


# Camden National Corporation

June 1-2, 2015

NASDAQ: CAC

## Forward Looking Statements

Certain statements contained in this presentation that are not statements of historical fact constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 about the proposed merger of Camden National Corporation (“Camden National”) and SBM Financial, Inc (“SBM”). These statements include statements regarding the anticipated closing date of the transaction, estimated cost savings of SBM’s pre-tax non-interest expenses, the amount of accretion of the transaction to Camden National’s earnings, and Camden National’s pro forma tangible equity to tangible assets ratio. Forward-looking statements can be identified by the fact that they do not relate strictly to historical or current facts. They often include words like “believe,” “expect,” “anticipate,” “estimate,” and “intend” or future or conditional verbs such as “will,” “would,” “should,” “could” or “may.” Certain factors that could cause actual results to differ materially from expected results include delays in completing the proposed merger, difficulties in achieving cost savings from the proposed merger or in achieving such cost savings within the expected time frame, difficulties in integrating Camden National and SBM, increased competitive pressures, changes in the interest rate environment, changes in general economic conditions, legislative and regulatory changes that adversely affect the business in which Camden National and SBM are engaged, changes in the securities markets and other risks and uncertainties disclosed from time to time in in Camden National’s Annual Report on Form 10-K for the year ended December 31, 2014, as updated by our Quarterly Reports on Form 10-Q and other filings with the SEC. Camden National does not have any obligation to update forward-looking statements.

## Non-GAAP Financial Measures

This presentation references non-GAAP financial measures incorporating core operating earnings and related measures tangible equity and related measures, as well as core deposits and efficiency ratio. These measures are commonly used by investors in evaluating business combinations and financial condition.

## Additional Information and Where to Find It

In connection with the proposed merger, Camden National filed with the Securities and Exchange Commission (“SEC”) a Registration Statement on Form S-4 on May 15, 2015 that included a Proxy Statement of SBM and Camden National and a Prospectus of Camden, as well as other relevant documents concerning the proposed merger. Investors and stockholders are urged to read the Registration Statement and the Proxy Statement/Prospectus regarding the proposed merger and any other relevant documents filed with the SEC, as well as any amendments or supplements to those documents, because they will contain important information. A free copy of the Registration Statement and Proxy Statement/Prospectus, as well as other filings containing information about Camden National and SBM, when they become available, may be obtained at the SEC’s Internet site (<http://www.sec.gov>). Copies of the Registration Statement and Proxy Statement/Prospectus and the filings that will be incorporated by reference therein may also be obtained, free of charge, from Camden National’s website at [camdennational.com](http://camdennational.com) or by contacting Camden National Investor Relations at (207) 236-8821 or by contacting SBM Investor Relations at (207) 518-5607.

## Participants in Solicitation

Camden National and certain of its directors and executive officers may be deemed to be participants in the solicitation of proxies from the stockholders of Camden National in connection with the proposed merger. Information about the directors and executive officers of Camden National is set forth in the proxy statement for Camden National’s 2015 annual meeting of stockholders, as filed with the SEC on a Schedule 14A on March 12, 2015. Additional information regarding the interests of those participants and other persons who may be deemed participants in the transaction and a description of their direct and indirect interests, by security holdings or otherwise, may be obtained by reading the Proxy Statement/Prospectus and other relevant documents regarding the proposed merger to be filed with the SEC (when they become available). Free copies of these documents may be obtained as described in the preceding paragraph.

## Camden National Corporation

Camden National Corporation is a Maine-based community bank focused on delivering long-term shareholder value through banking, brokerage and wealth management services in Maine, New Hampshire and select markets of New England.

*The recently announced merger transaction with SBM Financial will result in one of the strongest banking franchises in New England.*

# Camden National Corporation

Founded 1875  
Headquartered in Camden, Maine  
44 locations in Maine and  
New Hampshire LPO  
Acadia Trust, N.A. (wealth management)

NASDAQ: CAC  
Market Cap (5/15/15) : \$284.6 MM  
Shares Outstanding: 7,442,559  
Institutional/Mutual Fund ownership: 47%  
Insider Ownership: 2%

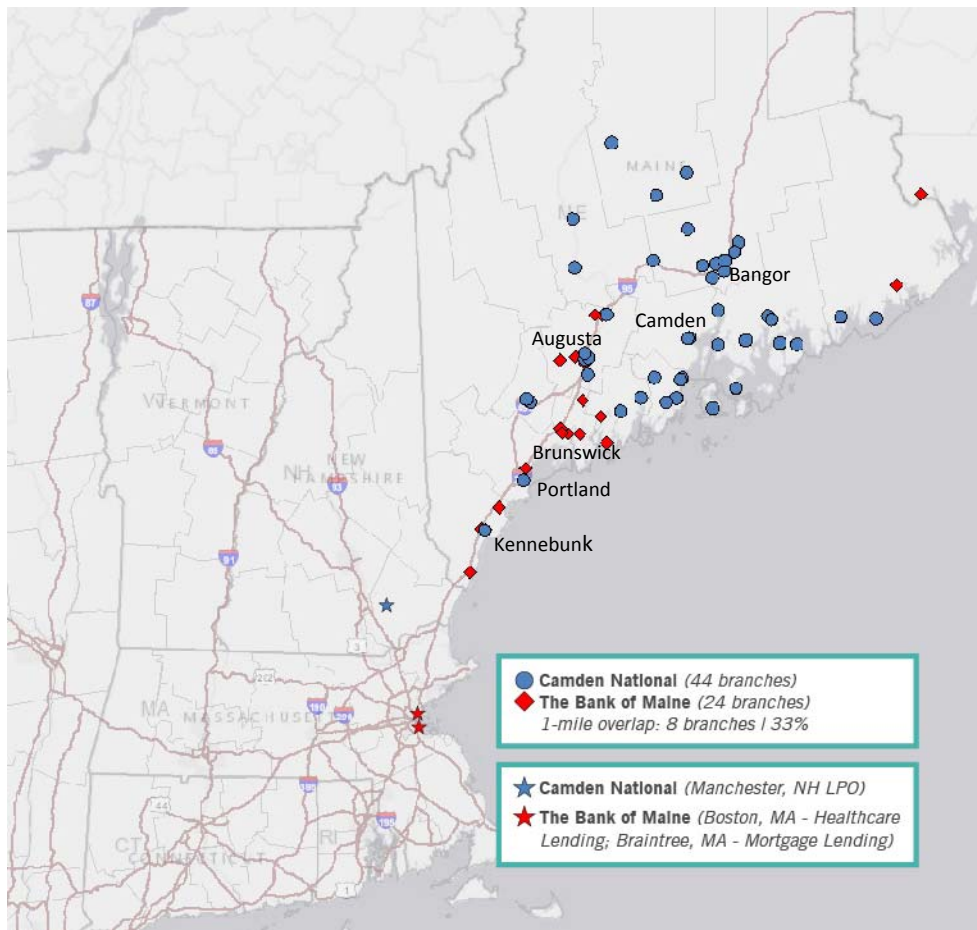
## Camden National Corporation

Current stock price (5/15/15): \$38.24  
Tangible book value: \$27.41  
Price/TBV: 140%  
52 week trading range: \$34.75 to \$41.83  
Average Daily Volume: 11,886

Total Assets: \$2.8B  
Total Loans: \$1.8B  
Total Deposits: \$2.0B  
TCE/TA: 7.38%  
Regulatory Leverage: 9.31%

# Camden National – Post-SBM Merger

## *Creating Maine's strongest banking franchise*



- Assets: \$3.6 billion
- Loans: \$2.4 billion
- Deposits: \$2.6 billion
- Annualized revenue: \$150 million
- Branches: 64 plus lending offices
- Market capitalization: approximately \$390 million <sup>(1)</sup>
- NASDAQ: CAC

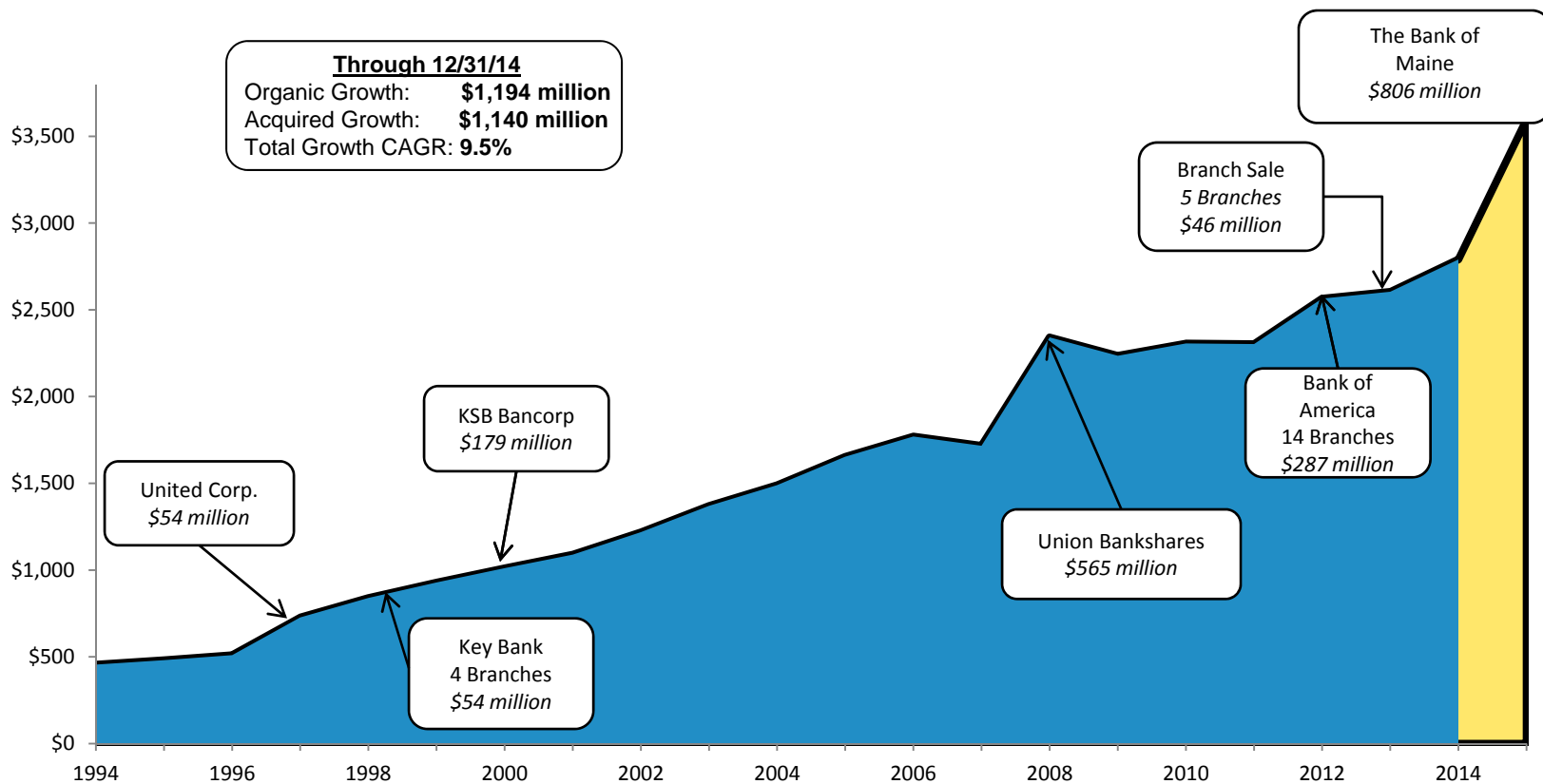
(1) Based on CAC closing price of \$38.60 on March 27, 2015 (subject to change).  
Source: SNL Financial. Deposit data as of June 2014.

## Seasoned Management Team

	Age	Years of Banking Experience	Year joined Camden
Greg Dufour, President and CEO	55	25+	2001
Debbie Jordan, CPA, COO and CFO	49	20+	2008
Joanne Campbell, EVP Risk Management	52	30+	1996
Peter Greene, EVP Operations/Technology	55	30+	2008
Tim Nightingale, EVP Senior Loan Officer	57	30+	2000
June Parent, EVP Retail Banking	51	25+	1995
Steven Tall, President and CEO Acadia Trust	53	15+	2011
SBM senior management anticipated to join upon merger: Edmund Hayden, EVP Chief Credit Officer, Renée Smyth, SVP Chief Marketing and Virtual Banking and Raymond Doherty, President of Healthcare Professional Funding Corporation			



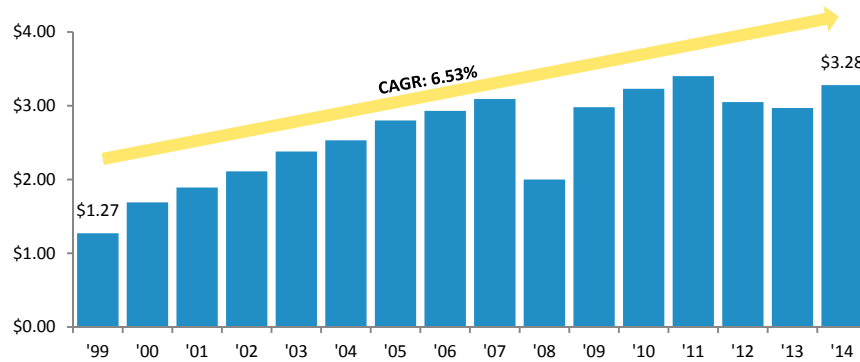
# Asset Growth and M&A History



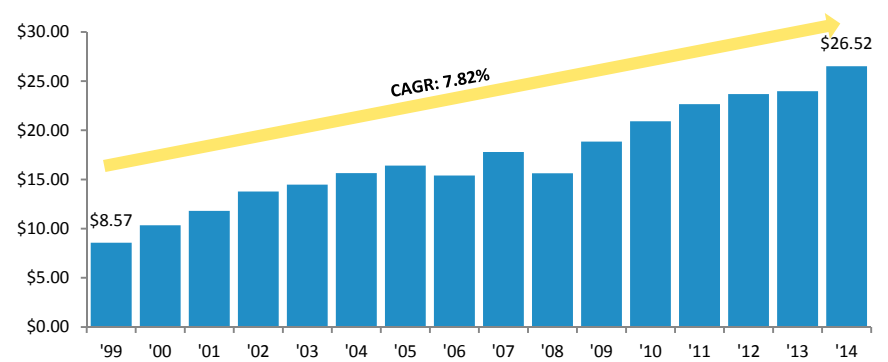


# Long-term Shareholder Value

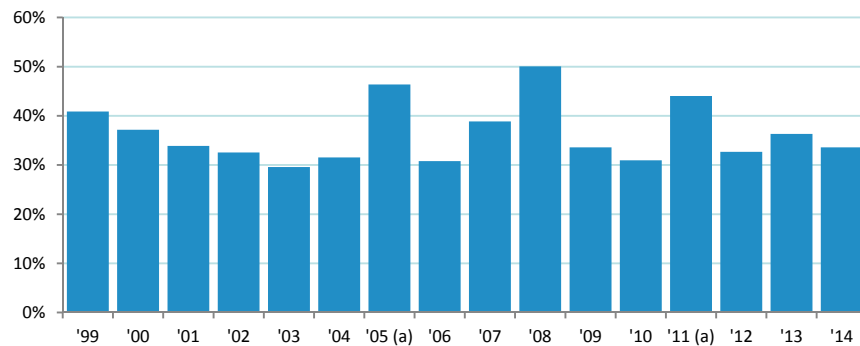
## Earnings Per Share



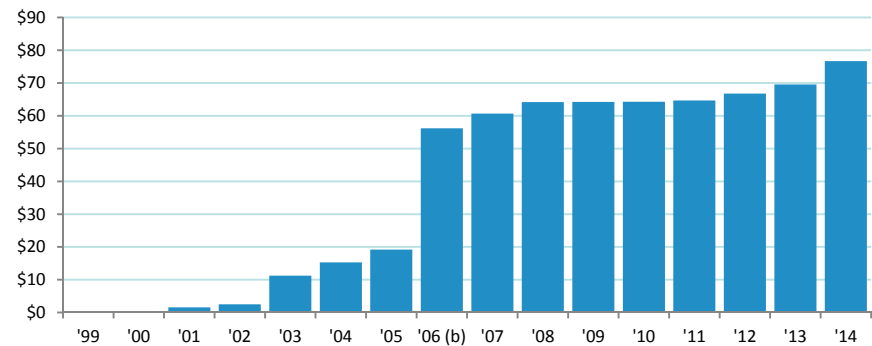
## TBV Per Share



## Dividends as % of Net Income



## Cumulative Stock Repurchases (\$ in millions)



- a) 2005 and 2011, special \$.50 dividend
- b) 2006 issuance of trust preferred and share buyback

# Financial Highlights

## *Balance Sheet*

(in million's)	3/31/15	3/31/14	12/31/14	12/31/13
Loans (a)	\$1,792	\$1,620	\$1,773	\$1,580
Investment Securities	814	825	804	828
Total Assets	2,811	2,641	2,790	2,604
Deposits (b)	1,966	1,837	1,932	1,814
Borrowings	548	541	577	530
Shareholders' Equity	252	231	245	231
Leverage Ratio	9.31%	9.27%	9.26%	9.43%

(a) Loans: 11% growth - Q1 2015 over Q1 2014  
12% growth - 12/31/14 over 12/31/13

(b) Deposits: 7% growth for both periods

# Financial Highlights

## *Net Income and Key Ratios*

	<u>Three Months Ended</u>			<u>Year Ended</u>	
	Core(a) 3/31/15	3/31/15	3/31/14	2014	2013
Net Income (in millions)	\$6.3	\$5.6	\$5.7	\$24.6	\$22.8
Diluted Earnings per Share	\$0.84	\$0.75	\$0.75	\$3.28	\$2.97
Return on Tangible Equity	13.10%	11.61%	12.87%	13.46%	14.55%
Return on Assets	0.91%	0.82%	0.89%	0.92%	0.88%
Efficiency Ratio (a)	61.97%	61.97%	62.69%	61.58%	62.78%
Net Interest Margin	3.07%	3.07%	3.08%	3.11%	3.20%

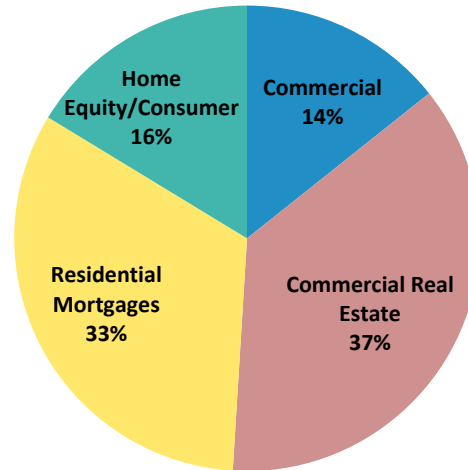
- (a) Core earnings excludes the merger costs incurred through 3/31/15. The following is a non-GAAP measure. Refer to the Form 10-Q for 3/31/15 and the Form 10-K for 12/31/14 for the reconciliation of non-GAAP to GAAP financial measures.



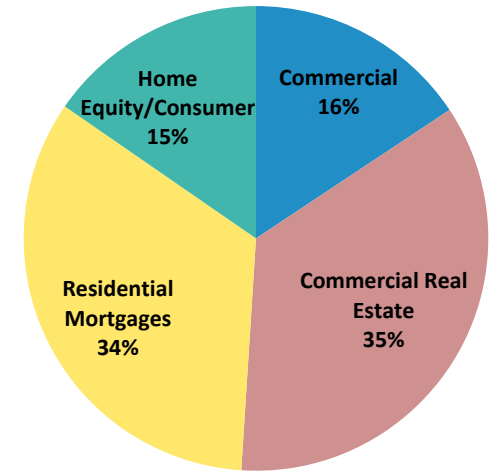
# Loan Profile

*As of 3/31/15*

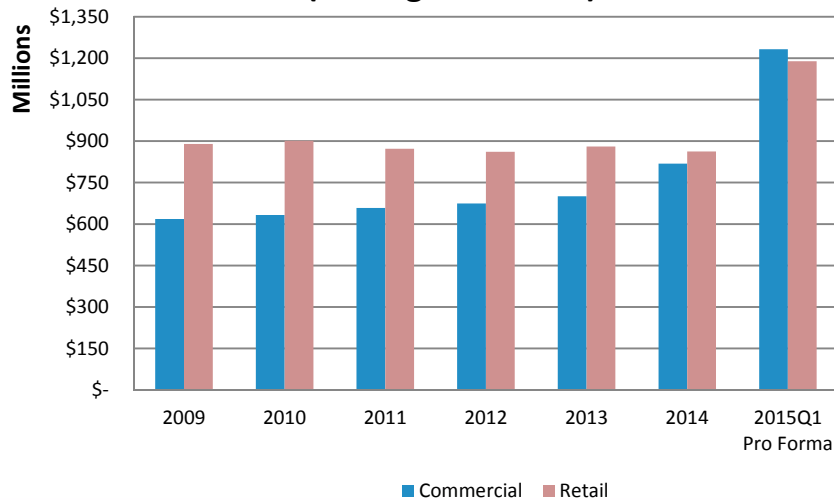
## CNC



## Pro Forma



**Change in Portfolio Mix  
(Average Balances)**



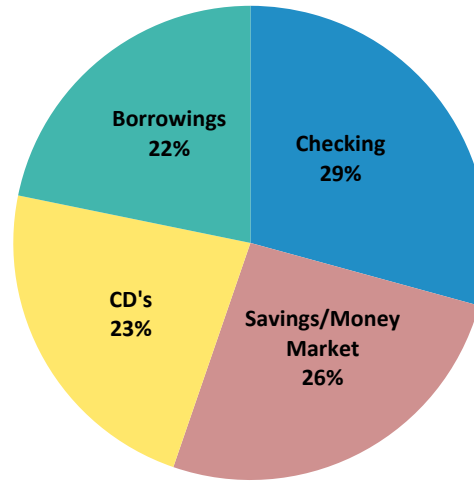
**Total Loans: \$1.79 billion  
Yield: 4.10%**

**Total Loans: \$2.43 billion  
Yield: 4.15%**

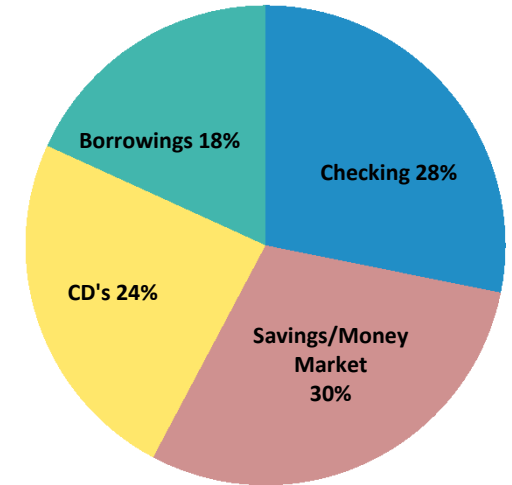
# Funding

*As of 3/31/15*

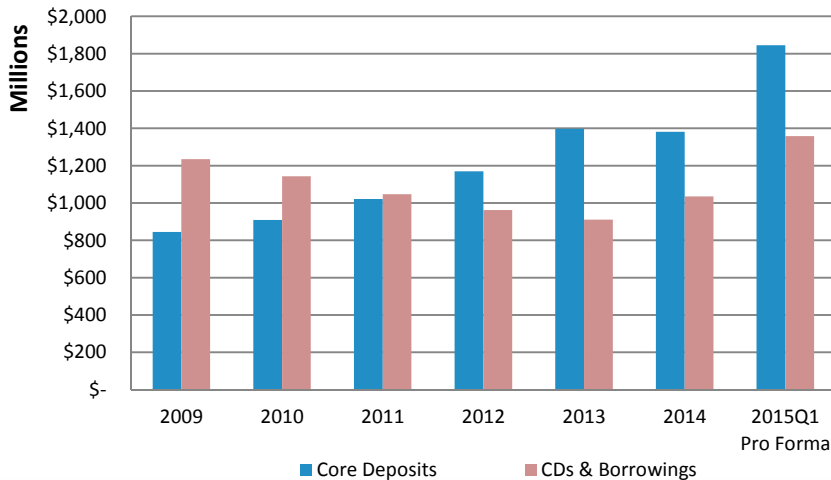
## CNC



## Pro Forma



**Change in Funding Mix  
(Average Balances)**



**Funding: \$2.51 billion**  
**Total Funding Cost: 0.49%**  
**Deposit Cost: 0.27%**

**Funding: \$3.21 billion**  
**Total Funding Cost: 0.48%**  
**Deposit Cost: 0.30%**

# Asset/Liability Management

*As of 3/31/15*

## CNC

### Interest Rate Risk

Estimated Changes In  
Net Interest Income

#### Year 1

+200bp	-5.7%
-100bp	-0.9%

#### Year 2

+200bp	-6.1%
-100bp	-6.2%

(Assumes flat balance sheet and no change in asset/funding mix)

## Pro Forma

### Interest Rate Risk

Estimated Changes In  
Net Interest Income

#### Year 1

+200bp	-4.5%
-100bp	-0.8%

#### Year 2

+200bp	-4.3%
-100bp	-6.8%

(Assumes flat balance sheet and no change in asset/funding mix)

### Strategies for Rising Rates:

- Investment portfolio: Duration of 3.7 years with strong cash flows over two year horizon (cumulative cash flow of \$198 million in up 200 bp scenario)
- Loan portfolio: Sell current production of 30 year residential mortgages and provide customer loan swaps for long-term fixed rate commercial real estate transactions
- Funding: Extension of borrowings and forward interest swaps and lag increase in core deposit rates in rising rate environment



# Strategic Decisions to Reposition for Future

## Build market share

- Acquired 14 branches and \$287 million of deposits from Bank of America (2012)
- Talent Expansion
  - 10 new lenders
  - Deepen credit “bench”
  - Internal training

## Create efficiencies

- Divested 5 rural branches and consolidated two branches (2013)
- Outsourced core processing (Jack Henry)
- Expanded digital technologies
- Leveraged mortgage loan platform and AML/BSA system

## Expand markets and businesses

- Opened Manchester, New Hampshire loan production office with seasoned lender
- Build out corporate services and cash management capabilities
- Number one Finance Authority of Maine lender (five of the last six years)



# SBM Merger Benefits

## Strategically Compelling

- Creates Maine's strongest community bank
- Expands presence in higher growth Southern Maine markets
- Adds stable, low cost deposits, increasing deposit market share to 10.6% from 7.9%<sup>1</sup>

## Financially Attractive

- Mid-teens EPS accretion in 2016 and beyond
- Tangible Book Value dilution of 13.6% with earn back in five years
- 15%+ Internal Rate of Return

## Low Execution Risk

- Overlapping and adjacent markets
- Efficiencies through in-market cost savings and common core technology systems
- Compatible culture
- Management has successful integration track record

(1) Source: SNL Financial. Deposit data as of June 2014.





# SBM Merger Strategic Rationale

- Continuation of Camden's strategy to reposition itself
- Leverage existing areas of expertise; banking, wealth management/brokerage and mortgage banking
- Cost savings
- Reduced execution risk resulting from several common core technology systems
- SBM was the last stock-based banking franchise in Southern Maine

# SBM Financial Impact

## Financial Impact

- 14% EPS accretion in 2016 (first full year); mid-teens accretive in 2017 and beyond
- TBV per share dilution of 13.6% at closing with earnback of 5 years <sup>1</sup>
- IRR of 15%+
- Pro forma Tangible Common Equity to Tangible Assets at close: 7.0%

## Key Assumptions

- Cost savings of approximately 37% or \$11 million based on SBM's core noninterest expense base of \$31 million; additional savings to Camden from not implementing budgeted expansion investments of \$3.25 million.
- Gross loan mark of \$11.8 million (1.8% of loans and 140% of reserves)
- After-tax restructuring charge of \$9.8 million
- CDI of \$4.6 million, representing 1.0% of Non-CD deposits amortized over 10 years (SYD)
- Revenue synergies identified but excluded from financial analysis

## Pricing Metrics <sup>2</sup>

		<u>Recent Transactions</u> <sup>3</sup>
▪ Price / Tangible Book Value:	1.49x	1.85x
▪ Core Deposit Premium:	7.6%	8.9%

(1) Based on crossover method. (2) Based on CAC closing price of \$38.60 on March 27, 2015. (3) Represents median of Northeast & Mid Atlantic deals since 2012 with target assets between \$500mm and \$4 billion.



# Camden National Corporation

- Most attractive banking franchise in Northern New England
- Strong, consistent earnings provides flexibility to grow capital quickly, invest in the future and/or return to shareholders through dividends and stock buybacks
- Increased lending capacity with legal lending limit of \$44 million
- \$390 million market cap improves liquidity and exposure to expanded investor group
- Efficiency and proven execution



# Appendix

# Combined franchise will have scale, strong financial metrics, and an attractive valuation

(\$ in millions)



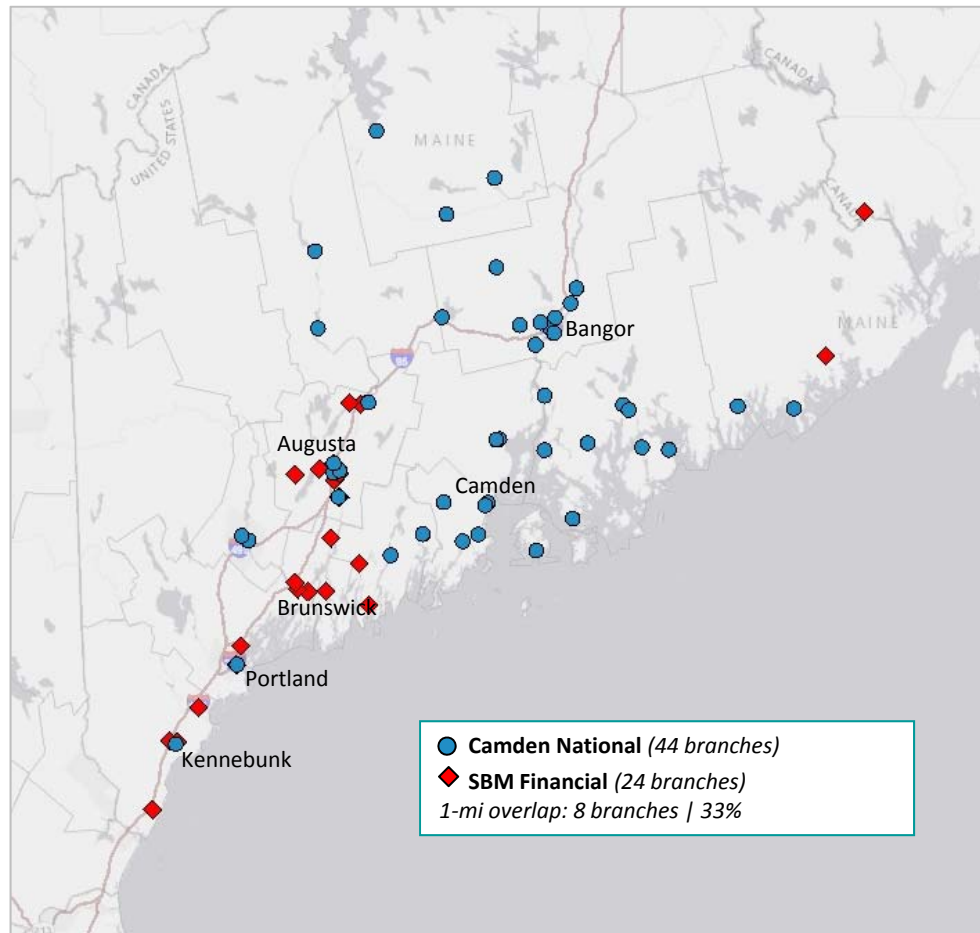
**Combined**

	Camden National	THE BANK of MAINE	Combined	
<b>Balance Sheet <sup>1</sup></b>	▪ Assets	\$2,790	\$806	\$3,596
	▪ Loans	\$1,773	\$638	\$2,411
	▪ Deposits	\$1,932	\$658	\$2,590
	▪ Loans / Assets	64%	78%	67%
	▪ Loans / Deposits	92%	97%	93%
	<b>Profitability Ratios <sup>2</sup></b>	▪ Return on Assets	0.92%	0.22%
▪ Return on Tang. Equity		13.5%	2.0%	15% <sup>3</sup>
▪ Net Interest Margin		3.11%	3.59%	3.22%
▪ Efficiency Ratio		62%	89%	60% <sup>4</sup>
▪ Fee Income / Revenue		24%	25%	24%
<b>Capital &amp; Asset Quality</b>	▪ Tangible Common Ratio	7.2%	10.7%	7.0% <sup>5</sup>
	▪ Leverage Ratio	9.3%	9.9%	8.0% <sup>5</sup>
	▪ NPAs / Assets	0.82%	1.61%	0.99%

Source: Company reports and SNL Financial.

(1) Pro forma excludes impact of merger adjustments. (2) For the full year 2014. (3) Based on estimates for 2016 with full realization of cost savings. (4) Based on 2014, adjusted for full realization of cost savings. (5) Estimate at closing.

# Branch Network and Deposit Market Share



(\$ in millions)

Rank	Institution	Deposits	Branches	Market Share %
1	Toronto-Dominion Bank	\$3,170	50	13.3
2	KeyCorp	2,998	53	12.6
	<b>Camden + SBM</b>	<b>2,521</b>	<b>68</b>	<b>10.6</b>
3	Bangor Bancorp MHC	2,116	59	8.9
4	<b>Camden National Corp.</b>	<b>1,876</b>	<b>44</b>	<b>7.9</b>
5	Bank of America Corp.	1,660	18	7.0
6	First Bancorp Inc.	1,034	16	4.3
7	Machias Bancorp MHC	908	17	3.8
8	People's United Financial	890	26	3.7
9	Bar Harbor Bankshares	838	16	3.5
10	Norway Bancorp MHC	810	24	3.4
11	Kennebunk SB	750	13	3.1
12	Gorham Bancorp MHC	689	11	2.9
13	<b>SBM Financial Inc.</b>	<b>645</b>	<b>24</b>	<b>2.7</b>
14	Androscoggin Bancorp	602	12	2.5
15	Northeast Bancorp	596	12	2.5

Source: SNL Financial. Deposit data as of June 2014.

# Market Demographics

	Current Footprint	Southern ME	Southern NH
<b>Market Segments &amp; Growth</b>			
Total Households	291,602	202,605	453,657
Projected Growth, 2014 to 2019	0.2%	1.9%	1.3%
Mass Affluent Households	78,216	102,179	259,169
% of Total Households	26.8%	50.4%	57.1%
Number of Businesses	41,767	32,627	65,959

Data Source: Nielsen, Inc.



# Camden National Corporation