

Banknorth Group, Inc.

Investor Relations
barsenault@banknorth.com
www.banknorth.com

NYSE: BNK



Banknorth

Develop a Niche and Live By It

- “A Community Bank”
- “Too Big to Be Small, Too Small To Be Big”



Concentrate on a Few Important Measurements and Always Follow Up

- Dashboard Report
 - Financials
 - New Accounts
 - Closed Accounts
- Service Report



Create A Flexible Model for EPS Growth

- 10% EPS Growth Model
- 6% Internal



Have a Fortress Balance Sheet for Tough Times

- Strong Asset Quality
- New Deposit and Loan Customers
- “Aggressive Follower” in Everything We Do
- Commercial Bank Balance Sheet



Create Customer Interest

- Convenience Banking - Long Hours
- Marketing Programs and Giveaways
- Sports Advertising



Create Employee Interest

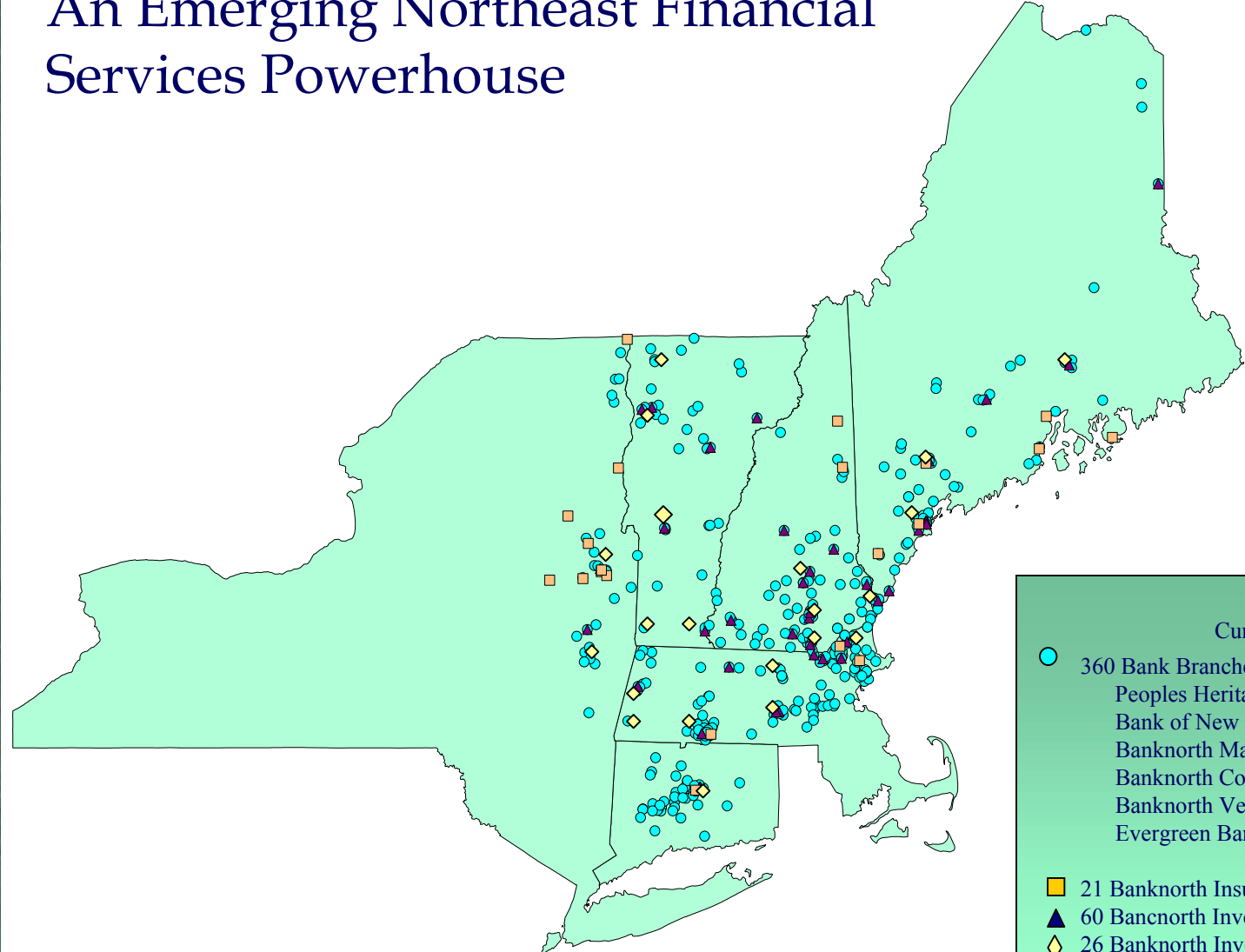
- Communication
- Incentives



Banknorth

An Emerging Northeast Financial Services Powerhouse

Banknorth Group, Inc.



Current Locations

- 360 Bank Branches
Peoples Heritage Bank
Bank of New Hampshire
Banknorth Massachusetts
Banknorth Connecticut
Banknorth Vermont
Evergreen Bank
- 21 Banknorth Insurance Offices
- ▲ 60 Bancnorth Investment Planning Offices
- ◆ 26 Banknorth Investment Management Offices



Highlights - First Six Months of 2003

- Solid 8% EPS growth (7% excluding merger & consolidation charges) despite significant margin compression
- Successful integration of American and Warren
- Deleverage transaction completed, adding 11 bps to margin
- Repurchased 4.4 million shares at an average price below \$24
- Improved asset quality to previously unseen levels
- Excellent organic commercial and consumer loan growth



Outlook for the Remainder of 2003

- Comfortable with analyst estimates
- Margin appears to have stabilized
- Loan and deposit growth, fee income remain strong
- Negligible growth in expenses
- Asset quality remains strong
- Increased Dividend to 35% payout ratio

Commercial Bank Transformation

Despite the purchase of thrifts and small banks, Banknorth has emerged as a bona-fide commercial bank.

	12/31/01		<u>6/30/03</u>
	<u>As Reported</u>	<u>Pro-forma with Acquisitions (1)</u>	
Securities as a percent of assets	27.31%	27.11%	26.57%
Commercial loans to total loans	51.57%	47.07%	53.20%
Residential mortgages to total loans	20.66%	25.59%	18.13%
Mortgage-related assets to total assets	35.11%	36.46%	28.36%
DDA's to total deposits	18.31%	16.70%	18.88%
Deposits per branch	\$46,172	\$47,425	\$49,565*

(1) Pro-forma includes Ipswich, Southington, Warren and American Financial

* Up from \$32 Million 5 years ago



Balanced Loan Portfolio

6/30/03

CRE	33%
Consumer	29%
C&I	21%
Residential	18%



A Substantial Financial Services Company

- Fee Income Nearly Doubled in Past 5 Years; from \$134 Million in '97 to \$267 Million in '02*
- Largest Insurance Agency in New England, One of Nation's Top 40, \$450 Million in Premiums this Year
- \$8.1 Billion Under Management
 - Banknorth Large Cap Core Fund Rated Morningstar "Five Stars"
- Three Quarters of a Million Debit Cards and Extensive Merchant
- Network Produce Strong Electronic Banking Income
 - \$20.3 Million 1st 6 Mos., 2003 vs. \$17.4 Million 1st 6 Mos., 2002

*Excludes Securities Gains (losses)



Poised for Growth

- Banknorth is no longer geographically challenged. 79% of our deposits are contained within 100 miles of Boston or 60 miles of Hartford or Albany.
- The most fertile time for post-acquisition revenue growth is in years two through five. Six MA and CT acquisitions in place less than 2 years.
- Massachusetts and Connecticut commercial growth rates are significantly higher than the rest of the franchise.
- Commercial competitive environment is ideal for our “local decision making” approach.



Managing Capital for Current & Future Profits - Not For Size

- Asset/Liability Management
 - \$700 million Debt Restructuring in 1st Quarter; Interest Rate swap on \$200 million Subordinated Debt
 - Deleverage \$900 million in 2nd Quarter
 - \$150 million Senior Debt Issuance in 2nd Quarter, swapped to floating rate
 - \$88.1 million (3.7 million shares) in 2nd Quarter Share Repurchases (\$103.7 million, 4.4 million shares for 2003)
 - \$80 million Securities Restructuring
 - \$125 million Debt Restructuring
 - All completed with net gain to income statement, positive impact to EPS and net interest margin



Focused Financial Performance

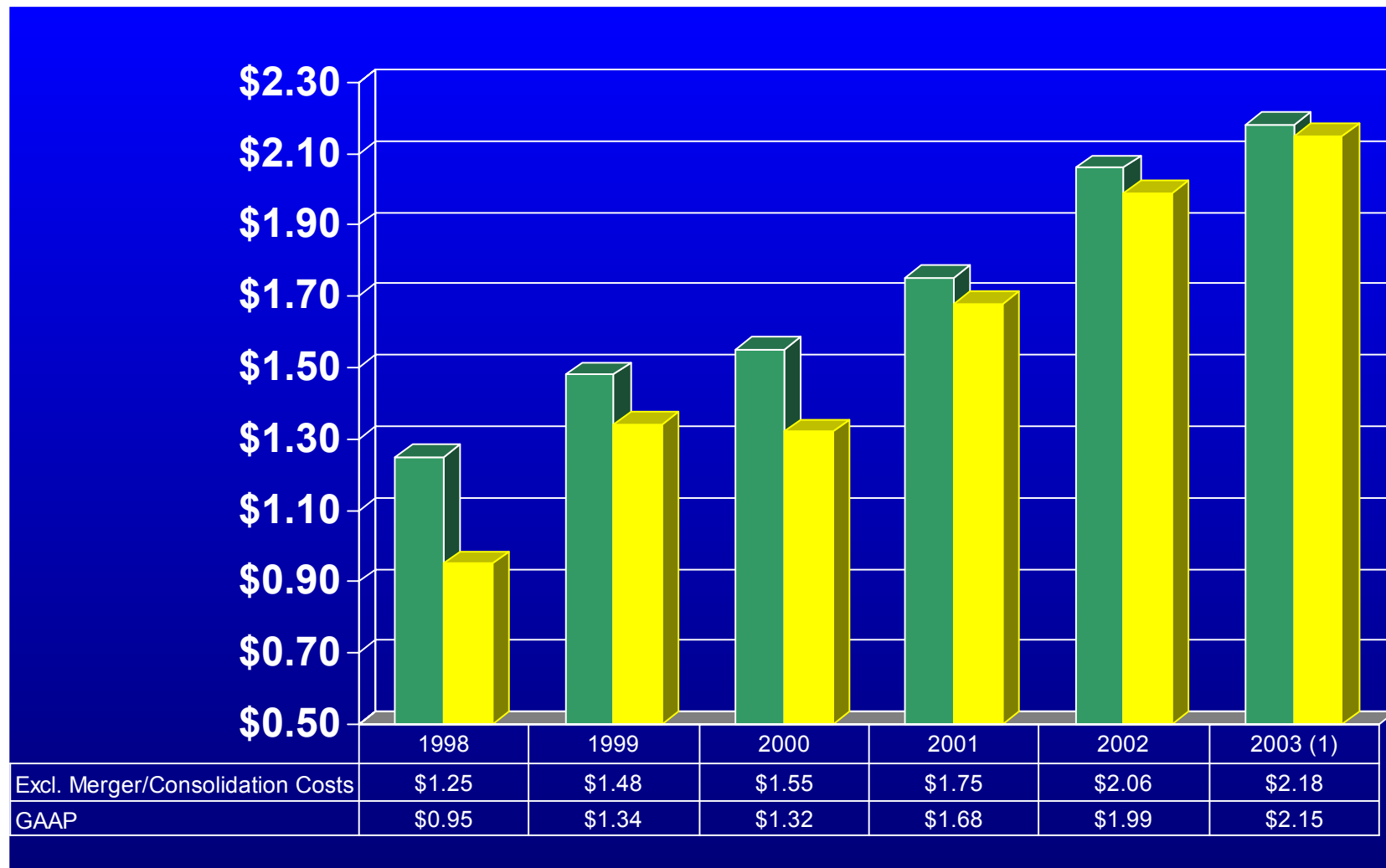
1st Six Months 2003

(Dollars in Millions, Except EPS and Loans)

	2003	2002	
Net Income	\$168.9	\$144.6	Up 17%
Diluted EPS	\$ 1.04	0.96	Up 8%
Net Interest Income	\$417.7	\$396.0	Up 5%
Noninterest Income ¹	\$157.9	\$124.2	Up 27%
Loans & Leases	\$15.7Billion	\$13.1Billion	Up 20%

(1) Excludes Securities Gains

EPS Growth (per diluted share)

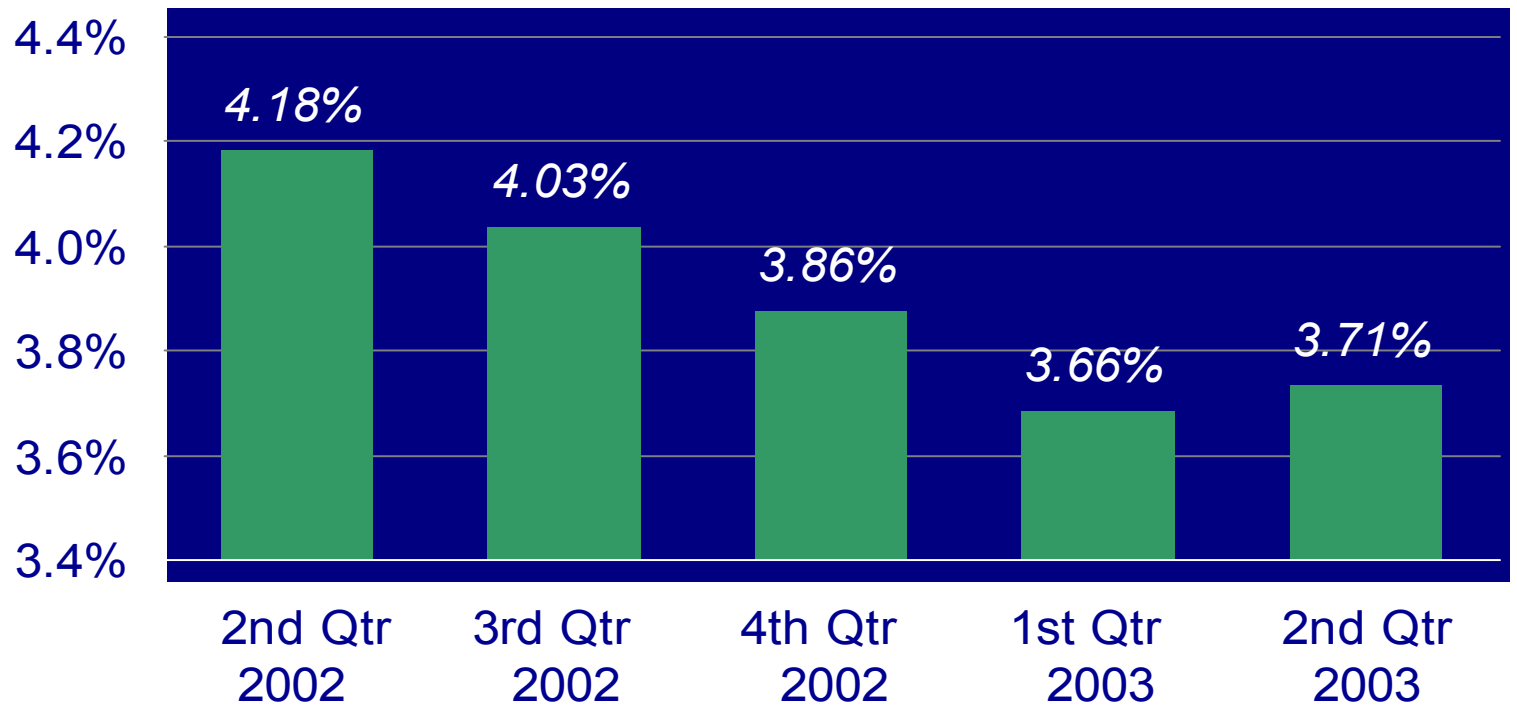


(1) First Call Consensus estimate for 2003 is \$2.18, estimated Merger and Consolidation Costs are \$0.03 per share.

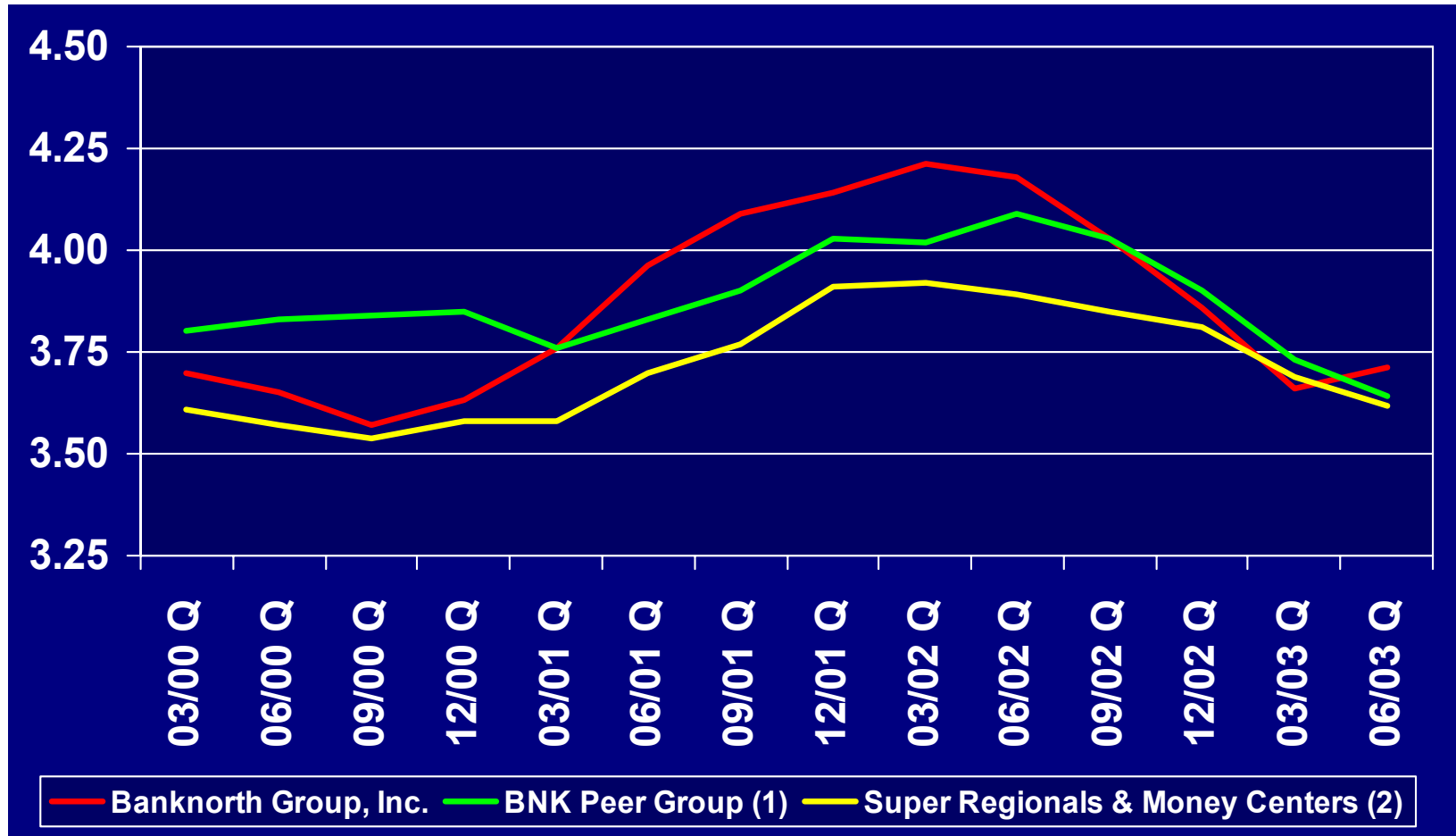


Net Interest Margin

Banknorth Group, Inc.



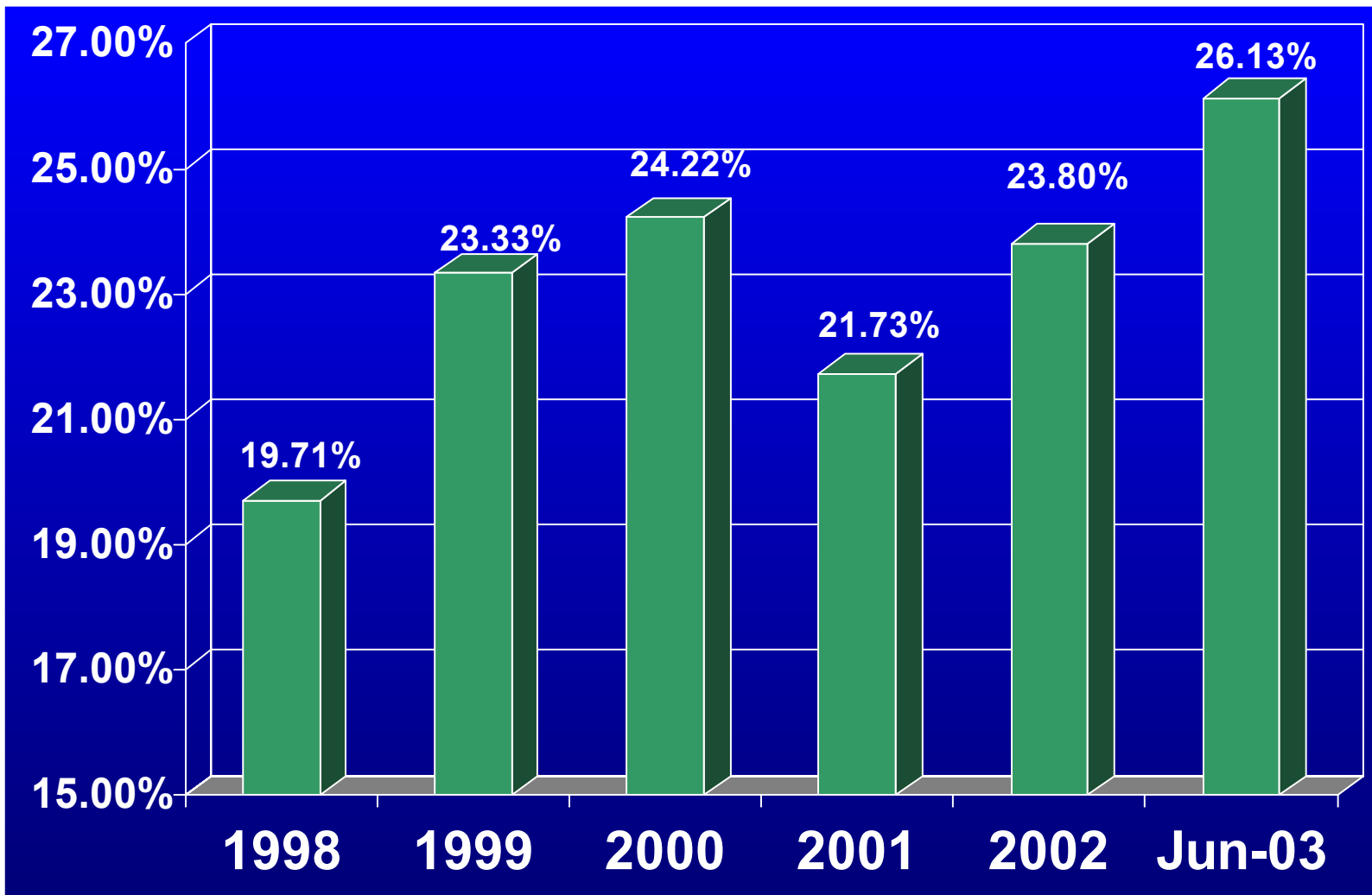
Net Interest Margin Comparison



(1) Includes: Regions, Amsouth, Charter One, Sovereign, Union Planters, Huntington, Zions, Compass, National Commerce, Northfork, Hibernia, Provident, Commerce Bancorp, Colonial BankGroup, Webster, Peoples (CT).

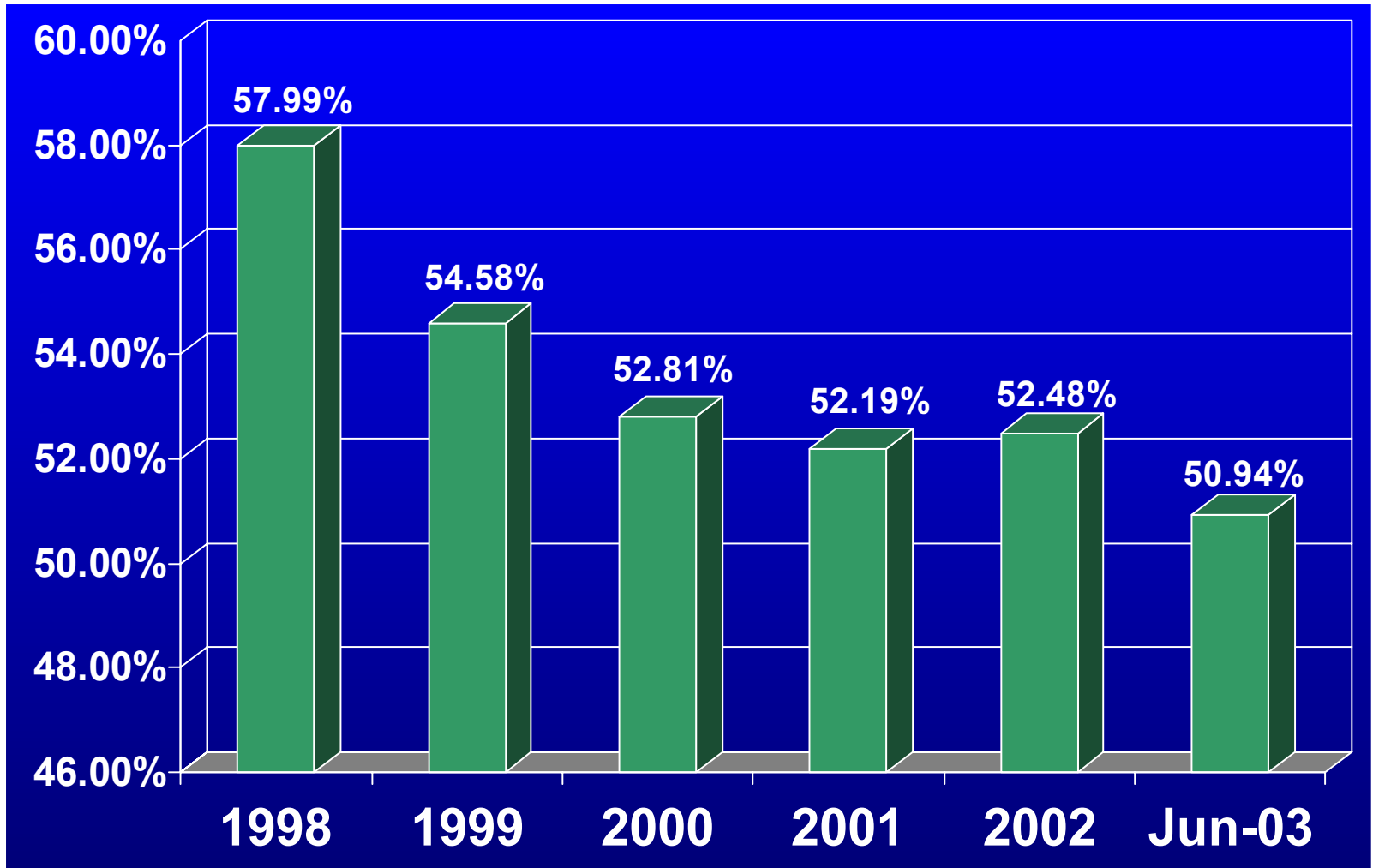
(2) Includes: Bank of America, Bank of New York, Bank One, BB&T, Citigroup, Comerica, Fifth Third, Fleet, Golden West, JPMorgan Chase, KeyCorp, National City, PNC, South Trust, Sun Trust, US Bancorp, Wachovia, Washington Mutual, Wells Fargo

Cash ROE *



* Excludes amortization of intangibles and merger/consolidation costs

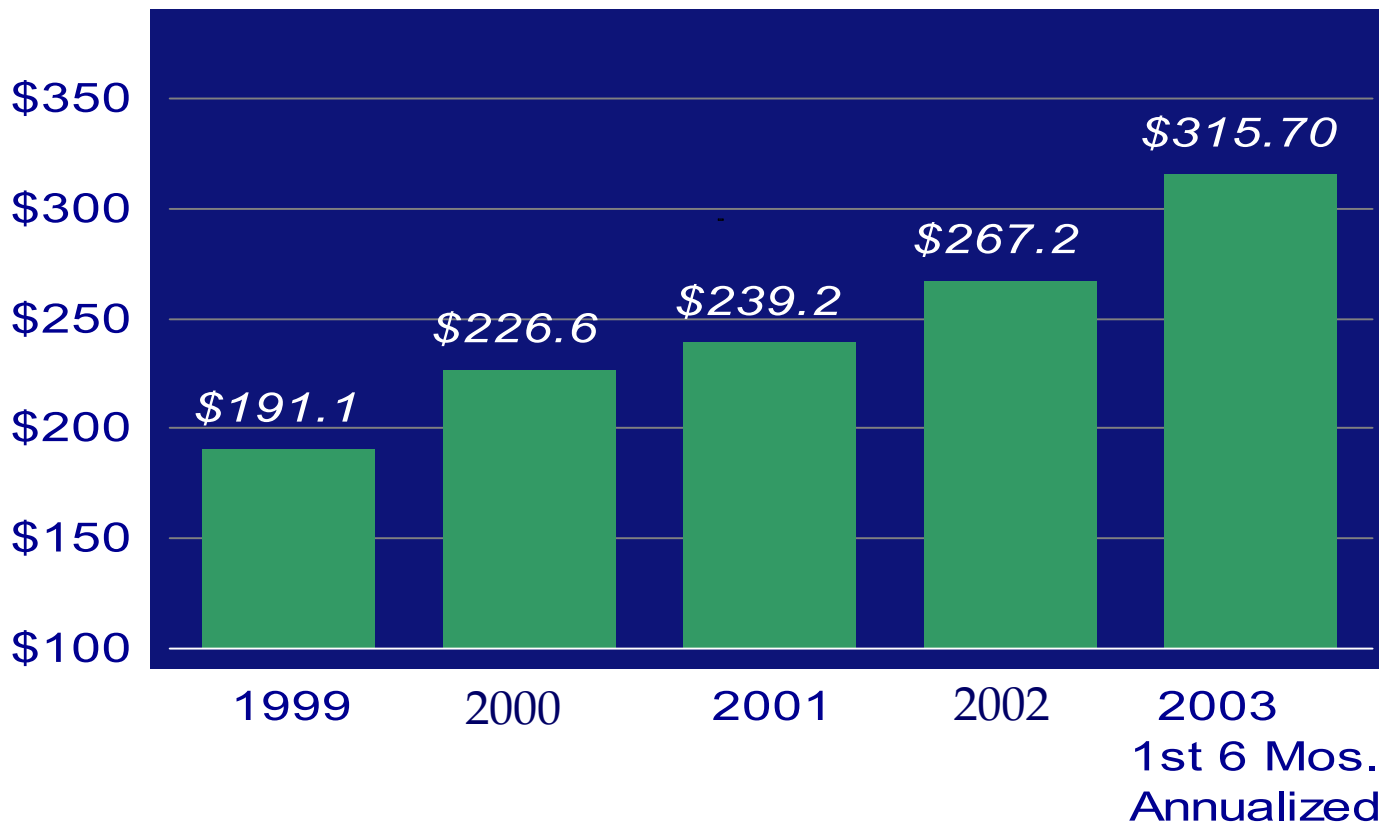
Cash Efficiency Ratio *



* Excludes securities gains/losses and amortization of intangibles and merger/consolidation costs

Fee Income (Total Noninterest Income)*

Dollars in Millions





Asset Quality

Compared to the Country's 50 Largest Banks*

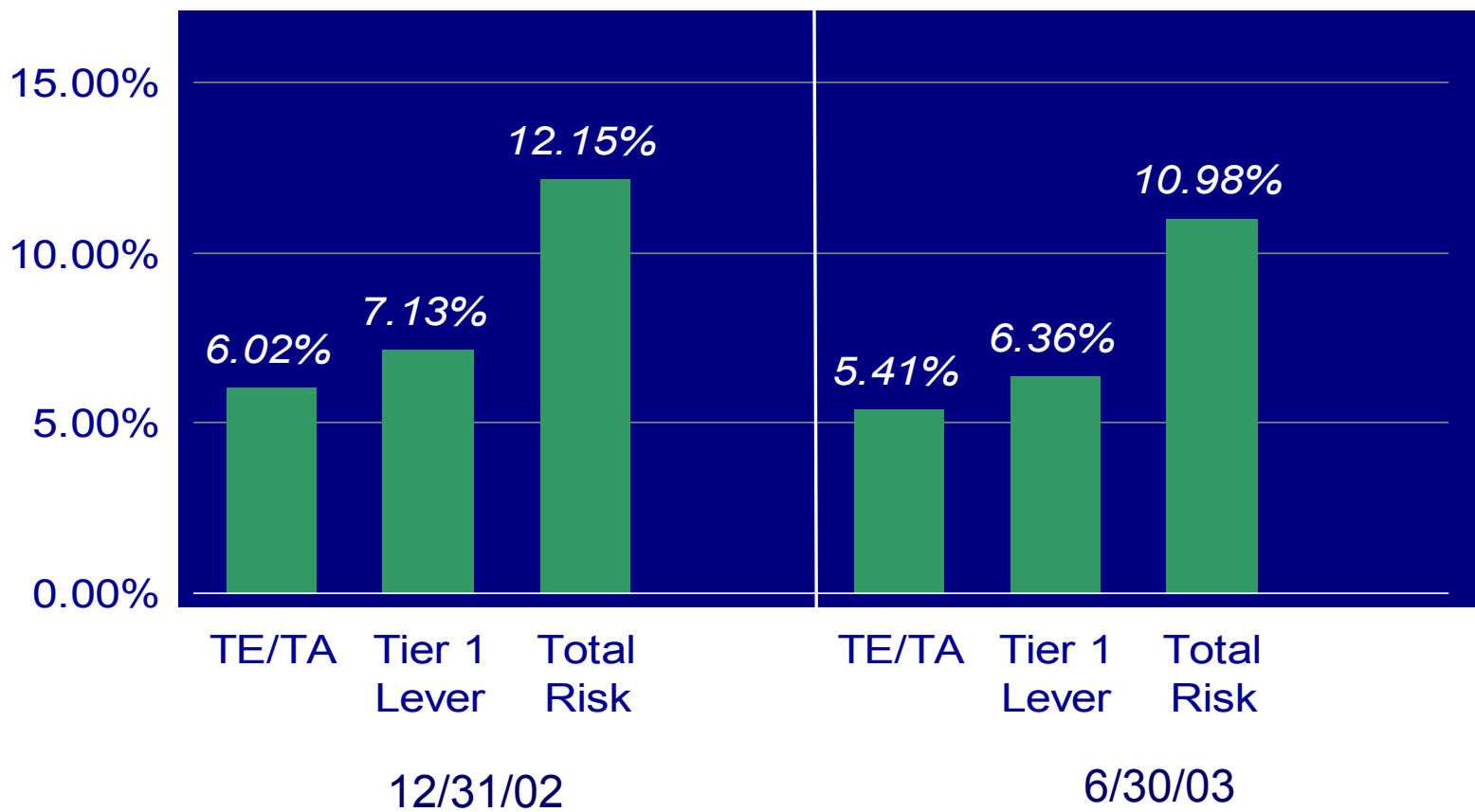
	6/30/03	Rank
NPA's/Loans & Oreo	0.41%	5th
Net Charge Offs	0.25%	12th
Reserves/NPL's	374%	4th

Source: *KBW "Large Cap Brief Book" 2nd Quarter, 2003



Capital Ratios

Banknorth Group, Inc.





Growth and Value

Strong Organic Growth

C&I	11%
CRE	10%
Consumer	9%
DDAs	15%

Strong Asset Quality

NPLs/Total Loans 0.39% vs. 0.51%, year ago
NPAs/Total Assets 0.25% vs. 0.34%, year ago

Strong New Geography

Over 50% of Loans Now in Higher Growth MA & CT
Revenue Enhancements Accelerating

Reconciliation Table – Non GAAP Financial Information (unaudited)

(In thousands, except per share data)

	<u>June-03</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>
Net income (including merger and consolidation costs)	\$168,918	\$298,638	\$238,795	\$191,734	\$196,958	\$141,744
Add back merger and consolidation costs, net of tax						
Merger related	4,323	7,487	2,464	26,301	16,029	45,202
Charter consolidation	-	2,340	633	-	-	-
Discontinuation of correspondent mortgage business	-	-	-	-	4,787	-
Merchant processing contract termination	-	-	-	2,152	-	-
Auto lease residuals	(400)	-	580	2,577	-	-
Other	(28)	(260)	1,268	1,590	-	-
Extraordinary item, early extinguishment of debt, net of tax			3,897			
Cumulative effect of change in accounting principle, net of tax	-	-	290	-	-	-
Excluding merger and consolidation costs, extraordinary item, and cumulative effect of change in accounting principle.	<u>\$172,813</u>	<u>\$308,205</u>	<u>\$247,927</u>	<u>\$224,354</u>	<u>\$217,774</u>	<u>\$186,946</u>
Diluted earnings per share	\$1.04	\$1.99	\$1.68	\$1.32	\$1.34	\$0.95
Effects of merger and consolidation costs, extraordinary items, and cumulative effect of change in accounting principle net of tax	0.03	0.07	0.07	0.23	0.14	0.30
Excluding merger and consolidation costs, extraordinary items, and cumulative effect of change in accounting principle net of tax	<u>\$1.07</u>	<u>\$2.06</u>	<u>\$1.75</u>	<u>\$1.55</u>	<u>\$1.48</u>	<u>\$1.25</u>
Return on average equity	14.25%	16.25%	16.48%	15.69%	16.42%	11.96%
Effects of merger and consolidation costs, extraordinary items, and cumulative effect of change in accounting principle net of tax	0.33%	0.52%	0.63%	3.51%	1.74%	3.82%
Excluding merger and consolidation costs, extraordinary items, and cumulative effect of change in accounting principle net of tax	14.58%	16.77%	17.11%	19.20%	18.16%	15.78%
Effects of amortization of intangibles, net of tax	11.55%	7.03%	4.62%	5.02%	5.17%	3.93%
Cash basis , excluding merger and consolidation costs, extraordinary items, and cumulative effect of change in accounting principle net of tax	<u>26.13%</u>	<u>23.80%</u>	<u>21.73%</u>	<u>24.22%</u>	<u>23.33%</u>	<u>19.71%</u>
Efficiency ratio	54.59%	54.10%	55.34%	61.67%	60.57%	68.01%
Effects of securities gains and prepayment penalties on borrowings	-1.87%	-0.37%	-0.08%	1.15%	-0.05%	-0.59%
Effects of merger and consolidation costs	-1.04%	-0.64%	-0.67%	-7.48%	-3.38%	-7.09%
Excluding securities gains, prepayment penalties on borrowings, and merger and consolidation costs	51.68%	53.09%	54.59%	55.34%	57.14%	60.33%
Effects of amortization of intangibles	-0.74%	-0.61%	-2.40%	-2.53%	-2.56%	-2.34%
Cash basis , excluding securities gains, prepayment penalties on borrowings, and merger and consolidation costs	<u>50.94%</u>	<u>52.48%</u>	<u>52.19%</u>	<u>52.81%</u>	<u>54.58%</u>	<u>57.99%</u>



Note on Forward-Looking Information

This presentation contains certain forward-looking statements with respect to the financial condition, results of operations and business of Banknorth. Forward-looking statements are subject to various factors which could cause actual results to differ materially from these estimates. These factors include, but are not limited to, changes in general economic conditions, interest rates, deposit flows, loan demand, competition, legislation or regulation and accounting principles, policies or guidelines, as well as other economic, competitive, governmental, regulatory and accounting and technological factors affecting Banknorth's operations. In addition, acquisitions may result in large one-time charges to income, may not produce revenue enhancements or cost savings at levels or within time frames originally anticipated and may result in unforeseen integration difficulties. Investors are encouraged to access Banknorth's periodic reports filed with the Securities and Exchange Commission for financial and business information regarding Banknorth.



Note on non-GAAP Measures

This presentation contains financial information determined by methods other than in accordance with accounting principles generally accepted in the United States of America (“GAAP”). The Company’s management uses these non-GAAP measures in its analysis of the Company’s performance. These measures typically adjust GAAP performance measures to exclude the effects of charges and expenses related to the consummation of mergers and acquisitions and costs related to the integration of merged entities, as well as the amortization of intangible assets in the case of “cash basis” performance measures. These non-GAAP measures also may exclude other significant gains or losses that are unusual in nature. Because these items and their impact on the Company’s performance are difficult to predict, management believes that presentations of financial measures excluding the impact of these items provide useful supplemental information that is essential to a proper understanding of the operating results of the Company’s core businesses. These disclosures should not be viewed as a substitute for operating results determined in accordance with GAAP, nor are they necessarily comparable to non-GAAP performance measures which may be presented by other companies.