup>st</sup> Residential REM	4,496	5,123	14.0	9.2
Home Equity (HE)	1,133	1,188	4.9	4.2
Total Real Estate	8,985	10,036	11.7	11.5
C&I	1,127	1,320	17.1	11.8
Individual	931	903	(3.0)	2.8
Non-Current Loans (NCL)	49	64	30.6	7.2
Net Loan Losses (NLL)	2.8	4.0	42.9	(16.9)

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. Chart #3 compares the loan mix of the Maine Banks with that of all banks nationally as of June 2006.



Loan quality indicators remain very strong, although slipping somewhat at December 2005 and June 2006. As seen in Chart #4, the Maine Banks continue to compare favorably to banks nationally. Net loan losses ("NLL") continue to be centered in C&I and individual loans (consistent with all banks nationally), but the largest increase was in real estate loans, principally first residential mortgages. Similarly, residential mortgages accounted for the largest increase in noncurrent loans ("NCL"), loans more than 90 days past due or not accruing interest. The residential mortgage NLL ratio, however, remains minimal and the NCL ratio, while the highest in ten quarters, is low and in line with the national average. Given the concentration of housing loans by Maine Banks and the slowdown in the real estate market, the Bureau is monitoring those banks with significant potential exposure. However, 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 NCL and NLL.



The Maine Banks continue to book loans faster than core deposits, necessitating increased reliance on noncore funding. Noncore funding now supports nearly one-third of all assets and the loan-to-core deposit ratio stands at 134%. These ratios are increasing more rapidly for Maine Banks than those nationally, where the ratios are 18% and 100%, respectively. These funding concerns are heightened by the large volume of long-term assets (maturity or repricing greater than five years) held by the Maine Banks, which represent 37% of total assets as opposed to only 12% for banks nationwide. However, 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.

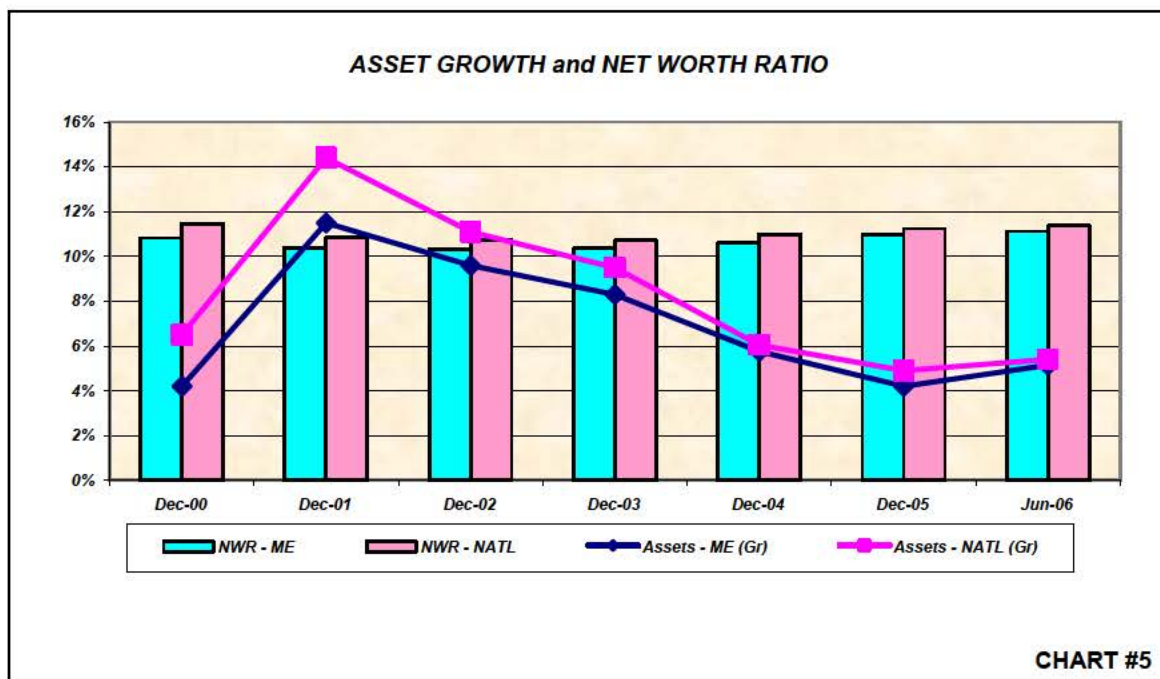
Overall, the Maine Banks are in sound financial condition with strong capital, adequate earnings and sound asset quality. They are, however, confronted with a number of issues that make the current business environment difficult. Maine's demography makes real deposit and loan growth, the primary drivers of earnings, a challenge. In addition to the intense competition among the Maine Banks, there is very strong competition from the four other banks operating offices in Maine, Maine Credit Unions and other financial service providers, including mortgage companies, captive automobile finance companies, internet banks and mutual funds. Profitability is further challenged by the inverted/flat yield curve; customer demands for enhanced service and products, be it in the form of expanded physical or cyberspace options; and regulatory burden, particularly in the compliance arena. Regulatory, technology and operating costs are generally disproportionately higher for smaller, community-oriented banks (the category encompassing all of the Maine Banks) because they have fewer assets and customers and thus are unable to achieve the same economies of scale available to large banks. An increased awareness and emphasis on enterprise-wide risk management, which enables management to identify, measure, monitor and mitigate risks, is contributing to the success of the Maine Banks operating in the current difficult environment.



## Maine Credit Unions

“Maine Credit Unions” consists of the 73 credit unions headquartered in Maine: 12 Maine-chartered and 61 federally-chartered. Performance has varied over the past several calendar years, similar to that of credit unions nationally, but the overall condition of Maine Credit Unions remains sound. Interim performance for the first six months of 2006, through June 2006, compares favorably to June 2005 and December 2005. Capital and earnings are more than adequate to support expected future asset growth and credit quality, based on past due loans (“PD”) and NLL, continues at or very near historic high points, although there are some signs of slippage.

The net worth-to-total asset ratio (“NWR”) continues to climb as earnings have outpaced moderate asset growth. As Chart #5 shows, Maine Credit Unions have consistently lagged credit unions nationally in both asset growth and NWR, but the gap is very small and inconsequential.



Maine Credit Unions reported net income (“NI”) of \$32 million in 2005, flat with net income for 2004, and \$17 million at June 2006, up 16% from June 2005. As seen in

Table #6, net interest income (“NII”) remains the dominant source of revenue, but its share continues to decline, dropping from 78.8% at December 2004 to 77.5% at June 2006 as non-interest income (“OI”) becomes more important. The provision for loan losses (“PLL”) is a function of net loan losses, loan growth and management’s analysis of loan quality and economic conditions; as such, it is subject to greater flexibility. Despite only a moderate increase in non-interest expenses (“OVHD”) in 2005, for the first time NII failed to cover OVHD: in 1995, NII was 116% of OVHD; in 2005, NII was 98% of OVHD. This decreased coverage is due primarily to slower growth in NII than in OVHD: in 1995, NII was 4.35% of average assets (AA) and OVHD was 3.75% of AA as opposed to 3.74% and 3.81%, respectively, in 2005.

**TABLE #6**

	<b>12/04</b>	<b>12/05</b>	<b>Chg</b>	<b>6/05</b>	<b>6/06</b>	<b>Chg</b>
<b>NII</b>	\$140,607	\$147,347	4.8%	\$71,973	\$77,311	7.4%
<b>OI</b>	\$37,927	\$42,216	11.3%	\$20,081	\$22,454	11.8%
<b>PLL</b>	\$6,229	\$7,976	28.0%	\$2,606	\$2,729	4.7%
<b>OVHD</b>	\$140,531	\$149,881	6.7%	\$74,379	\$79,608	7.0%
<b>NI</b>	\$31,774	\$31,707	-0.2%	\$15,069	\$17,428	15.7%

Amounts are shown in thousands of dollars.

The declining NII ratio cited above has been the driving factor in a lower return on average assets (“ROA”). This NII compression has been partially compensated for by higher OI, up from 14% of net revenue in 1995 to 22% at June 2006. However, in 2005 and through June 2006, the pattern changed somewhat, as seen in Table #7. NII was flat in 2005 and improved slightly at June 2006, due mostly to higher yields on investments. Compared to credit unions nationally, Maine Credit Unions have an increasingly strong NII as the positive spread on both loan yield and cost of funds vis-à-vis the national average widens. Maine Credit Unions also benefit from a high loan-to-asset ratio, but the gap is narrowing.

**TABLE #7**

	<b>12/95</b>	<b>12/00</b>	<b>12/04</b>		<b>12/05</b>		<b>6/06</b>	
	<b>ME</b>	<b>ME</b>	<b>ME</b>	<b>NATL</b>	<b>ME</b>	<b>NATL</b>	<b>ME</b>	<b>NATL</b>
<b>NII</b>	4.35	4.32	3.75	3.32	3.74	3.24	3.80	3.19
<b>OI</b>	0.72	0.80	0.98	1.13	1.03	1.22	1.09	1.24
<b>OVHD</b>	3.75	3.95	3.74	3.21	3.81	3.24	3.91	3.30
<b>PLL</b>	0.13	0.26	0.17	0.36	0.20	0.40	0.13	0.30
<b>ROA</b>	1.18	0.90	0.85	0.91	0.81	0.85	0.86	0.86

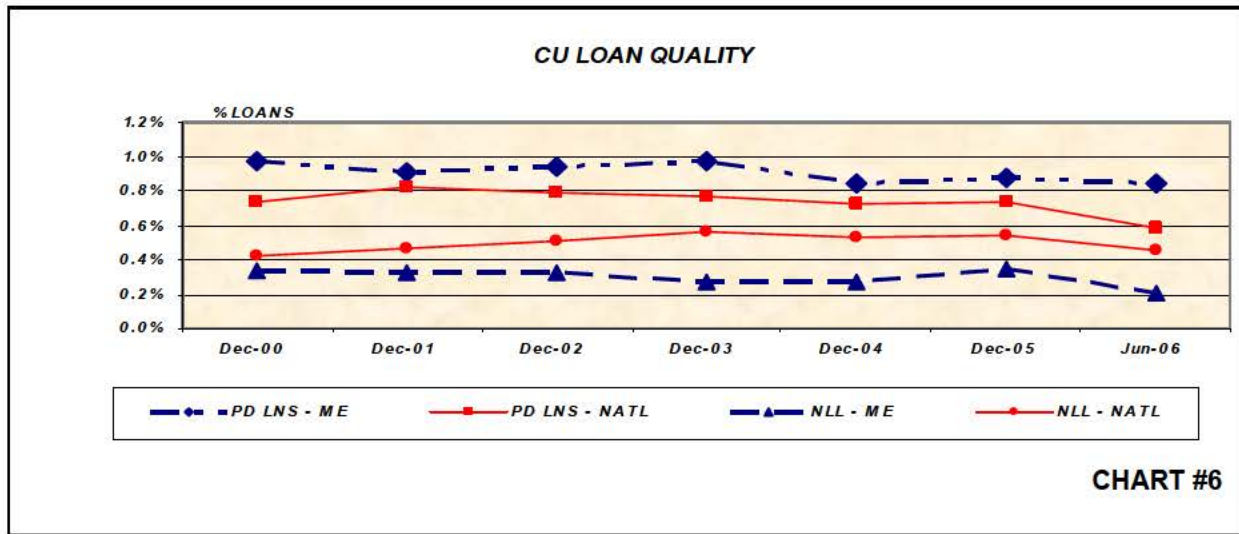
Ratios are based on average assets.

In 2005, loans increased \$150 million, 5%, the slowest rate of increase in more than ten years and below the 7% annual compound growth rate (“ACGR”) of the prior five years. For the first six months of 2006, loan growth further slowed to an annual rate of 3%. The bulk of the growth continues to be in real estate loans, which now account for 57% of all loans. Other real estate loans (“Other RE”), which consists primarily of home equity loans, has been the fastest growing segment and accounted for more than two-thirds of the dollar growth for the first six months of 2006. Unsecured loans, which include credit card loans, continue to decline in both dollars and as a share of total loans. Table #8 shows the change in loan mix for Maine Credit Unions and compares the mix with that of credit unions nationally.

**TABLE #8**

<b>LOAN MIX</b>	<b>6/00</b>		<b>6/06</b>	
	<b>ME</b>	<b>NAT’L</b>	<b>ME</b>	<b>NAT’L</b>
<b>Auto</b>	32%	40%	29%	36%
<b>1<sup>st</sup> RE</b>	32%	26%	36%	32%
<b>Other RE</b>	13%	13%	21%	17%
<b>Unsecured</b>	12%	14%	6%	10%
<b>Other</b>	11%	7%	8%	5%

Credit quality indicators, particularly NLL, remain very sound, notwithstanding the slight uptick at December 2005. Changes in the federal bankruptcy laws effective September 2005 that led to increased filings contributed to the increase in NLL for 2005. The low level of NLL continues to be positively affected by the loan mix, reflecting a high percentage of real estate loans and a low percentage of unsecured loans. Chart #6 compares NLL and past due loans for Maine Credit Unions and credit unions nationally.



In 2005, total shares increased \$106 million, 3%, well below the 7% ACGR of the prior five years; share growth accelerated during the first six months of 2006, to 6%. However, share growth historically has been highest during the first six months of the year and, from June 2005 to June 2006, shares increased only 3%. Because share growth has lagged asset growth, reliance on borrowings has increased, but remains relatively insignificant at only 4% of assets. Table #9 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, 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 #9**

	12/03		12/04		12/05		6/06	
	ME	NATL	ME	NATL	ME	NATL	ME	NATL
Loan Gr	10.0	9.8	8.3	10.1	5.3	10.6	3.3	7.9
Share Gr	7.8	9.1	4.4	5.3	3.3	3.8	6.2	5.6
Ln/Sh	83.1	71.2	86.2	74.5	87.9	79.3	86.7	80.2
Ln/TA	71.4	61.6	73.1	64.0	73.9	67.5	73.6	68.4
Borrow/TA	3.2	1.9	4.1	2.4	4.4	2.9	3.8	2.7
LTA	31.1	25.3	31.5	25.2	31.6	25.1	31.7	26.3

Throughout the 1990's and early 2000's, loan and share growth at Maine Credit Unions consistently outpaced that of Maine Banks. Consequently, their share of loans and deposits held by all Maine financial institutions steadily increased, from 7.9% and 9.6%, respectively, at June 1990 to 14.1% and 16.4%, respectively, at June 2003. Since then, however, Maine Credit Unions' share of loans has held steady at 14% and their share of deposits has dropped to 15.5%. These ratios are much higher than at the national level, where credit unions hold 6% of total loans and 7% of total deposits held by all insured financial institutions. The number of Maine Credit Unions continues to decline, decreasing by two, both due to mergers, between June 2005 to June 2006. The average asset size, however, increased from \$53 million to \$56 million.

Maine Credit Unions are faced with a myriad of challenges, including: interest rate environment; local economic and demographic conditions; competition from larger local banks and other financial service providers, including mortgage companies, captive automobile finance companies, internet banks and mutual funds; expanding regulatory demands; rapid technology changes; management continuity; and product and services offerings. These challenges generally necessitate higher operating costs and/or lower revenue, both of which are best counterbalanced by asset growth, which is an increasing challenge of its own. These challenges are not unique to Maine Credit Unions – they are common to all financial institutions regardless of asset size – but they are exacerbated by the relatively small size of Maine Credit Unions.

### **Limited Purpose Banks**

The number of independent Maine-chartered limited purpose banks has held steady at nine since January 2005. However, in November 2006 the Bureau approved the application filed by a Pennsylvania mortgage broker to establish a merchant bank which would assume its existing mortgage origination business. Each of the nine operating niche banks is primarily engaged in fiduciary business and none is authorized to accept deposits. Their operations remain centered on one of two separate markets: 1) “traditional” trust, investment management, advisory and custodial services to individuals (four banks) or 2) custodial and administrative services, typically to retirement plans (five banks). Four of the banks operate from an office located outside



of Maine. Table #10 shows the growth in net income (in thousands of dollars; excludes extraordinary income), fiduciary assets (in millions of dollars) and the number of accounts, adjusted for the sale of a line of business by a nondepository trust company in late 2003.

**TABLE #10**

	<b>12/03</b>		<b>12/04</b>		<b>12/05</b>		<b>6/06</b>	
# Banks	7		8		9		9	
Net Income	(5,391)		2,105		4,754		3,124	
	\$	#	\$	#	\$	#	\$	#
Managed	1,396	2,085	1,487	2,195	1,781	2,537	1,853	2,700
Non-Managed	1,068	461	1,557	472	1,320	403	1,247	403
Custody	1,874	2,203	2,199	2,271	2,834	2,418	2,900	2,331
TOTAL	4,338	4,749	5,243	4,938	5,935	5,358	6,000	5,434

As of June 30, 2006, each of the state-chartered limited purpose banks had capital well in excess of that required by the minimum capital formula utilized by the Bureau, and none reported negative net income.

The Bureau anticipates the existing entities and new entrants to continue to expand the range of services and products 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.

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# EXHIBITS

**SUMMARY OF FINANCIAL INSTITUTIONS  
AUTHORIZED TO DO BUSINESS IN MAINE  
June 30, 2006**

	<u>No.</u>	<u>ASSETS</u>		<u>% of Total</u>	<u>DEPOSITS/SHARES</u>		<u>% of Total</u>	<u>LOANS</u>	
		<u>Dollars (000's)</u>			<u>Dollars (000's)</u>			<u>Dollars (000's)</u>	
State Commercial Banks	11	3,659,000	<sup>1</sup>	17.84%	2,607,078	11.54%		2,650,729	12.35%
National Banks	7	2,283,783	<sup>1</sup>	11.14%	8,921,400	39.48%		7,517,154	35.02%
State Limited Purpose Banks	10	87,989		0.43%	0	0.00%		22,585	0.11%
Federal Limited Purpose Banks	1	8,560		0.04%	N/A	N/A		N/A	N/A
State Savings Banks	15	9,112,567		44.44%	6,595,416	29.19%		7,148,026	33.30%
Federal Savings Banks	1	751,574		3.67%	594,530	2.63%		572,571	2.67%
State Savings and Loans	3	165,092		0.81%	114,745	0.51%		143,928	0.67%
Federal Savings and Loans	4	316,746		1.54%	231,630	1.03%		285,736	1.33%
Credit Unions Chartered by the State of Maine	12	1,042,126	<sup>1</sup>	5.08%	874,877	3.87%		747,784	3.48%
Credit Unions Chartered by Other States	1	N/A	<sup>1</sup>	N/A	9,623	0.04%		10,267	0.05%
Federal Credit Unions	62	3,077,238	<sup>1</sup>	15.01%	2,645,217	11.71%		2,366,452	11.02%
<b>TOTAL</b>	<b>127</b>	<b>20,504,675</b>		<b>100.00%</b>	<b>22,594,516</b>	<b>100.00%</b>		<b>21,465,232</b>	<b>100.00%</b>
Commercial Banks	18	5,942,783	<sup>1</sup>	28.98%	11,528,478	51.03%		10,167,883	47.37%
Limited Purpose Banks	11	96,549		0.47%	0	0.00%		22,585	0.10%
Savings Banks	16	9,864,141		48.11%	7,189,946	31.82%		7,720,597	35.97%
Savings and Loans	7	481,838		2.35%	346,375	1.53%		429,664	2.00%
Credit Unions	75	4,119,364	<sup>1</sup>	20.09%	3,529,717	15.62%		3,124,503	14.56%
<b>TOTAL</b>	<b>127</b>	<b>20,504,675</b>		<b>100.00%</b>	<b>22,594,516</b>	<b>100.00%</b>		<b>21,465,232</b>	<b>100.00%</b>
Chartered by the State of Maine	51	14,066,774		68.60%	10,192,116	45.11%		10,713,052	49.91%
Chartered by Other States	1	N/A	<sup>1</sup>	N/A	9,623	0.04%		10,267	0.05%
Federally Chartered	75	6,437,901	<sup>1</sup>	31.40%	12,392,777	54.85%		10,741,913	50.04%
<b>TOTAL</b>	<b>127</b>	<b>20,504,675</b>		<b>100.00%</b>	<b>22,594,516</b>	<b>100.00%</b>		<b>21,465,232</b>	<b>100.00%</b>
In-State Ownership	119	20,138,657		98.21%	14,996,479	66.37%		15,250,718	71.05%
Out-of-State Ownership <sup>2</sup>	8	366,018	<sup>1</sup>	1.79%	7,598,037	33.63%		6,214,514	28.95%
<b>TOTAL</b>	<b>127</b>	<b>20,504,675</b>		<b>100.00%</b>	<b>22,594,516</b>	<b>100.00%</b>		<b>21,465,232</b>	<b>100.00%</b>

<sup>1</sup> **Maine assets are unavailable for the following multi-state banks and credit unions:**

Bank of America, N.A.	Ocean National Bank
First Tennessee Bank, National Association	TD Banknorth, National Association
KeyBank, National Association	Navy Federal Credit Union
	Northeast Credit Union

<sup>2</sup> **Out of State Ownership:**

	<b>Assets</b>	<b>Deposits</b>	<b>Loans</b>
Bank of America, N.A.	N/A	1,382,317	1,209,208
First Tennessee Bank, National Association	N/A	1,848	Not provided.
KeyBank, National Association	N/A	2,495,925	1,293,379
Maine Bank & Trust	366,018	291,567	280,880
Ocean National Bank	N/A	209,772	124,130
TD Banknorth, National Association	N/A	3,173,580	3,195,693
Navy Federal Credit Union	N/A	33,405	100,957
Northeast Credit Union	N/A	9,623	10,267

**SUMMARY OF FINANCIAL INSTITUTIONS  
AUTHORIZED TO DO BUSINESS IN MAINE  
June 30, 2006**

<b>TOTAL:</b>	<b>366,018</b>	<b>7,598,037</b>	<b>6,214,514</b>
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**ASSETS, DEPOSITS/SHARES, AND LOANS BY FACILITY TYPE  
(IN THOUSANDS)**

	06/30/02	06/30/03	06/30/04	06/30/05	06/30/06
<b>State Chartered Commercial Banks</b>					
Number of Institutions	9	10	10	11	11
Number of Offices	83	83	82	94	93
Assets	2,078,769	2,303,686	2,610,874	3,336,620	3,659,000
Deposits	1,547,458	1,697,078	1,845,199	2,363,406	2,607,078
Loans	1,377,629	1,564,522	1,778,851	2,454,152	2,650,729
<b>National Banks</b>					
Number of Institutions	7	7	7	6	7
Number of Offices	205	199	198	202	199
Assets	1,442,222	1,603,100	1,778,091	2,025,228	2,283,783
Deposits	7,440,908	7,837,742	8,462,889	8,625,754	8,921,400
Loans	6,508,230	6,835,230	7,311,140	7,741,273	7,517,154
<b>State Chartered Savings Banks</b>					
Number of Institutions	15	15	15	15	15
Number of Offices	164	164	168	177	178
Assets	6,734,208	7,189,190	7,851,486	8,374,049	9,112,567
Deposits	5,010,519	5,302,765	5,678,939	6,141,686	6,595,416
Loans	4,859,363	5,268,506	5,895,263	6,326,358	7,148,026
<b>Federal Savings Banks</b>					
Number of Institutions	2	2	2	1	1
Number of Offices	31	31	32	21	21
Assets	1,014,826	1,102,267	1,194,426	699,776	751,574
Deposits	739,898	765,155	847,584	514,003	594,530
Loans	859,251	921,362	982,150	572,988	572,571
<b>State Chartered Savings &amp; Loan Associations</b>					
Number of Institutions	3	3	3	3	3
Number of Offices	3	3	3	4	5
Assets	140,244	148,090	153,515	160,612	165,092
Deposits	103,550	110,428	112,302	117,200	114,745
Loans	107,427	114,609	129,987	137,108	143,928
<b>Federal Savings &amp; Loan Associations</b>					
Number of Institutions	4	4	4	4	4
Number of Offices	8	8	8	9	9
Assets	257,846	269,949	291,554	306,466	316,746
Deposits	206,822	211,965	223,857	230,012	231,630
Loans	211,442	212,098	231,426	259,367	285,736
<b>State Chartered Credit Unions</b>					
Number of Institutions	15	15	14	12	12
Number of Offices	32	32	31	32	34
Assets	823,799	912,826	956,141	1,007,522	1,042,126
Shares	711,205	782,689	806,457	847,813	874,877
Loans	568,652	629,438	686,535	728,196	747,784
<b>Credit Unions Chartered by Other States</b>					
Number of Institutions					1
Number of Offices					1
Assets		Information not available.			N/A
Shares		Information not available.			9,623
Loans		Information not available.			10,267

**ASSETS, DEPOSITS/SHARES, AND LOANS BY FACILITY TYPE  
(IN THOUSANDS)**

	06/30/02	06/30/03	06/30/04	06/30/05	06/30/06
<b>Federal Credit Unions</b>					
Number of Institutions	63	63	64	63	62
Number of Offices	116	122	131	124	135
Assets	2,437,559	2,687,355	2,840,541	2,967,293	3,077,238
Shares	2,127,767	2,333,734	2,430,151	2,526,081	2,645,217
Loans	1,735,908	1,825,396	2,024,802	2,168,932	2,366,452
<b>State Chartered Merchant Banks (Limited Purpose Banks)</b>					
Number of Institutions	1	1	1	1	1
Assets	16,789	39,944	40,397	42,334	45,098
Deposits	N/A	N/A	N/A	N/A	N/A
Loans	404	21,381	21,269	21,000	22,585
<b>State Chartered Nondepository Trust Companies (Limited Purpose Banks)</b>					
Number of Institutions	6	7	8	9	9
Assets	9,897	10,521	50,748	54,231	42,891
Deposits	N/A	N/A	N/A	N/A	N/A
Loans	N/A	N/A	N/A	N/A	N/A
<b>Federal Nondepository Trust Companies</b>					
Number of Institutions					1
Assets		Information not available.			8,560
Deposits		Information not available.			N/A
Loans		Information not available.			N/A
<b>State Totals</b>					
Number of Institutions	125	127	128	125	127
Number of Offices	642	642	653	663	675
Assets	14,956,159	16,266,928	17,767,773	18,974,131	20,504,675
Shares & Deposits	17,888,127	19,041,556	20,407,378	21,365,955	22,594,516
Loans	16,228,306	17,392,542	19,061,423	20,409,374	21,465,232

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

Bank of America, National Association	Charlotte, North Carolina
KeyBank National Association	Cleveland, Ohio
Northeast Credit Union	Portsmouth, New Hampshire
Ocean National Bank	Portsmouth, New Hampshire
TD Banknorth, National Association	Portland, Maine

**Note:** "Number of Offices" includes main and branch offices that grant loans and accept deposits/shares.

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

STATE CHARTERED  
COMMERCIAL BANKS  
AUTHORIZED TO DO BUSINESS IN MAINE

		06/30/06 \$ in (000's)	
	<u>Assets</u>	<u>Deposits</u>	<u>Loans</u>
Joseph Murphy, President <b>BAR HARBOR BANKING AND TRUST COMPANY</b> 82 Main St. Bar Harbor, ME 04609	803,702	488,287	543,731
Earle Harvey, President <b>BORDER TRUST COMPANY</b> 280 State St., PO Box 220 Augusta, ME 04330	97,466	87,178	58,108
Thomas Finn, Jr., President <b>DAMARISCOTTA BANK &amp; TRUST</b> 25 Main St. Damariscotta, ME 04543	142,105	119,019	109,551
Dennis Haggerty, Jr., President <b>FIRST CITIZENS BANK &amp; TRUST<sup>6</sup></b> 9 Dyer St., PO Box 231 Presque Isle, ME 04769	138,624	123,453	98,000
Jon Prescott, President <b>KATAHDIN TRUST COMPANY</b> 11 Main St. Patten, ME 04765	381,116	290,778	281,186
Samuel Ladd, III, President <b>MAINE BANK &amp; TRUST COMPANY</b> 467 Congress St., PO Box 619 Portland, ME 04104	366,018	291,567	280,880
William Lucy, President <b>MERRILL MERCHANTS BANK</b> 201 Main St., PO Box 925 Bangor, ME 04402-0925	434,690	349,810	332,096
James Delamater, President <b>NORTHEAST BANK</b> 500 Canal Street Lewiston, ME 04240-6594	560,131	397,082	436,344
George Giovanis, President <b>PEPPERELL BANK &amp; TRUST</b> 163 Main St. Biddeford, ME 04005	93,970	65,215	58,558

<sup>6</sup> Merger with Gardiner Savings Institution, FSB approved by Office of Thrift Supervision



STATE CHARTERED  
COMMERCIAL BANKS  
AUTHORIZED TO DO BUSINESS IN MAINE

		06/30/06 \$ in (000's)	
	<u>Assets</u>	<u>Deposits</u>	<u>Loans</u>
A. William Canaan, President <b>RIVERGREEN BANK</b> 36 Portland Rd. Kennebunk, ME 04043	91,271	76,596	78,831
Peter Blyberg, President <b>UNION TRUST COMPANY</b> 66 Main St., PO Box 479 Ellsworth, ME 04605	549,907	318,093	373,444
<b>TOTAL: 11</b>	<b>3,659,000</b>	<b>2,607,078</b>	<b>2,650,729</b>

**STATE CHARTERED  
LIMITED PURPOSE BANKS  
AUTHORIZED TO DO BUSINESS IN MAINE**

		06/30/06 \$ in (000's)	
	<u>Assets</u>	<u>Deposits</u>	<u>Loans</u>
Daniel Hurley, III, President <b>BAR HARBOR TRUST SERVICES</b> 135 High St., PO Box 1100 Ellsworth, ME 04605	1,206	N/A	N/A
G. West Saltonstall, President <b>EATON VANCE TRUST COMPANY</b> 255 State Street Boston, MA 02109	1,184	N/A	N/A
John Keffer, President <b>FORUM TRUST, LLC</b> Two Portland Sq., PO Box 446 Portland, ME 04112	28,649	N/A	N/A
John Walker, President <b>H. M. PAYSON AND COMPANY</b> 1 Portland Sq., PO Box 31 Portland, ME 04101	3,500	N/A	N/A
Gail Weiss, President <b>INTERNATIONAL CLEARING TRUST COMPANY</b> 828 S. Charles St. Baltimore, MD 21230	122	N/A	N/A
Joseph Yohlin, President <b>MAINE MERCHANT BANK</b> 977 Congress St., Suite 1100 Portland, ME 04101	45,098	0	22,585
Wayne Foren, President <b>QUADS TRUST COMPANY</b> 12 W. Church St. Frederick, MD 21701	808	N/A	N/A
John Higgins, CEO <b>RAM TRUST COMPANY</b> 45 Exchange St. Portland, ME 04101	425	N/A	N/A
William Dannecker, President <b>RSGROUP TRUST COMPANY</b> 317 Madison Ave. New York, NY 10017	6,472	N/A	N/A
Richard Curran, Jr., President <b>SPINNAKER TRUST</b> 5 Milk St., PO Box 7160 Portland, ME 04112-7160	525	N/A	N/A
<b>TOTAL: 10</b>	<b>87,989</b>	<b>0</b>	<b>22,585</b>

STATE CHARTERED  
SAVINGS BANKS  
AUTHORIZED TO DO BUSINESS IN MAINE

		06/30/06 \$ in (000's)	
	<u>Assets</u>	<u>Deposits</u>	<u>Loans</u>
Steven Closson, President <b>ANDROSCOGGIN SAVINGS BANK</b> 30 Lisbon St., PO Box 1407 Lewiston, ME 04240	555,623	371,817	436,334
James Conlon, CEO <b>BANGOR SAVINGS BANK</b> 99 Franklin St., PO Box 930 Bangor, ME 04402-0930	1,884,902	1,356,618	1,435,146
Glen Hutchinson, President <b>BATH SAVINGS INSTITUTION</b> 105 Front St., PO Box 548 Bath, ME 04530-0548	420,318	328,108	300,726
Wayne Sherman, President <b>BIDDEFORD SAVINGS BANK</b> 254 Main St., PO Box 525 Biddeford, ME 04005-0525	269,428	191,944	205,663
Peter Judkins, President <b>FRANKLIN SAVINGS BANK</b> 197 Main St., PO Box 825 Farmington, ME 04938-0825	294,803	215,173	257,751
Christopher Emmons, President <b>GORHAM SAVINGS BANK</b> 10 Wentworth Dr., PO Box 39 Gorham, ME 04038	725,459	480,074	517,988
Mark Johnston, President <b>KENNEBEC SAVINGS BANK</b> 150 State St., PO Box 50 Augusta, ME 04330	590,254	378,746	473,955
Kendall Reed, President <b>KENNEBUNK SAVINGS BANK</b> 104 Main St., P.O. Box 28 Kennebunk, ME 04043-0028	711,001	577,825	603,719
Edward Hennessey, Jr., President <b>MACHIAS SAVINGS BANK</b> 4 Center St., PO Box 318 Machias, ME 04654-0318	678,434	559,782	590,981
Rick Vail, President <b>MECHANICS' SAVINGS BANK</b> 100 Minot Ave., PO Box 400 Auburn, ME 04210	254,466	205,669	223,867

**STATE CHARTERED  
SAVINGS BANKS  
AUTHORIZED TO DO BUSINESS IN MAINE**

		06/30/06 \$ in (000's)	
	<u>Assets</u>	<u>Deposits</u>	<u>Loans</u>
Robert Harmon, President <b>NORWAY SAVINGS BANK</b> 261 Main St., PO Box 347 Norway, ME 04268	753,703	592,625	628,070
Kevin Savage, President <b>SACO AND BIDDEFORD SAVINGS INSTITUTION</b> 252 Main St., PO Box 557 Saco, ME 04073	649,327	426,936	499,523
Mark Mickeriz, President <b>SANFORD INSTITUTION FOR SAVINGS</b> 900 Main St., PO Box 472 Sanford, ME 04073	387,881	255,285	308,148
Virginia Howard, President <b>SKOWHEGAN SAVINGS BANK</b> 13 Elm St., PO Box 250 Skowhegan, ME 04976	409,028	285,374	290,345
Jeffrey Smith, President <b>UNITEDKINGFIELD BANK<sup>7</sup></b> 145 Exchange St. Bangor, ME 04401	527,940	369,440	375,810
<b>TOTAL: 15</b>	<b>9,112,567</b>	<b>6,595,416</b>	<b>7,148,026</b>

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<sup>7</sup> Merged into Camden National Bank effective September 30, 2006.

STATE CHARTERED  
SAVING AND LOAN ASSOCIATIONS  
AUTHORIZED TO DO BUSINESS IN MAINE

		06/30/06 \$ in (000's)	
	<u>Assets</u>	<u>Deposits</u>	<u>Loans</u>
Allen Sterling, President <b>AUBURN SAVINGS AND LOAN ASSOCIATION</b> <sup>8</sup> 256 Court St., PO Box 3157 Auburn, ME 04210	64,213	45,094	54,029
William Weir, President <b>BAR HARBOR SAVINGS AND LOAN ASSOCIATION</b> 103 Main St. Bar Harbor, ME 04609	28,728	22,104	25,890
Harry Mank, Jr., President <b>ROCKLAND SAVINGS AND LOAN ASSOCIATION</b> 582 Main St., PO Box 585 Rockland, ME 04841	72,151	47,547	64,009
<b>TOTAL: 3</b>	<b>165,092</b>	<b>114,745</b>	<b>143,928</b>

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<sup>8</sup> Converted to federal charter effective July 1, 2006.

**STATE CHARTERED  
CREDIT UNIONS  
AUTHORIZED TO DO BUSINESS IN MAINE**

	<u>Assets</u>	<u>06/30/06 \$ in (000's) Shares &amp; Deposits</u>	<u>Loans</u>
Matthew Griffiths, CEO <b>COAST LINE CREDIT UNION</b> 333 Cottage Rd. South Portland, ME 04106	35,853	26,727	22,721
Donna Steckino, CEO <b>COMMUNITY CREDIT UNION</b> 144 Pine St., PO Box 7810 Lewiston, ME 04240	40,905	35,400	37,064
Eugene Ardito, CEO <b>cPORT CREDIT UNION</b> 50 Riverside Industrial Pkwy., PO Box 777 Portland, ME 04101-0777	95,497	85,164	62,247
H. Tucker Cole, CEO <b>EVERGREEN CREDIT UNION</b> 225 Riverside St. Portland, ME 04103	115,170	100,790	93,492
Richard Dupuis, CEO <b>FIVE COUNTY CREDIT UNION</b> 765 Washington St., PO Box 598 Bath, ME 04530-0598	118,475	101,201	94,085
Kerry Hayes, CEO <b>GREATER PORTLAND MUNICIPAL CREDIT UNION</b> 799 Broadway South Portland, ME 04106-2738	67,158	58,062	55,503
Richard LaChance, CEO <b>MAINE EDUCATION CREDIT UNION</b> 23 University Dr., PO Box 1096 Augusta, ME 04330-1096	20,646	18,521	14,639
Normand Dubreuil, CEO <b>MAINE STATE CREDIT UNION</b> 200 Capital St., PO Box 5659 Augusta, ME 04332-5659	200,956	169,633	116,945
Luke Labbe, CEO <b>PEOPLES CHOICE CREDIT UNION</b> 35 Bradbury St., PO Box 463 Biddeford, ME 04005	117,520	104,489	71,997

**STATE CHARTERED  
CREDIT UNIONS  
AUTHORIZED TO DO BUSINESS IN MAINE**

		06/30/06 \$ in (000's)	
	<u>Assets</u>	<u>Deposits</u>	<u>Loans</u>
Charles Hinkley, CEO <b>SABATTUS REGIONAL CREDIT UNION</b> 2 Middle Rd., PO Box 250 Sabattus, ME 04280	26,244	23,750	15,204
Carrie Shaw, CEO <b>SACO VALLEY CREDIT UNION</b> 312 Main St., PO Box 740 Saco, ME 04072-0740	52,630	46,699	39,814
Matthew Walsh, CEO <b>UNIVERSITY CREDIT UNION</b> Rangeley Rd. University of ME Orono, ME 04469-5779	151,072	104,441	124,073
<b>TOTAL: 12</b>	<b>1,042,126</b>	<b>874,877</b>	<b>747,784</b>

**STATE CHARTERED  
CREDIT UNIONS  
CHARTERED BY OTHER STATES**

		06/30/06 \$ in (000's)	
	<u>Assets</u>	<u>Shares &amp; Deposits</u>	<u>Loans</u>
Peter Kavalauskas, CEO <b>NORTHEAST CREDIT UNION</b> 100 Borthwick Ave. Portsmouth, NH 03801	N/A	9,623	10,267
<b>TOTAL: 1</b>	<b>N/A</b>	<b>9,623</b>	<b>10,267</b>

*Note: Maine assets are not available for Northeast Credit Union, which is chartered by the State of New Hampshire Banking Department and operates in a multi-state environment.*

**FEDERAL CHARTERED  
NATIONAL BANKS  
AUTHORIZED TO DO BUSINESS IN MAINE**

		06/30/06 \$ in (000's)	
	<u>Assets</u>	<u>Deposits</u>	<u>Loans</u>
Kenneth Lewis, President <b>BANK OF AMERICA, NATIONAL ASSOCIATION</b> 101 South Tryon St. Charlotte, SC 28255	N/A	1,382,317	1,209,208
Gregory Dufour, President <b>CAMDEN NATIONAL BANK</b> 2 Elm St., PO Box 310 Camden, ME 04843	1,214,601	870,581	868,805
Henry Meyer, CEO <b>KEYBANK NATIONAL ASSOCIATION</b> 127 Public Square Cleveland, OH 44114	N/A	2,495,925	1,293,379
Ken Glass, President <b>FIRST TENNESSEE BANK, NATIONAL ASSOCIATION</b> Doing business as First Horizon Bank 165 Madison Ave. Memphis, TN 38101	N/A	1,848	Not provided.
Danny O'Brien, President <b>OCEAN NATIONAL BANK</b> 325 State St. Portsmouth, NH 03801	N/A	209,772	124,130
Bharat Masrani, President <b>TD BANKNORTH, NATIONAL ASSOCIATION</b> One Portland Sq., PO Box 9540 Portland, ME 04112	N/A	3,173,580	3,195,693
Daniel Daigneault, President <b>THE FIRST, N.A.</b> 223 Main St., PO Box 940 Damariscotta, ME 04543	1,069,182	787,377	825,939
<b>TOTAL: 7</b>	<b>2,283,783</b>	<b>8,921,400</b>	<b>7,517,154</b>

*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, N.A.*

*First Tennessee Bank, National Association (Loans not provided.)*

*KeyBank National Association*

*Ocean National Bank*

*TD Banknorth, National Association*



**FEDERAL CHARTERED  
NONDEPOSITORY TRUST COMPANIES  
AUTHORIZED TO DO BUSINESS IN MAINE**

		06/30/06 \$ in (000's)	
	<u>Assets</u>	<u>Deposits</u>	<u>Loans</u>
Lawrence Blaisdell, Chief Operating Officer <b>ACADIA TRUST, NATIONAL ASSOCIATION</b> 511 Congress St. Portland, ME 04101	8,560	N/A	N/A
<b>TOTAL: 1</b>	<b>8,560</b>	<b>N/A</b>	<b>N/A</b>

**FEDERALLY CHARTERED  
SAVINGS BANKS  
AUTHORIZED TO DO BUSINESS IN MAINE**

		06/30/06 \$ in (000's)	
	<u>Assets</u>	<u>Deposits</u>	<u>Loans</u>
Arthur Markos, President <b>GARDINER SAVINGS INSTITUTION, FSB</b> 190 Water St., PO Box 190 Gardiner, ME 04345-0190	751,574	594,530	572,571
<b>TOTAL: 1</b>	<b>751,574</b>	<b>594,530</b>	<b>572,571</b>

**FEDERALLY CHARTERED  
SAVINGS & LOAN ASSOCIATIONS  
AUTHORIZED TO DO BUSINESS IN MAINE**

		06/30/06 \$ in (000's)	
	<u>Assets</u>	<u>Deposits</u>	<u>Loans</u>
John Swanberg, President <b>AROOSTOOK COUNTY FEDERAL SAVINGS AND LOAN ASSOCIATION</b> 43 High St., PO Box 808 Caribou, ME 04736-0808	82,724	66,425	77,966
Dennis Brown, President <b>CALAIS FEDERAL SAVINGS AND LOAN ASSOCIATION</b> 344 Main St., PO Box 1047 Calais, ME 04619-6047	58,633	40,203	55,032
Andrew Perry, President <b>FIRST FEDERAL SAVINGS AND LOAN ASSOCIATION OF BATH</b> 125 Front St., PO Box 488 Bath, ME 04530	100,291	80,412	88,186
Allen Rancourt, President <b>KENNEBEC FEDERAL SAVINGS AND LOAN ASSOCIATION</b> 70 Main St., PO Box 488 Waterville, ME 04903-0497	75,098	44,590	64,552
<b>TOTAL: 4</b>	<b>316,746</b>	<b>231,630</b>	<b>285,736</b>

**FEDERALLY CHARTERED  
CREDIT UNIONS  
AUTHORIZED TO DO BUSINESS IN MAINE**

	<u>Assets</u>	06/30/06 \$ in (000's) <u>Shares &amp; Deposits</u>	<u>Loans</u>
David Desjardins, CEO <b>ACADIA FEDERAL CU</b> 9 East Main St. Fort Kent, ME 04743-1398	68,212	56,935	46,674
Judith Griffin, CEO <b>ALLIANCE OF MAINE</b> 44 Edison Dr., PO Box 1056 Augusta, ME 04332-1056	31,090	25,197	12,616
Steve Obrin, CEO <b>ATLANTIC REGIONAL FEDERAL CU</b> 55 Cushing St., PO Box 188 Brunswick, ME 04011-0188	198,454	166,546	143,686
Stephen Clark, CEO <b>BANGOR FEDERAL CU</b> 339 Hogan Rd., PO Box 1161 Bangor, ME 04401-1161	76,273	68,829	65,475
Darla King, CEO <b>BANGOR HYDRO FEDERAL CU</b> 193 Broad St. STE 3 Bangor, ME 04401-6323	14,974	13,044	12,240
Cynthia Burke, CEO <b>BLUE CROSS AND BLUE SHIELD OF ME FEDERAL CU</b> 2 Gannett Dr. South Portland, ME 04106-6911	6,311	5,232	3,755
Daniel Daggett, CEO <b>BOWDOINHAM FEDERAL CU</b> 20 Main St., PO Box 73 Bowdoinham, ME 04008-0073	19,767	16,450	18,026
Susan Cross, CEO <b>BREWER FEDERAL CU</b> 77 N. Main St., PO Box 189 Brewer, ME 04412-0189	39,201	35,504	29,733
Beth Oliver, CEO <b>CAPITAL AREA FEDERAL CU</b> 10 North Belfast Ave., PO Box 2626 Augusta, ME 04438	14,463	12,841	7,869

**FEDERALLY CHARTERED  
CREDIT UNIONS  
AUTHORIZED TO DO BUSINESS IN MAINE**

		06/30/06 \$ in (000's)	
	<u>Assets</u>	<u>Deposits</u>	<u>Loans</u>
David Sayers, CEO <b>CASCO FEDERAL CU</b> 375 Main St., PO Box 87 Gorham, ME 04038-0087	35,406	31,616	23,350
Scott Harriman, CEO <b>CUMBERLAND COUNTY FEDERAL CU</b> 101 Gray Rd. Falmouth, ME 04105-2514	82,450	71,147	57,568
David Tozier, CEO <b>DOWNEAST FEDERAL CU<sup>9</sup></b> 23 Third Ave., PO Box 130 Baileyville, ME 04694	50,250	35,711	43,617
Ralph Ferland, CEO <b>EASTERN MAINE MEDICAL CENTER FEDERAL CU</b> 489 State St. Bangor, ME 04401-6616	33,734	30,464	19,660
Daniel Byron, CEO <b>EASTMILL FEDERAL CU</b> 60 Main St. East Millinocket, ME 04430-1128	49,889	41,071	16,181
Cass Hirschfelt, CEO <b>FRANKLIN SOMERSET FEDERAL CU</b> 485 Wilton Rd., PO Box 5061 Farmington, ME 04938-9600	48,061	42,955	29,592
Philip Bergeron, CEO <b>GARDINER FEDERAL CU</b> 8 Brunswick Rd. RR 5 Box 105 Gardiner, ME 04345-9006	15,692	14,276	12,796
Nancy Bard, CEO <b>GREAT FALLS REGIONAL FCU</b> 34 Bates St. Lewiston, ME 04240	21,030	17,255	11,387
Barbara Haynes, CEO <b>GREATER WATERTOWN FEDERAL CU<sup>10</sup></b> 50 Elm St. Waterville, ME 04901-6094	25,376	21,591	13,091

<sup>9</sup> Converted to state charter effective December 5, 2006

<sup>10</sup> Merged with Maine State Credit Union under charter of Maine State Credit Union effective December 1, 2006

**FEDERALLY CHARTERED  
CREDIT UNIONS  
AUTHORIZED TO DO BUSINESS IN MAINE**

	<b><u>Assets</u></b>	<b>06/30/06 \$ in (000's) <u>Shares &amp; Deposits</u></b>	<b><u>Loans</u></b>
Peter Prinz, CEO <b>HANNAFORD ASSOCIATES FEDERAL CU</b> 145 Pleasant Hill Rd., PO Box 1440 Scarborough, ME 04104-5034	26,420	22,057	20,850
Deborah Pomeroy, CEO <b>HEALTHFIRST FEDERAL CU</b> 9 Quarry Rd. Waterville, ME 04901	10,623	9,239	9,777
Kathleen Smith, CEO <b>HOULTON FEDERAL CU</b> 13 Market Sq. Houlton, ME 04730-1775	13,589	11,548	7,650
Gary Bragdon, CEO <b>HOWLAND ENFIELD FEDERAL CU</b> 4 Coffin St., PO Box 405 Howland, ME 04448-0405	8,615	7,775	5,754
Kenneth Williams, CEO <b>INFINITY FEDERAL CU</b> 202 Larrabee Rd., PO Box 9742 Westbrook, ME 04104-5060	156,813	96,561	129,338
Christine Devine, CEO <b>KV FEDERAL CU</b> 316 Northern Ave., PO Box 2108 Augusta, ME 04338	46,240	41,776	30,552
Donald Casco, CEO <b>KATAHDIN FEDERAL CU</b> 1000 Central St. Millinocket, ME 04462-2193	66,044	55,009	44,775
Alvera Bosica, CEO <b>KNOX COUNTY FEDERAL CU<sup>11</sup></b> 710 Main St., PO Box 159 Rockland, ME 04841-0159	21,776	18,370	15,354
Deseree Gilman, CEO <b>KSW FEDERAL CU</b> 222 College Ave. Waterville, ME 04901	30,384	27,278	22,496

<sup>11</sup> Merger approved with Five County Credit Union

**FEDERALLY CHARTERED  
CREDIT UNIONS  
AUTHORIZED TO DO BUSINESS IN MAINE**

		06/30/06 \$ in (000's)	
	<u>Assets</u>	<u>Deposits</u>	<u>Loans</u>
Donald Sansouci, CEO <b>LEWISTON MUNICIPAL FEDERAL CU</b> 291 Pine St., PO Box 60 Lewiston, ME 04243-0060	13,344	11,249	10,479
David Brilliant, CEO <b>LINCOLN MAINE FEDERAL CU</b> 171 W Broadway, PO Box 220 Lincoln, ME 04457-0220	25,596	23,292	20,989
George Roy, CEO <b>LISBON COMMUNITY FEDERAL CU</b> 325 Lisbon Rd., O Box 878 Lisbon, ME 04240-0878	60,261	52,945	39,753
Ronald Fournier, CEO <b>MAINE FAMILY FEDERAL CU</b> 555 Sabattus St. Lewiston, ME 04240-4195	83,568	74,224	63,404
Rhonda Taylor, CEO <b>MAINE HIGHLANDS FEDERAL CU</b> 73 Main St., PO Box 233 Dexter, ME 04930-0233	50,858	44,833	40,725
Jennifer Hartel, CEO <b>MAINE MEDIA FEDERAL CU</b> 390 Congress St., PO Box 7702 Portland, ME 04112-7702	4,962	3,821	3,942
John Reed, CEO <b>MAINE SAVINGS FEDERAL CU</b> 1101 Western Ave., PO Box 347 Hampden, ME 04444-0347	164,561	139,631	132,641
Gail Richardson, CEO <b>MIDCOAST FEDERAL CU</b> 831 Middle St., PO Box 780 Bath, ME 04530-0780	91,267	80,003	67,604
Marguerite Gagne, CEO <b>MONMOUTH FEDERAL CU</b> 1176 Main St., PO Box 150 Monmouth, ME 04259-0150	7,803	7,133	5,546
Culter Dawson, CEO <b>NAVY FEDERAL CU</b> PO Box 3000 Merrifield, VA 22119-3000	N/A	33,405	100,957

**FEDERALLY CHARTERED  
CREDIT UNIONS  
AUTHORIZED TO DO BUSINESS IN MAINE**

	<b><u>Assets</u></b>	<b>06/30/06 \$ in (000's) <u>Shares &amp; Deposits</u></b>	<b><u>Loans</u></b>
Ryan Poulin, CEO <b>NEW DIMENSIONS FEDERAL CU</b> 61 Grove St. Waterville, ME 04901-5826	43,281	38,903	27,833
David Rossignol, CEO <b>NORSTATE FEDERAL CU</b> 78 Fox St. Madawaska, ME 04756	100,066	83,617	80,770
Joseph Chapin, CEO <b>OCEAN COMMUNITIES FEDERAL CU</b> 1 Pool St., PO Box 1961 Biddeford, ME 04005-1961	114,325	101,520	94,313
Roland Poirier, CEO <b>OTIS FEDERAL CU</b> 170 Main St., PO Box 27 Jay, ME 04329-0027	89,793	72,931	61,019
Matthew Kaubris, CEO <b>OXFORD FEDERAL CU</b> 225 River Rd., PO Box 252 Mexico, ME 04257-0252	111,478	98,129	89,588
Steven Baillargeon, CEO <b>PENOBSCOT FEDERAL CU</b> 191 Main St., PO Box 434 Old Town, ME 04468-0434	34,840	31,105	26,910
John Barry, CEO <b>PORTLAND MAINE POLICE DEPARTMENT FEDERAL CU</b> 109 Middle St. Portland, ME 04101	7,385	6,729	6,396
Robert Hill, CEO <b>PORTLAND ME TRANSIT FEDERAL CU</b> 2 Frank Savage Rd. Hollis, ME 04042	363	312	280
Lillian Turner, CEO <b>R.C.H. FEDERAL CU</b> 420 Franklin St. Rumford, ME 04276	364	262	138
Philippe Moreau, CEO <b>RAINBOW FEDERAL CU</b> 391 Main St., PO Box 741 Lewiston, ME 04243-0741	111,881	92,047	65,625

**FEDERALLY CHARTERED  
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		06/30/06 \$ in (000's)	
	<u>Assets</u>	<u>Deposits</u>	<u>Loans</u>
Catherina Blais, CEO <b>RIVERVIEW FEDERAL CU</b> 15 Depot Sq. Gardiner, ME 04345-2117	6,585	5,759	4,047
Kyle Casburn, CEO <b>SEABOARD FEDERAL CU</b> 177 Main St., PO Box G Bucksport, ME 04416-1207	75,571	66,314	56,973
James Lemieux, CEO <b>SEBASTICOOK VALLEY FEDERAL CU</b> 14 Sebasticoook St., PO Box 10 Pittsfield, ME 04967-0010	41,255	34,507	35,178
Diana Garcia, CEO <b>SEMICONDUCTOR OF ME FEDERAL CU</b> 333 Western Ave. South Portland, ME 04106-0022	9,674	8,181	7,526
Debra Hegarty, CEO <b>SHAW'S EMPLOYEES FEDERAL CU</b> 205 Spencer Dr. Wells, ME 04090-5553	7,434	5,707	4,540
MaryAnn Chamberlain, CEO <b>ST. AGATHA FEDERAL CU</b> 315 Mason St., PO Box 130 Saint Agatha, ME 04772-0130	13,801	12,438	6,806
Gina Ouellette, CEO <b>ST. FRANCIS COMMUNITY FEDERAL CU</b> 907 Main St., PO Box 38 Saint Francis, ME 04774	1,097	948	880
Vicki Stuart, CEO <b>STE. CROIX REGIONAL FEDERAL CU</b> 1000 Lisbon St., PO Box 1746 Lewiston, ME 04241-1746	67,974	58,459	39,290
Sidney Wilder, CEO <b>TACONNET FEDERAL CU</b> 60 Benton Ave. Winslow, ME 04901-6798	29,801	25,946	24,662
Kenneth Hensler, CEO <b>THE COUNTY FEDERAL CU</b> 82 Bennett Dr., PO Box 939 Caribou, ME 04736-1944	91,610	81,340	68,024
Chris Daudelin, CEO <b>TOWN &amp; COUNTRY FEDERAL CU</b> 557 Main St., PO Box 9420 South Portland, ME 04106-9420	136,753	120,655	101,673

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		06/30/06 \$ in (000's)	
	<u>Assets</u>	<u>Shares &amp; Deposits</u>	<u>Loans</u>
Kenneth Acker, CEO <b>TRUCHOICE FEDERAL CU</b> 272 Park Ave., PO Box 10659 Portland, ME 04104-6059	61,263	53,995	56,729
Cathy Bond, CEO <b>WINSLOW COMMUNITY FEDERAL CU</b> 12 Monument St., PO Box 8117 Winslow, ME 04901	20,535	17,772	14,492
Jeffrey Seguin, CEO <b>WINTHROP AREA FEDERAL CU</b> 22 Highland Ave., PO Box 55 Winthrop, ME 04364	41,051	36,409	31,817
James Nelson, CEO <b>YORK COUNTY FEDERAL CU</b> 1516 Main St. Sanford, ME 04073-3530	145,701	124,419	121,041
<b>TOTAL: 62</b>	<b>3,077,238</b>	<b>2,645,217</b>	<b>2,366,452</b>



**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 their reasonable and orderly competition, thereby encouraging the development and expansion of those financial services advantageous to the public welfare.

EMPLOYEE	POSITION	PHONE	EMAIL ADDRESS
<u>Examination/Supervision Division</u>			
Donald W. Groves	Deputy Superintendent	624-8577	Donald.W.Groves@Maine.gov
W. Kenneth Anderson	Principal Examiner	624-8583	Ken.Anderson@Maine.gov
Bruce G. Doyle	Principal Examiner	624-8589	Bruce.G.Doyle@Maine.gov
Chris N. Hadjaris	Principal Examiner	624-8567	Chris.N.Hadjaris@Maine.gov
Daniel H. Warren, Jr.	Principal Examiner	624-8588	Daniel.H.Warren.Jr@Maine.gov
Pamala J. Danforth	Senior Examiner	624-8514	Pamala.J.Danforth@Maine.gov
Carl R. Falcone	Senior Examiner	624-8580	Carl.R.Falcone@Maine.gov
John J. O'Connor	Senior Examiner	624-8587	John.J.O'Connor@Maine.gov
Lindsey R. Graham	Examiner	624-8582	Lindsey.R.Graham@Maine.gov
Michael J. Grenier	Examiner	624-8586	Michael.J.Grenier@Maine.gov
Barbora G. Higgins	Examiner	624-8578	Barbora.G.Higgins@Maine.gov
Jason Michaud	Examiner	624-8549	Jason.Michaud@Maine.gov
Jessica A. Kennedy	Office Specialist I	624-8571	Jessica.A.Kennedy@Maine.gov
<u>Research/Administration Division:</u>			
John A. Barr	Deputy Superintendent	624-8561	John.A.Barr@Maine.gov
Christian Van Dyck	Attorney	624-8574	Christian.D.VanDyck@Maine.gov
Christine D. Pearson	Principal Examiner	624-8576	Christine.D.Pearson@Maine.gov
Robert B. Studley	Principal Examiner	624-8573	Robert.B.Studley@Maine.gov
Ann P. Beane	Consumer Outreach	625-8581	Ann.P.Beane@Maine.gov
Christine L. Solomon	Secretary Associate	624-8572	Christine.L.Solomon@Maine.gov
Jolynn Oldfield	Office Associate II	624-8648	Jolynn.Oldfield@Maine.gov
<u>Assistant Attorney General:</u>			
Jim Bowie		626-8800	Jim.Bowie@Maine.gov

*Bureau of Financial Institutions Advisory Committee*

In March 1994, the Bureau established the Financial Institutions Advisory Committee. The role of that Committee, which meets semiannually, is to review the financial issues relating to the Bureau's operation. Over the past 12 years, the Bureau has benefited from the discussions and guidance of this advisory group. The following is a list of the current members of the Bureau of Financial Institutions Advisory Committee. Special thanks for the dedication and interest of these individuals serving in this advisory capacity to the Bureau.

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Thomas Finn, Jr., President, Damariscotta Bank & Trust Company  
Mark L. Johnston, President, Kennebec Savings Bank  
John Murphy, President, Maine Credit Union League  
Samuel Ladd, III, President, Maine Bank & Trust Co.  
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