



Building on Strength

Commercial and Consumer Lending & Risk Management

August 3, 2005

John Fridlington
Chief Lending Officer
Edward Schreiber
Chief Risk Officer

Note on Forward-Looking Information



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Lending Overview



- Nominal turnover in lending staff
- Senior lending positions have extensive experience
- Solid growth of the commercial portfolio
- Sustained growth of the consumer portfolio

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Portfolio Information



- Average size loan relationship is approximately \$850 thousand
- Number of borrowers: 17,767
- Geographic distribution
 - MA and CT markets represent 56% of outstandings
- Asset based lending & corporate lending

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Non - Committee Approval

- Less than \$2.5 million - Signature Authority
 - \$2.5 million - \$7.5 million - Local Management Loan Committee
 - \$7.5 million - \$15 million - Senior Credit Committee
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TD Banknorth Board Risk Committee Approval Limits

- No approval needed, just notification for 1 and 2 rated credits
- \$20MM for 3,4,5 rated credits
- \$15MM for 3,4,5 rated credits with significant policy exceptions
- \$15MM for 6 rated credits
- Any credit relationship exceeding "hold limits"

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TD Banknorth's House Hold Limits

- \$40 million for 1,2,3 rated credits
- \$30 million for 4 rated credits
- \$25 million for 5 rated credits
- \$20 million for 6 rated credits
- Overall aggregate hold limit of \$60 million

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Top Relationships



- Twenty largest relationships
 - Asset range from \$54 million to \$24 million
- Nonperforming
 - Top 15 range from \$4.4 million to \$719 thousand
- Top industries
 - Services
 - Manufacturing – durable and non-durable
 - Investment real estate: Office buildings and apartments
 - Construction

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Risk Management Organization at TD Banknorth



Departments included in Risk Management are;

- Loan Review
- Audit
- Compliance
- Credit Administration
- Appraisal
- Retail Credit Risk
- Portfolio Management & MIS
- Treasury and Operational Risk

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- Seasoned Senior Credit Administration Staff
- Independent of the Lending Staff
- Staff is positioned throughout the footprint
- Strong working relationship with the lending staff

- C & I = 42% of outstandings & unfunded commitments
- CRE Owner = 22% of outstandings & unfunded commitments
- CRE Investment = 36% of outstandings & unfunded commitments

To assist in the management of concentrations, TD Banknorth has developed:

- "White Paper Process"
- Construction Data Base
- Commercial Data Base

- Problem loan levels continue to remain stable
- Watch Credit loan levels continue to show minor changes over the last year
- Rate of downgrades within pass grades remains stable

Questions & Answers