

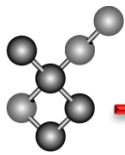
2010 Maine Banking Performance

Chris Gill
Director, Community Bank Business Development
SNL Financial

March 9, 2011

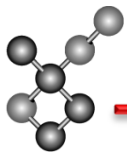
COMPANY CONFIDENTIAL – NOT FOR REDISTRIBUTION





SNL Financial – Company Overview

- Company founded in 1987
- Headquartered in Charlottesville, VA
- More than 1,500 employees worldwide
- Leading provider of financial data and analytical tools on the financial services industry
 - Coverage of more than 20,000 commercial banks, savings banks and credit unions
- Client base includes all of the top 50 banks, as well as more than 500 community banks
- Subscription-based product
 - Enterprise-wide license with unlimited number of users
- Company tenets focused on data accuracy, timeliness, comprehensiveness and relevance
- Community bank solutions focused on:
 - Balance Sheet Analysis
 - Revenue and Expense Analysis
 - Market Assessment and Branch Footprint Analysis
 - Mergers and Acquisitions Analysis
 - Reporting for Key Stakeholders (e.g., investors, regulators)
 - Investor Relations
- Center for Financial Education affiliate offers executive programs and professional development on topics of interest (e.g., M&A, valuation) to bank executives both live and on demand



Agenda

- I. Overview**

- II. Profitability**

- III. Loans and Deposits**

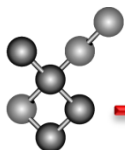
- IV. Asset Quality**

- V. Capital Adequacy**

- VI. Non-Interest Income and Non-Interest Expense**

- VII. Questions**

Overview



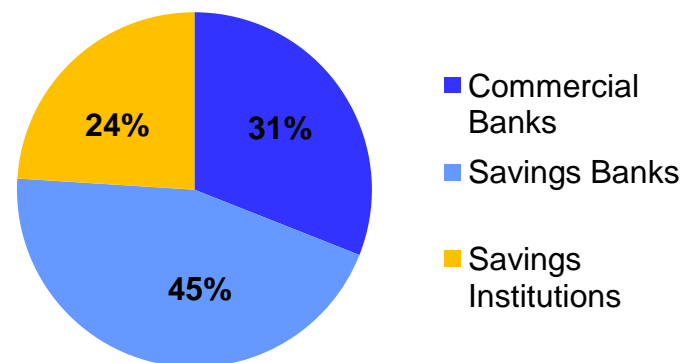
As of year-end 2010, there were 29 commercial banks, savings banks and savings institutions in Maine with \$18 billion in assets

Maine Banking Industry Overview

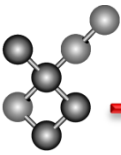
Maine Financial Institutions* By Asset Size

Asset Range	# Institutions	Total Assets 2010Q4 (\$B)	% total
\$1 –5B	4	7.2	40
\$500M - \$1B	11	8.4	46
\$250-\$500M	5	1.8	10
\$100-\$250M	2	0.3	1
<\$100M	7	0.5	3
Total	29	18.2	

Maine Financial Institutions* By Company Type



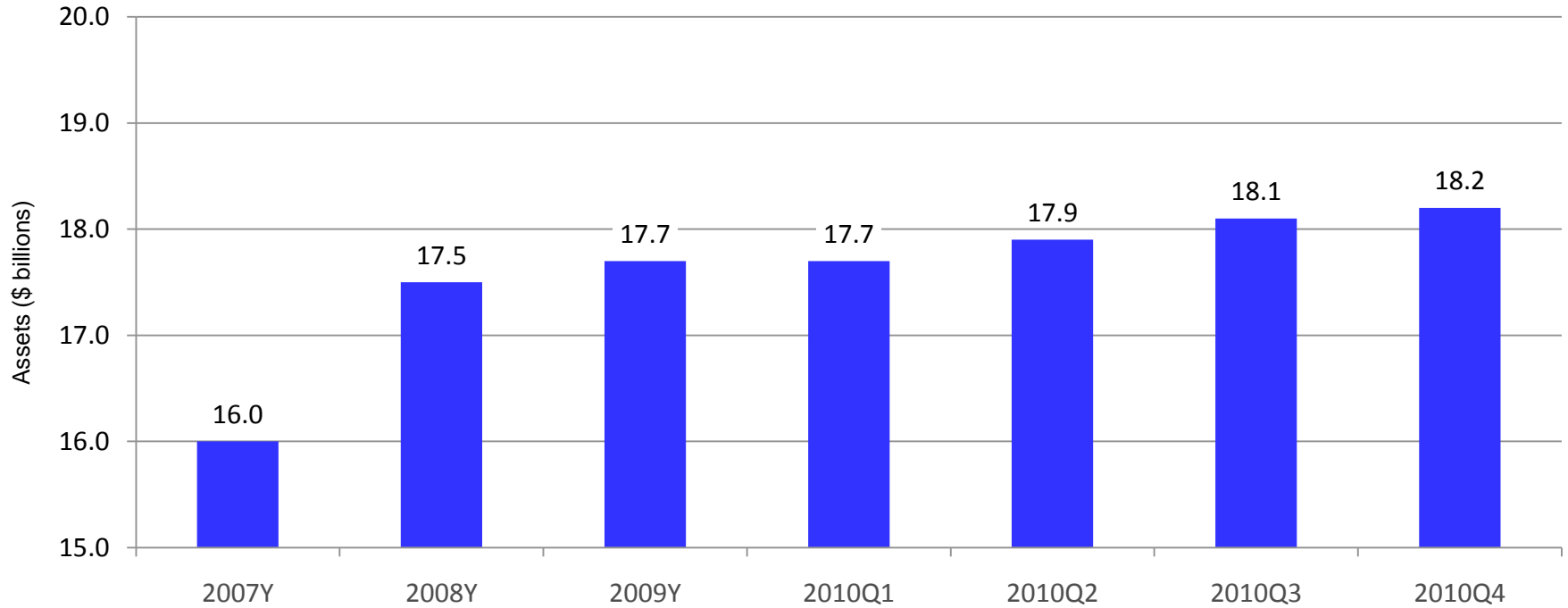
*Note: Analysis excludes TD Bank USA
Source: SNL Financial



The banking industry in Maine grew by three percent in 2010 in terms of assets

Maine Banking Industry Overview

Total Assets Maine Financial Institutions*

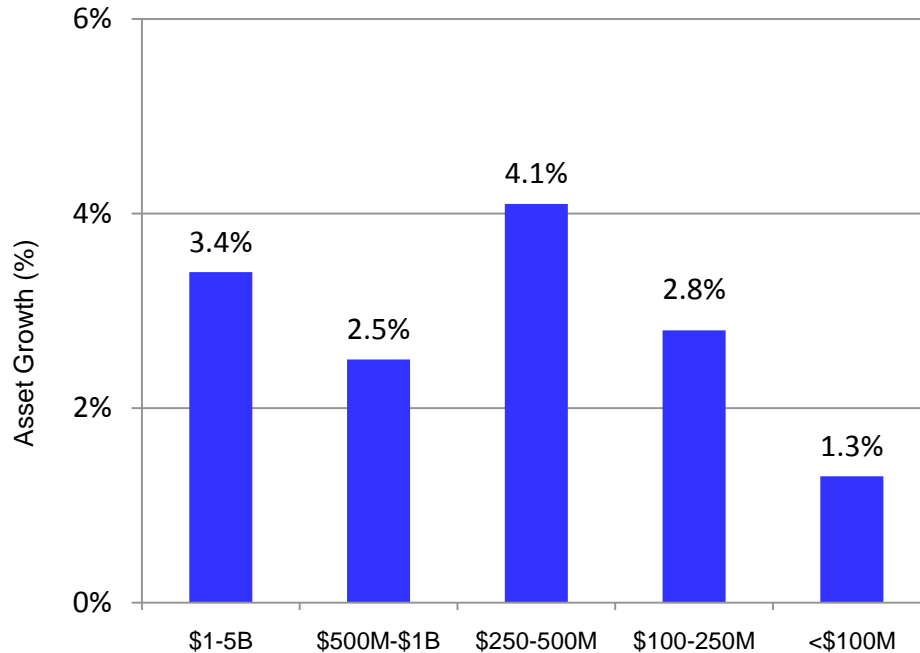


*Includes all commercial banks, savings banks and savings institutions headquartered in Maine; excludes TD Bank USA
Source: SNL Financial

Institutions in the \$250-500 million in assets category experienced the biggest growth in assets

Maine Banking Industry Overview

**Asset Growth by Company Size
Maine Financial Institutions*
2009Q4 – 2010Q4**



**Asset Growth: 2009Q4 – 2010Q4
Top Performers by Asset Size Range
Maine Financial Institutions**

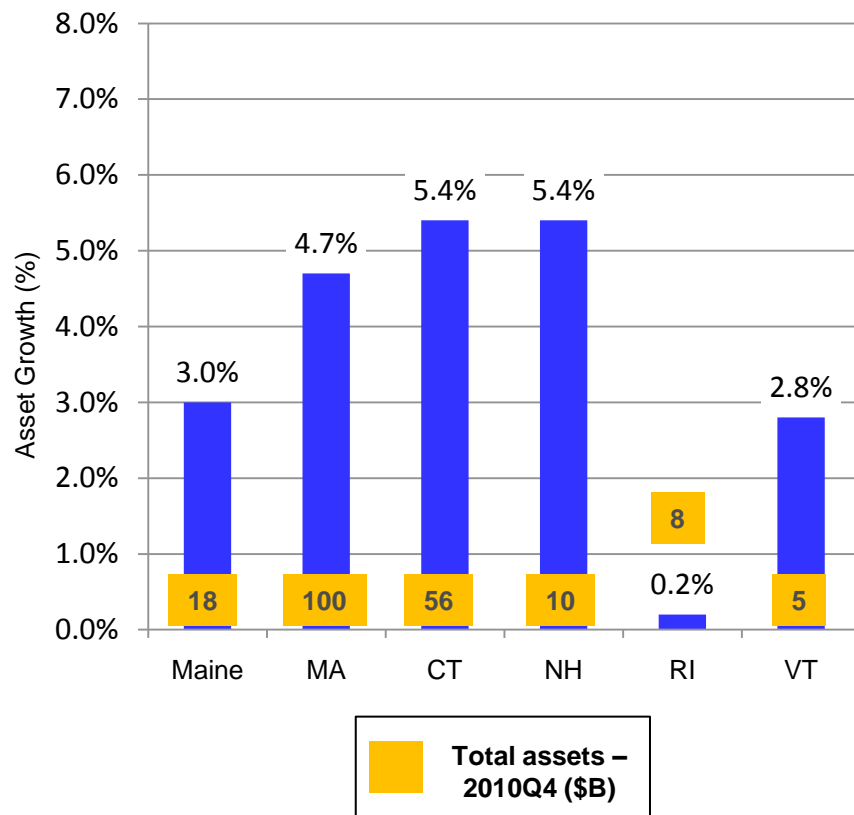
Asset Range	Institution	2010Q4 Assets (\$M)	2009 – 2010 Asset Growth
\$1-5B	First, N.A.	1,361	4.8%
\$500M - \$1B	Bath Savings Institution	588	10.4%
\$250 – 500M	Mechanics Savings Bank	304	14.3%
\$100 – 250M	Damariscotta Bank and Trust	164	3.4%
<\$100M	Bar Harbor Savings & Loan	63	27.4%

*Includes all commercial banks, savings banks and savings institutions headquartered in Maine; excludes TD Bank USA
Source: SNL Financial

Assets grew across the entire region, with the largest percentage growth in Connecticut and New Hampshire

Maine Banking Industry Overview

**Asset Growth
2009Q4 – 2010Q4
New England***



**Asset Growth: 2009Q4 – 2010Q4
Top Performers by Asset Size Range
New England***

Asset Range	Institution	State	2010Q4 Assets (\$M)	2009 – 2010 Asset Growth
\$5 – 20B	NewAlliance Bank	CT	9,021	7%
\$1-5B	East Boston Savings Bank**	MA	1,810	56%
\$500M - \$1B	Northern Bank and Trust	MA	670	17%
\$250 – 500M	Fieldpoint Private Bank***	CT	464	66%
\$100 – 250M	First Commons Bank***	MA	110	73%
<\$100 M	Fidelity Personal Trust Co.	MA	86	152%

*Excludes institutions with >\$20B assets; excludes NBH Holdings (HQ in Massachusetts, but most of assets in other states)

**Reflects acquisition of Mt. Washington Co-op Bank in January 2010

***De novo banks established since 2008

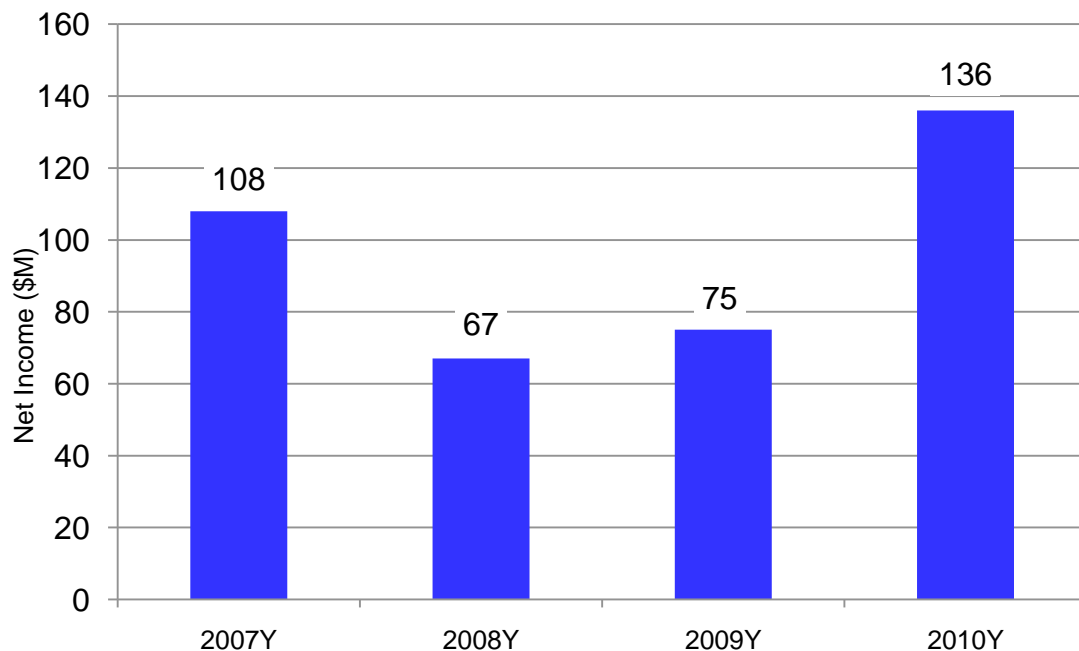
Source: SNL Financial

Profitability

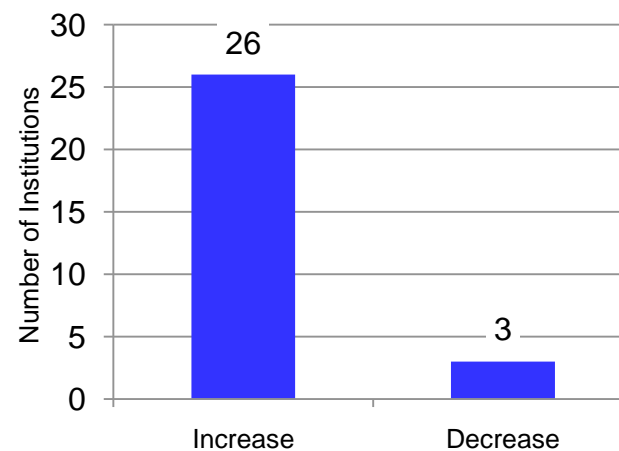
Earnings of banking institutions in Maine increased significantly in 2010, with almost all banks reporting growth in profitability over the prior year

Net Income

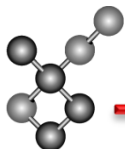
Net Income Maine Financial Institutions* 2007Y – 2010Y



Growth in Net Income 2010 vs. 2009 # of Institutions



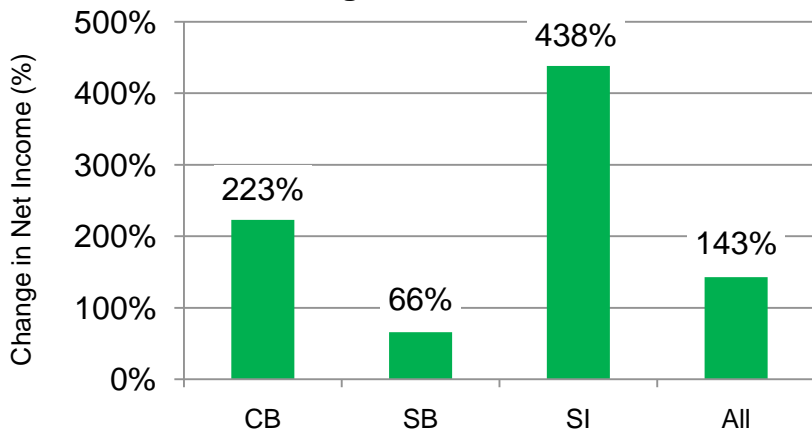
*Excludes TD Bank USA
Source: SNL Financial



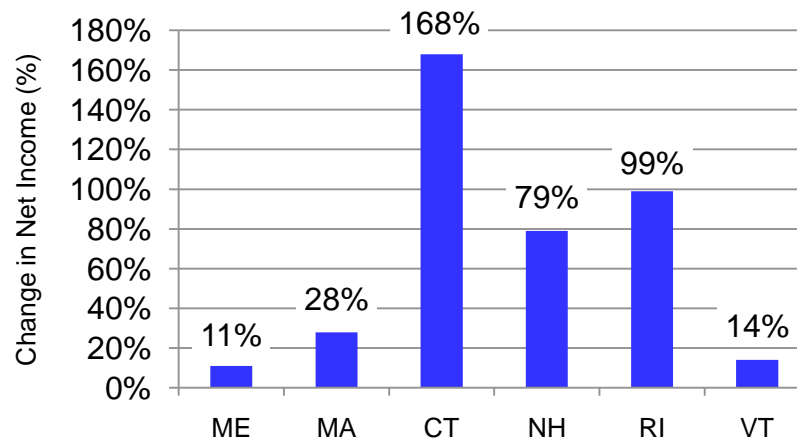
All institution types in New England experienced earnings growth in 2010

Net Income

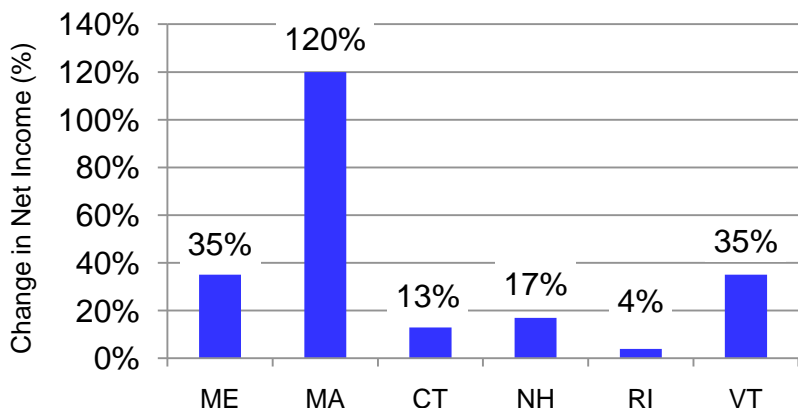
Net Income Growth 2009Y – 2010Y New England – All Institutions*



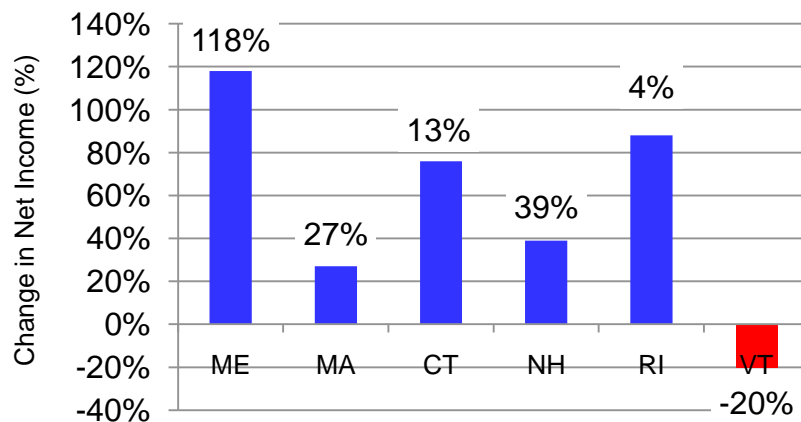
Net Income 2009Y – 2010Y New England Commercial Banks*



Net Income 2009Y – 2010Y New England Savings Banks*

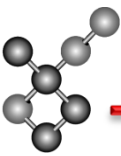


Net Income 2009Y – 2010Y New England Savings Institutions*



*Excludes institutions with greater than \$20 billion in assets

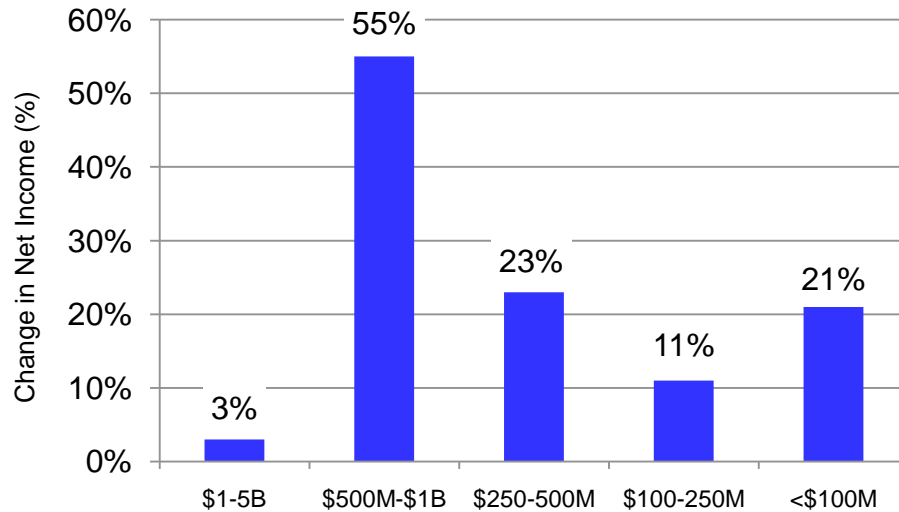
Source: SNL Financial



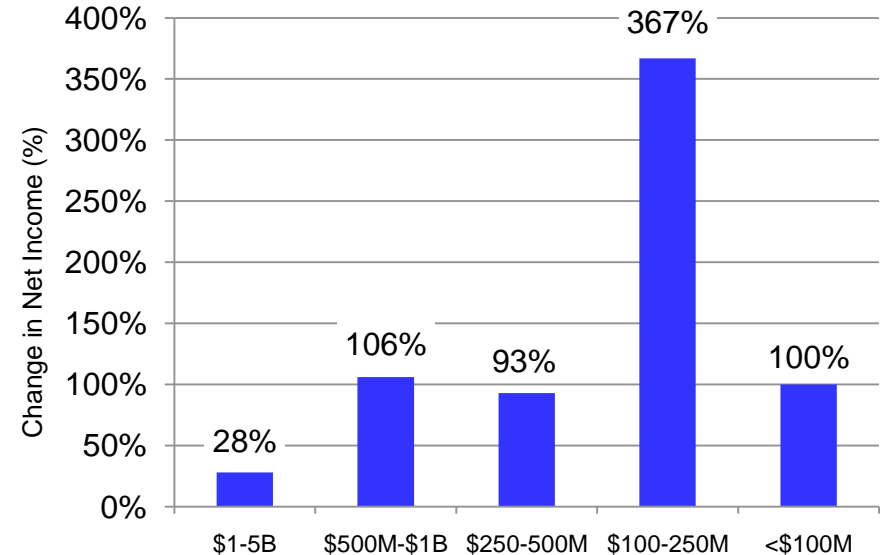
Maine institutions in the \$500M - \$1B category experienced the most significant earnings growth in 2010

Net Income Growth

**Net Income Growth
2009Y – 2010Y
Maine – By Asset Size***

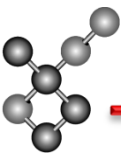


**Net Income
2009Y – 2010Y
New England – By Asset Size**



*Excludes Savings Bank of Maine in the \$500M - \$1B category and Border Trust in the <\$100M category as their significant change in net income made the percentage change difficult to represent from a charting perspective. Also excludes one de novo bank opened in 2010

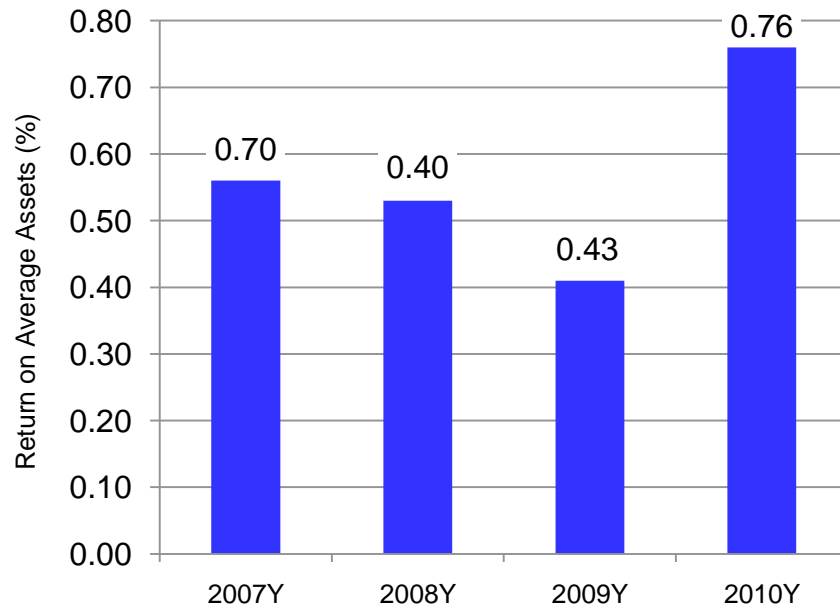
Source: SNL Financial



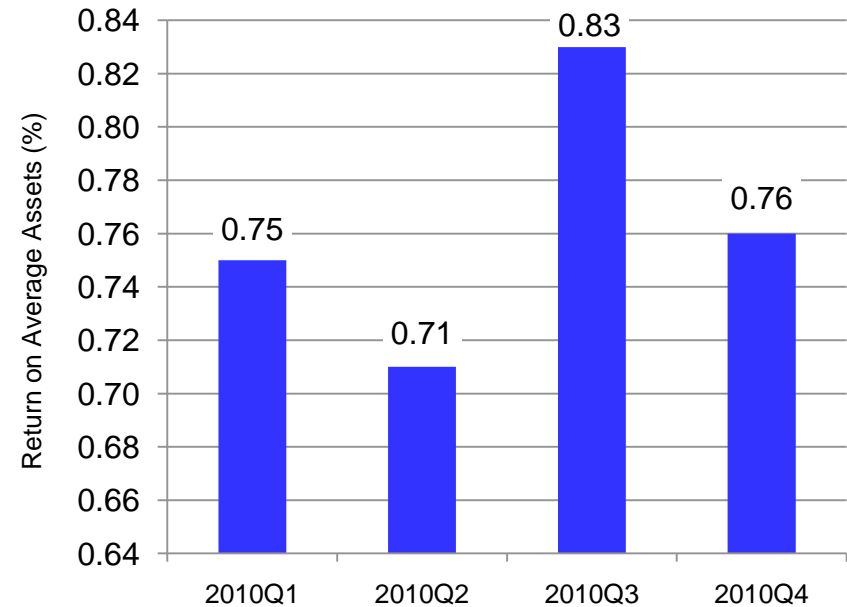
Return on assets for banks in Maine increased more than 75 percent compared to the prior year

Return on Average Assets

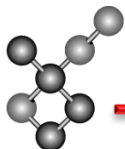
Return on Average Assets Maine Financial Institutions* 2010Y



Return on Average Assets Maine Financial Institutions* 2010Y



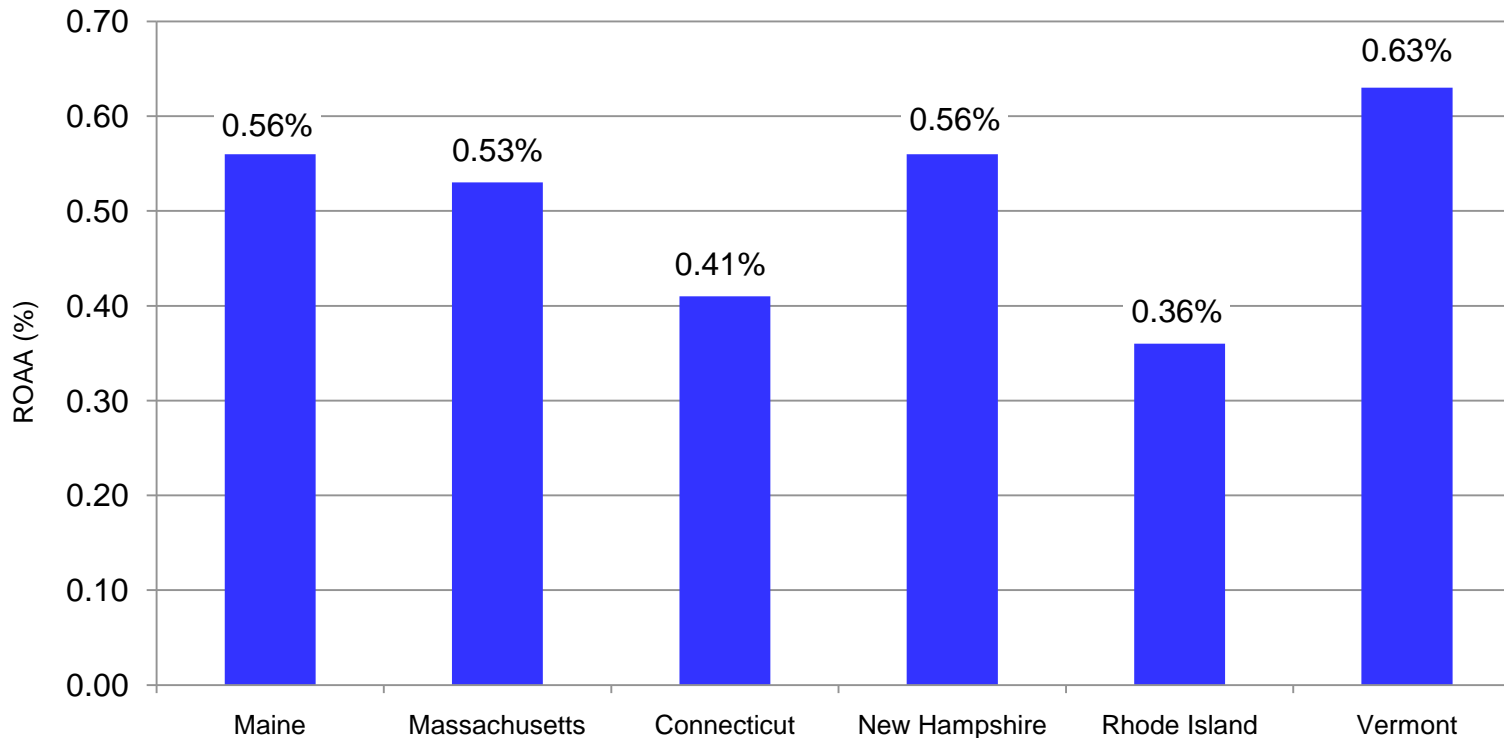
*Includes all commercial banks, savings banks and savings institutions headquartered in Maine; excludes TD Bank USA
Source: SNL Financial



Return on assets increased in every state in New England

Return on Average Assets

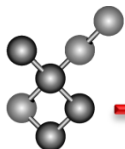
Return on Average Assets New England Region* 2010Y



ROAA 2009Y	Maine	Massachusetts	Connecticut	New Hampshire	Rhode Island	Vermont
	0.42%	0.38%	0.28%	0.46%	0.18%	0.59%

*Excludes institutions with greater than \$20 billion in assets; reflects top-tier consolidated results – median of commercial banks, savings banks and savings institutions; excludes TD Bank USA

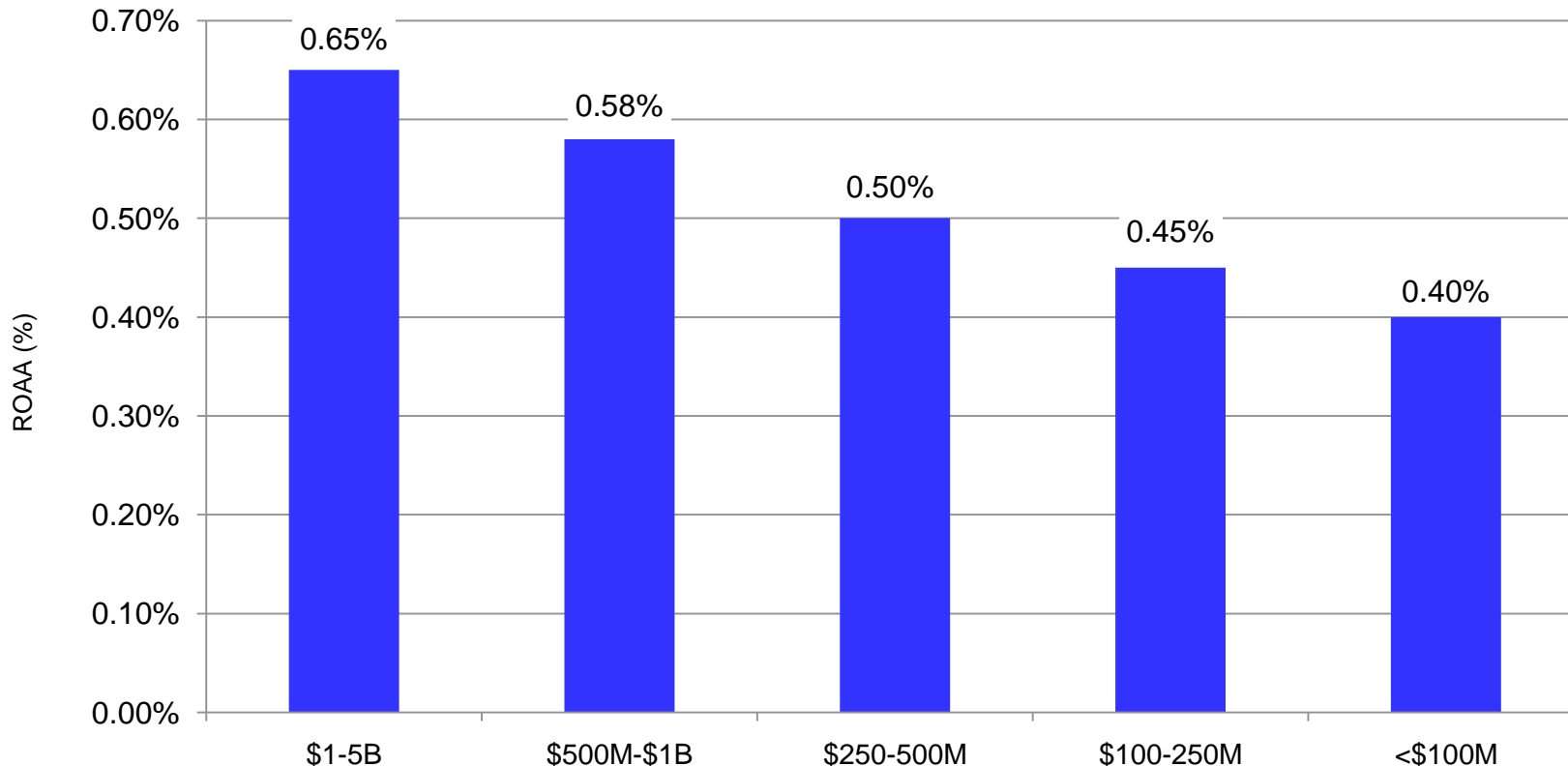
Source: SNL Financial



Return on assets was the highest among larger institutions in New England

Return on Average Assets

Return on Average Assets
New England Region – By Asset Size*
2010Y



*Excludes institutions with greater than \$20 billion in assets; reflects top-tier consolidated results – median of commercial banks, savings banks and savings institutions; excludes TD Bank USA

Source: SNL Financial



Most of the top performing institutions experienced a return on assets greater than one percent

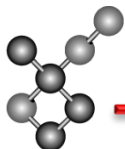
Top Performing Institutions – 2010Y

Return on Average Assets – 2010Y Top Performers by Asset Size*

Region	Institution	2010Y ROAA	Assets – 2010Q4 - \$M
\$1 – 5B	Camden National Bank	1.15%	2,281
\$500M - \$1B	Bath Savings Institution	0.99%	588
\$250M – 500M	Franklin Savings Bank	1.02%	320
\$100M – 250M	First Federal S&L Assn of Bath	0.50%	111
<\$100M	Acadia Trust	5.91%	14

Source: SNL Financial

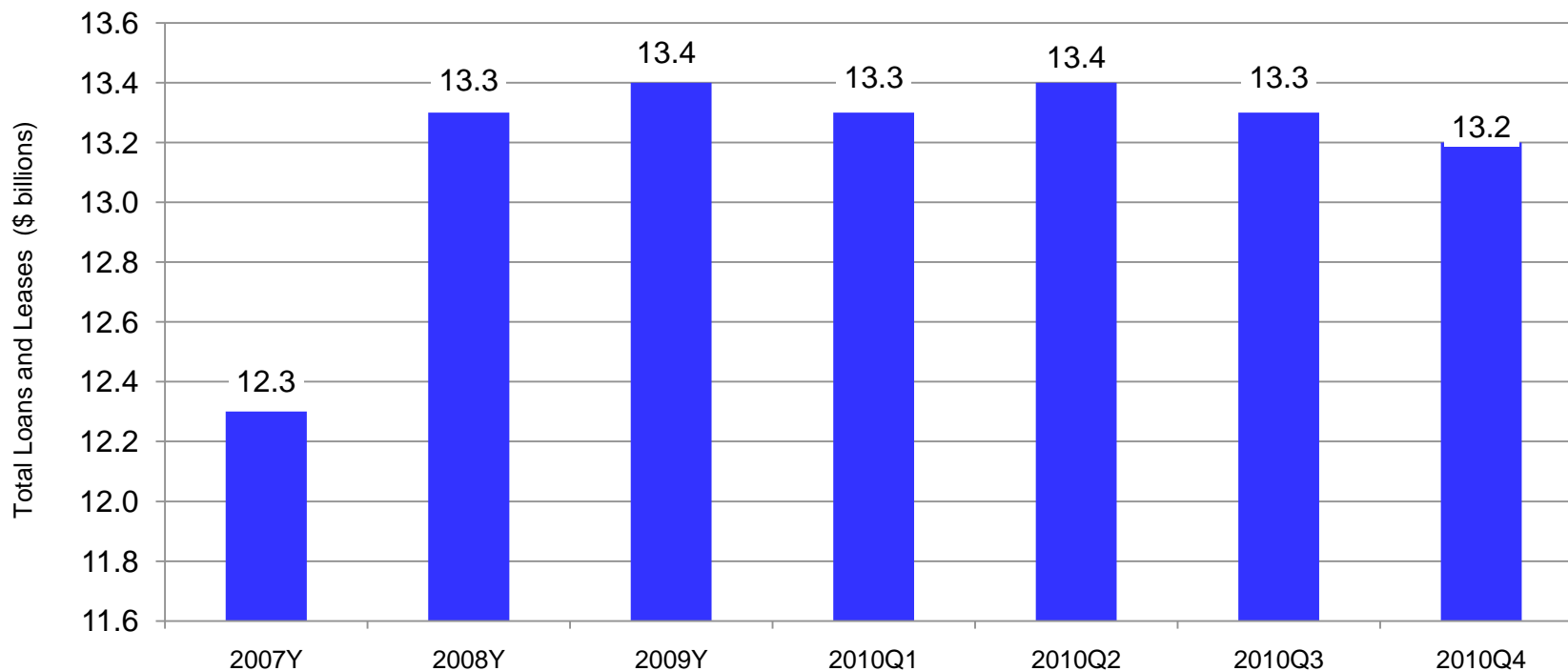
Loans and Deposits



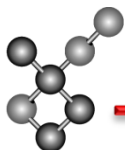
Loans and leases in Maine decline slightly by almost two percent in 2010

Total Loans and Leases

Total Loans and Leases Maine Financial Institutions*



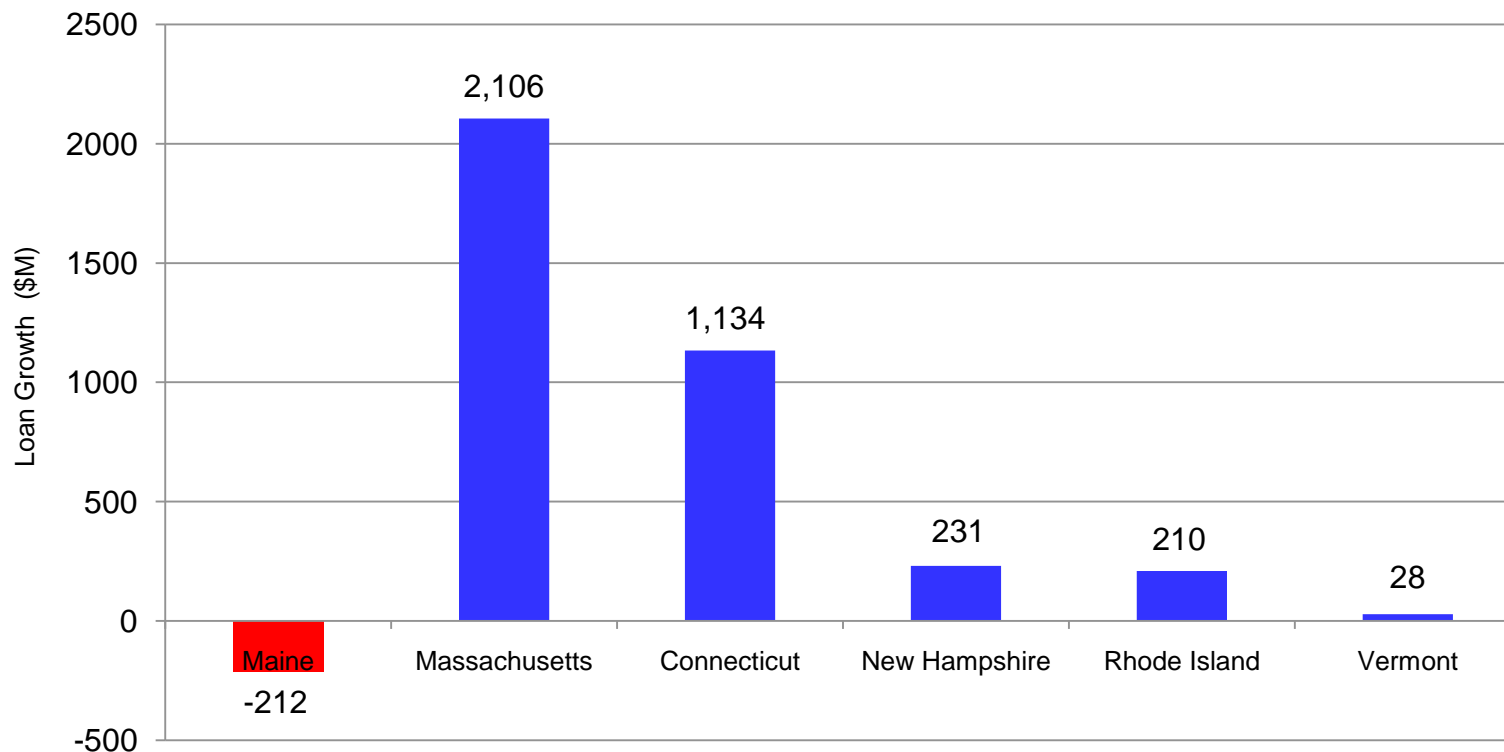
*Includes all commercial banks, savings banks and savings institutions headquartered in Maine; excludes TD Bank USA
Source: SNL Financial



In contrast, loans grew in all of the other five New England states in 2010

Deposit Growth

Loan Growth New England Region* 2009Q4 – 2010Q4



2009Q4 – 2010Q4 Change

-1.6%

3.2%

3.3%

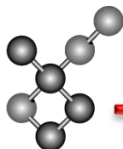
3.4%

4.0%

0.8%

*Excludes institutions with greater than \$20 billion in assets; reflects top-tier consolidated results – median of commercial banks, savings banks and savings institutions; excludes TD Bank USA

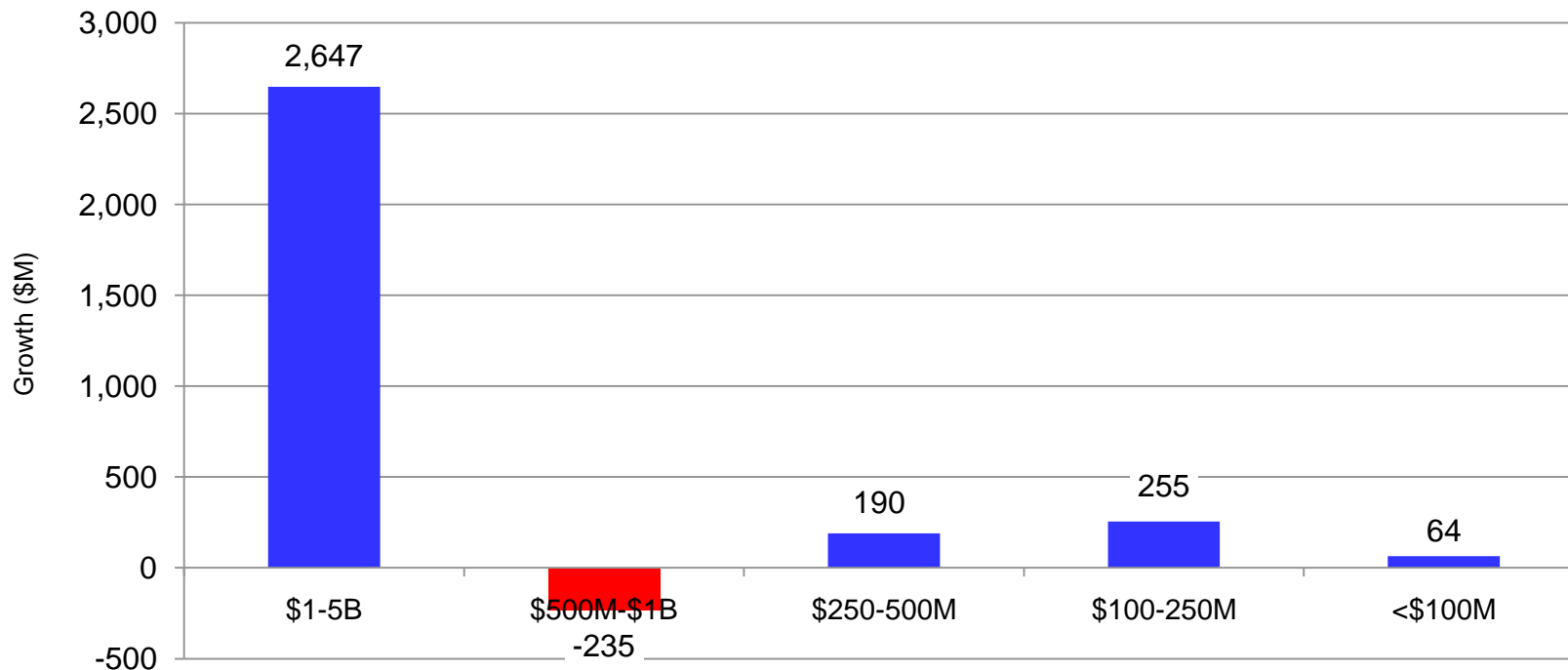
Source: SNL Financial



The biggest loan growth in New England was among the larger institutions

Growth in Loans and Leases

Growth in Loans and Leases New England Region – By Asset Size* 2010Y



**2009Q4 – 2010Q4
% Change**

5%

-1%

1%

4%

4%

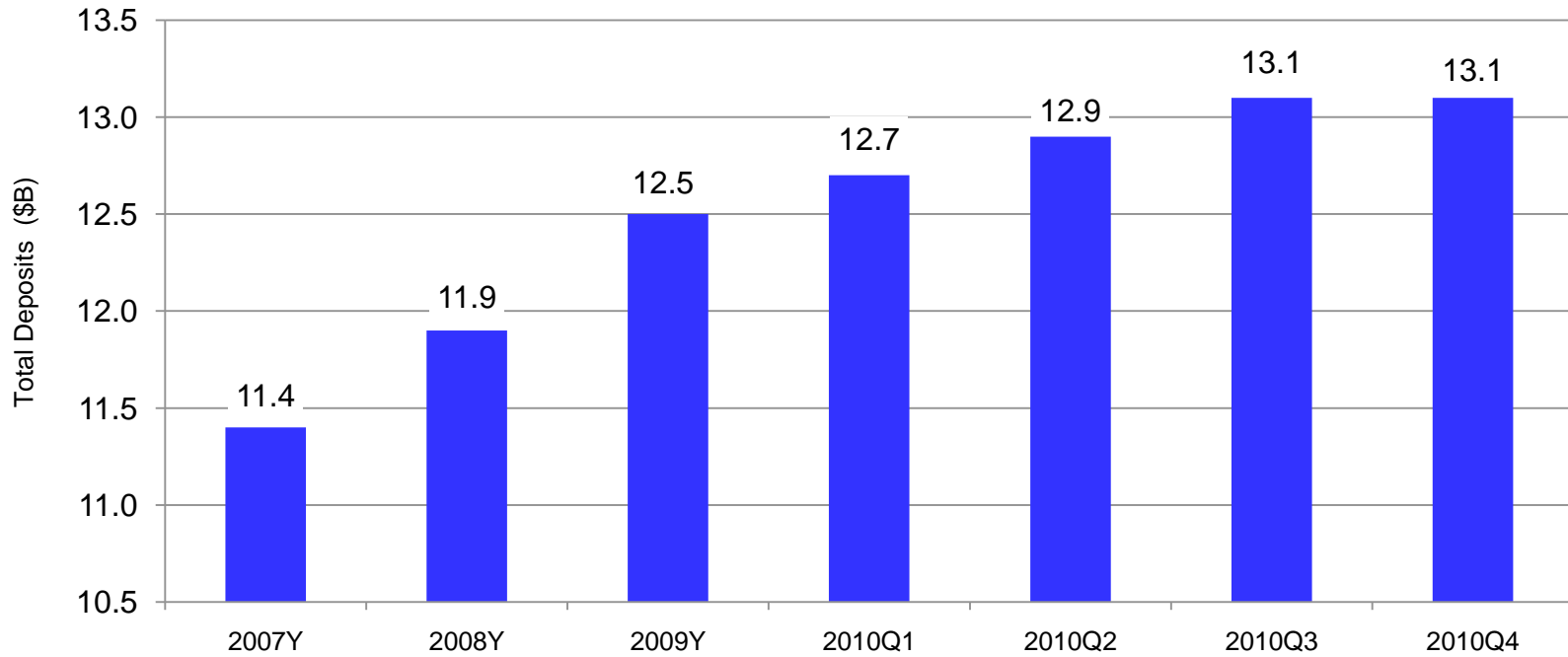
*Excludes institutions with greater than \$20 billion in assets; reflects top-tier consolidated results – median of commercial banks, savings banks and savings institutions; excludes TD Bank USA

Source: SNL Financial

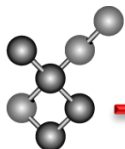
Deposits in Maine grew by almost five percent in 2010, although deposit levels were flat in the second half of 2010

Total Deposits

Total Deposits Maine Financial Institutions*



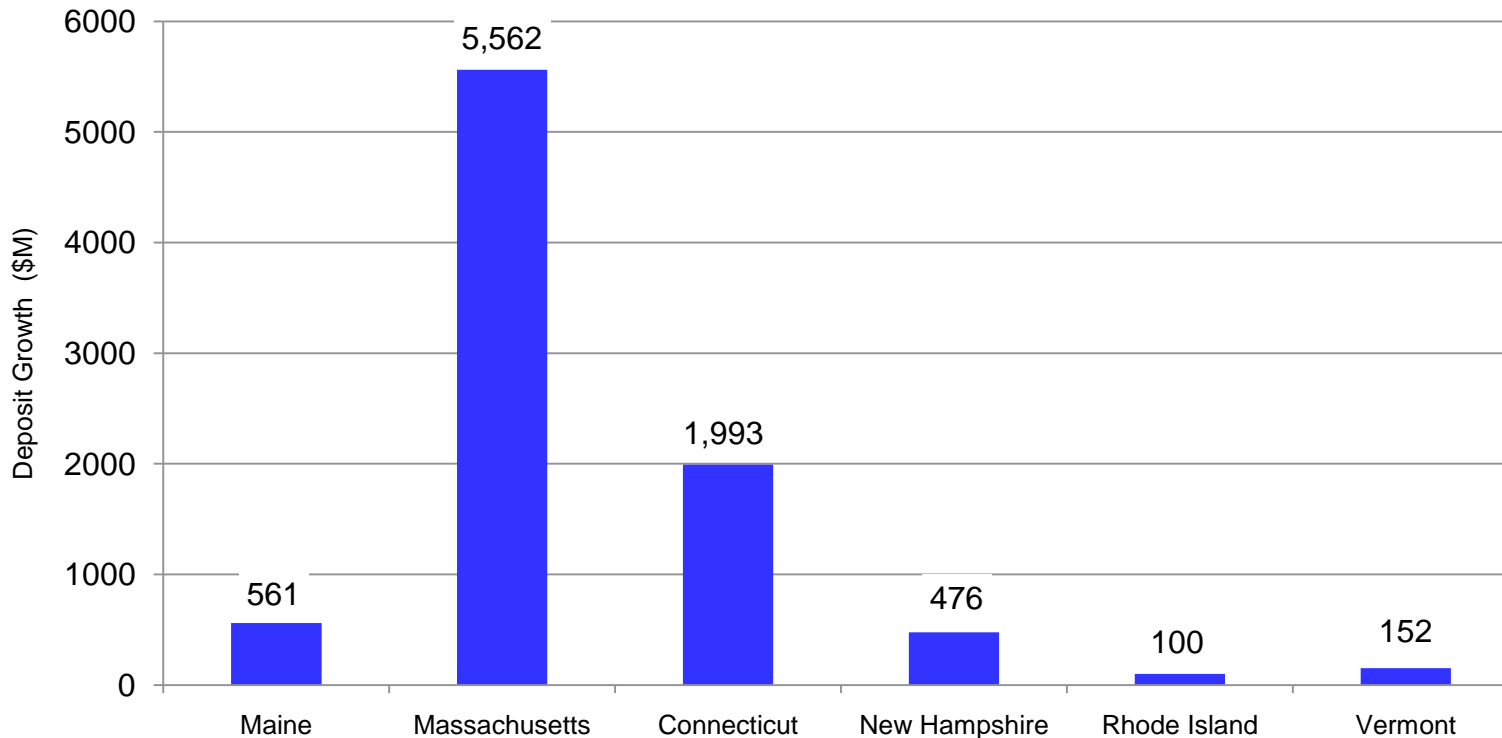
*Includes all commercial banks, savings banks and savings institutions headquartered in Maine; excludes TD Bank USA
Source: SNL Financial



Deposits grew most significantly in Massachusetts in 2010

Deposit Growth

Deposit Growth New England Region* 2009Q4 – 2010Q4



2009Q4 – 2010Q4 Change

4.5%

7.4%

5.0%

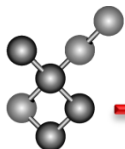
6.5%

1.7%

3.8%

*Excludes institutions with greater than \$20 billion in assets; reflects top-tier consolidated results – median of commercial banks, savings banks and savings institutions; excludes TD Bank USA

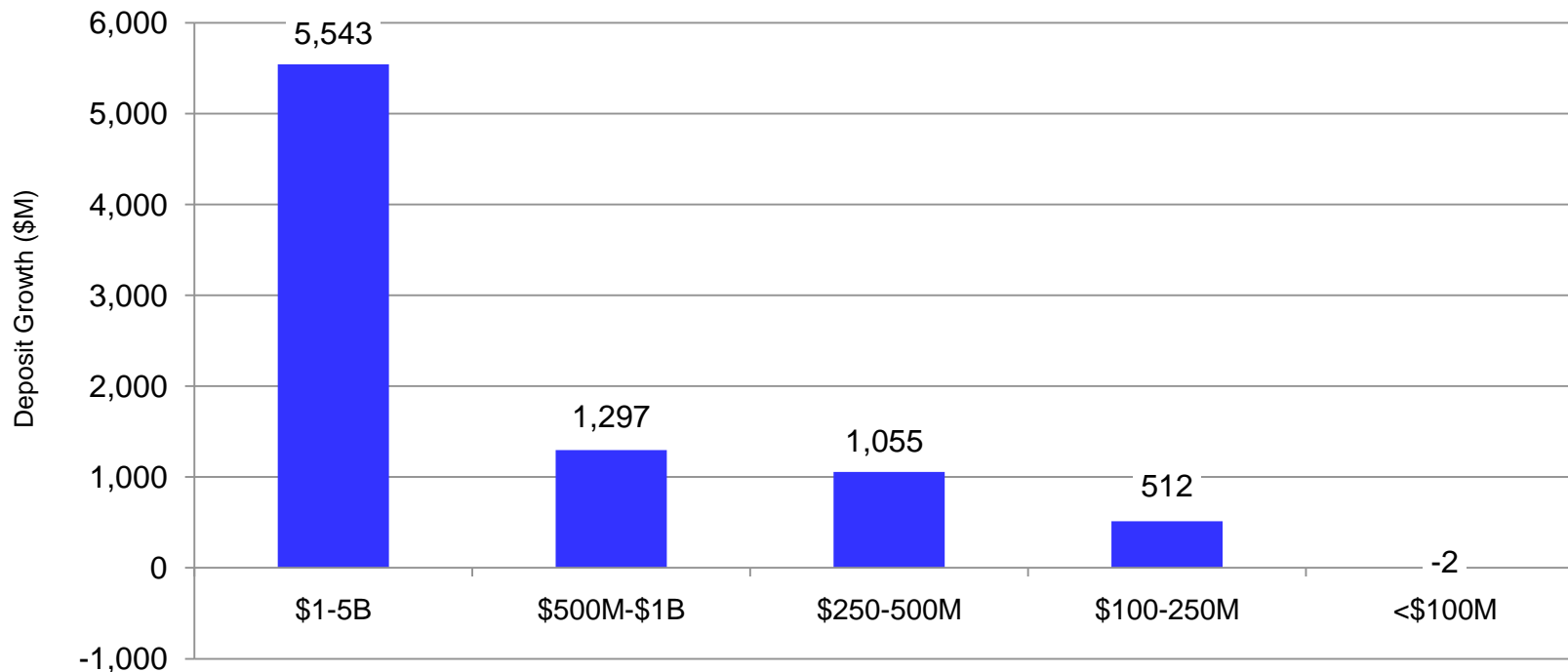
Source: SNL Financial



The largest institutions also saw the most deposit growth year-over-year

Growth in Deposits

Growth in Deposits New England Region – By Asset Size* 2010Y



2009Q4 – 2010Q4

% Change

10%

4%

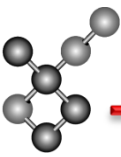
5%

6%

0%

*Excludes institutions with greater than \$20 billion in assets; reflects top-tier consolidated results – median of commercial banks, savings banks and savings institutions; excludes TD Bank USA

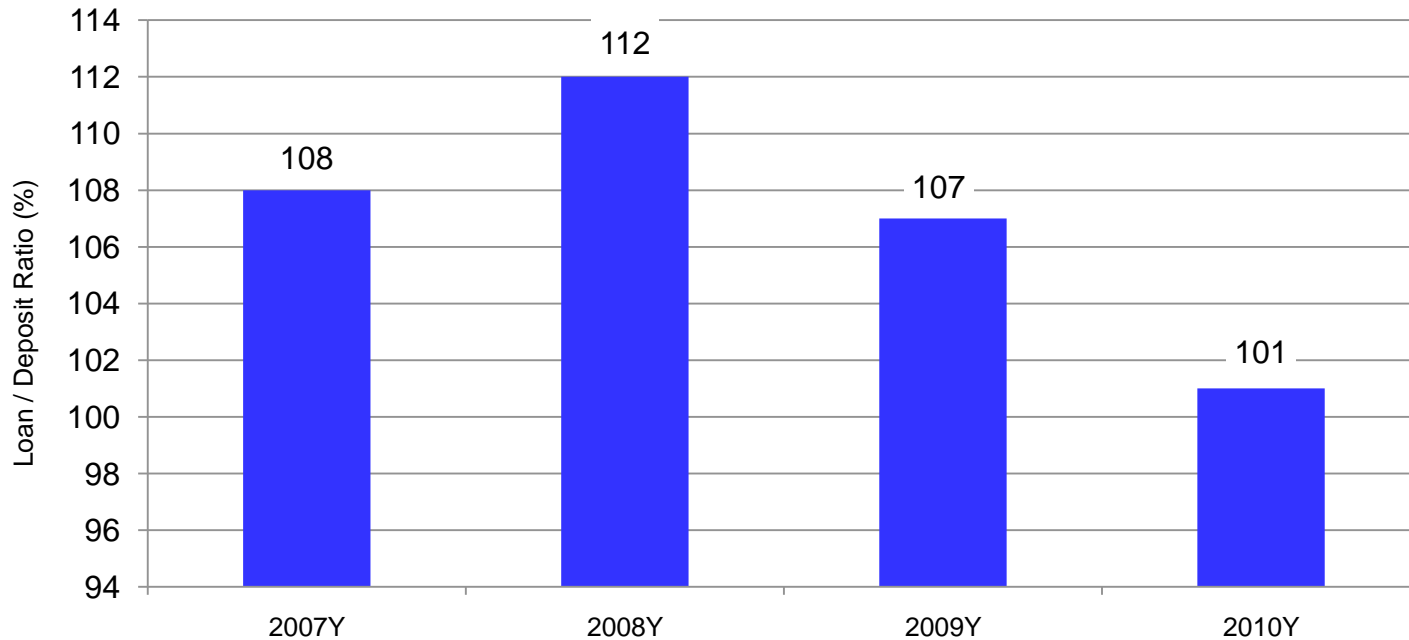
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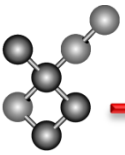
The loan / deposit ratio statewide continued to decline in 2010 as deposit growth outpaced loan growth

Loan / Deposit Ratio

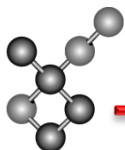
**Loan / Deposit Ratio
Maine Financial Institutions*
2007Y – 2010Y**



*Includes all commercial banks, savings banks and savings institutions headquartered in Maine; excludes TD Bank USA
Source: SNL Financial



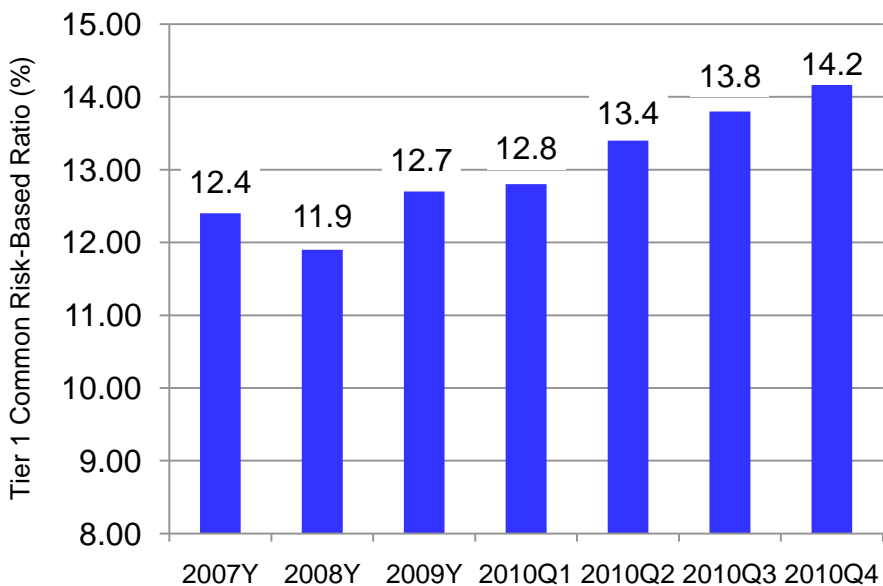
Capital Adequacy



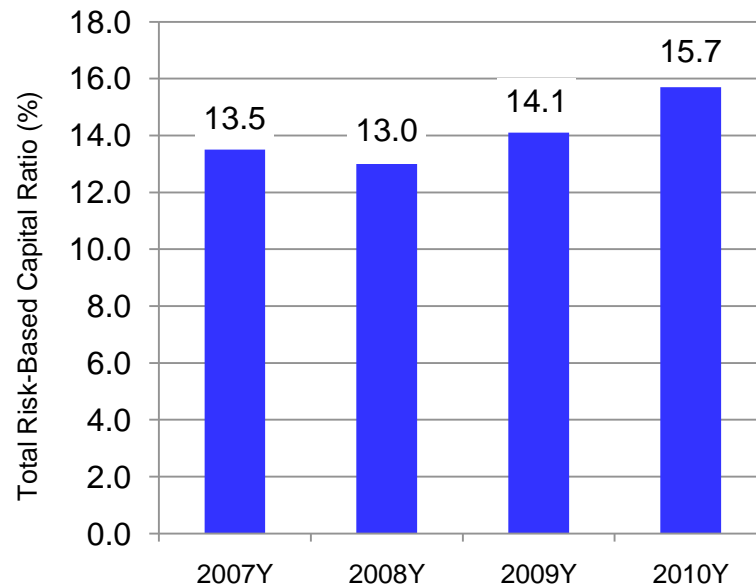
Capital ratios of banks in Maine continued to improve throughout 2010...

Capital Adequacy

Tier 1 Common Risk-Based Ratio Maine Financial Institutions 2007Y – 2010Q4



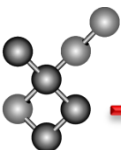
Total Risk-Based Capital Ratio* Maine Financial Institutions** 2007Y – 2010Y



*Defined as: Total Capital (Tier 1 Core Capital + Tier 2 Supplemental Capital) / Risk-Adjusted Assets

**Reflects weighted average of all institutions

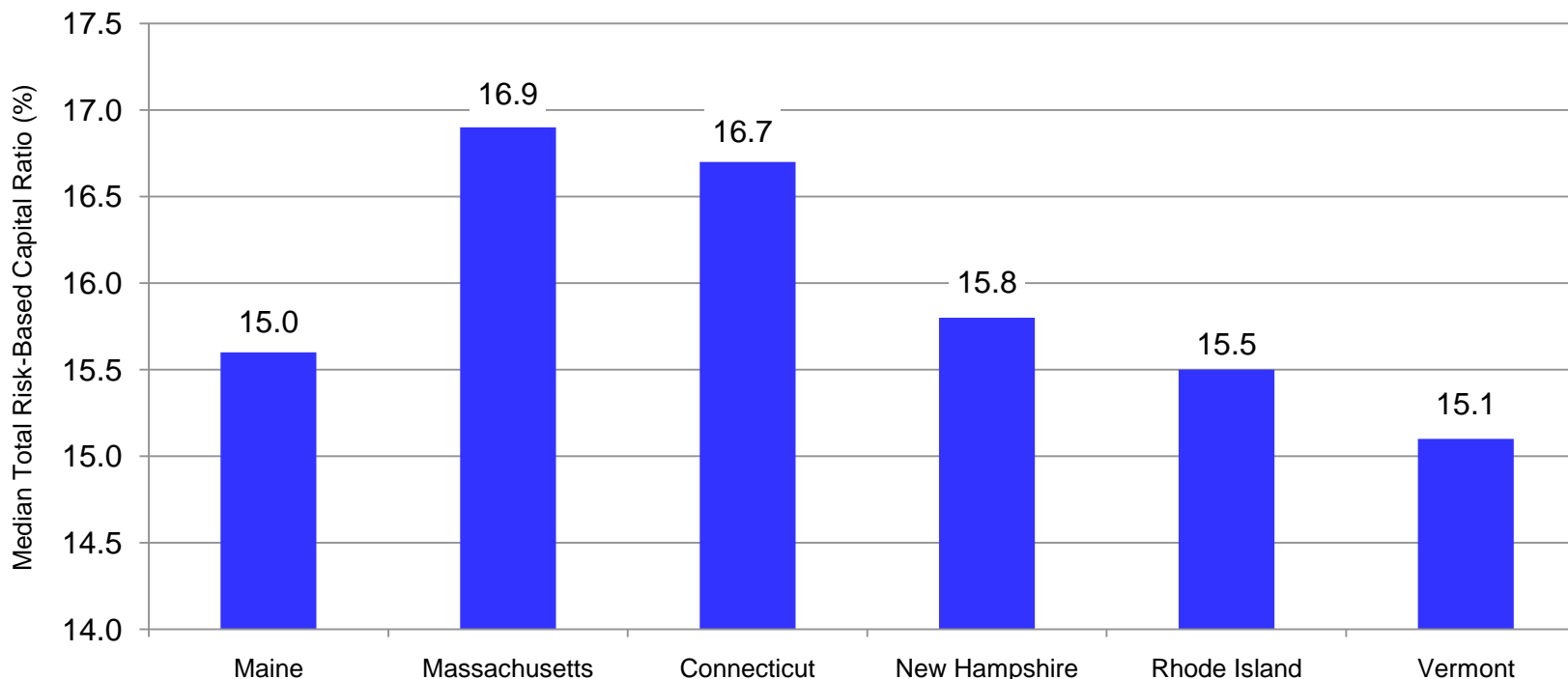
Source: SNL Financial



...although the median total capital ratios were higher in other New England states

Total Risk-Based Capital Ratio

Total Risk-Based Capital Ratio* New England Region** 2010Q4

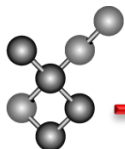


Ratio as of 2009Q4	Maine	Massachusetts	Connecticut	New Hampshire	Rhode Island	Vermont
	14.5	16.0	15.4	15.3	14.2	13.9

*Defined as: Total Capital (Tier 1 Core Capital + Tier 2 Supplemental Capital) / Risk-Adjusted Assets

**Excludes institutions with greater than \$20 billion in assets; reflects top-tier consolidated results – median of commercial banks, savings banks and savings institutions; also excludes TD Bank USA

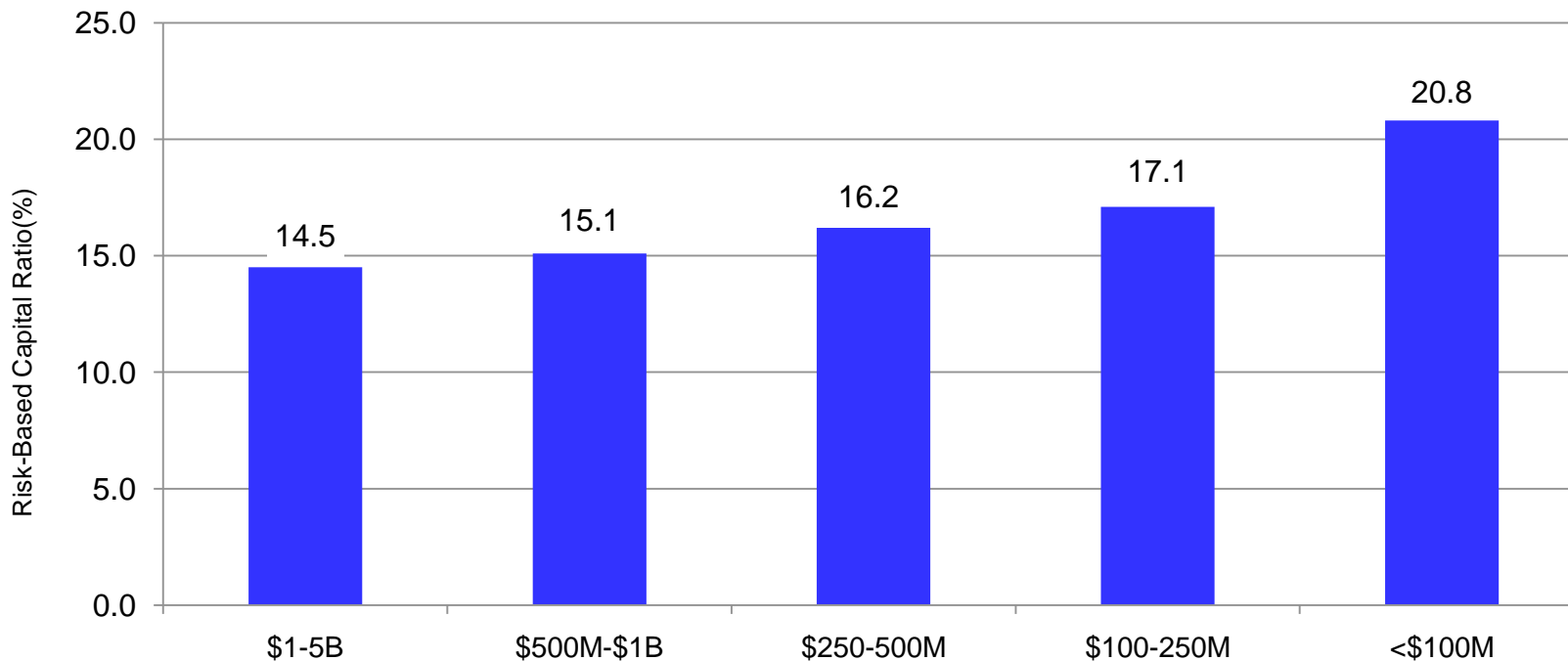
Source: SNL Financial



Capital ratios improved across all asset categories in 2010

Risk-Based Capital Ratio

Total Risk-Based Capital Ratio New England Region – By Asset Size* 2010Y



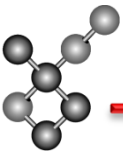
Total Capital Ratio 2009Q4	\$1-5B	\$500M-\$1B	\$250-500M	\$100-250M	<\$100M
	13.9%	13.9%	15.7%	15.6%	20.8%

*Excludes institutions with greater than \$20 billion in assets; reflects top-tier consolidated results – median of commercial banks, savings banks and savings institutions; excludes TD Bank USA

Source: SNL Financial



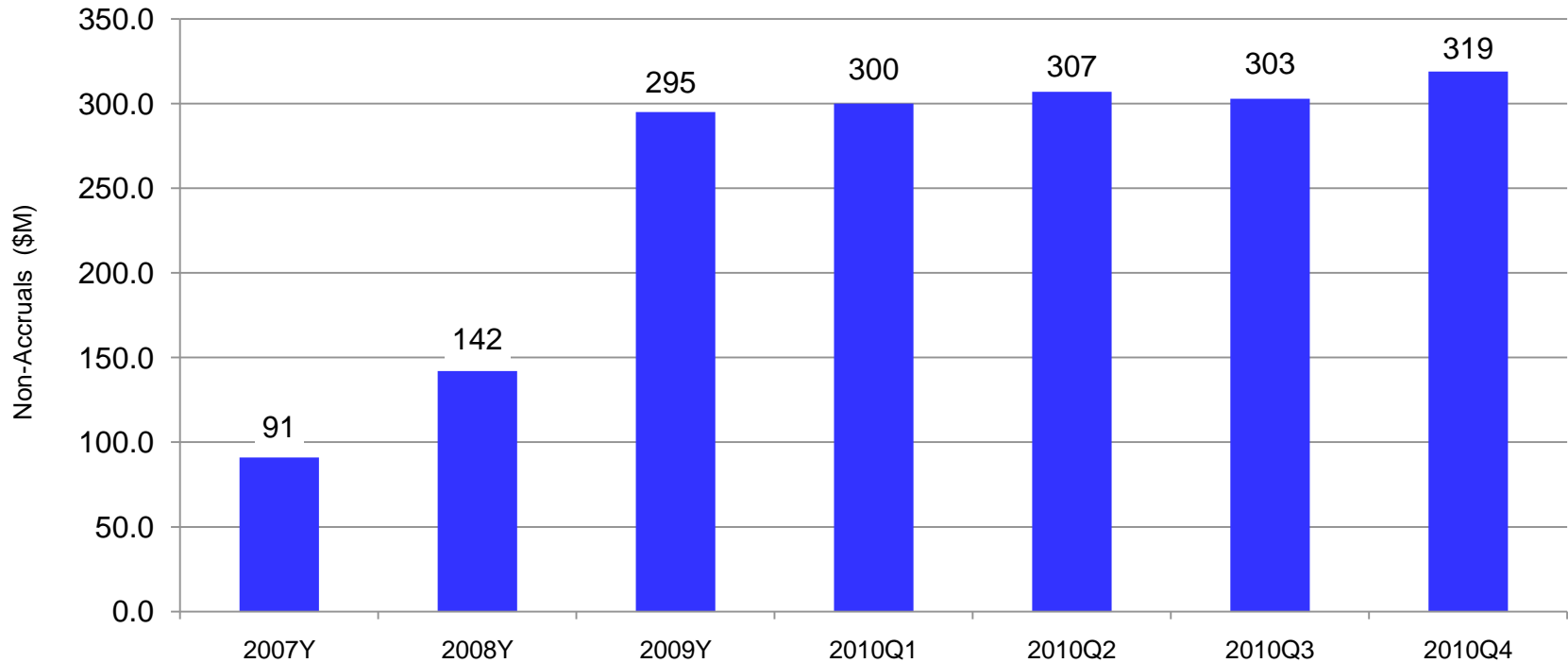
Asset Quality



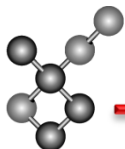
Non-accrual loans in Maine increased eight percent in 2010

Total Non-Accruals

**Non-Accrual Loans and Leases
Maine Financial Institutions
2007Y – 2010Q4**



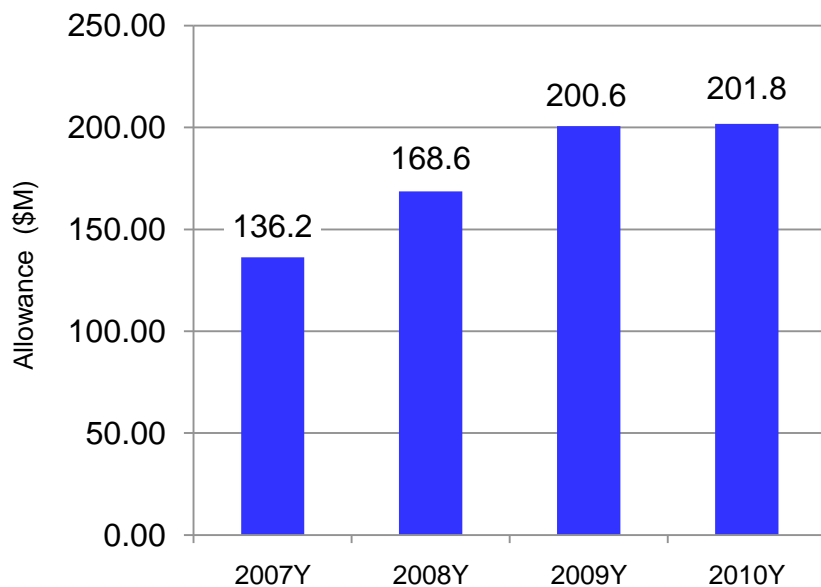
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Source: SNL Financial



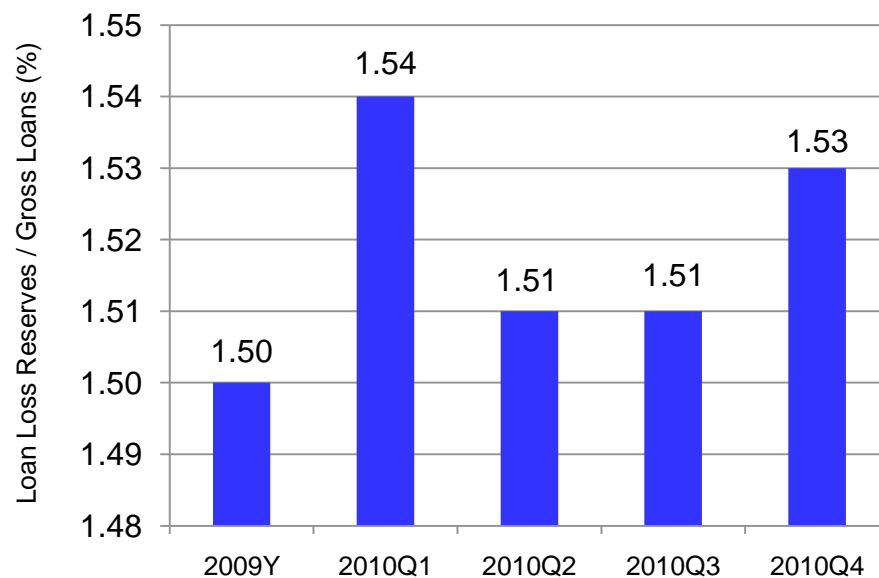
Allowance for loan losses were relatively flat year-over-year...

Allowance for Loan Losses

Allowance for Loan and Lease Losses* Maine Financial Institutions** 2007Y – 2010Y

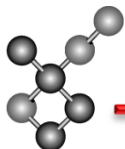


Loan Loss Reserves / Gross Loans Maine Financial Institutions



*Defined as: Allowance for loan and lease losses adequate to absorb estimated losses from loan and lease financing receivable portfolios, including all binding commitments to lend (accrued and unpaid interest)

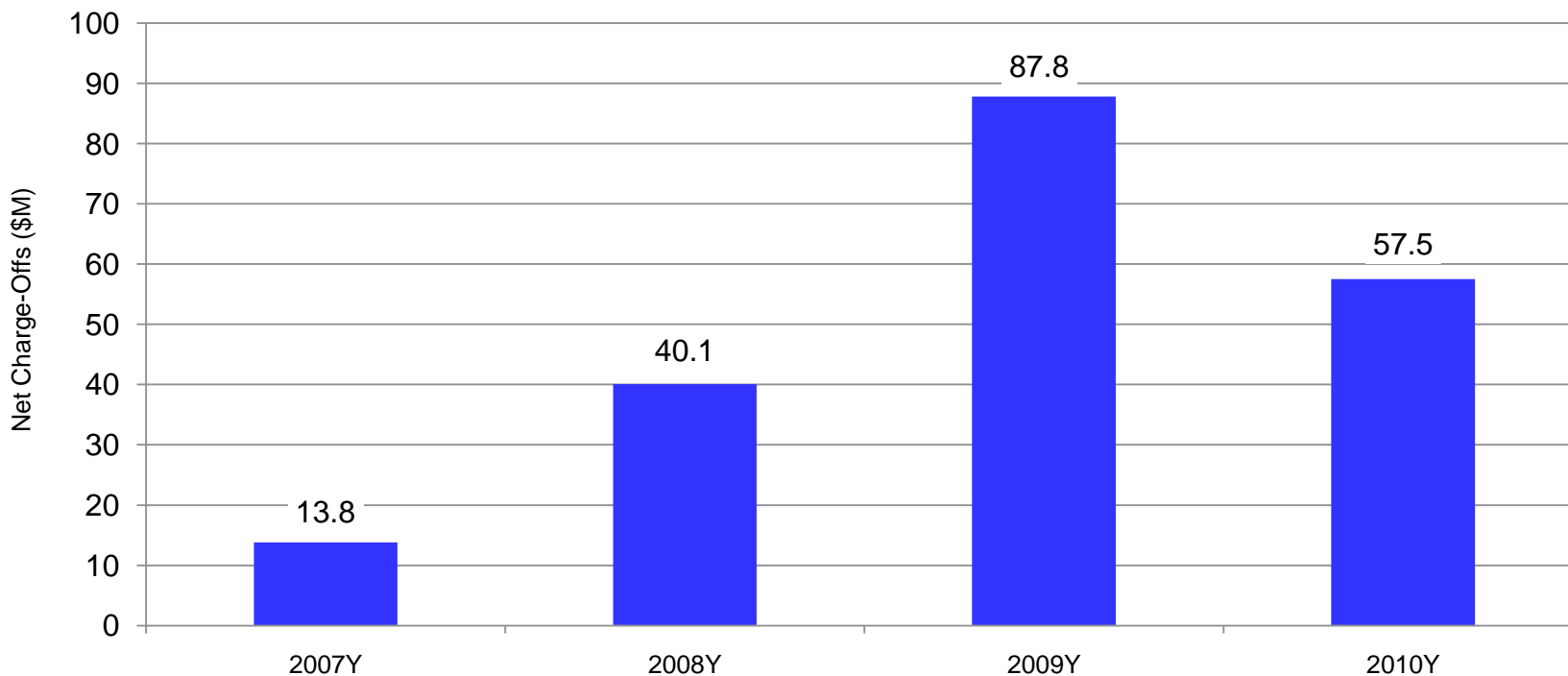
Source: SNL Financial



... while net charge-offs declined four percent overall from 2009 levels

Net Charge-Offs

Net Charge-Offs*
Maine Financial Institutions**
2007Y – 2010Y



*Defined as: Total Loan & Lease Charge-offs less Total Loan & Lease Recoveries

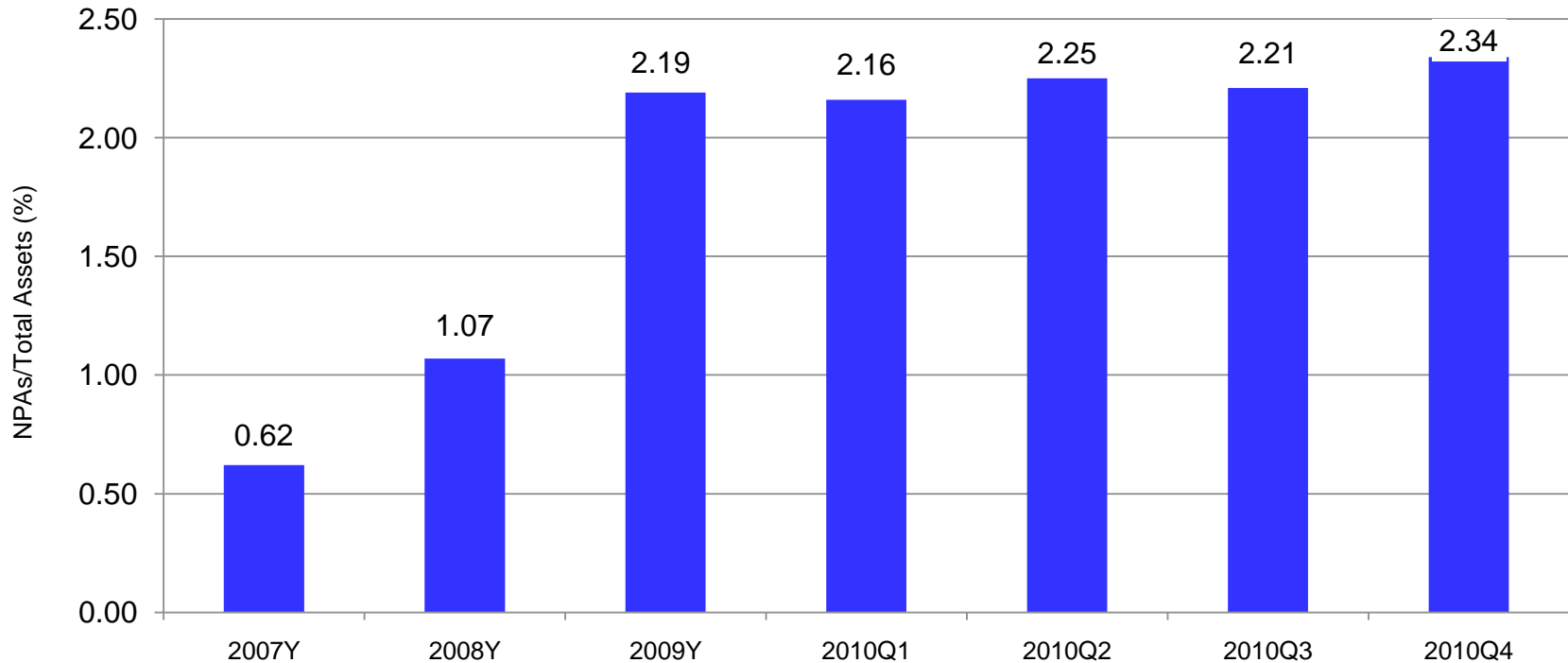
Source: SNL Financial



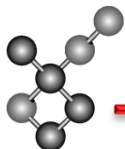
Non-performing assets as a percentage of total assets increased 15 basis points in 2010

NPAs/Total Assets

**NPAs / Total Assets
Maine Financial Institutions
2007Y – 2010Q4**



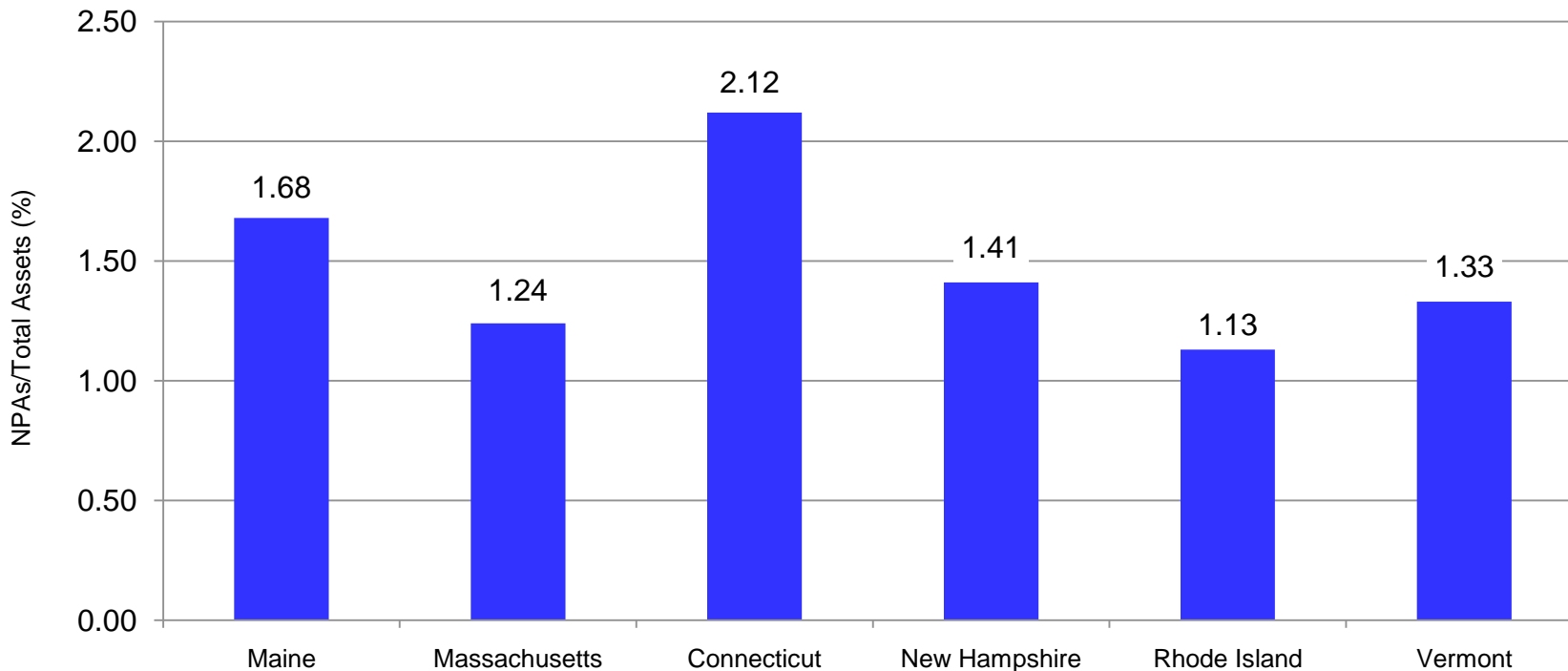
*Includes all commercial banks, savings banks and savings institutions headquartered in Maine; excludes TD Bank USA
Source: SNL Financial



Non-performing asset levels were up across the entire region in 2010

NPA's/Total Assets

NPA's / Total Assets New England Region* 2010Q4



NPA's/Total Assets 2009Q4

1.72

1.08

1.54

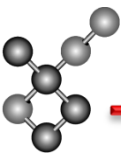
1.22

0.82

1.14

*Excludes institutions with greater than \$20 billion in assets; reflects top-tier consolidated results – median of commercial banks, savings banks and savings institutions; excludes TD Bank USA

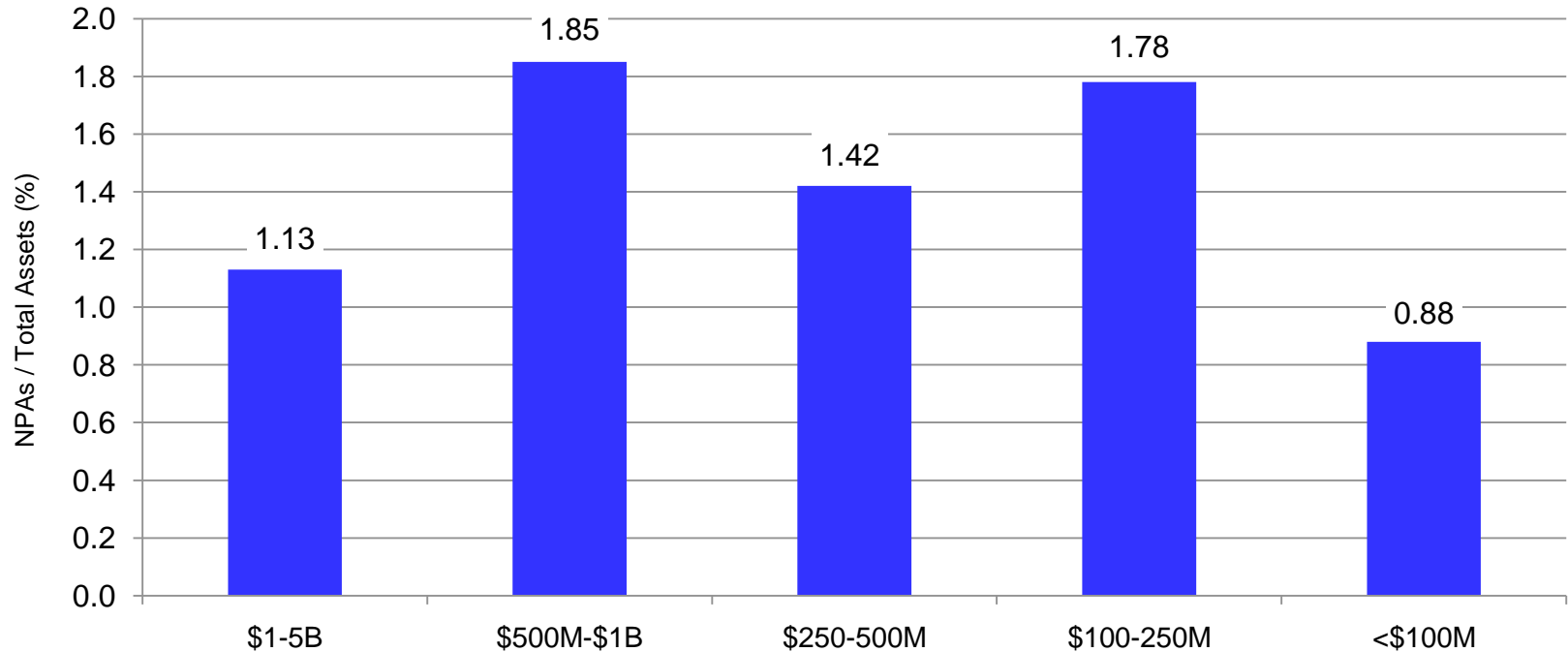
Source: SNL Financial



Both the largest and smallest institutions had the best NPA/Total Asset ratios in the New England region

NPAs/Total Assets

**NPAs / Total Assets
New England Region – By Asset Size*
2010Y**



**NPAs/Total Assets
2009Q4**

1.08%

1.59%

1.18%

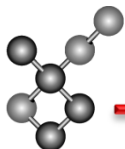
1.30%

0.61%

*Excludes institutions with greater than \$20 billion in assets; reflects top-tier consolidated results – median of commercial banks, savings banks and savings institutions; excludes TD Bank USA

Source: SNL Financial

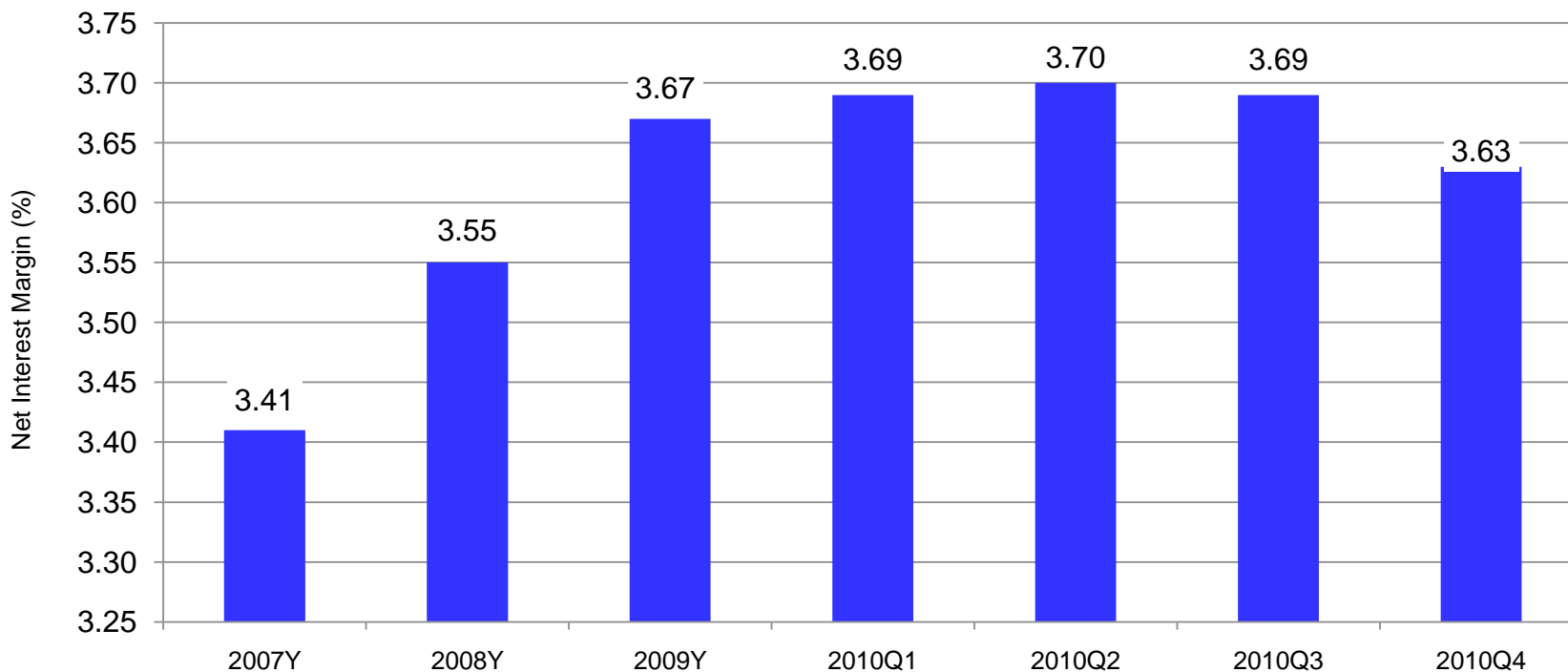
Non-Interest Income and Non-Interest Expense



Net interest margin among banks in Maine has been relatively flat year-over-year

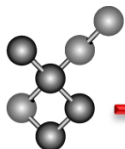
Net Interest Margin

**Net Interest Margin (FTE)
Maine Financial Institutions*
2007Y – 2010Q4**



*Represents weighted average of all commercial banks, savings banks and savings institutions headquartered in Maine; excludes TD Bank USA

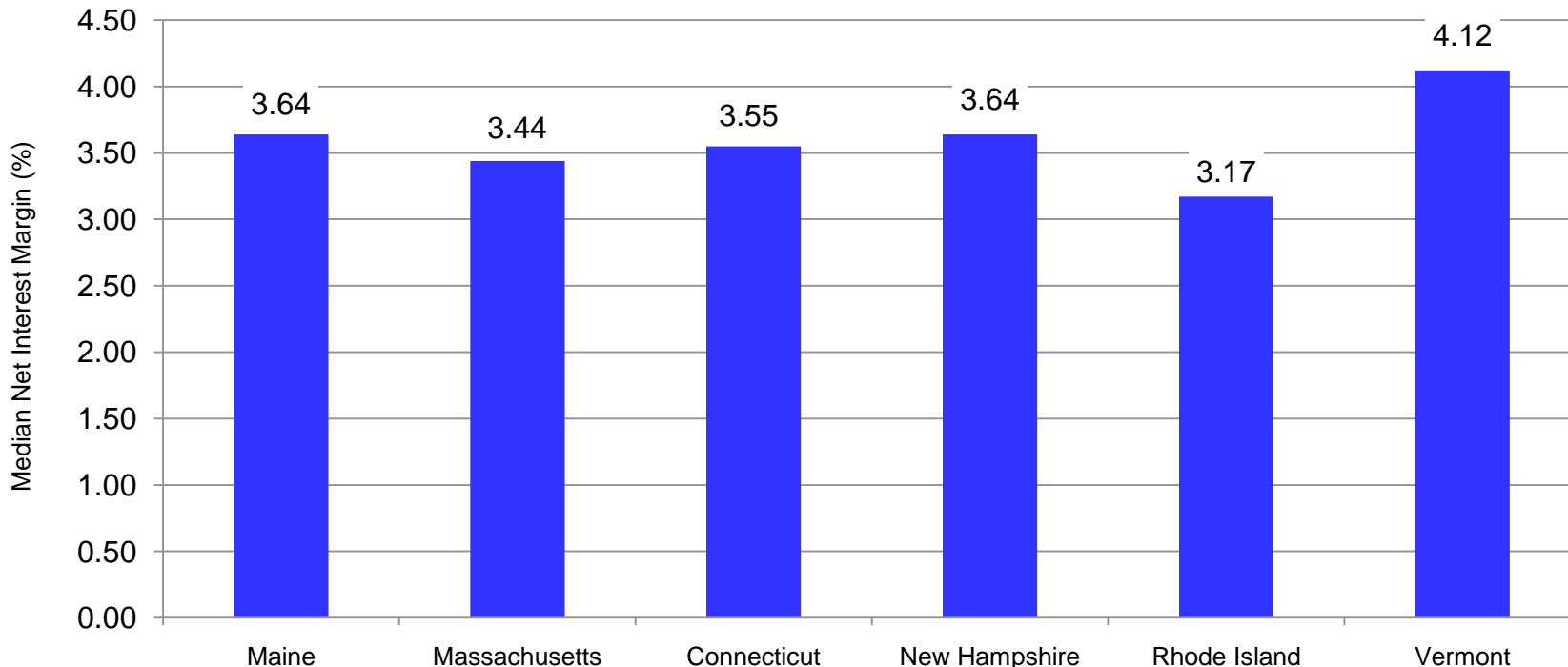
Source: SNL Financial



Net interest margin improved in most states in New England...

Net Interest Margin

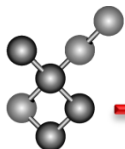
Net Interest Margin (FTE) New England Region* 2010Y



NIM as of 2009Y	Maine	Massachusetts	Connecticut	New Hampshire	Rhode Island	Vermont
	3.56	3.22	3.41	3.67	2.73	4.18

*Excludes institutions with greater than \$20 billion in assets; reflects top-tier consolidated results – median of commercial banks, savings banks and savings institutions; also excludes TD Bank USA

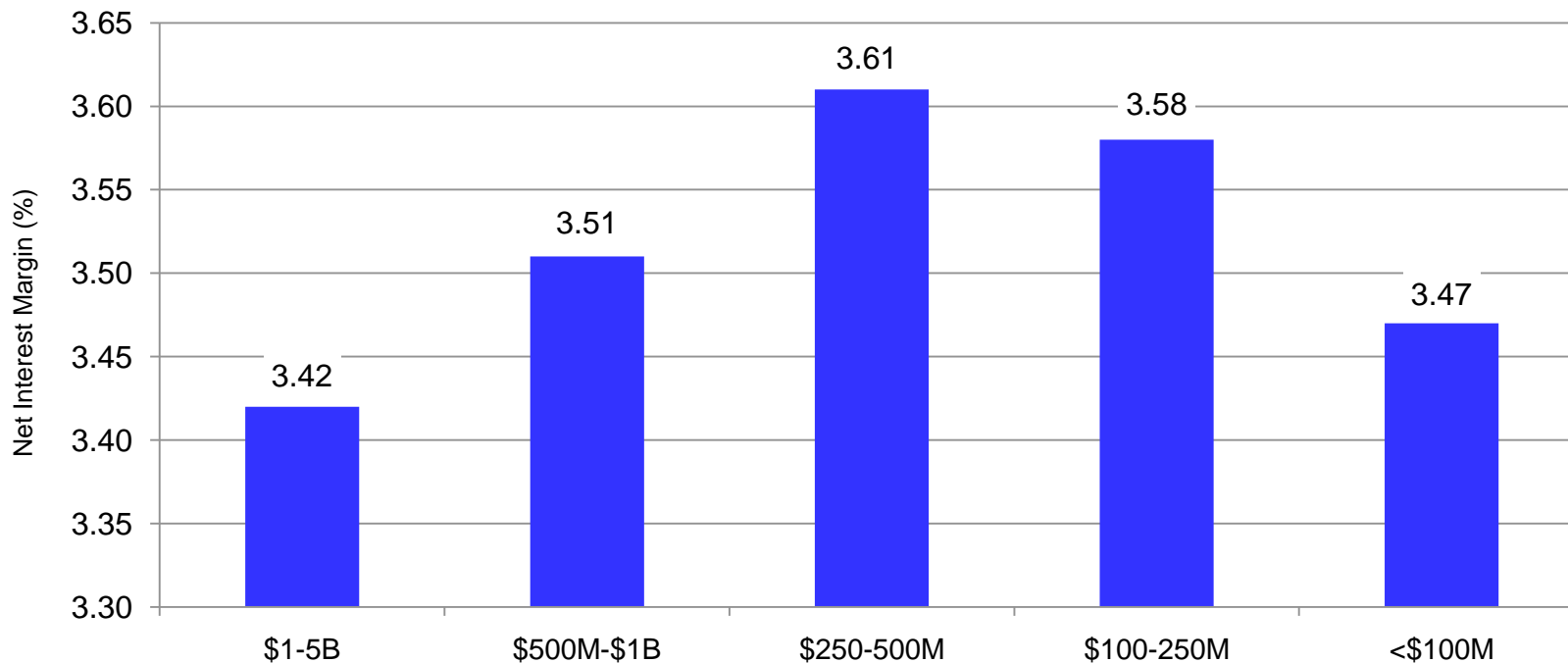
Source: SNL Financial



...as well as across all asset categories

Net Interest Margin

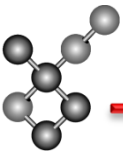
Net Interest Margin New England Region – By Asset Size* 2010Y



NIM 2009Y	3.30%	3.30%	3.45%	3.32%	3.21%
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*Excludes institutions with greater than \$20 billion in assets; reflects top-tier consolidated results – median of commercial banks, savings banks and savings institutions; excludes TD Bank USA

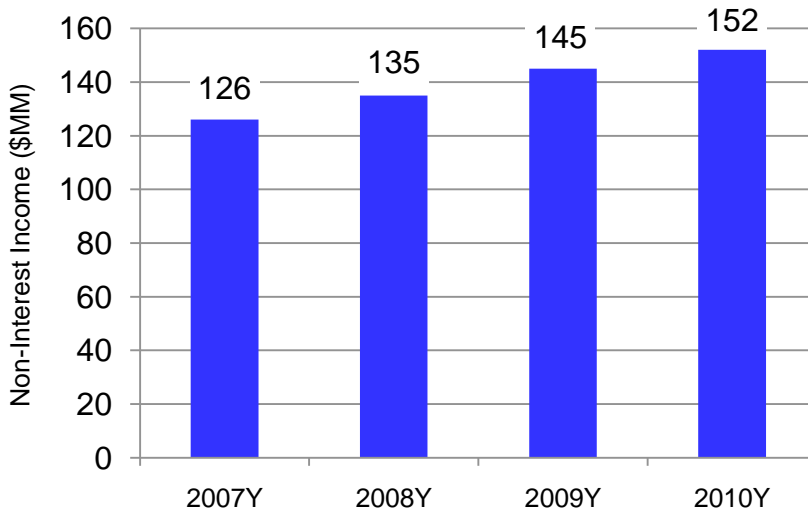
Source: SNL Financial



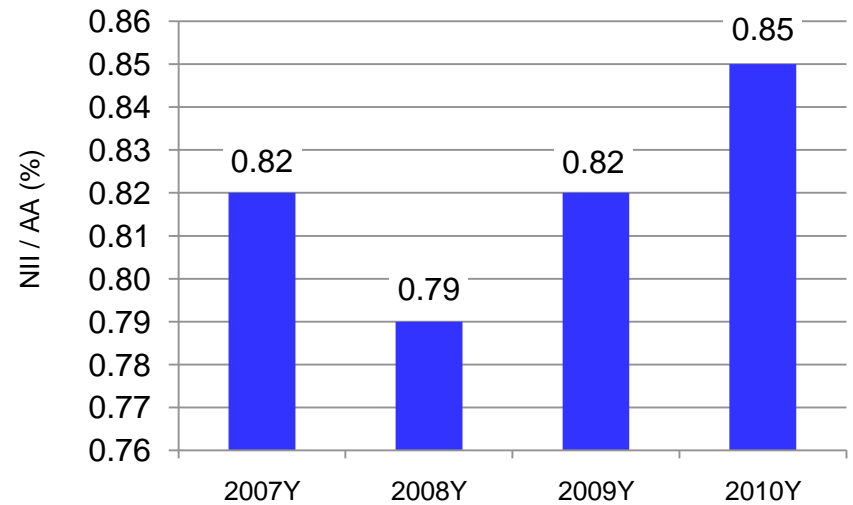
Non-interest income in Maine grew almost five percent in 2010

Non-Interest Income

Non-Interest Income Maine Financial Institutions 2007Y – 2010Y



Non-Interest Income / Average Assets Maine Financial Institutions* 2007Y – 2010Y



*Represents weighted average of all commercial banks, savings banks and savings institutions headquartered in Maine; excludes TD Bank USA

Source: SNL Financial

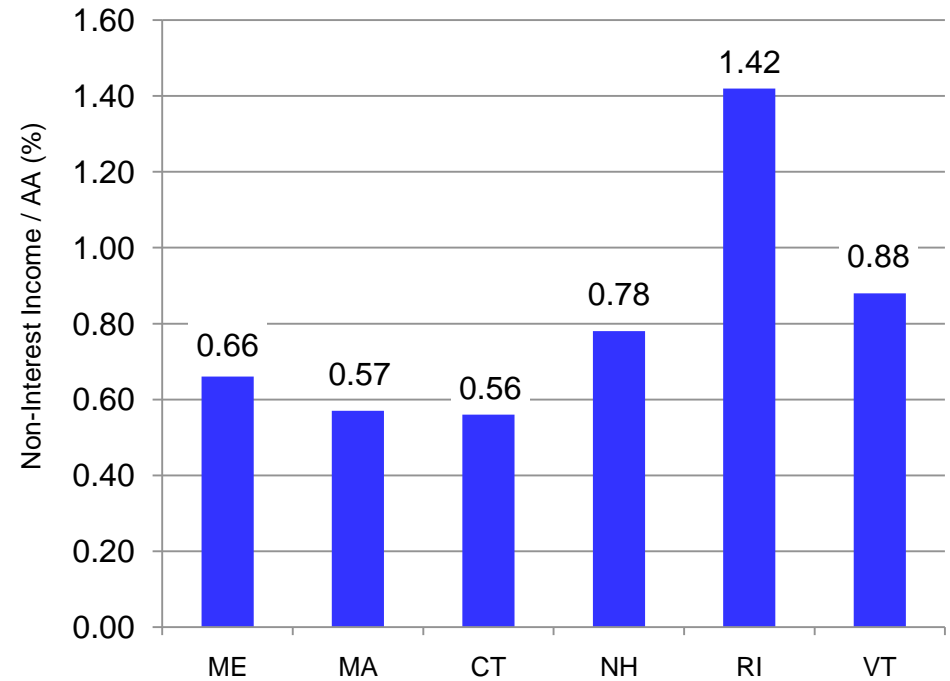
Non-interest income in single digits in most states in New England, with the exception of Rhode Island

Non-Interest Income

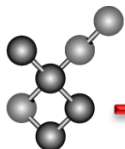
Non-Interest Income New England Region

State	Non-Interest Income – 2010Y (\$M)	% Change – 2009 - 2010
Maine	152	5
Massachusetts	1,298	6
Connecticut	457	3
New Hampshire	73	7
Rhode Island	349	36
Vermont	45	2

Non-Interest Income / Average Assets* New England Region 2010Y



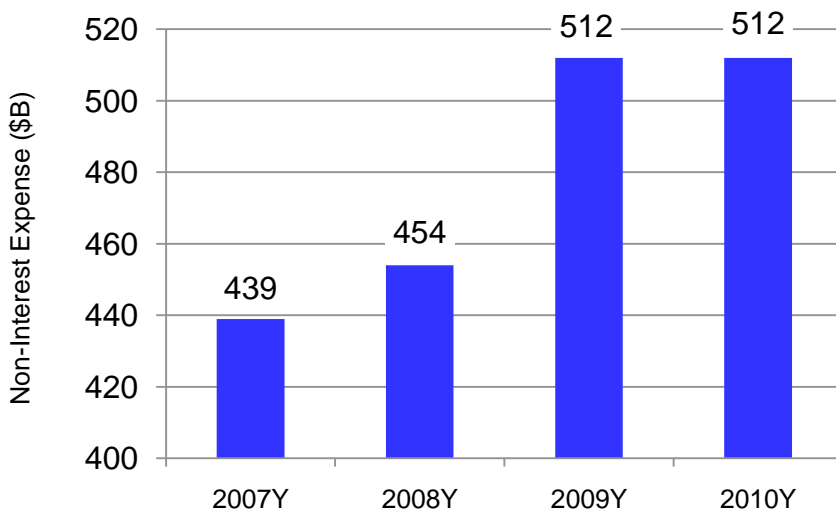
*Median of banks in the region
Source: SNL Financial



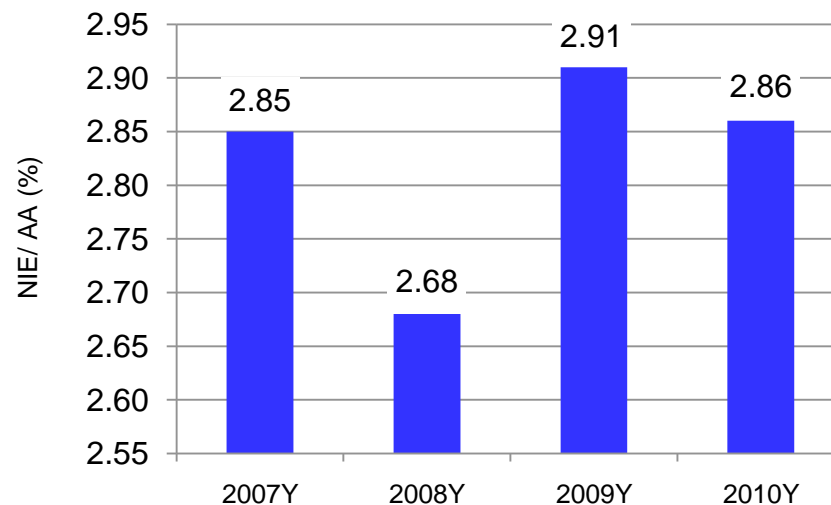
Non-interest expense at Maine banks was flat year-over-year

Non-Interest Expense

Non-Interest Expense Maine Financial Institutions 2007Y – 2010Y



Non-Interest Expense/ Average Assets Maine Financial Institutions* 2007Y – 2010Y



*Represents weighted average of all commercial banks, savings banks and savings institutions headquartered in Maine; excludes TD Bank USA

Source: SNL Financial

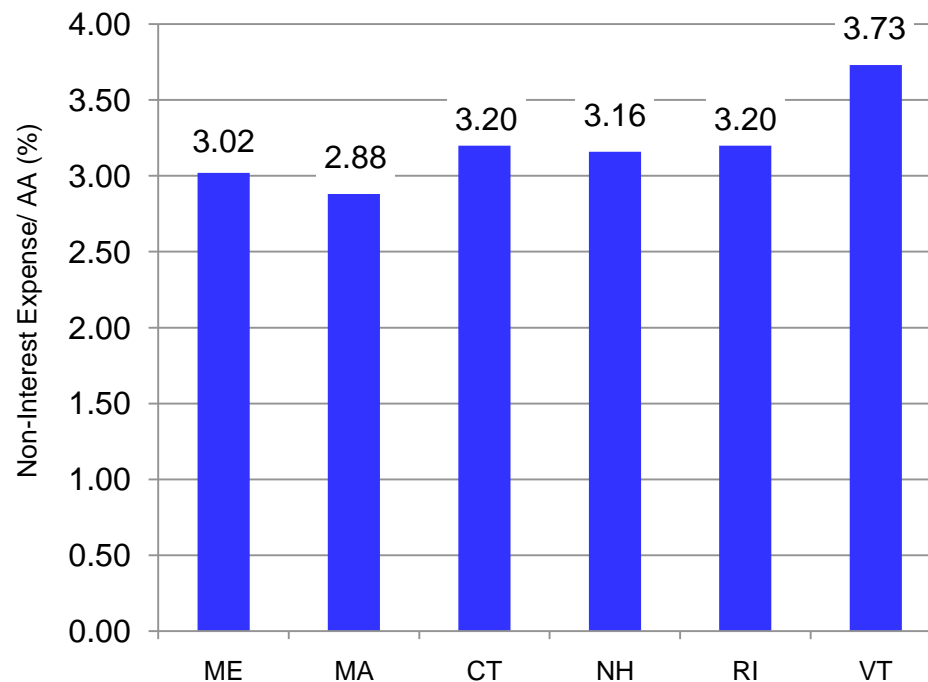
Non-interest expense growth was comparable to non-interest income growth in most states in New England, except for Rhode Island

Non-Interest Expense

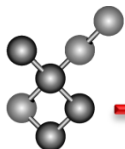
Non-Interest Expense New England Region

State	Non-Interest Expense – 2010Y (\$M)	% Change – 2009 - 2010
Maine	512	0
Massachusetts	3,359	7
Connecticut	1,572	8
New Hampshire	307	3
Rhode Island	549	-8
Vermont	178	1

Non-Interest Expense / Average Assets* New England Region 2010Y



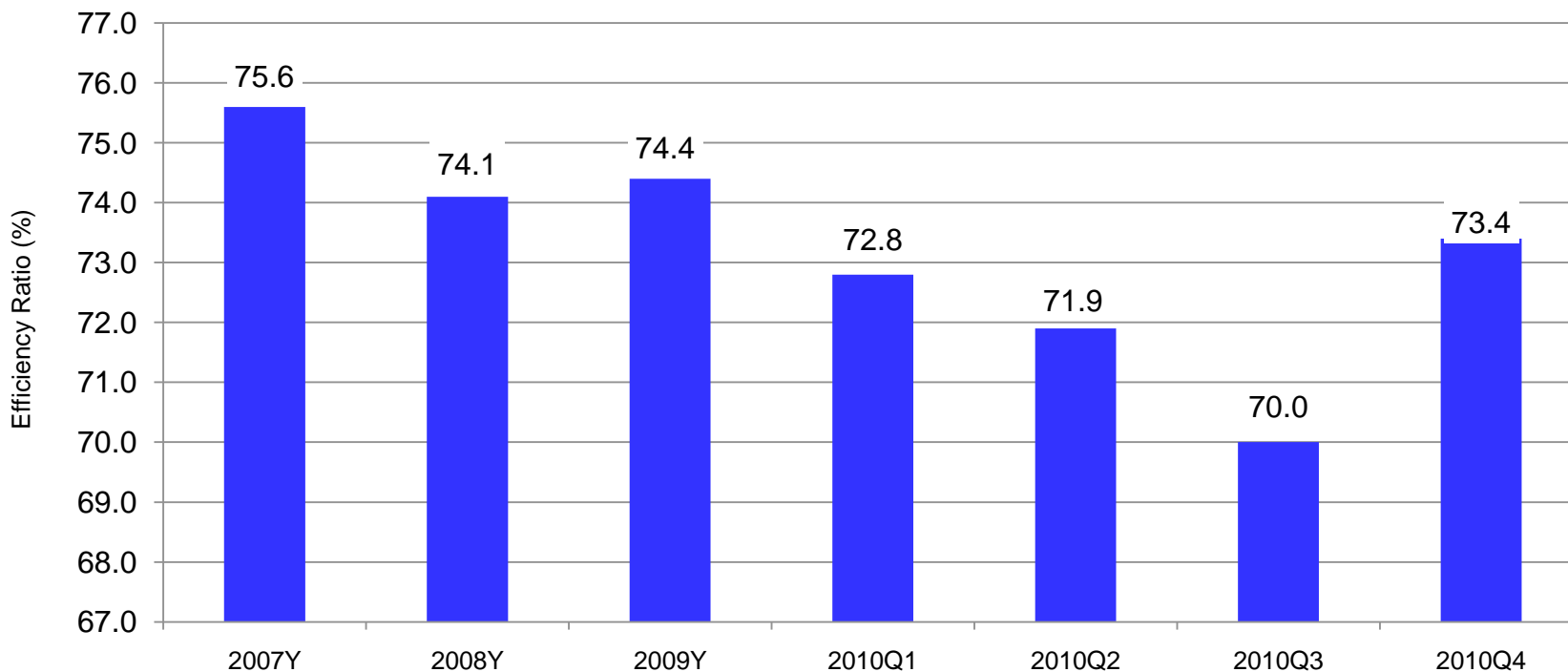
*Median of banks in the region
Source: SNL Financial



The average efficiency ratio in Maine declined 100 basis points year-over-year

Efficiency Ratio

Efficiency Ratio* Maine Financial Institutions** 2007Y – 2010Q4



*Defined as: Total noninterest expense, less amortization of intangible assets, divided by net interest income on a fully taxable equivalent basis and noninterest income. For savings institutions = operating expense as a percent of operating revenue.

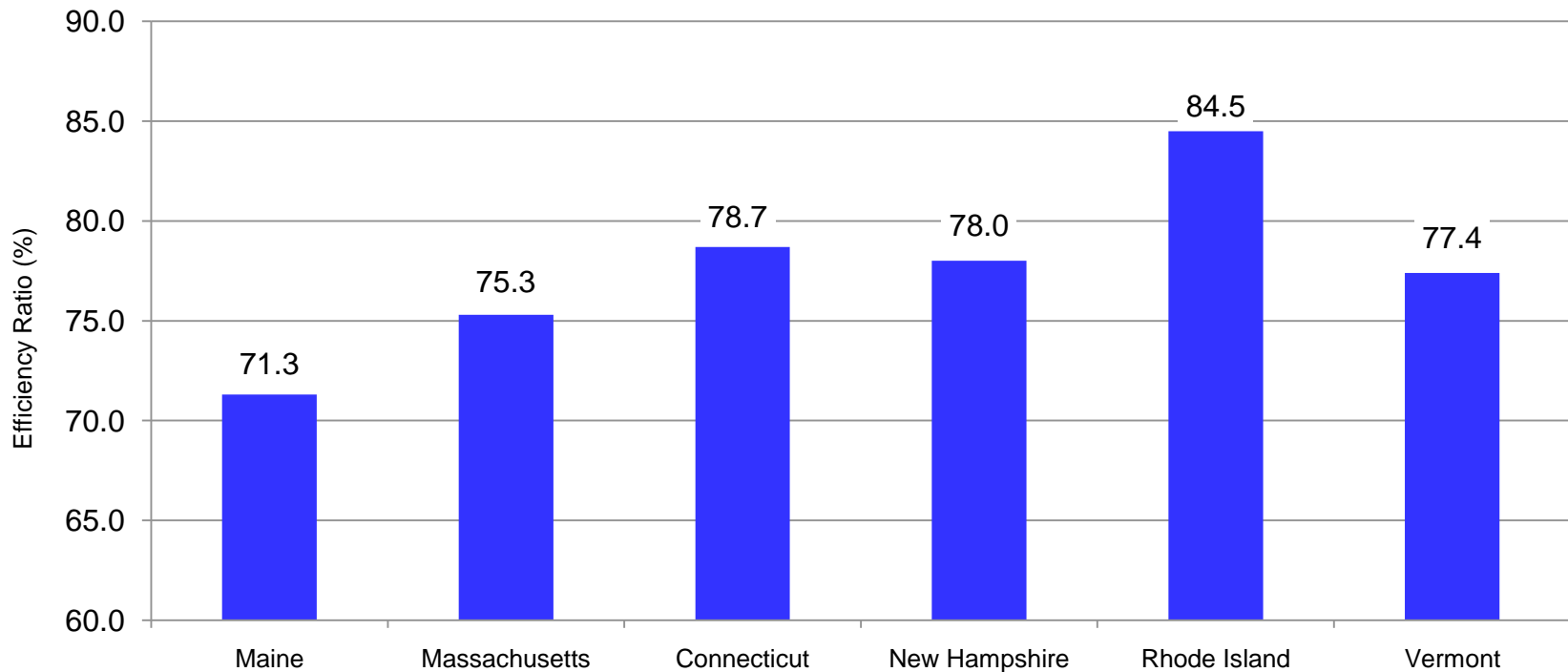
**Average of all commercial banks, savings banks and savings institutions headquartered in Maine; excludes TD Bank USA

Source: SNL Financial

Efficiency ratios improved in 2010 in all New England states except in Rhode Island

Efficiency Ratio

Efficiency Ratio*
New England Region**
2010Y

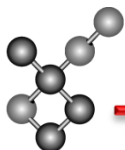


Ratio as of 2009Y	Maine	Massachusetts	Connecticut	New Hampshire	Rhode Island	Vermont
	74.2	79.8	80.7	82.3	83.7	79.6

*Defined as: Total noninterest expense, less amortization of intangible assets, divided by net interest income on a fully taxable equivalent basis and noninterest income. For savings institutions = operating expense as a percent of operating revenue.

**Excludes institutions with greater than \$20 billion in assets; reflects top-tier consolidated results – median of commercial banks, savings banks and savings institutions

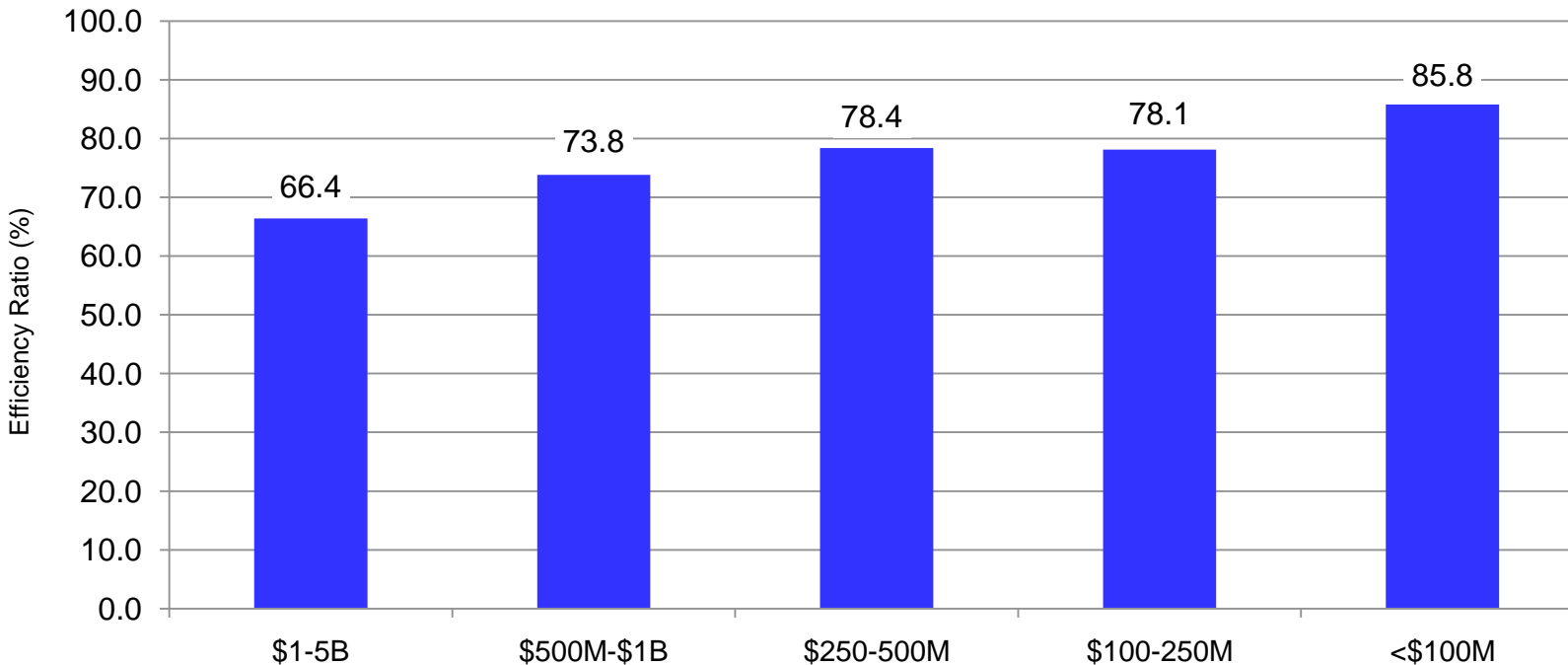
Source: SNL Financial



Efficiency ratios also improved across all asset categories

Efficiency Ratio

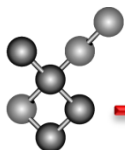
Efficiency Ratio New England Region – By Asset Size* 2010Y



Efficiency Ratio 2009Y	69.5%	76.3%	79.6%	84.3%	86.8%
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*Excludes institutions with greater than \$20 billion in assets; reflects top-tier consolidated results – median of commercial banks, savings banks and savings institutions; excludes TD Bank USA

Source: SNL Financial



The most efficient banks in the state have efficiency ratios in the mid to upper 40 percent range

Top Performing Institutions – 2010Y

Efficiency Ratio* – 2010Y Top Performers by Asset Size

Asset Range	Institution	2010Y Efficiency Ratio	Assets – 2010Q4 - \$M
\$1 – 5B	First, N.A.	48.7%	1,361
\$500M - \$1B	Machias Savings Bank	44.5%	976
\$250M – 500M	Mechanics Savings Bank	64.5%	304
\$100M – 250M	Damariscotta Bank & Trust	72.9%	164
<\$100M	Aroostook County Federal S&L	67.3%	98

*Defined as: Total noninterest expense, less amortization of intangible assets, divided by net interest income on a fully taxable equivalent basis and noninterest income. For savings institutions = operating expense as a percent of operating revenue.

Source: SNL Financial

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