

 **Camden National Corporation**

**Welcome to the
2013 Annual Shareholder's Meeting**

Karen W. Stanley
Chairman of the Board



Official Meeting Notice

Sue Westfall
Recording Secretary



Agenda

- **Business Meeting**
 - Introductions
 - Reading of the Minutes
 - Shareholder Voting
- **Presentations**
 - Chairman's Remarks – Karen Stanley
 - Financial Results – Deborah Jordan
 - Strategic Update – Greg Dufour
- **Questions and Answers**



Camden National Bank

Board of Directors

- Karen Stanley, Chair
- Gregory Dufour, President/CEO
- Ann Bresnahan
- William Dubord
- David Flanagan
- John Holmes
- James Markos, Jr.
- Robert Merrill
- Francis O'Hara, Jr.
- John Rohman
- Rosemary Weymouth



Camden National Corporation

Board of Directors

- Karen Stanley, Chair
- Gregory Dufour, President/CEO
- Ann Bresnahan
- Robert Campbell
- David Flanagan
- Craig Gunderson
- John Holmes
- James Page, Ph.D.
- John Rohman
- Robin Sawyer, CPA



Acadia Trust

Board of Directors

- Gregory Dufour, Chair
- Ann Bresnahan
- Robert Campbell
- Rendle Jones
- Stephen Tall, President/CEO



Camden National Corporation

Senior Management Team

Gregory Dufour, President and CEO

Joanne Campbell, EVP - Risk Management Officer

Carolyn Crosby, SVP - Human Resources & Development

Peter Greene, EVP - Operations & Technology

Deborah Jordan, CPA, EVP - Chief Financial Officer

Robert McKay, SVP - Camden Financial Consultants

Timothy Nightingale, EVP - Senior Lending Officer

June Parent, EVP - Senior Retail Banking Officer

Stephen Tall, Acadia Trust President and CEO



Meeting Minutes

Susan M. Westfall

Recording Secretary



Proposals

- **Proposal 1: Election of Directors**
 - David C. Flanagan
 - James H. Page, Ph.D.
 - Robin A . Sawyer, CPA
 - Karen W. Stanley
- **Proposal 2: “Say On Pay”**
- **Proposal 3: Ratification of Registered Public Accountant**
 - Berry, Dunn, McNeil and Parker
- **Other Business, Matters, or Proposals**



Camden National Corporation

Judges of Election

Paul Gibbons
Ann Bixler
Orman Goodwin, Jr.

Proxies

Thomas Jackson
Jeffrey Weymouth

Alternates

Parker Laite, Jr.
Arthur Sprowl



Submission of Proxy Votes



Chairman's Remarks

Karen W. Stanley

Chair of the Board



Awards and Accolades



**“Financial Institution
of the Year”
by Finance Authority
of Maine**



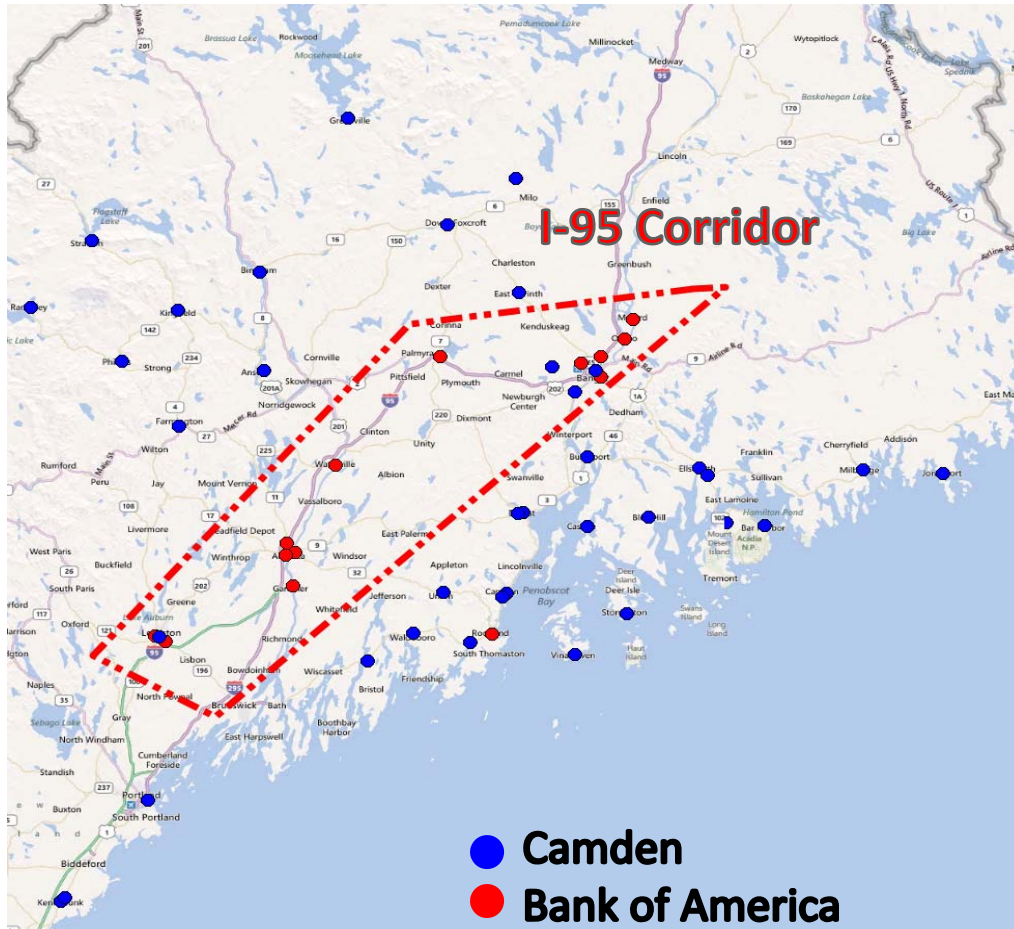
**One of “America’s
Most Trustworthy
Companies”
by Forbes**



**“Best Bank
in Knox & Waldo
Counties”
by Village Soup**



Branch Acquisition



Acquisition Team

- Peter Greene
- Debbie Jordan
- June Parent
- Carolyn Crosby
- Scott Buckheit
- Leslie Eaton
- Tim Pratt
- Jennifer Roper
- Dan Swindler
- Scott Westhrin

Fills in Camden National's footprint and increases the total branch network from 38 to 50 banking locations

Source: SNL Financial



Building Long-Term Value

- **Revenue Growth through building Market Share**
- **Balancing Risk/Reward**
- **Capital Management Strategies**
 - Cash Dividend Increase of 8%
- **Retirements**
 - Director Rendle Jones
 - Senior Vice President Jack Williams



**2012 Financial Highlights,
First Quarter 2013 Financial Results
and Branch Acquisition Update**

Deborah Jordan

Chief Financial Officer



Safe Harbor Statement

The information presented may contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These statements are based upon current beliefs and expectations and are subject to significant risks and uncertainties (some of which are beyond Camden National Corporation's control). Actual results may differ materially from the results discussed in these forward-looking statements. Factors that could cause Camden National Corporation's results to differ materially can be found in the risk factors set forth in Camden National Corporation's Annual Report on Form 10-K for the year ended December 31, 2012, as updated by Camden National Corporation's Quarterly Reports on Form 10-Q and other filings with the SEC.



2012 Financial Highlights

- Growth in loans and deposits
- Net income of \$23.4 million and return on equity of 10.31%
- Improved credit quality
- Maintained strong capital position
- Continued outperformance to peer groups



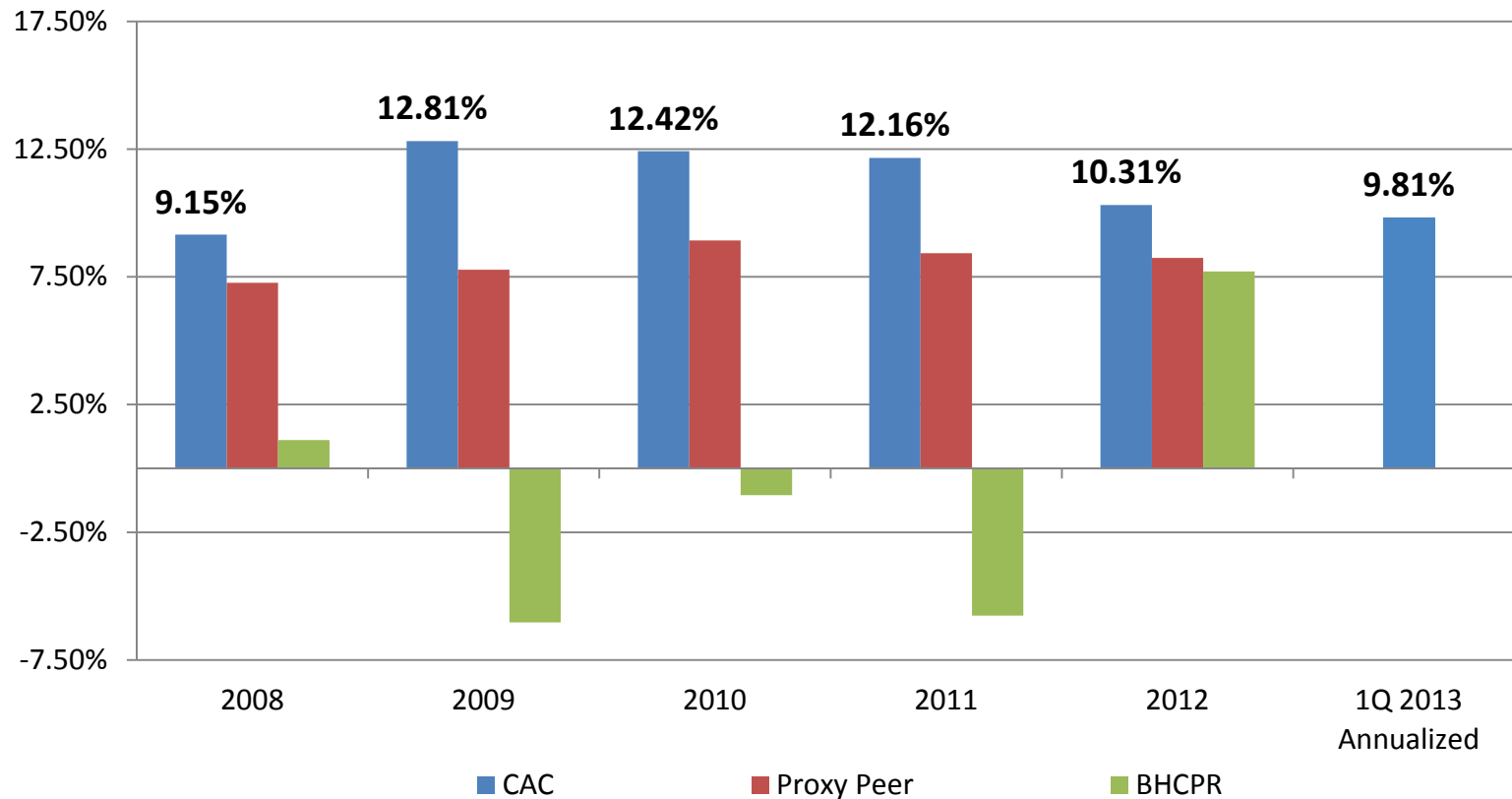
First Quarter 2013 Financial Results

	March 31,		<i>Favor. (Unfav.)</i>	
	2013	2012	<i>\$</i>	<i>%</i>
(in millions, except per share)				
Net Interest Income	\$ 19.2	\$ 18.4	\$ 0.8	4%
Loan Loss Provision	0.7	1.0	0.3	30%
Fee Income	6.3	5.2	1.1	21%
Operating Expenses	16.5	12.9	(3.6)	(28%)
Income Taxes	2.6	3.1	0.5	16%
Net Income	\$ 5.7	\$ 6.6	\$ (0.9)	(14%)
Earnings per Share	\$ 0.74	\$ 0.86	\$ (0.12)	(14%)



First Quarter 2013 Financial Results

Return on Average Equity



Proxy Peer – Average of 21 publicly traded commercial and savings banks in the Northeast

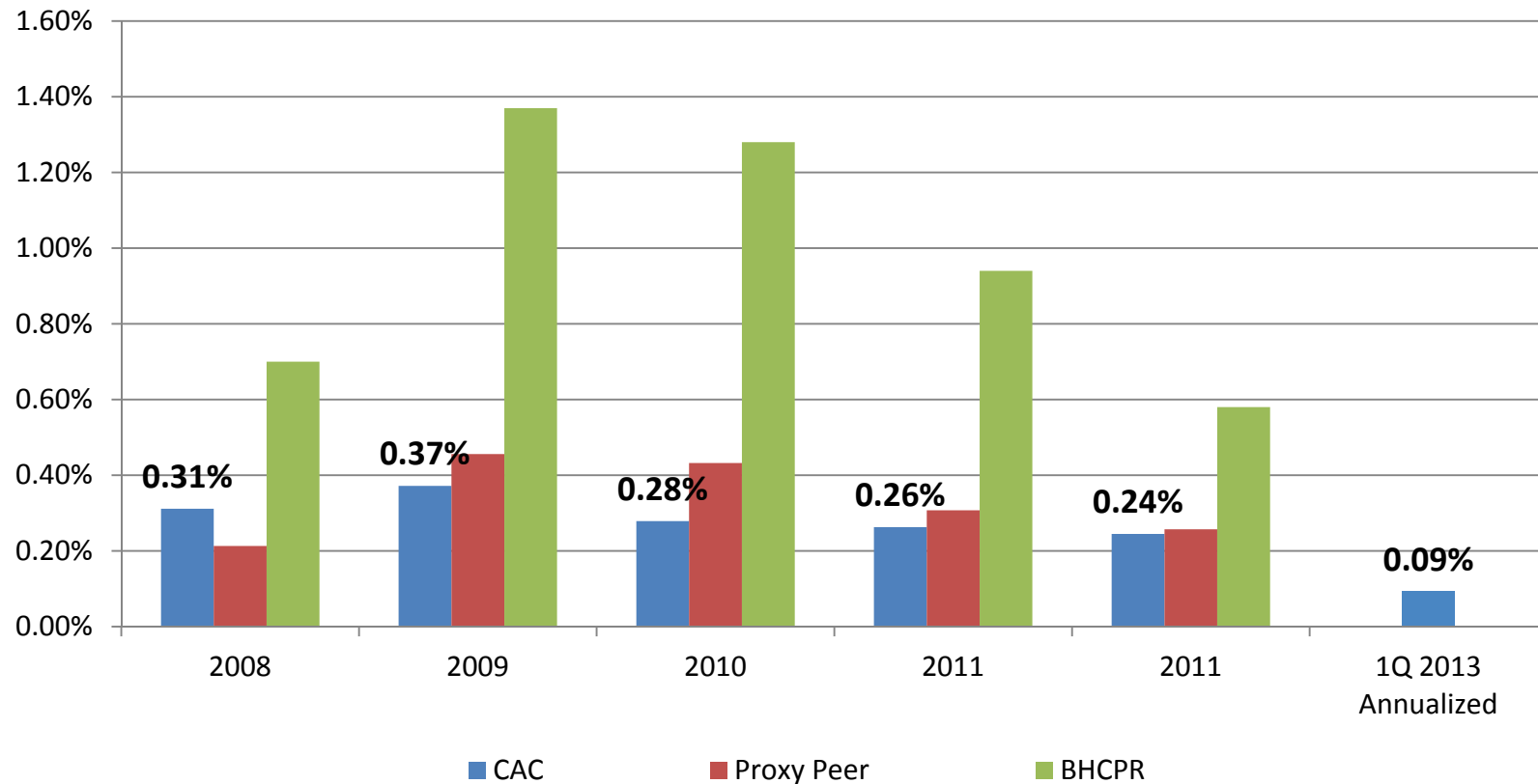
BHCPR Peer – Average of 351 bank holding companies with consolidated assets between \$1 and \$3 billion

Source: SNL Financial



First Quarter 2013 Financial Results

Loan Charge-offs to Average Loans



Proxy Peer – Average of 21 publicly traded commercial and savings banks in the Northeast

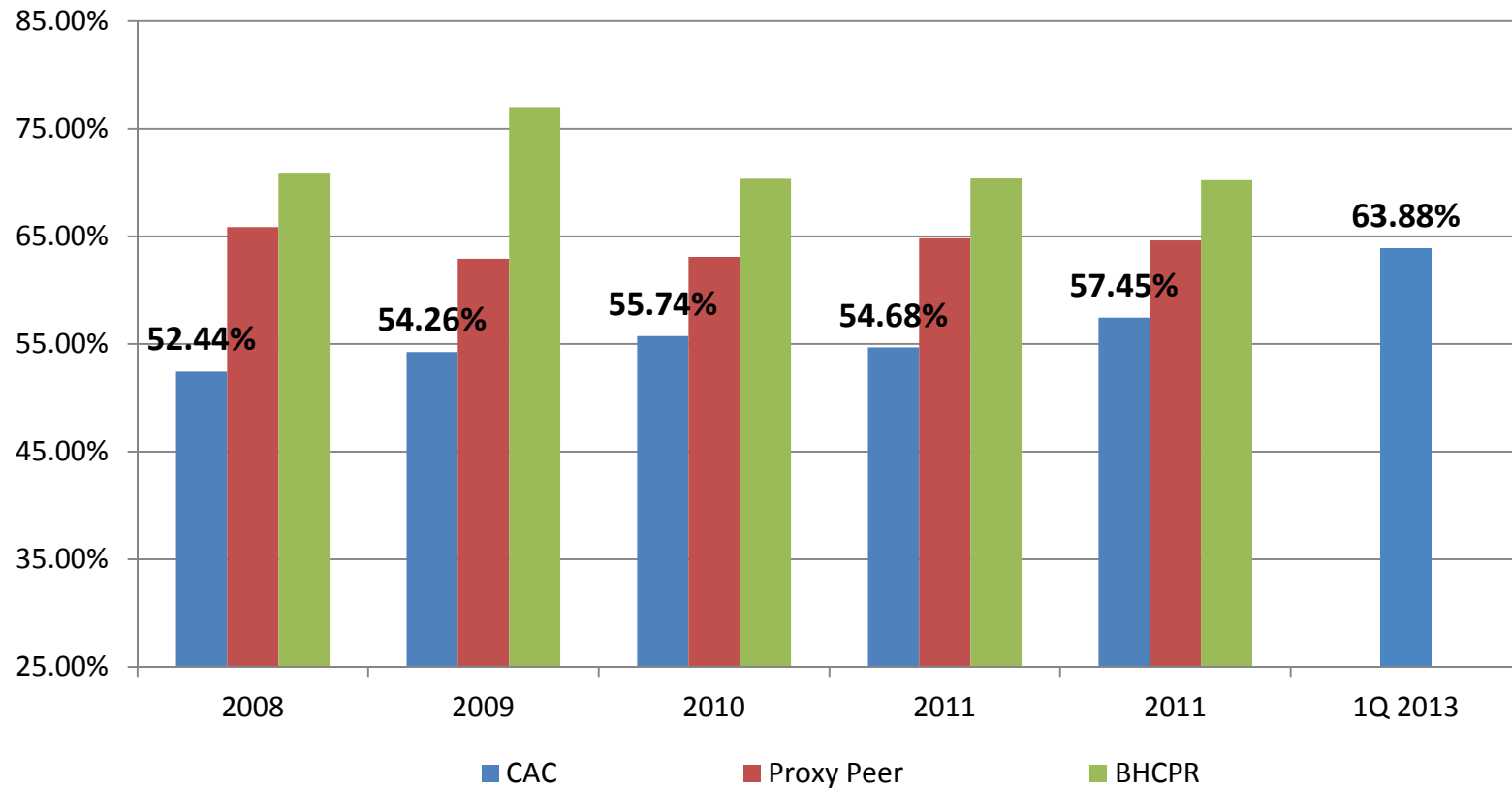
BHCPR Peer – Average of 351 bank holding companies with consolidated assets between \$1 and \$3 billion

Source: SNL Financial



First Quarter 2013 Financial Results

Efficiency Ratio



Proxy Peer – Average of 21 publicly traded commercial and savings banks in the Northeast

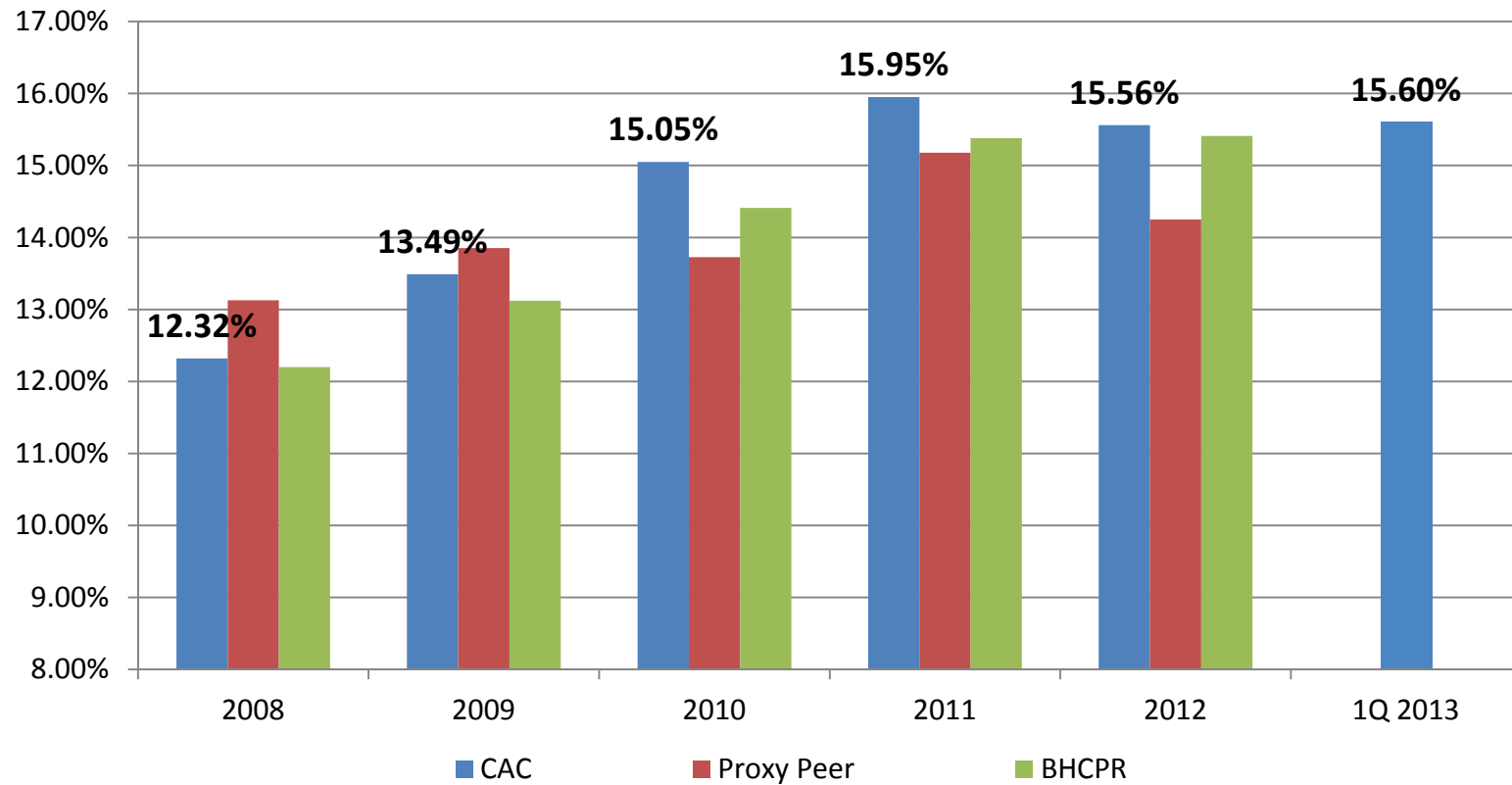
BHCPR Peer – Average of 351 bank holding companies with consolidated assets between \$1 and \$3 billion

Source: SNL Financial



First Quarter 2013 Financial Results

Total Risk Based Capital



Proxy Peer – Average of 21 publicly traded commercial and savings banks in the Northeast

BHCPR Peer – Average of 351 bank holding companies with consolidated assets between \$1 and \$3 billion

Source: SNL Financial



Branch Acquisition Update

Summary

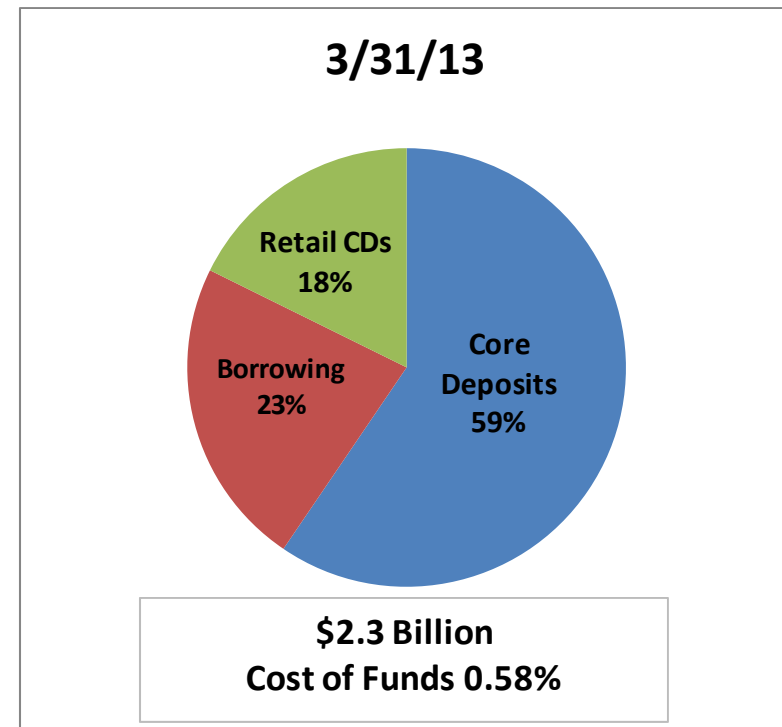
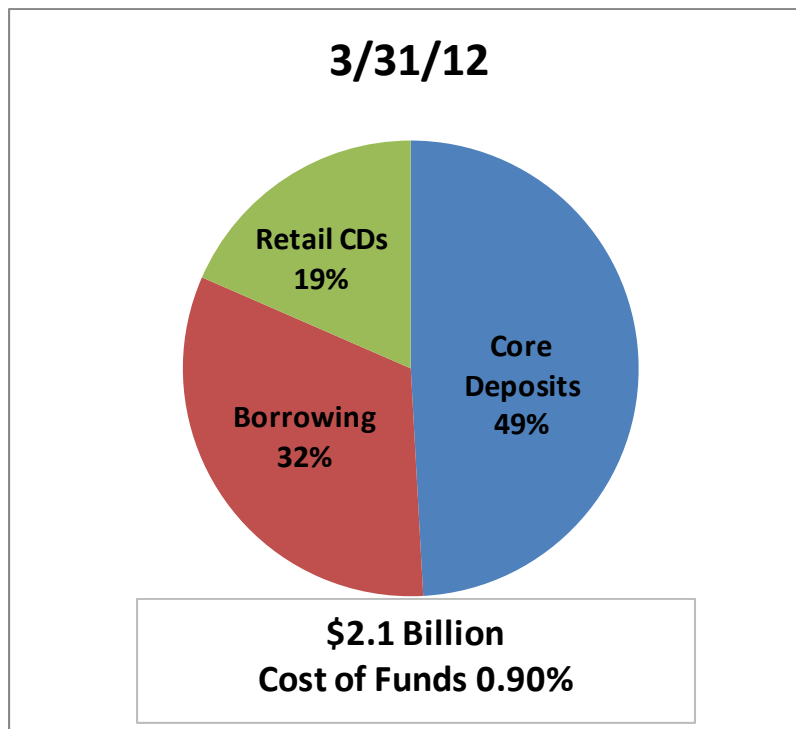
	Actual Results	Original Projections
<i>Conversion date</i>	<i>Oct 29, 2012</i>	<i>Jun–Aug 2012</i>
Branches	14	15
Deposits acquired (millions)	\$287	\$414
Pro-forma market share in State	4 th position	3 rd position
Loans acquired (millions)	\$6	\$14
Purchase Price ^(a) (millions)	\$11	\$21

(a) Purchase Price - Deposit premium of 3.706% plus cost of branch real estate less proceeds from sale of Rockland branch (10.01% deposit premium) and sale of Bangor real estate.



Branch Acquisition Update

Change in Funding Profile



- Growth in Core Deposits of \$359 million or 35%
- Saved over \$6 million in interest expense with lower cost of funds
- Loan to deposit ratio reduced to 81% from 97%



Branch Acquisition Update

Deposit Market Share

	Institution	# of Branches	Deposits in Market (\$000)	Market Share
1	TD Bank	55	3,708,955	16.2%
2	Key Bank	61	2,662,362	11.7%
3	Bangor Savings Bank	58	2,019,820	8.8%
4	Camden National Bank	50	1,899,374	8.3%
5	Bank of America	18	1,425,534	6.2%

- **Penobscot County** – Now 3rd market share from 7th
- **Androscoggin County** – Now 5th market share from 8th
- **Kennebec County** – Now 5th market share from no presence



Branch Acquisition Update

Financial Metrics

EPS Accretion

- Slight EPS accretion in 2013
- Original projection of 11–12%

Tangible Book Value

- Dilution at close of 5% compared to original projection of 9%
- Earn back period still within four years

Cost per Account

- Actual cost per account of \$278
- Original projection of \$270

Change in EPS Accretion due to:

- **Lower Net Interest Income** – 0.40% decline in 10 year treasury rate and securities portfolio lower due to level of acquired deposits
- **Lower Deposit Fees** – 40% reduction in number of acquired checking accounts



CEO Comments

Gregory A. Dufour
*President and
Chief Executive Officer*



**Economic and Industry Overview,
Strategic Update and
Shareholder Return**



Economic Overview

- Minimal economic growth
 - Risk of low/no population growth
 - Risk of low/no consumer and business demand
- Prolonged period of low interest rates
 - Risk of continued “Margin Compression”
 - Risk of “spikes” in interest rates and inflation
- Concerns regarding global events and local impact
 - Risk of sovereign debt defaults
 - Risk of China’s economy



Industry Overview

- Increased regulation
- Increased capital requirements
- Uneven playing field



Industry Overview

Increased Regulation

- Dodd-Frank Act (2010)
 - 3,900 pages of proposed and final rules
 - Creation of the Consumer Financial Protection Bureau (“CFPB”)
 - Escalating cost of compliance

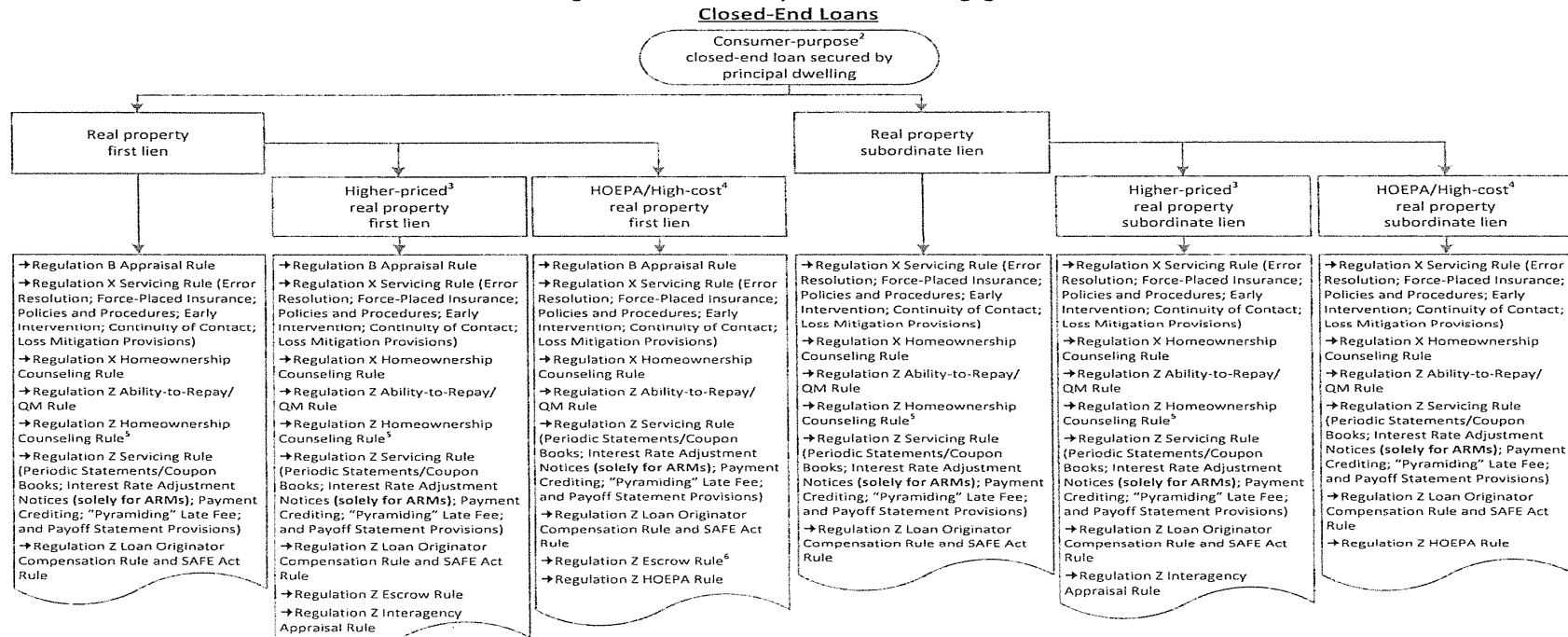


Industry Overview

Increased Regulation – Residential mortgages

March 13, 2013

Coverage of Transactions by New CFPB Mortgage Rules¹



¹ The following CFPB rules (issued in January 2013) are covered in this chart: Regulation B Appraisal Rule (12 C.F.R. § 1002.14); Regulation X List of Homeownership Counseling Organizations Rule (12 C.F.R. § 1024.20); Regulation X Servicing Rule (12 C.F.R. § 1024.30); Regulation Z Loan Originator Compensation Rule (12 C.F.R. § 1026.36); Regulation Z HOEPA Rule (12 C.F.R. § 1026.32); Regulation Z Ability-to-Repay/QM Rule (12 C.F.R. § 1026.43); Regulation Z Escrow Rule (12 C.F.R. § 1026.35); Regulation Z Interagency Appraisal Rules (12 C.F.R. § 1026.35, etc.); Regulation Z Homeownership Counseling Rule (12 C.F.R. § 1026.36(k)); and Regulation Z Servicing Rule (12 C.F.R. § 1026.36). The CFPB made technical and "minor" changes to other mortgage rules in January 2013, such as the mortgage servicing transfer provisions in Regulation X; those rules are not addressed in this chart. Several exemptions to different rules may apply, including exemptions for reverse mortgages, construction/temporary/bridge loans, and timeshare plans. Small creditors and small servicers also are exempt from certain rules or certain provisions of specific rules.

² The Regulation B Appraisal Rule also applies to first-lien business-purpose closed-end loans. The Regulation B Appraisal Rule exempts motor vehicles (such as boats and certain "motor homes").

³ Higher-priced means APR is 2.5 or more percentage points greater than APOR for "jumbo" first-lien loans; APR is 1.5 or more percentage points greater than APOR for non-jumbo first-lien loans. APR is 3.5 or more percentage points greater than APOR for subordinate-lien loans (does not apply to Regulation Z Escrow Rule).

⁴ High-cost is a rate-based, fee-based or prepayment-penalty-based determination.

⁵ The Regulation Z Homeownership Counseling Rule applies to a loan made to a first-time mortgage borrower that may result in negative amortization.

⁶ The Regulation Z Escrow Rule applies to some first-lien HOEPA/high-cost closed-end loans.



Industry Overview

Increased Regulation

- *What this means to us is ...*
 - Some rules are well meaning – others will deny credit to otherwise worthy borrowers
 - CFPB – not accountable to Congress
 - Increased costs impacts service and shareholder value



Industry Overview

Increased Capital Requirements

- Basel III
 - International capital rules for large, multi-national banks
 - Proposed to be applied to community banks
 - Difficult and expensive to measure, track and comply
- Alternative minimal capital requirements
 - Simpler to implement
 - Negative impact on capital
- *What this means to us is ...*
 - Less capacity to lend (revenues)
 - Less capacity to support shareholders
 - Additional cost to comply



Industry Overview

The Uneven Playing Field

- Mortgage Companies
- Credit Unions
- *What this means to us is ...*
 - Mortgage companies are not subject to the same compliance as Banks
 - Credit Unions have a 35% price advantage
 - Lack of transparency as compared to banks and publicly traded organizations



Strategic Update
Succeeding in a challenging environment



Strategic Update

5 Strategic Priorities

- Cultivate a comprehensive relationship-based sales and marketing culture
- Enhance the customer and stakeholder experiences through continuous improvement, innovation and organizational effectiveness
- Build information systems to better understand customer behaviors, manage relationships and advance our organization
- Create convenient and seamless ways to serve and interact with our customers
- Foster an environment of leaders and engaged stakeholders



Strategic Update

Selected 2012 Accomplishments

Cultivate a relationship-based sales and marketing culture

- Established three commercial lending niche products - \$3 million of balances
- Phase II of brand campaign
- 2012 Finance Authority of Maine's "Financial Institution of the Year"



Strategic Update

Selected 2012 Accomplishments

Enhance the customer and stakeholder experiences

- Established department level service metrics
- Implemented online mortgage applications and online account opening (2013)
- Reduced Debit Card issuance from 10 days to 2 days



Strategic Update

Selected 2012 Accomplishments

Build management information systems to better understand and manage customer relationships

- Established Sharepoint and associated management information tools
- Transitioned Acadia Trust to “state of the art” SEI investment platform



Strategic Update

Selected 2012 Accomplishments

Create convenient and seamless ways to serve and interact with our customers

- Expanded Customer Assistance Center hours and staff
- Implemented “Smart” ATM technology
- Created Android and iPhone apps



Strategic Update

Selected 2012 Accomplishments

Foster an environment of leaders and engaged Stakeholders

- Average training hours: 47.4 per FTE
- 76% participation in Wellness program
- 21,000 hours of employee volunteering



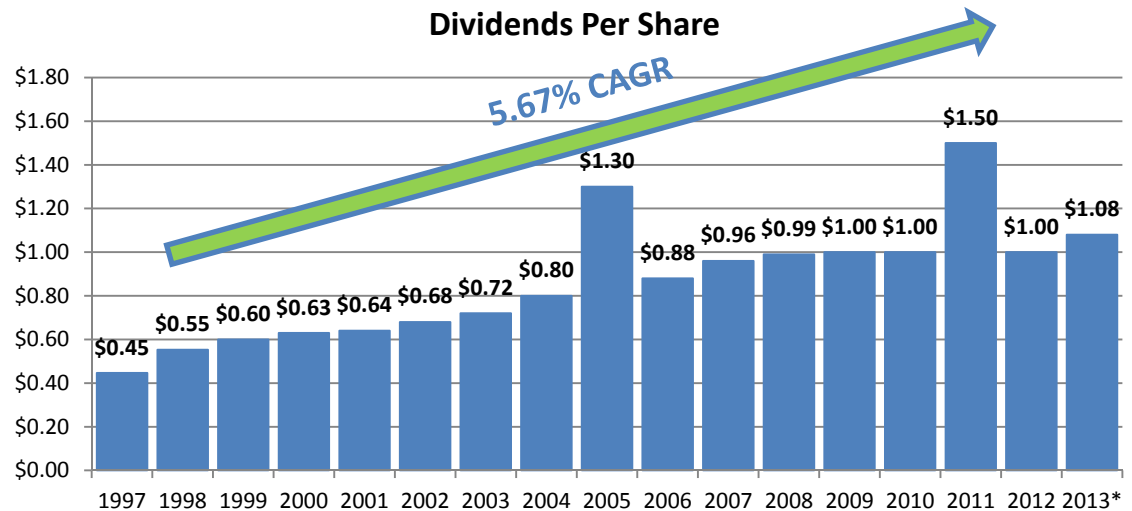
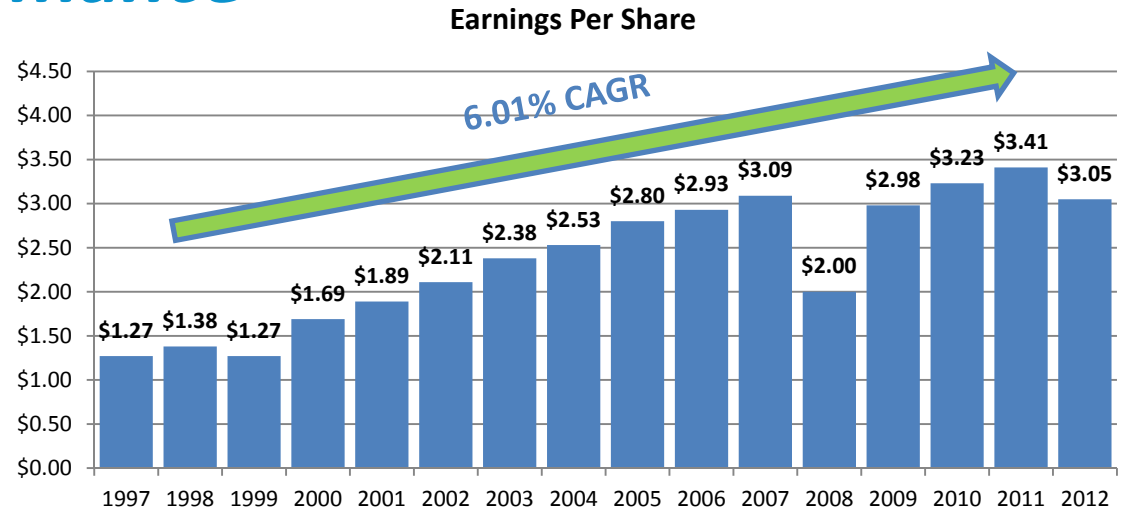
Shareholder Return



Shareholder Return

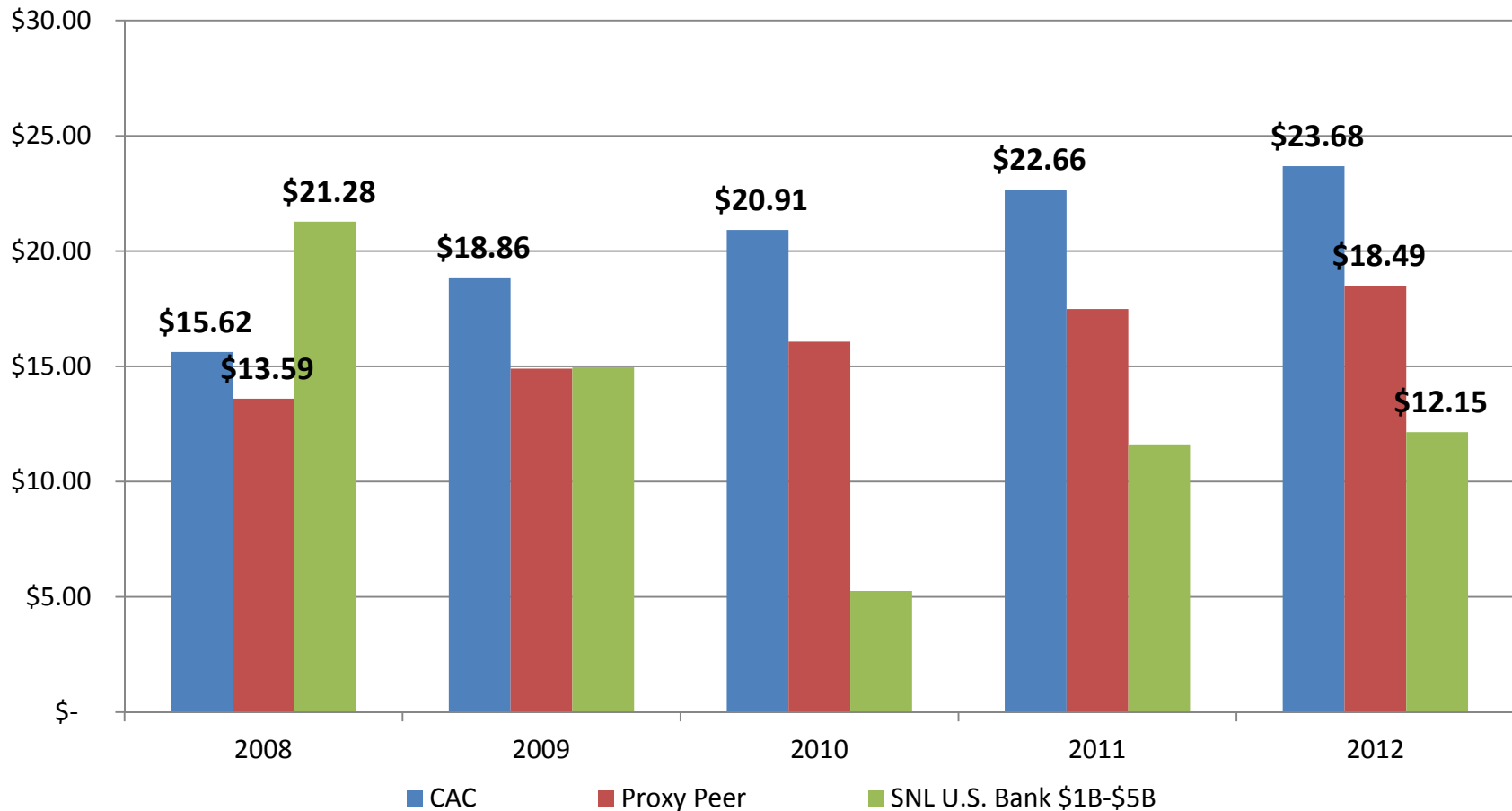
Consistent Performance

- Earnings per share compound annual growth of 6.01% over a 15-year period
- Dividend per share compound annual growth of 5.67% over a 16-year period



Shareholder Return

Tangible Book Value Growth



Proxy Peer – Average of 21 publicly traded commercial and savings banks in the Northeast

SNL U.S. Bank \$1B-\$5B – Average of all major exchanges (NYSE, NYSE MKT, NASDAQ) banks in SNL's coverage universe with \$1B to \$5B in assets



We are positioned to succeed!

- Distribution
 - Increased market share in Maine's stronger markets
 - Web and mobile
- Products
 - Full product set: Commercial & Retail banking, Brokerage and Wealth Management
 - Online applications and account openings
- Customers
 - Serving over 100,000 customers – 30% more than a year ago
- Capital
 - Long-term focus
 - Regulatory: “Well Capitalized”
 - Shareholder: 3.3% dividend yield
 - Invest for the future



Questions and Answers



Supplemental Information



Proxy Peer Group

Alliance Financial Corporation - NY	Independent Bank Corp. - MA
Arrow Financial Corporation - NY	Merchants Bancshares, Inc. - VT
Bar Harbor Bankshares - ME	Meridian Interstate Bancorp, Inc. (MHC) - MA
Berkshire Hills Bancorp, Inc. - MA	Provident New York Bancorp - NY
Brookline Bancorp, Inc. - MA	Rockville Financial, Inc. (MHC) - CT
Canandaigua National Corporation - NY	Tompkins Financial Corporation - NY
Century Bancorp, Inc. - MA	TrustCo Bank Corp NY - NY
Enterprise Bancorp, Inc. - MA	United Financial Bancorp, Inc. - MA
Financial Institutions, Inc. - NY	Washington Trust Bancorp, Inc. - RI
First Bancorp, Inc. - ME	Westfield Financial, Inc. - MA
Hingham Institution for Savings - MA	

