



Maine Real Estate &
Development Association

Supporting Responsible Development



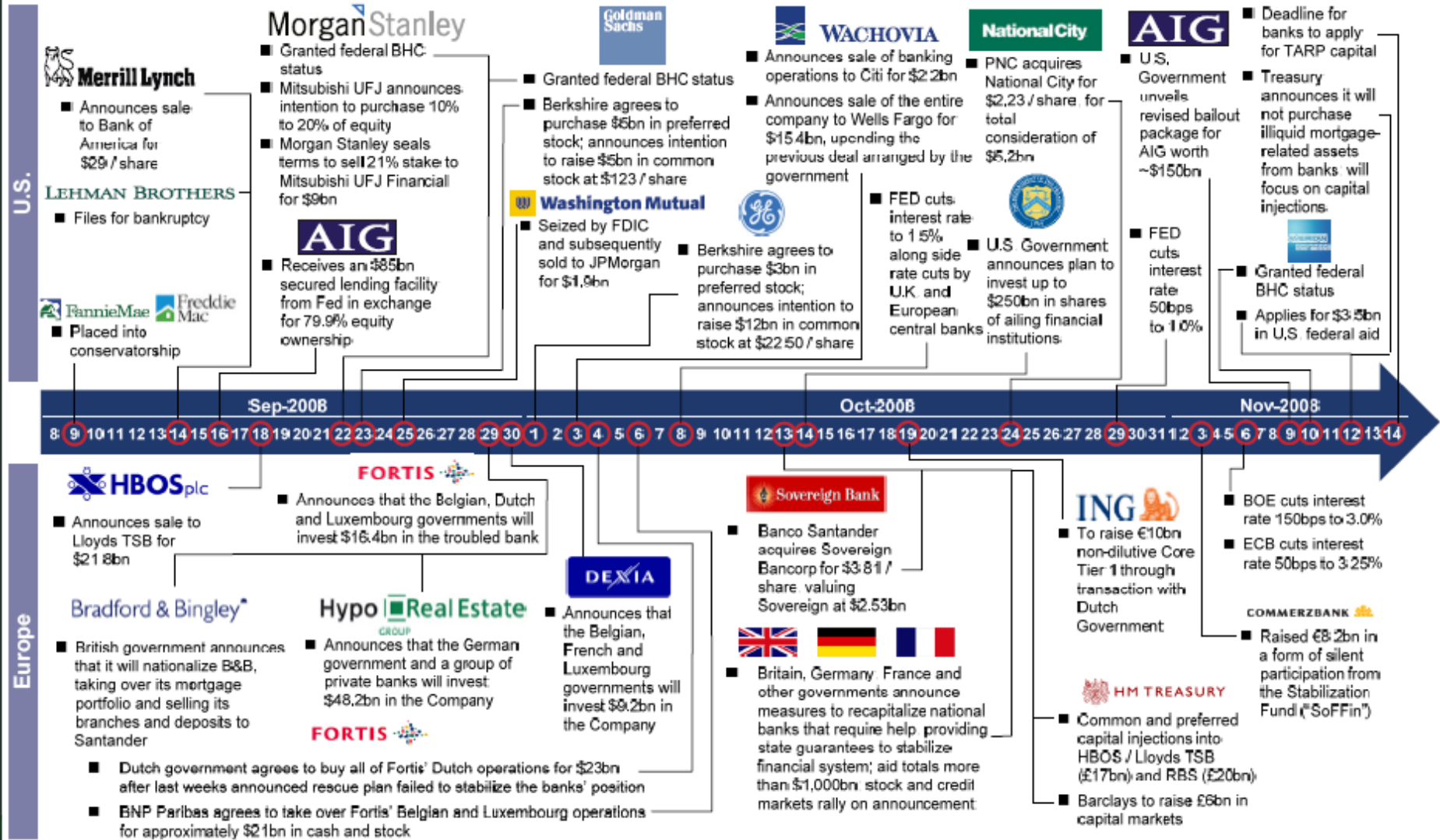
2009 Annual Real Estate Forecast Conference

Overview of the Capital Markets

Presented by: Lawrence A. Wold, President, TD Banknorth, Maine

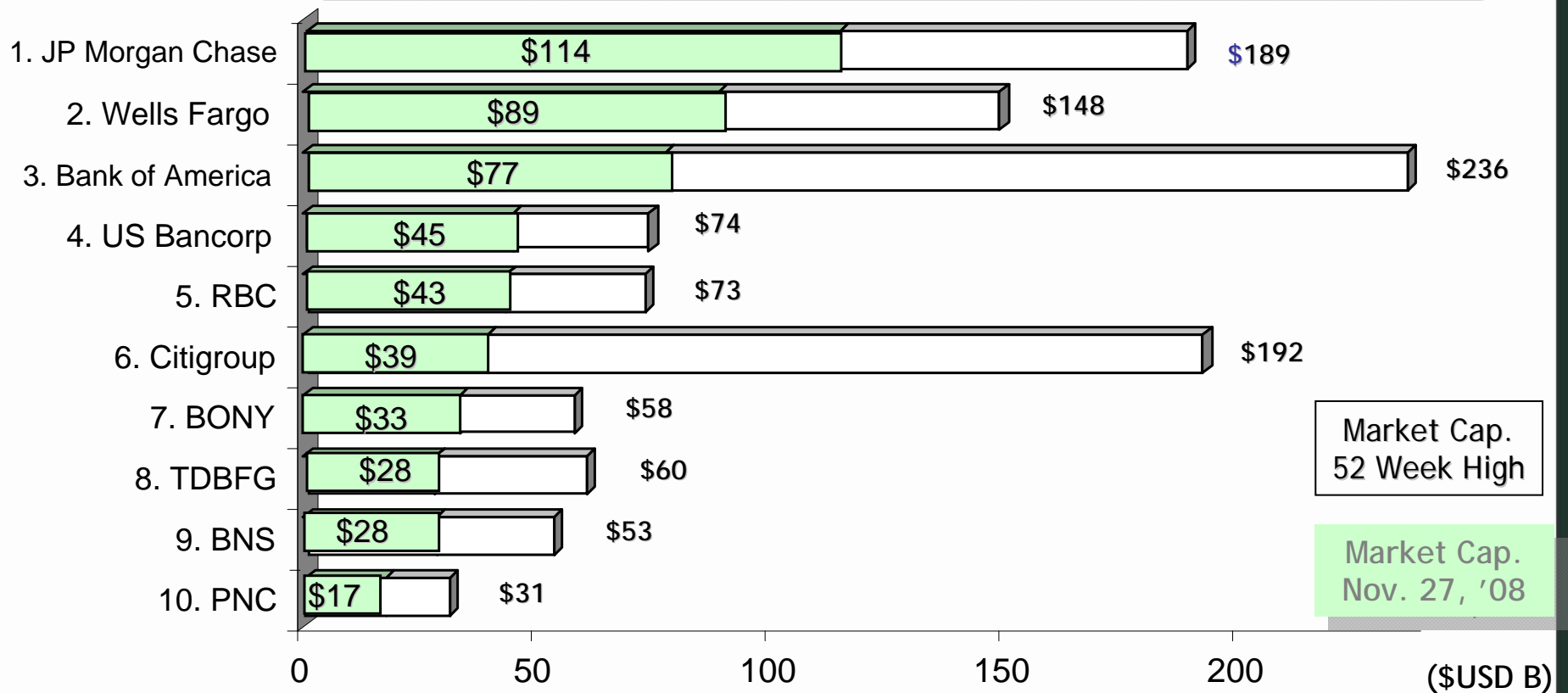


A Changing Environment



North American Top 10 Market Cap Drops 45% from their 52 Week Highs

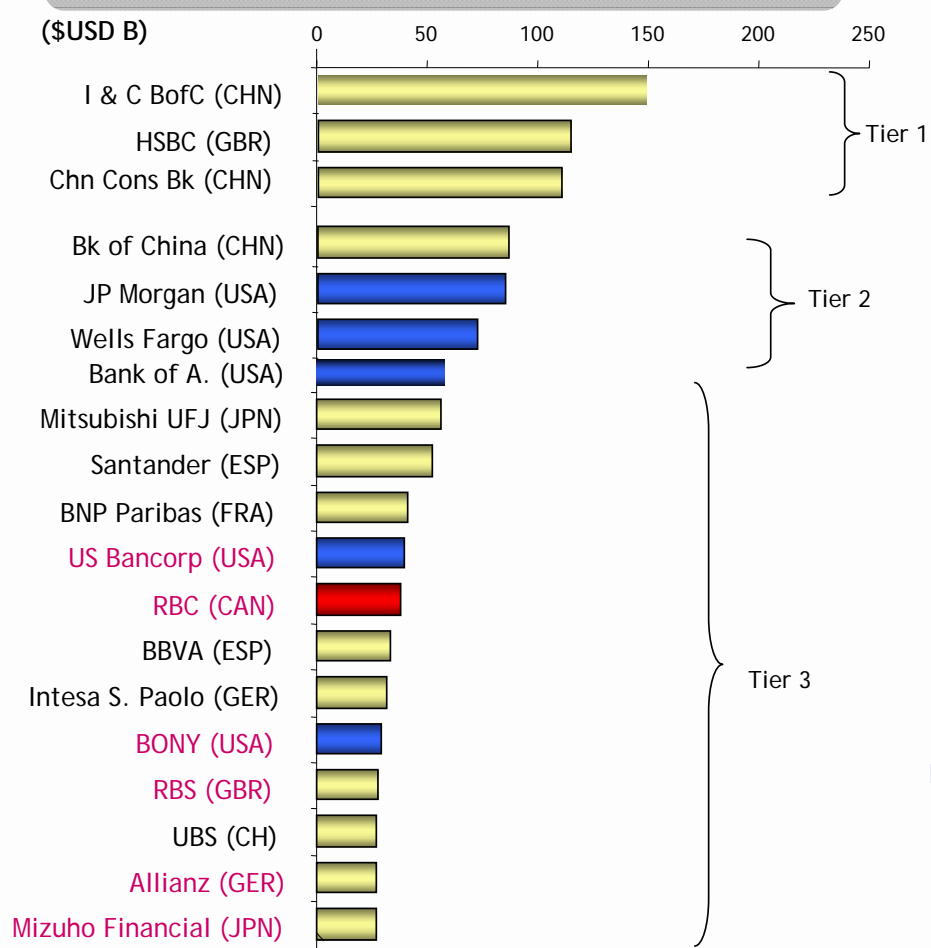
The Top 10 North American Banks
lost \$600 Billion in Value from their 52 Week Highs



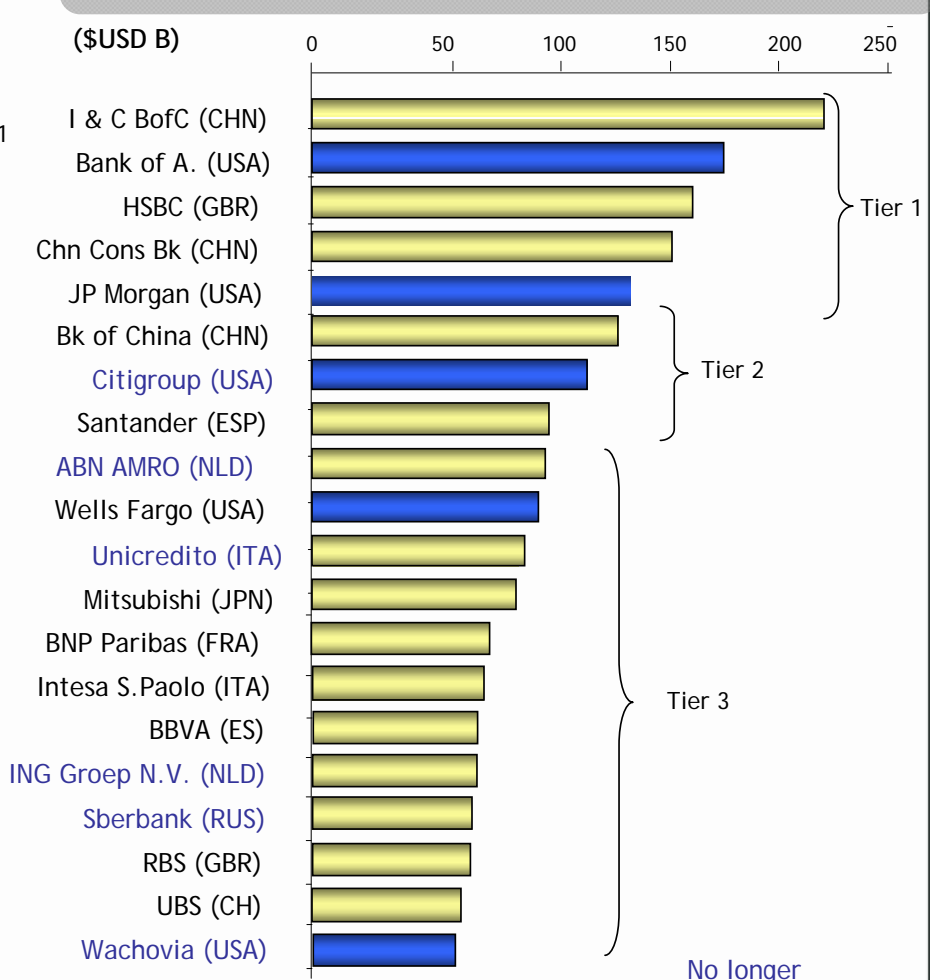
Top 20 Global Banks by Market Cap

End of November '08

End of February '08

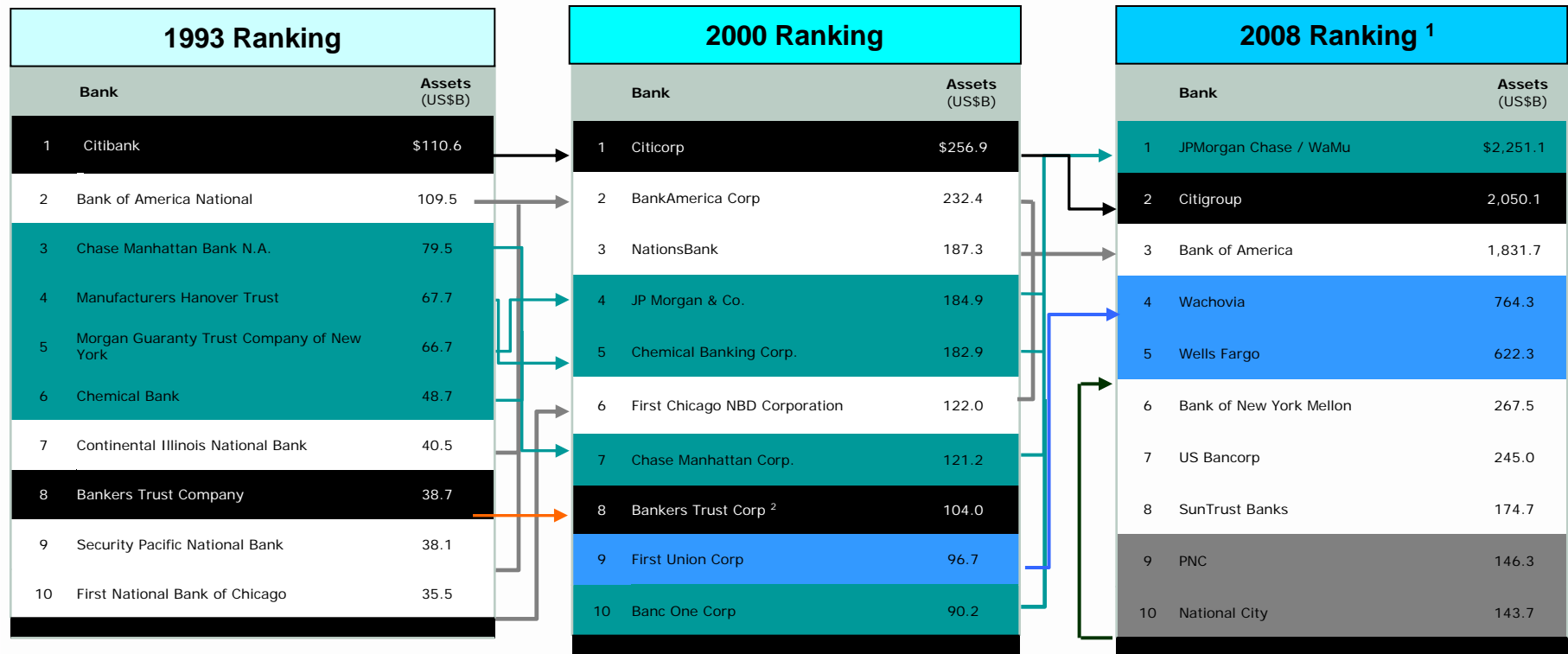


New to Top 20



No longer in Top 20

History of Bank Acquisitions



Source: The Bankers' Almanac, Canadian Bankers Association and Forbes Global 2000 Report.

(1) As of Sept. 2008.

(2) Acquired by Deutsche Bank in 1998.

Consolidation is driving business model changes

U.S. P&C Banking Environment

10 years ago

- Top 10 = 20%
- Strong middle market FIs
- Branch minimization
- Dominated by mono-lines

1-3 years ago





- Top 10 = 40%
- Middle market FIs disappearing
- Branch is key...for deposits, brand
- Reclaiming mono-line business

Today

- Top 10 = 60%
- Size more critical
- Branch is key...for money in and out
- Universality co-exists with some mono-lines

Industry Update

Increased Concentration in U.S. Commercial Banking

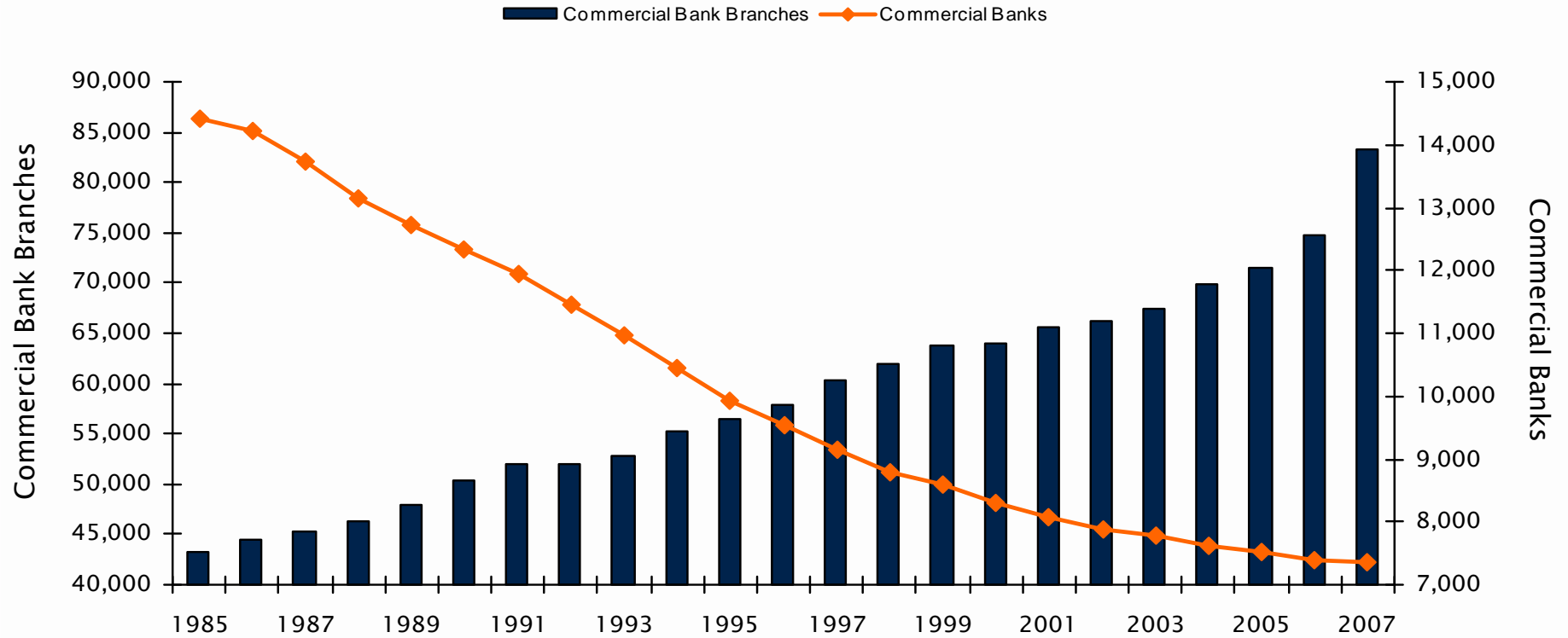
	6/30/1997		6/30/2008	% CAGR	% Change
Number of Banks	9,307		7,203	(2.3%)	(21.6%)
Number of Branches	67,020		83,358	2.2%	24.4%
Total Deposits (\$B)	\$2,781		\$5,879	7.0%	111.3%
% held by 50 largest BHCs	59.6%		68.6%		
% held by 10 largest BHCs	30.1%		45.2%		
% held by 5 largest BHCs	19.2%		36.1%		
% held by 3 largest BHCs	13.2%		26.4%		

Despite recent consolidation, there are more branches now than 10 years ago

Industry Update

Increased Concentration in U.S. Commercial Banking

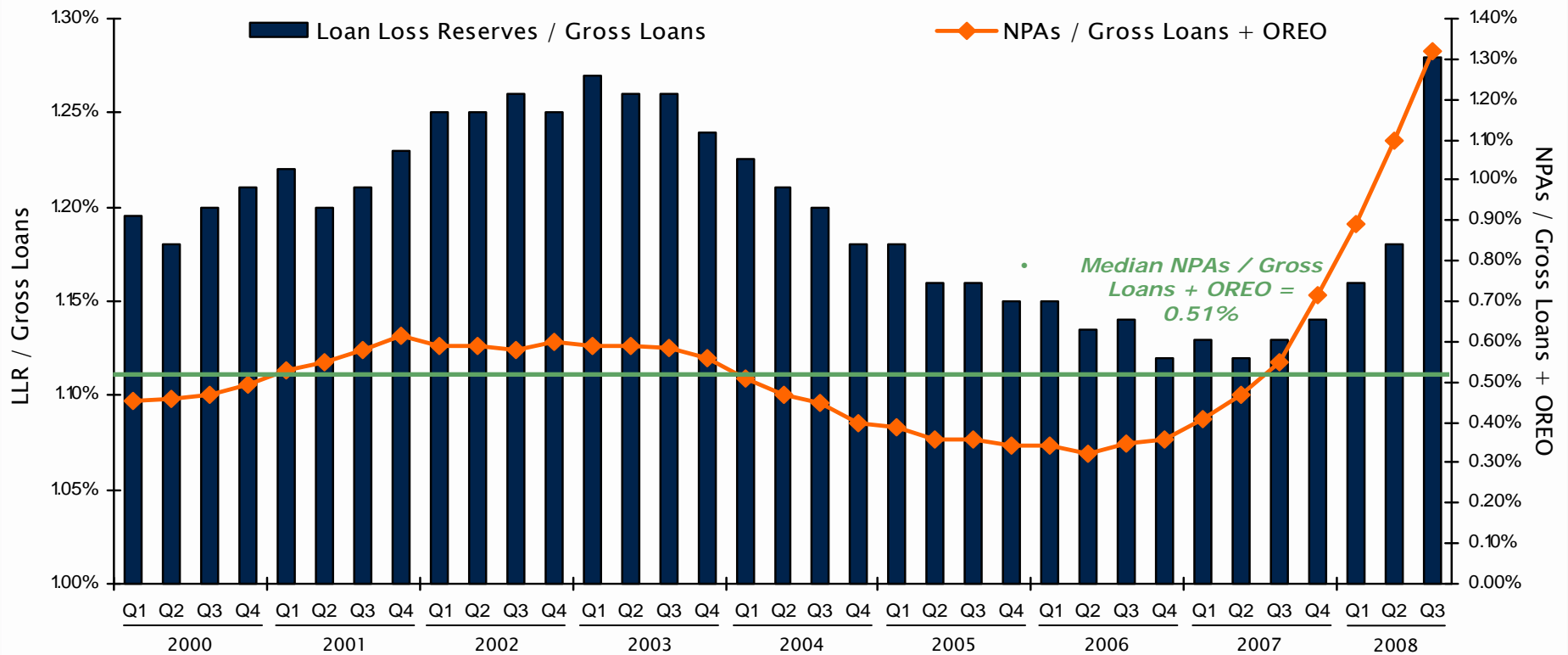
Number of Branches vs. Number of Banks, 1984 - 2007



Industry Update

- Nationwide Credit Quality Trends

Coverage Ratio versus NPA Levels: 2000 – Q3 2008



- Increasing deterioration throughout the country
- A return to more historically normalized levels of reserves

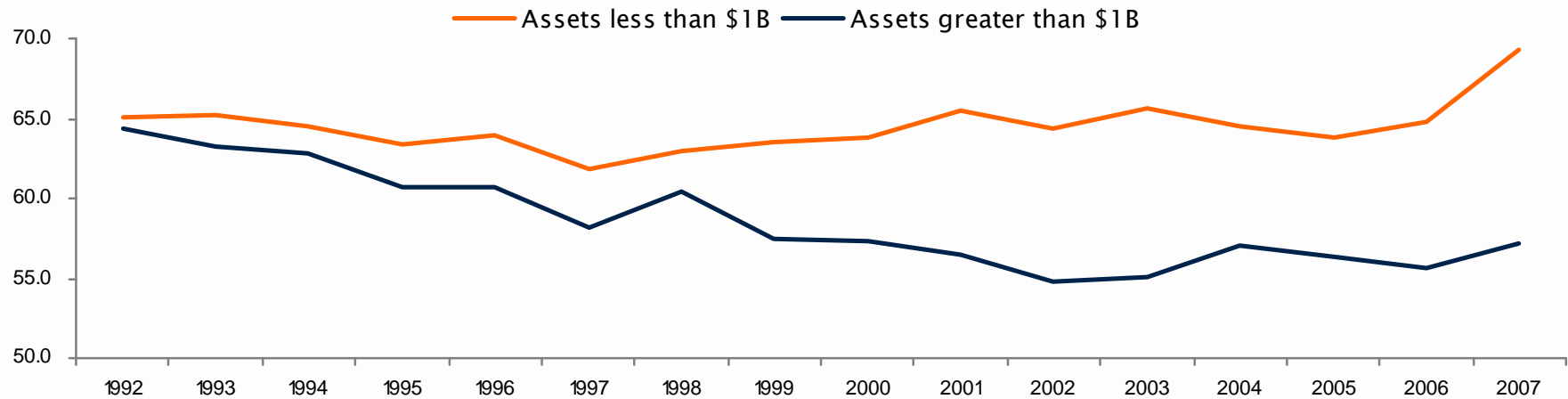
Note: Includes all publicly traded banks and thrifts nationwide
 Source: SNL Financial

Provided by Sandler O'Neill Partners

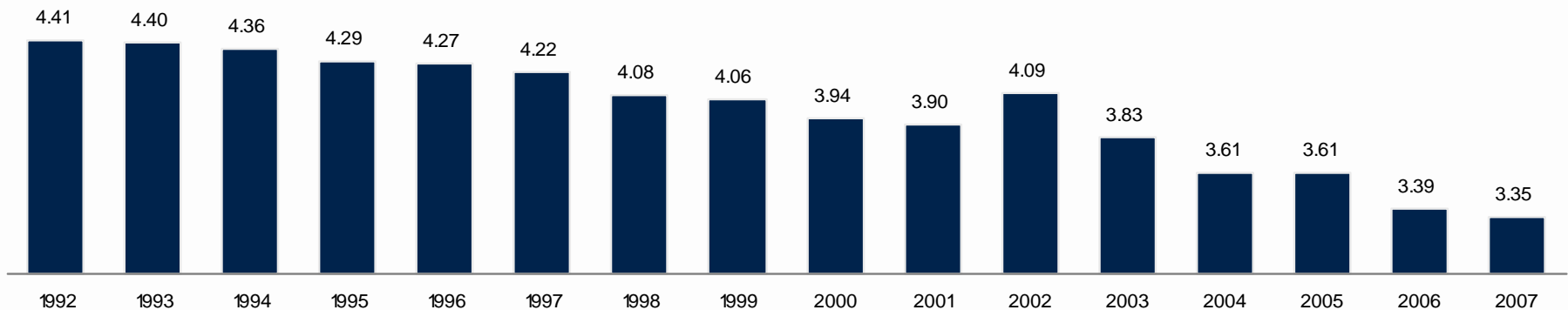
Industry Update

- Operating Conditions and Pressures

A Widening Gap: The Efficiency Ratios between Large and Small Institutions



Historical Net Interest Margin Levels: FDIC Insured Commercial Banks



Source: FDIC, FFIEC, Bank Holding Company Performance Reports

Provided by Sandler O'Neill Partners

Industry Update

Credit Spreads

	January 2006	January 2007	June 2007	September 2007	January 2009
AA Spreads	75	70	85	140	345
BBB Spreads	95	110	120	165	650
Credit Card Rate	860	860	835	900	1,100
30-Year FHA Mortgage Rate	155	160	150	206	304
30-Year Jumbo Mortgage Rate	160	130	140	260	340

Respective spreads over the 10-Year Treasury
Source: Bloomberg LP

Provided by Sandler O'Neill Partners

Forecast

Short Term: 2009 into 2010

- Regulators and Risk Managers gain influence

Expect to see:

- Lower LTV's
- More & tighter loan covenants
- Full recourse loans
- Shorter terms and amortization
- Higher credit spreads
- Variable rate floors
- No speculative lending
- Full deposit relationships required
- Lower hold limits

Mid term: 2010 through 2012

- Liquidity returns to the market
- Lending/credit standards relaxed

Long Term

- With some variation we repeat the cycle all over again