



# Investor Presentation

Gregory Dufour | President & Chief Executive Officer  
Deborah Jordan | Chief Operating & Financial Officer

March 8, 2017

# Forward Looking Statements

This presentation contains certain statements that may be considered forward-looking statements under the Private Securities Litigation Reform Act of 1995 and other federal securities laws, including certain plans, exceptions, goals, projections, and statements, which are subject to numerous risks, assumptions, and uncertainties. Forward-looking statements can be identified by the use of the words "believe," "expect," "anticipate," "intend," "estimate," "assume," "plan," "target," or "goal" or future or conditional verbs such as "will," "may," "might," "should," "could" and other expressions which predict or indicate future events or trends and which do not relate to historical matters. Forward-looking statements should not be relied on, because they involve known and unknown risks, uncertainties and other factors, some of which are beyond the control of Camden National Corporation (the "Company"). These risks, uncertainties and other factors may cause the actual results, performance or achievements of the Company to be materially different from the anticipated future results, performance or achievements expressed or implied by the forward-looking statements.

The following factors, among others, could cause the Company's financial performance to differ materially from the Company's goals, plans, objectives, intentions, expectations and other forward-looking statements: weakness in the United States economy in general and the regional and local economies within the New England region and Maine, which could result in a deterioration of credit quality, an increase in the allowance for loan losses or a reduced demand for the Company's credit or fee-based products and services; changes in trade, monetary, and fiscal policies and laws, including interest rate policies of the Board of Governors of the Federal Reserve System; inflation, interest rate, market, and monetary fluctuations; competitive pressures, including continued industry consolidation and the increased financial services provided by non-banks; volatility in the securities markets that could adversely affect the value or credit quality of the Company's assets, impairment of goodwill, the availability and terms of funding necessary to meet the Company's liquidity needs, and could lead to impairment in the value of securities in the Company's investment portfolio; changes in information technology that require increased capital spending; and changes in consumer spending and savings habits; changes in tax, banking, securities and insurance laws and regulations; and changes in accounting policies, practices and standards, as may be adopted by the regulatory agencies as well as the Financial Accounting Standards Board ("FASB"), and other accounting standard setters.

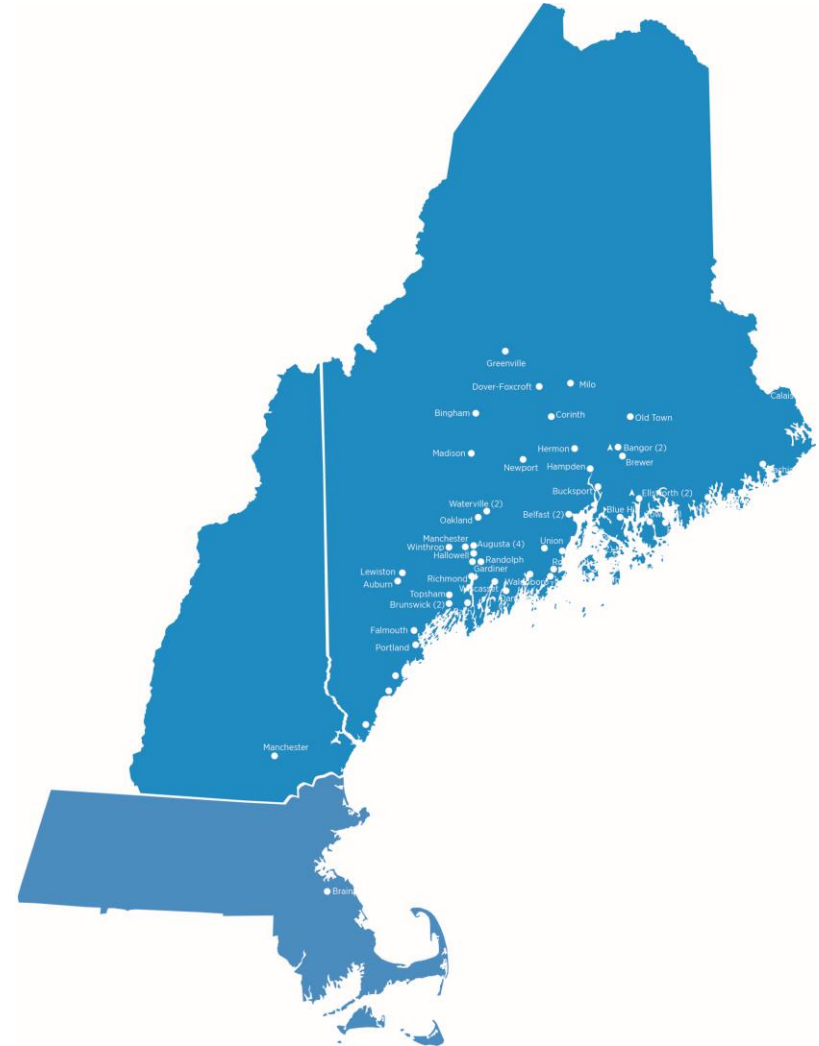
You should carefully review all of these factors, and be aware that there may be other factors that could cause differences, including the risk factors listed in the Company's filings with the SEC, including our Annual Report on Form 10-K for the year ended December 31, 2016 and other filings with the Securities and Exchange Commission. You should carefully review the risk factors described therein and should not place undue reliance on our forward-looking statements.

These forward-looking statements were based on information, plans and estimates at the date of this report, and we undertake no obligation to update any forward-looking statements to reflect changes in underlying assumptions or factors, new information, future events or other changes, except to the extent required by applicable law or regulation.

# Camden National Corporation



- Camden National is the largest bank headquartered in Northern New England
- \$3.9 billion in assets
- 61 branches (Maine) and 2 loan offices (New Hampshire and Massachusetts)
- Market cap over \$650 million
- Average daily share volume of 45,000
- Analyst Coverage
  - Piper Jaffrey (overweight)
  - KBW (outperform)



# 2016 Financial Highlights

- Strong earnings performance
  - Net income of \$40.1 million
  - Return on tangible equity: 14.76%<sup>(a)</sup>
  - Return on assets: 1.04%
- Solid growth
  - Total loans \$2.6 billion; 4% over 2015
  - Total deposits \$2.8 billion; 4% over 2015
  - Fee income reached \$39.6 million for the year
- Execution on SBM acquisition
  - Efficiency ratio: 57.53%<sup>(a)</sup>
  - Tangible common equity ratio: 7.71%<sup>(a)</sup>

(a) This is a non-GAAP measure. Refer to the Form 10-K filed on 3/7/17 for the year ended December 31, 2016 for the reconciliation of non-GAAP to GAAP financial measures.

# Why Camden National?

*Organic franchise growth, opportunistic acquisitions*

## **Focused:**

- Gaining market share
- Adherence to strategic plan
- Opportunistically reviewing complementary acquisitions
- Solid core funding and sticky deposit base

## **Consistent Performance:**

- Profitability achieved through organic growth
- Improved productivity
- Disciplined expense structure
- Diversified revenue stream



## **Culture:**

- Experienced, consistent leadership
- Strong community-spirit
- Continued branch optimization
- Simple product sets

## **Credit:**

- Strong credit culture and history
- Disciplined structure and process
- Low nonperforming assets

# Strong Performance to Northeast Bank Peer Group

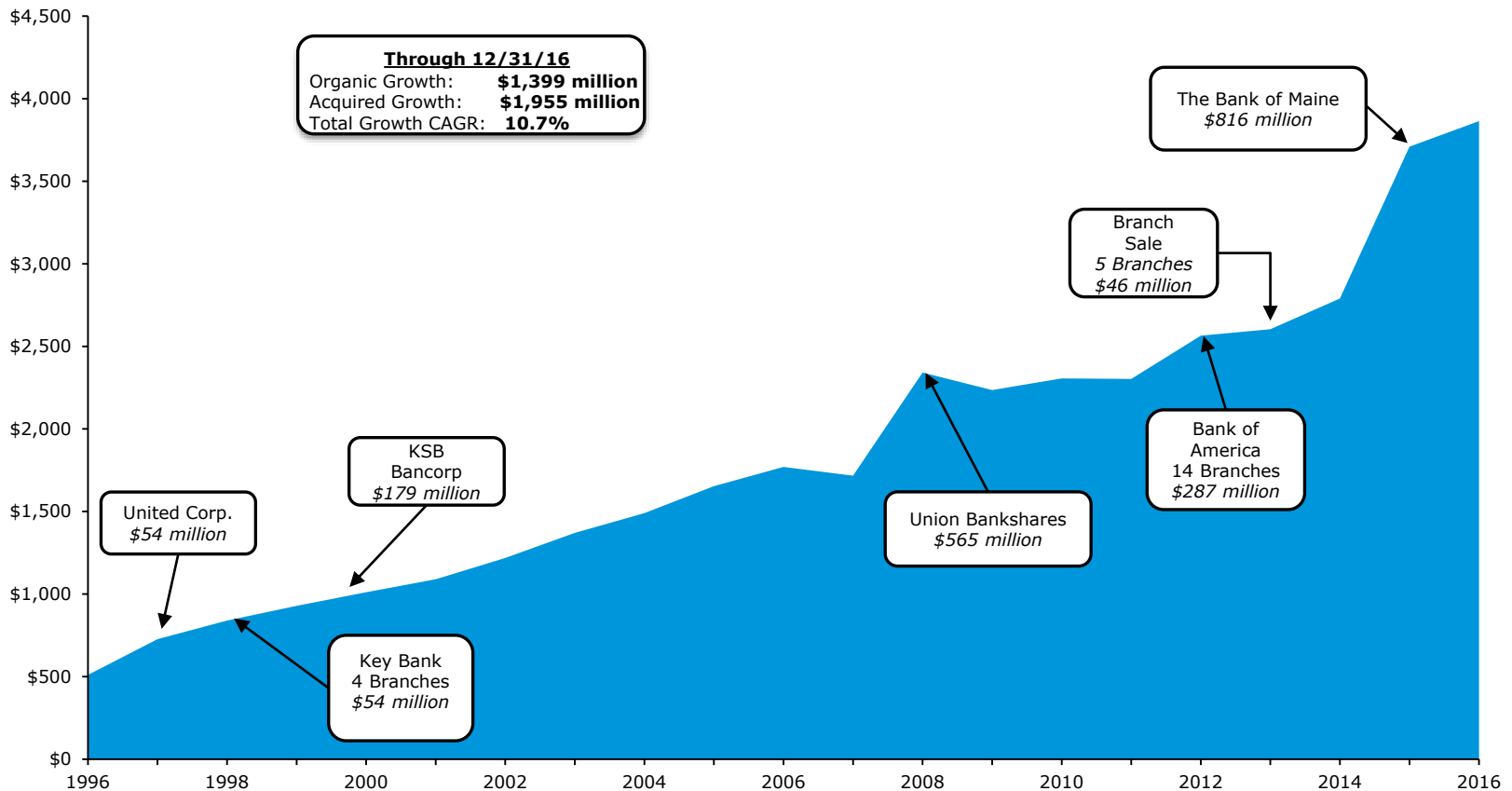


Performance Ratios (%)	12/31/2016		
	CNC	Peer Median	Peer Average
ROAA	1.04	0.89	0.90
ROAE	10.48	9.33	9.54
Net Interest Margin (Reported)	3.32	3.11	3.13
Efficiency Ratio (Reported)	57.53	59.04	57.19
Loans / Deposits	91.73	99.81	97.72
<b>Capital Ratios (%)</b>			
Total Risk Based Capital	14.04	12.97	13.90
Tangible Equity / Tangible Assets	7.71	8.04	8.14
Leverage	8.83	8.94	8.72
<b>Market Ratios</b>			
Current Market Price	\$ 44.45		
Price / LTM EPS (x)	17.30	20.76	21.32
Price / TBV (%)	237.15	218.96	231.75
Current Dividend Yield (%)	2.07	2.17	1.91

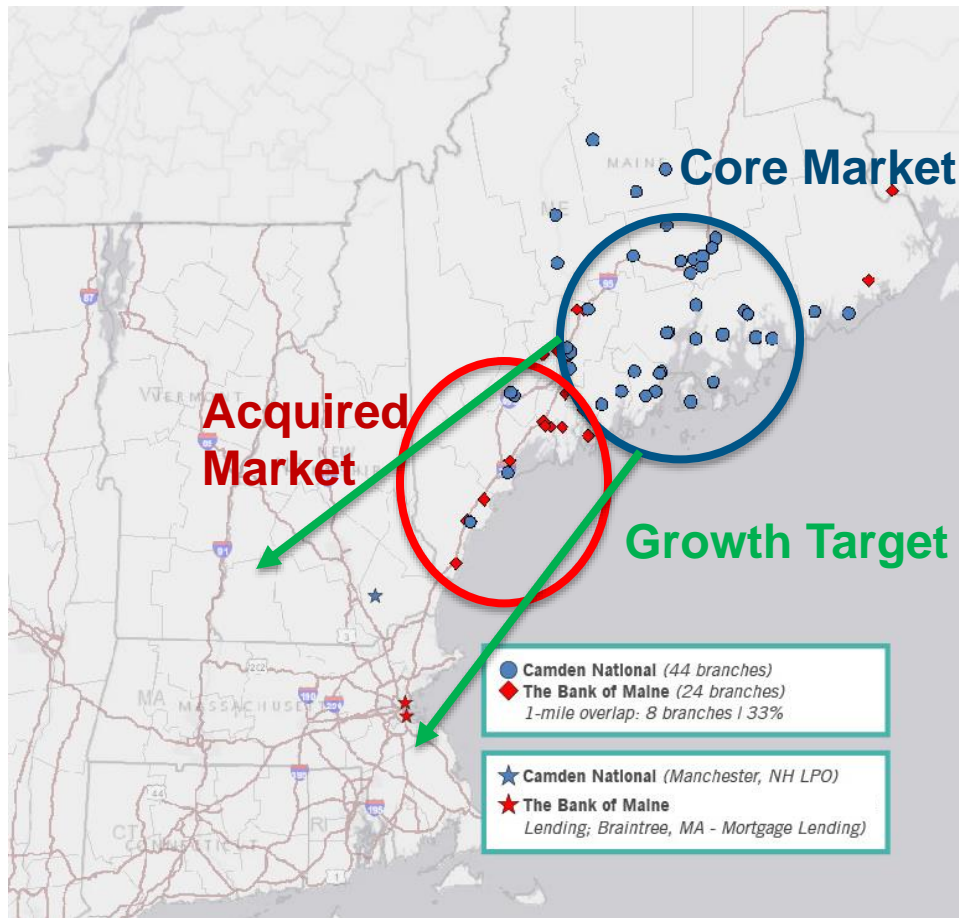
Source: SNL Financial. Camden National Corporation's peer group consists of the following: Arrow Financial Corporation (AROW), Bar Harbor Bankshares (BHB), Berkshire Hills Bancorp, Inc. (BHLB), Boston Private Financial Holdings, Inc. (BPFH), Brookline Bancorp, Inc. (BRKL), Century Bancorp, Inc. (CNBKA), Community Bank System, Inc. (CBU), Enterprise Bancorp, Inc. (EBTC), Financial Institutions, Inc. (FISI), First Bancorp, Inc. (FNLC), First Connecticut Bancorp, Inc. (FBNK), Hingham Institution for Savings (HIFS), Independent Bank Corp. (INDB), Merchants Bancshares, Inc. (MBVT), Meridian Bancorp, Inc. (EBSB), NBT Bancorp Inc. (NBTB), Tompkins Financial Corporation (TMP), TrustCo Bank Corp NY (TRST), United Financial Bancorp, Inc. (UBNK), and Washington Trust Bancorp, Inc. (WASH).

# Focused on Building Market Share: Asset Growth History

- Successful track record of growing the franchise through combination of organic growth and acquisitions (42% organic growth over 20 year horizon).



# Focused on Building Market Share: Market Expansion



## The Bank of Maine (SBM Financial)

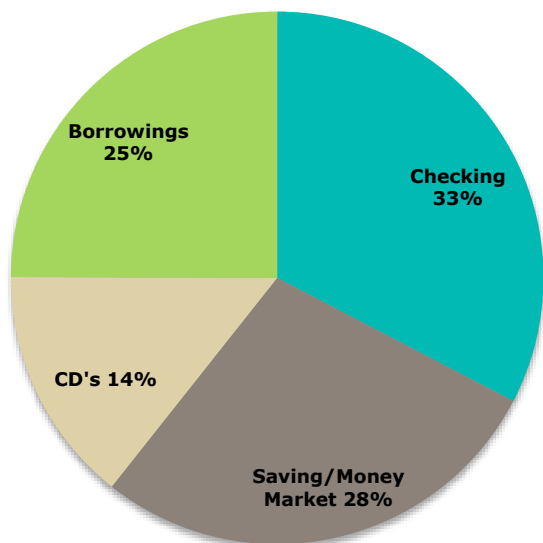
- October 2015 – simultaneous close and conversion
- Deposits: \$687 million
- Loans: \$615 million
- Expansion into high growth Southern Maine market
- Widens mortgage banking reach to Massachusetts
- Positions bank as the largest community bank in Northern New England



# Focused on Building Market Share: Deposit Opportunity in Maine



**Deposits and Funding  
12/31/16**



Funding: \$3.4 billion  
Average Funding Cost: 0.49%  
Average Deposit Cost: 0.28%

## STATE OF MAINE

(\$ in millions)

Rank	Institution	Deposits	Branches	Market Share %
1	Toronto-Dominion Bank	\$3,463	48	12.9
2	KeyCorp	3,353	50	12.5
<b>3</b>	<b>Camden National Corp.</b>	<b>2,793</b>	<b>63</b>	<b>10.4</b>
4	Bangor Bancorp MHC	2,458	56	9.2
5	Bank of America Corp.	1,805	16	6.7
	Other Banks	12,919	253	48.2
	Total for State of Maine	\$26,791	486	

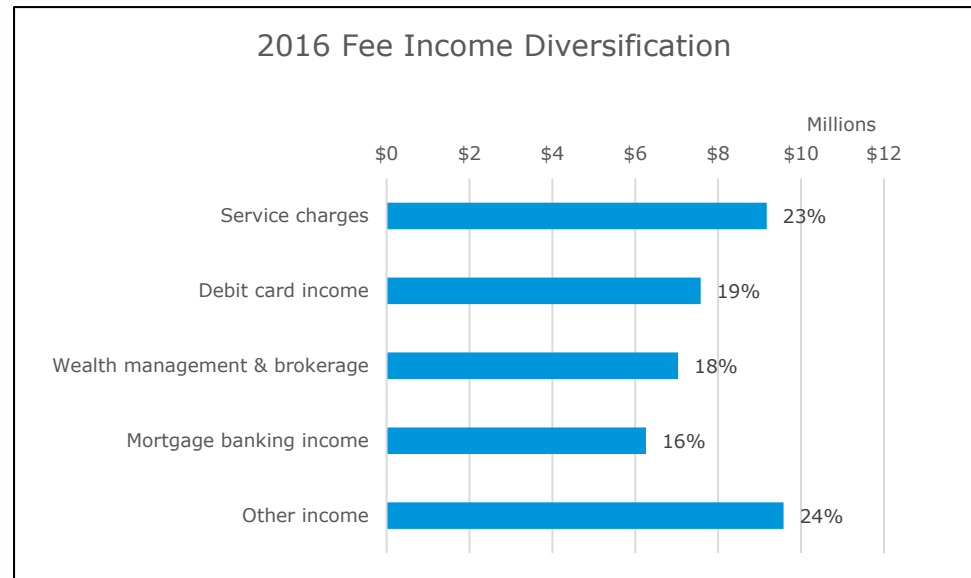
## CUMBERLAND AND YORK COUNTY

(\$ in millions)

Rank	Institution	Deposits	Branches	Market Share %
1	KeyCorp	\$2,519	20	20.3
2	Toronto-Dominion Bank	2,052	25	16.5
3	Bank of America Corp.	1,774	16	14.3
4	Kennebunk Savings Bank	861	13	6.9
5	Peoples United	856	17	6.9
<b>10</b>	<b>Camden National Corp.</b>	<b>382</b>	<b>7</b>	<b>3.1</b>
	Other Banks	3,958	85	32.0
	Total Cumberland/York County	\$12,402	183	

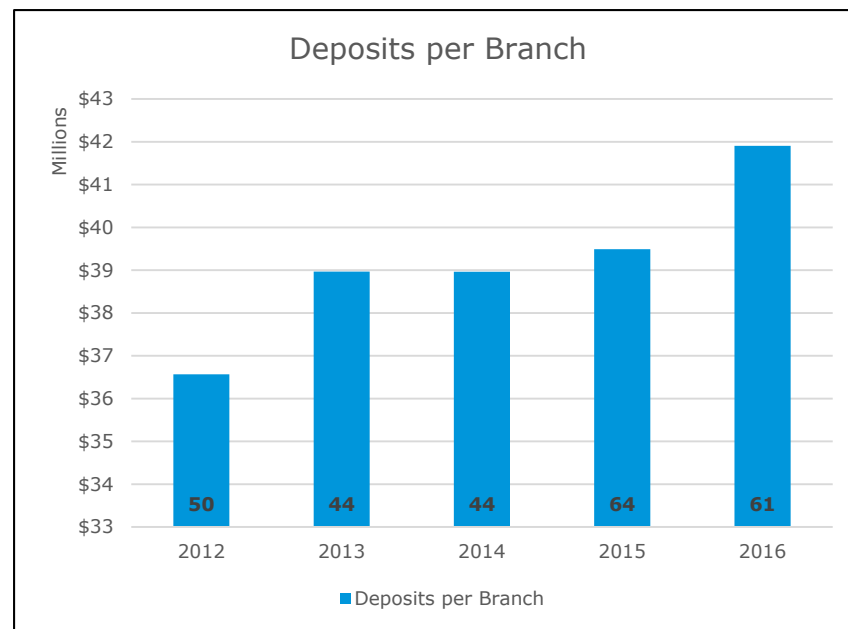
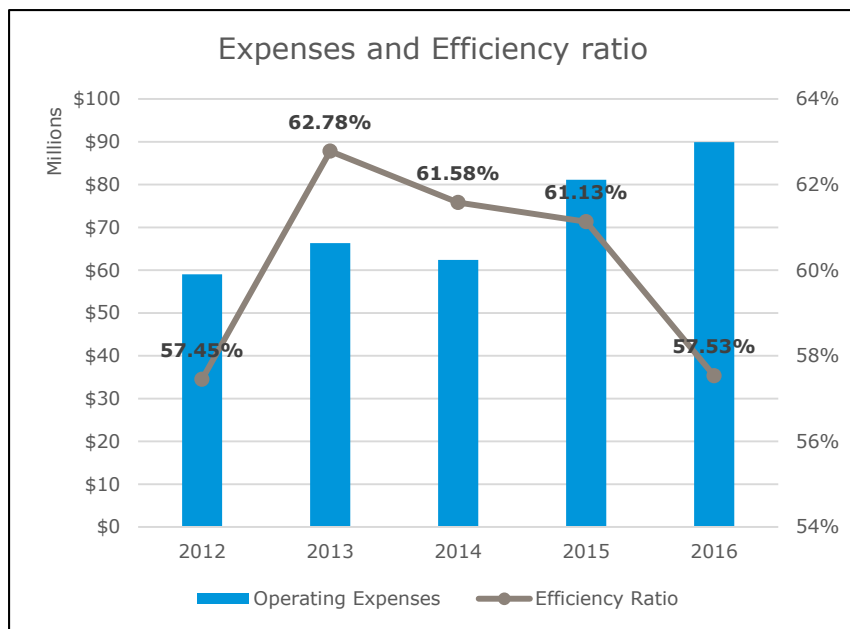
Source: SNL Financial. Deposit data as of June 2016.

# Focused on Growing and Diversifying Revenue



- 2016 fee income represented 26% of total revenue (net interest income plus fee income), compared to 24% for 2015

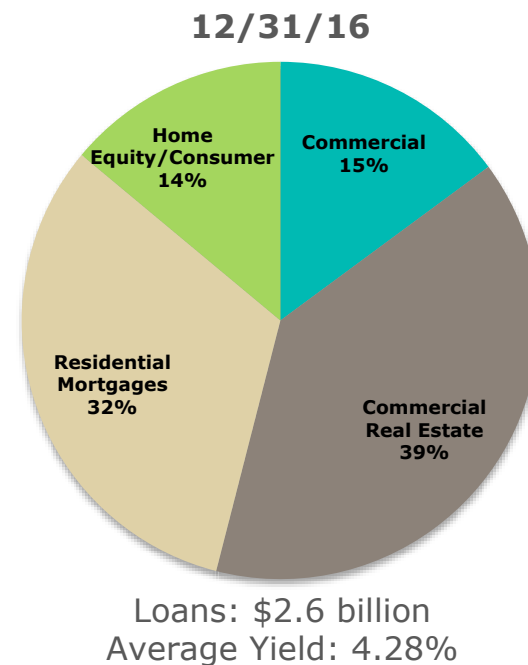
# Focused on Improving Productivity and Creating Efficiencies



- Fully realized 37% cost save of upon completion of SBM acquisition
- Consolidated/sold 15 branches over past five years

# Balanced Loan Mix & Strong Credit Culture

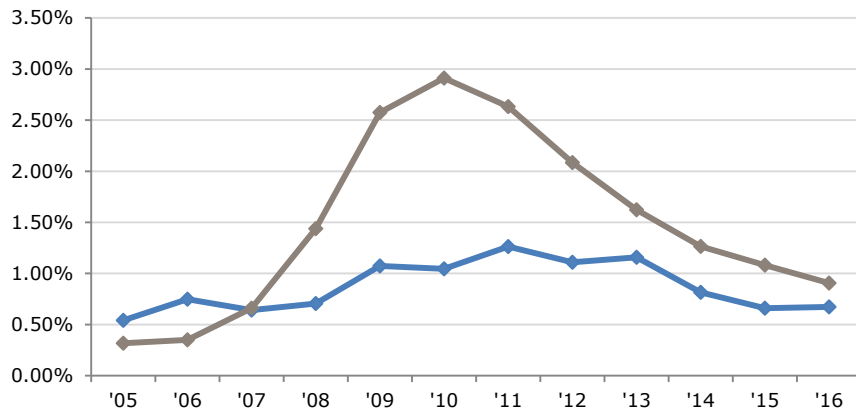
- Community-based, relationship focused lenders with local decision making
- Larger institutional experience (TD Bank, Citizens) to compliment an already strong credit focus
- Significant small-business lending driven by unmatched market expertise
- Credit quality ratios remain strong
  - Disciplined risk management culture
  - Conservative limits and prudent growth in CRE
  - Proactive internal and external loan review process anticipating problematic loans
  - Increase in provision and non-performing assets in second quarter 2016 related to two loans and not systemic issue



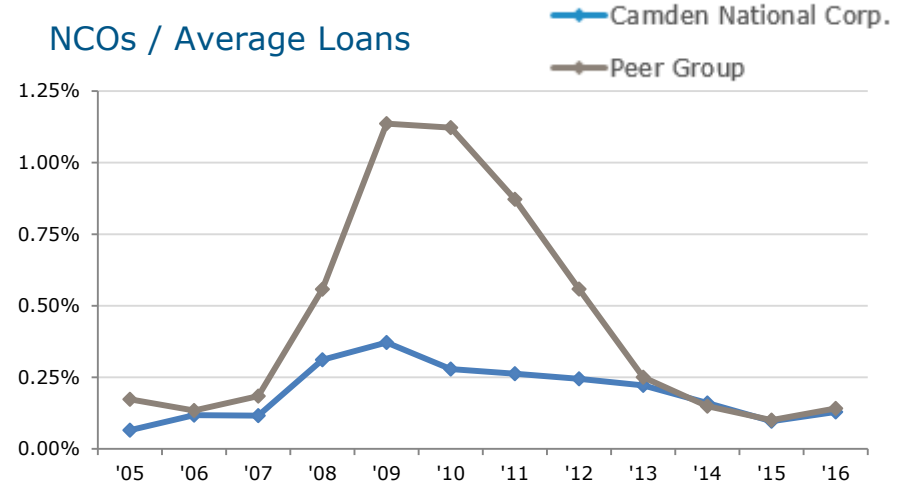
	2016	2015	2014	2013
Nonperforming assets / total assets	<b>0.67%</b>	0.66%	0.82%	1.18%
Past due loans / total loans	<b>0.24%</b>	0.40%	0.18%	0.40%
Credit loss provision (\$ millions)	<b>\$5.3</b>	\$1.9	\$2.2	\$2.0
Net charge-offs / average loans (annualized)	<b>0.13%</b>	0.10%	0.16%	0.22%

# Historical Credit Metrics

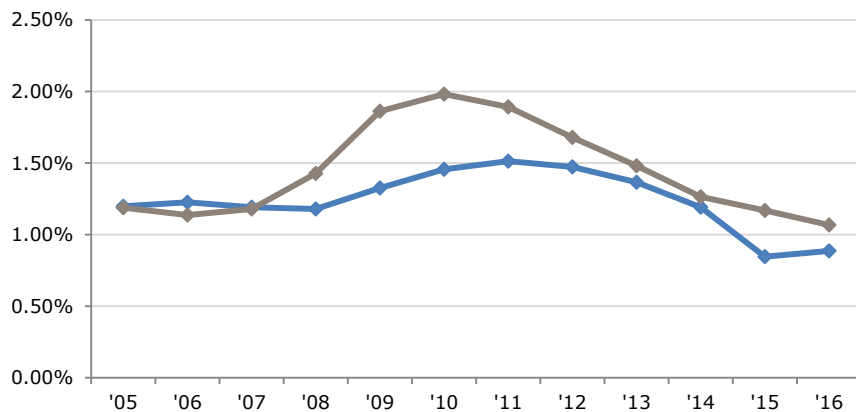
### NPAs / Assets



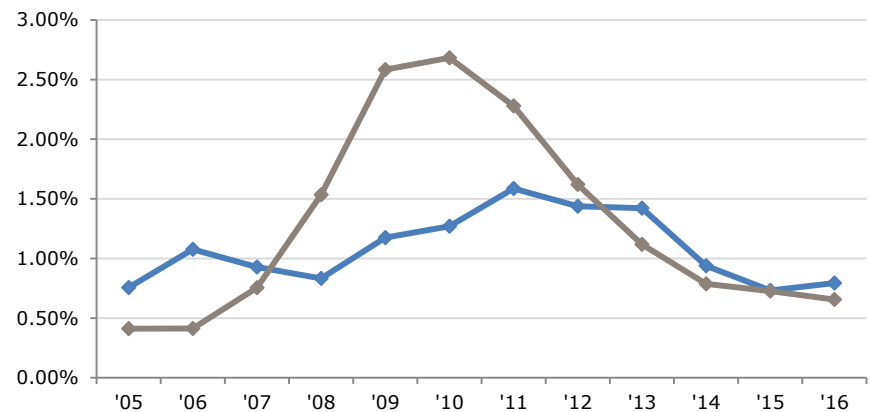
### NCOs / Average Loans



### Loan Loss Reserves / Gross Loans

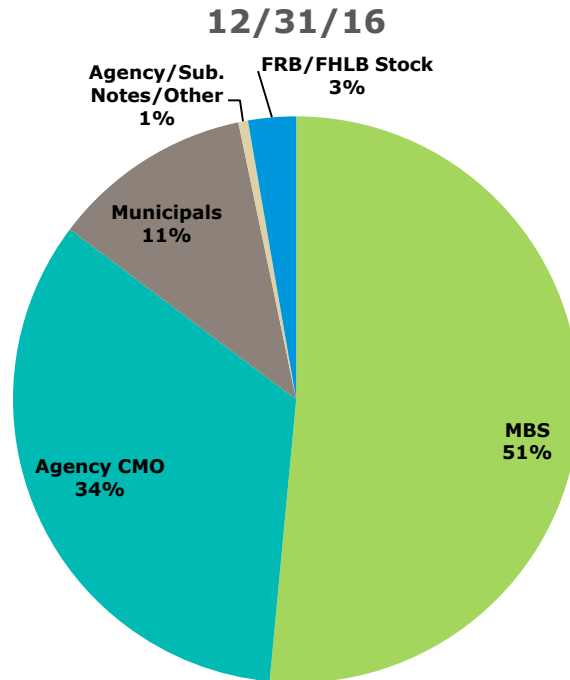


### Nonaccrual Loans / Loans



Note: Peer Group defined as publicly traded banks and thrifts headquartered in the United States with total assets between \$1.5 billion and \$7.0 billion, excluding merger targets.  
Source: SNL Financial

# Investments & ALM Position



Investments: \$900 million  
 Average Yield: 2.44%  
 Duration: 4.1 years

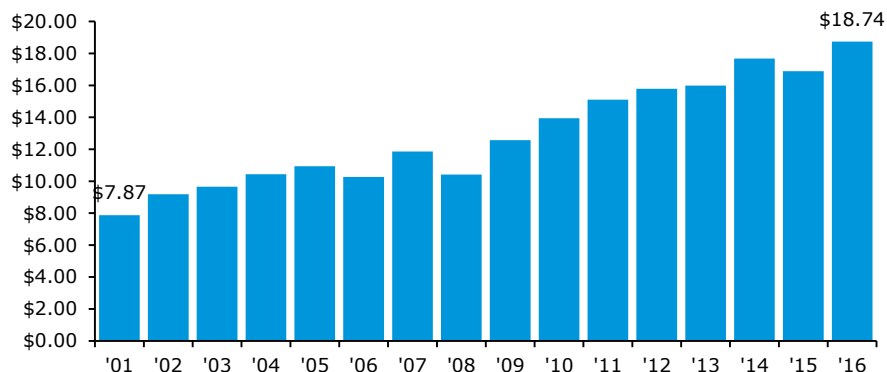
## Interest Rate Risk

Estimated Changes In Net Interest Income	
<b>Year 1</b>	
+200bp	(0.9)%
-100bp	(1.5)%
<b>Year 2</b>	
+200bp	3.6 %
-100bp	(7.7)%

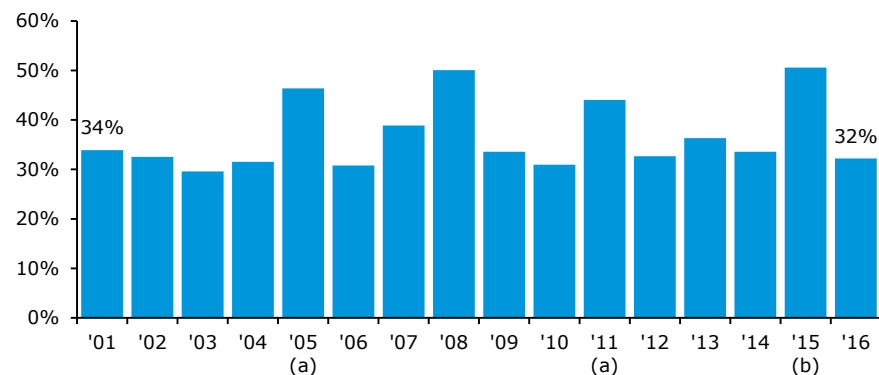
(Assumes flat balance sheet, no change in asset/funding mix and change of rates over 12 month period)

# Shareholder Value Long-Term Metrics

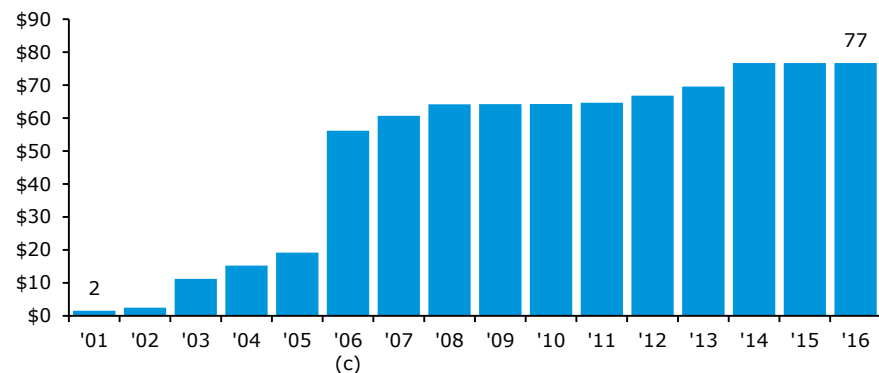
## TBV Per Share



## Dividends as % of Net Income



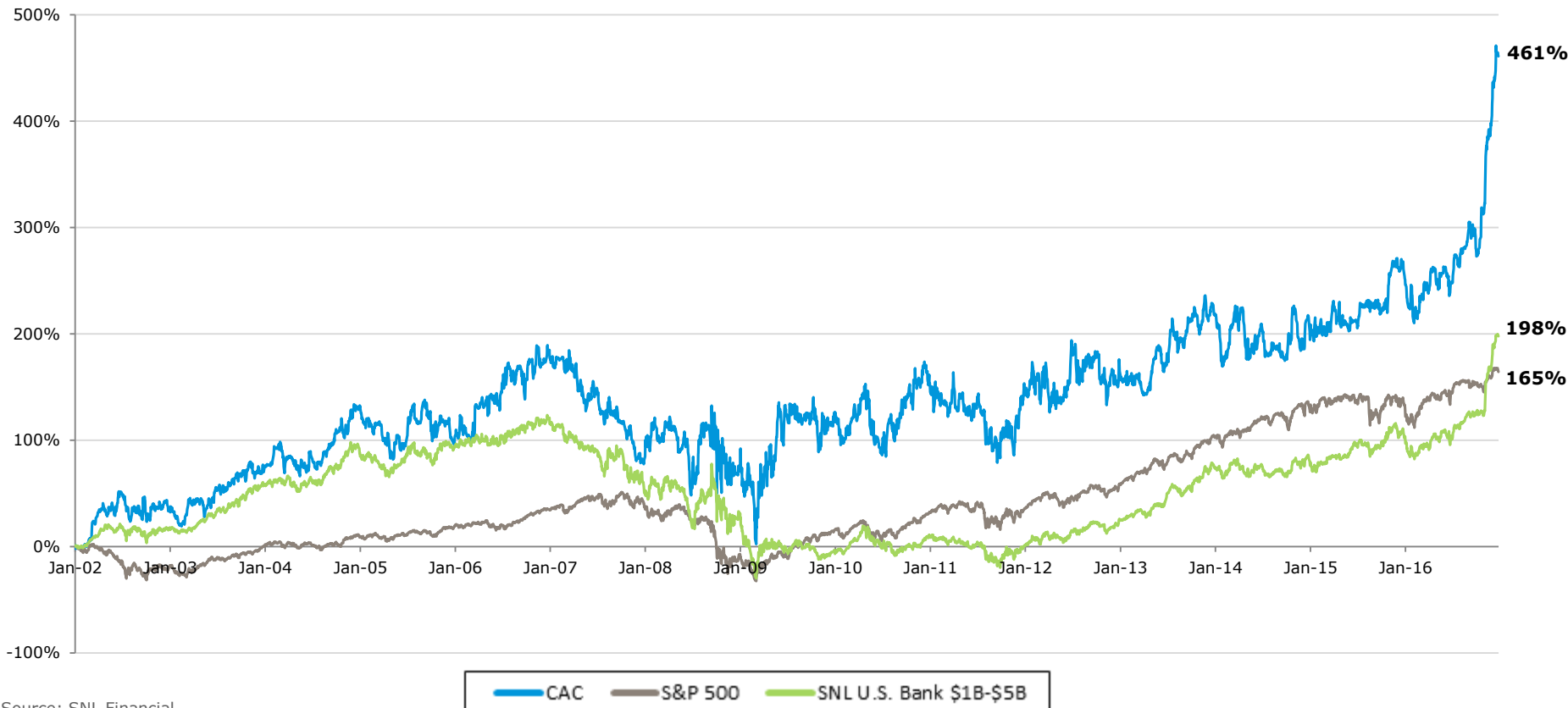
## Cumulative Stock Repurchases (\$ in millions)



- a) 2005 and 2011, special dividend of \$0.50 per share.
- b) The increase in 2015 due to reduction in net income related to merger and acquisition costs of \$7.2 million, after tax.
- c) 2006 issuance of trust preferred and share buyback.

# Shareholder Value 15 Year Total Return

- Stock price appreciation of 256.55%
- Average dividend yield of 2.83%



Source: SNL Financial



# Investment Summary

## Proven Management Team

- Delivered on previous acquisition commitments
- Diverse experience from community and large bank perspectives

## Strong Market Share and Brand Recognition

- 140 year operating history
- 3<sup>rd</sup> overall deposit market share in Maine
- #2 mortgage originator in Maine, with 6.2% of all mortgage originations in the state

## Quality Growth

- Consistent long-term growth both organically and through acquisitions
- Expanded presence in higher growth Southern Maine markets and enhanced scale, density, and deposit costs in existing markets

## Strong Fundamental Operating Metrics

- Historically strong credit quality with nonperforming assets consistently less than 1% of total assets
- Efficiency ratio, ROAA and ROAE superior to peers

# Appendix

# Seasoned Management Team



Name	Position	Age	Years of Banking Experience	Year joined Camden
Greg Dufour	President and CEO	56	25+	2001
Debbie Jordan, CPA	COO & CFO	51	20+	2008
Joanne Campbell	EVP Risk Management	54	30+	1996
Edmund Hayden	EVP Chief Credit Officer	61	30+	2015
Tim Nightingale	EVP Senior Loan Officer	59	30+	2000
June Parent	EVP Retail Banking	53	25+	1995
Renee Smyth	SVP Chief Marketing Officer	46	15+	2015
Edward Walbridge	SVP Human Resources	56	15+	2016
Mary Beth Haut	Director of Wealth Management	53	30+	2016

# Financial Highlights

## Balance Sheet

(in million's)	12/31/16	12/31/15	12/31/16 vs. 12/31/15 Change	12/31/14
Loans	\$2,595	\$2,490	4%	\$1,773
Investment Securities	898	856	5%	804
Total Assets	3,864	3,709	4%	2,790
Deposits	2,829	2,726	4%	1,932
Borrowings	600	572	5%	577
Shareholders' Equity	392	363	8%	245
Tier 1 Leverage Ratio	8.83%	8.74%	-	9.26%

# Financial Highlights

## *Net Income and Key Ratios*

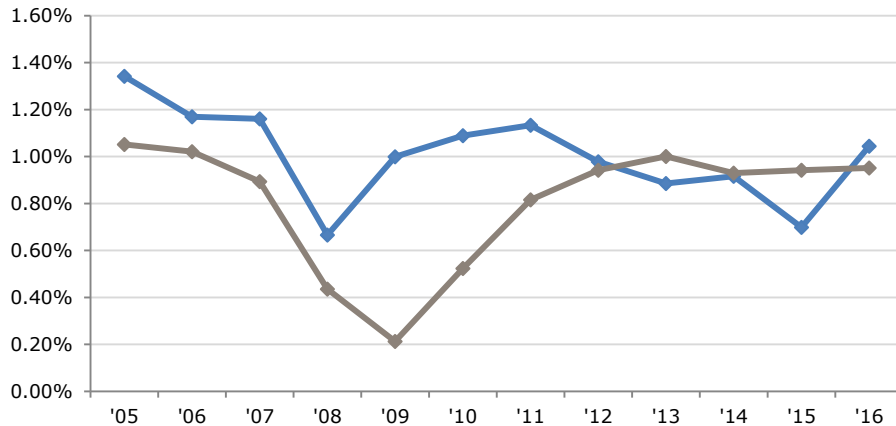
	2016	2015	2014
Net Income (in millions)	\$40.1	\$21.0	\$24.6
Diluted Earnings per Share <sup>(a)</sup>	\$2.57	\$1.73	\$2.19
Return on Tangible Equity <sup>(b)</sup>	14.76%	9.91%	13.46%
Return on Assets	1.04%	0.70%	0.92%
Efficiency Ratio <sup>(b)</sup>	57.53%	61.13%	61.58%
Net Interest Margin (Fully-Taxable Equivalent)	3.32%	3.19%	3.11%

(a) Per share data adjusted to reflect the three-for-two stock split effective September 30, 2016.

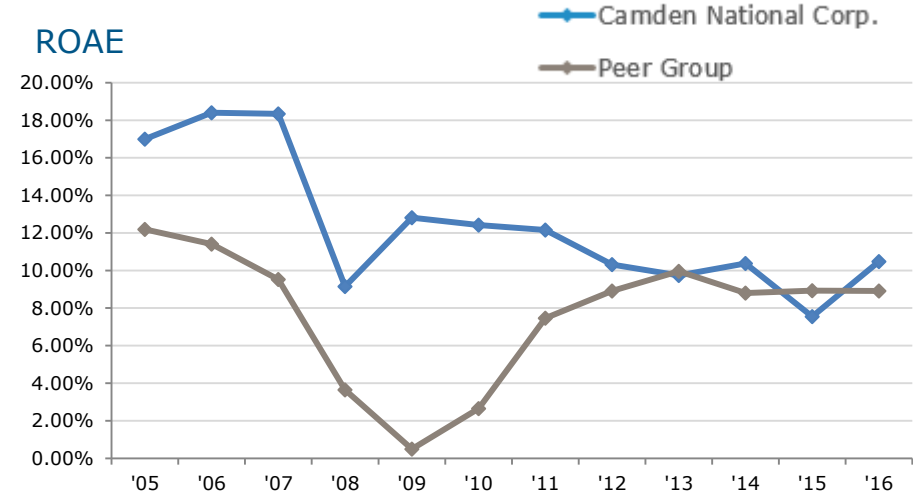
(b) This is a non-GAAP measure. Refer to the Form 10-K filed on 3/7/17 for the year ended December 31, 2016 for the reconciliation of non-GAAP to GAAP financial measures.

# Profitability Trends

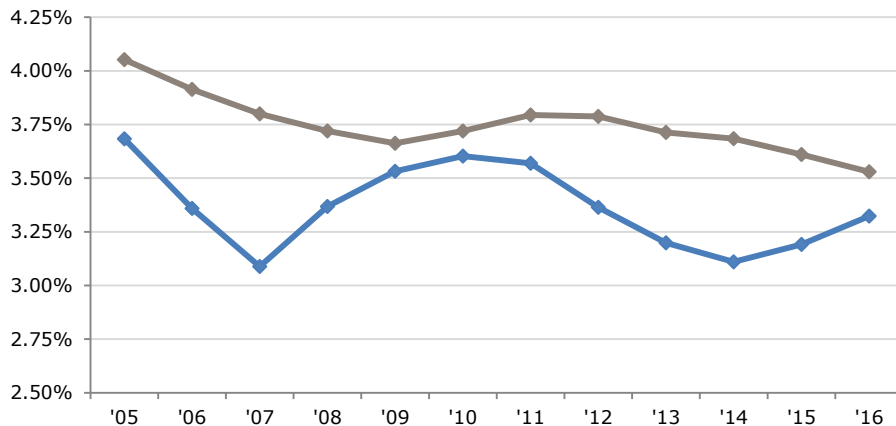
## ROAA



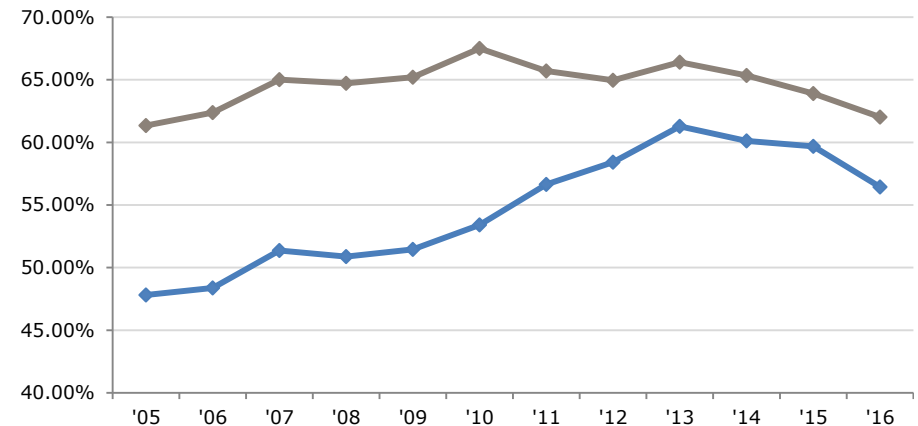
## ROAE



## Net Interest Margin



## Efficiency Ratio



Note: Peer Group defined as publicly traded banks and thrifts headquartered in the United States with total assets between \$1.5 billion and \$7.0 billion, excluding merger targets.  
Source: SNL Financial

# Mortgage Banking Activity

- The SBM Financial acquisition positions CAC as the #2 Mortgage Originator in Maine

Top 15 Lenders	Year Ended December 31, 2016			Year Ended December 31, 2015		
	Originations	Rank	% of Total	Originations	Rank	% of Total
Bangor Savings Bank	3,915	1	9.2%	3,469	1	8.5%
<b>Camden National Bank<sup>(1)</sup></b>	<b>2,632</b>	<b>2</b>	<b>6.2%</b>	<b>3,039</b>	<b>2</b>	<b>7.4%</b>
Residential Mortgage Services Inc.	2,447	3	5.8%	2,330	3	5.7%
TD Bank, N.A.	1,764	4	4.2%	2,255	4	4.2%
Quicken Loans	1,642	5	3.9%	1,726	7	3.4%
Kennebec Savings Bank	1,502	6	3.5%	1,689	6	3.6%
Key Bank	1,466	7	3.5%	1,395	5	4.1%
First, N.A.	1,445	8	3.4%	1,465	8	3.0%
Machias Savings Bank	1,226	9	2.9%	1,207	10	2.7%
Norway Savings Bank	1,173	10	2.8%	1,110	9	2.7%
Bank of America	986	11	2.3%	1,090	11	2.4%
Gorham Savings Bank	815	12	1.9%	748	12	1.8%
Merrimack Mortgage Co. Inc.	802	13	1.9%	536	22	1.3%
Bath Savings Institution	800	14	1.9%	784	16	1.7%
Wells Fargo Bank	780	15	1.8%	962	13	1.8%
<b>Total for All Lenders</b>	<b>42,478</b>	<b>-</b>	<b>100.0%</b>	<b>40,840</b>	<b>-</b>	<b>100.0%</b>

(a) Camden National's 2015 loan originations include those originated by SBM Financial, Inc. in 2015 prior to the acquisition that closed on October 16, 2015.  
Source: MRS, Inc.

# Market Overview

## Maine

- Projected 7.45% growth in household income for 2016 to 2021
- Unemployment rate of 3.8% as of December 2016
- Hospitality and tourism generate more than \$2 billion in household income annually

## New Hampshire

- Projected 9.90% growth in household income for 2016 to 2021
- Unemployment rate of 2.6% as of December 2016
- State GDP grew 2.5% to \$73.9 billion in 2015

Market Segments & Growth	Pre-Merger Footprint	Expanding Footprint to Higher Growth Market	
		Southern Maine	Southern New Hampshire
Total Households	291,602	202,605	453,657
Projected Growth, 2014 to 2019	0.2%	1.9%	1.3%
Mass Affluent Households <sup>1</sup>	78,216	102,179	259,169
% of Total Households	26.8%	50.4%	57.1%
Number of Businesses	41,767	32,627	65,959

1) Mass Affluent Households defined as households with Interest Producing Assets between \$250,000 and \$1,000,000  
Sources: SNL Financial, Bureau of Economic Analysis, Nielsen, Maine Office of Tourism, Bureau of Labor Statistics