

**Camden National Corporation NasdaqGS:CAC**

# **Shareholder/Analyst Call**

**Tuesday, April 28, 2020 8:00 PM GMT**

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# Call Participants

## EXECUTIVES

**Gregory A. Dufour**  
*President, CEO & Director*

**Lawrence J. Sterrs**  
*Independent Chairman of the Board*

**Michael R. Archer**  
*Senior VP & Corporate Controller*

# Presentation

## Operator

Hello, and welcome to the 2020 Annual Meeting of Shareholders of Camden National Corporation. It is now my pleasure to turn this meeting over to Lawrence Sterrs, Director and Chair of Camden National Corporation.

## Lawrence J. Sterrs

*Independent Chairman of the Board*

Thank you, Katherine, and good afternoon, ladies and gentlemen. My name is Larry Sterrs, Director and Chair of the Board of Directors of Camden National Corporation. I want to welcome you to our first ever hybrid virtual meeting of our shareholders as we take steps to meet social distancing directives required by our governor. On a personal note, I hope that you're all healthy and safe as we are dealing with this crisis. At Camden National, we have been working hard to ensure the company remains a source of strength and stability for our communities, our customers and our employees.

With that, I'd like to call the 2020 Annual Meeting of Shareholders to order, and welcome all of you. Also present on the telephone today are Greg Dufour, our President and Chief Executive Officer; Debbie Jordan, our EVP and Chief Operating Officer; Joanne Campbell, our EVP of Risk Management, who will serve as Secretary and record minutes of today's meeting. And also joining us is Mike Archer, our Senior VP and Corporate Controller, who will also serve as the Inspector of Elections.

Also joining us today is Pat Mulloy from RSM, our independent registered public accounting firm; and Jared Fishman from Sullivan & Cromwell, our external Counsel, are also present on the telephone and available to answer questions.

This year for our meeting, we use the SEC's notice and access rules that allow us to furnish our proxy materials over the Internet to our shareholders instead of mailing paper copies of those materials to each shareholder. Notice of this meeting, containing the instructions on how to access our proxy materials and vote was mailed on or about March 16, 2020, to all shareholders of record as of February 24, 2020. Shareholders who have logged into the meeting with a control number have access to submit questions to vote.

Mr. Archer has reported that there are nearly 13 million shares of common stock represented at this meeting, which constitutes approximately 85% of the outstanding shares entitled to vote here today. Because holders of the majority of the shares entitled to vote at this meeting are present by proxy, and a quorum is present, I declare this meeting to be duly convened for the purposes of transacting such business as may properly come before us.

Please note that the polls are still open for shareholders to vote. Shareholders of record who have joined the virtual meeting by logging in with a control number and who have not yet cast a vote via proxy or the virtual meeting portal, or who wish to change their vote, may do so in the virtual meeting portal. The polls will be closing in a few minutes, and I ask you to submit your vote now if you have not already done so in order for your vote to be counted.

The order of business for this meeting will be as follows: presentation of proposals to be considered and voted upon the voting, the voting results and then the adjournment of the formal meeting and then a brief update from our President, Greg Dufour. Following completion of our formal remarks, we will hold a question-and-answer session. If you are a shareholder who has joined the virtual meeting using a control number and you have a question you'd like to ask, please go ahead and ask your question by typing it into the question box on the virtual meeting portal at any time. Questions from shareholders must address only the proposals under consideration. General questions from shareholders will be held until the general question-and-answer session following our formal remarks. Questions from multiple shareholders on the same topic or that are otherwise related may be grouped, summarized and answered together. We remind you that personal matters and claims are not appropriate subjects for public discussion at today's meeting. If you need assistance with a personal financial matter, please contact our customer service team, and they will be more than happy to help.

The Board of Directors has proposed 3 matters to be considered at the annual meeting. Please note that the polls will be closed once I finish discussing these proposals. So again, any final votes should be cast now.

The first proposal to be voted upon is the election of Robin Sawyer and Lawrence Sterrs to the company's Board of Directors, each to serve a term of 3 years and until his or her successor is elected and qualified.

The second proposal to be voted upon is the approval of a nonbinding advisory vote on executive officer compensation, also called our Say-on-Pay proposal.

The third and final proposal to be voted upon is the ratification of the appointment of RSM LLP as the company's independent registered public accounting firm for the fiscal year ended December 31, 2020.

Mr. Archer, do we have any questions pertaining to these proposals coming from shareholders?

**Michael R. Archer**  
*Senior VP & Corporate Controller*

No questions regarding the proposals have been submitted, Larry.

**Lawrence J. Sterrs**  
*Independent Chairman of the Board*

Okay. Thank you, Mike.

So it's now time to move on to voting. Please note that we are about to close the polls for voting at this meeting. Remember that if you've already sent in your proxy card or voted by Internet or telephone, your shares have been voted accordingly. You do not need to vote today unless you are voting for the first time or if you want to change your previous vote.

I now declare the polls closed and direct the Inspector of Election to tabulate the voting results. Mr. Archer, can you please report on the results of the voting?

**Michael R. Archer**  
*Senior VP & Corporate Controller*

Yes. Based upon the preliminary totals, all nominees for election to the Board of Directors have been elected, the nonbinding Say-on-Pay proposal has been approved and the appointment of RSM LLP as the independent registered public accounting firm for the fiscal year ending December 31, 2020, has been ratified. The final vote tallies will be included in the company's Form 8-K, which will be filed with the SEC within the next 4 business days.

**Lawrence J. Sterrs**  
*Independent Chairman of the Board*

Thank you, Mr. Archer.

With the completion of the voting, the formal business meeting is now adjourned.

I am pleased to introduce our President and Chief Executive Officer, Greg Dufour. Greg?

**Gregory A. Dufour**  
*President, CEO & Director*

Thank you, Larry. I want to start by expressing my hope that all of you and your families are safe and healthy during this crisis, and also welcome all of you to our Annual Shareholder Meeting.

Since I joined Camden National in 2001, I have enjoyed our annual meetings and seeing many of you at those meetings. So yes, this is an adjustment for all of us.

Earlier today, we released our first quarter 2020 earnings, as well as supporting materials to provide additional context to our preparedness for the challenges we expect over the coming months. That information can be found in the Investors section of our website at [camdennational.com](http://camdennational.com).

Two of our organization's foundational elements are our commitment to our core values, our commitment to our 4 constituents: our owners, customers, employees and communities. I would like to take a few moments to describe how we are meeting the needs of these 4 groups.

Our focus on our shareholders is strong. I'd like to point out a few highlights on our current financial strength and position. As of March 31, 2020, we had tangible common equity ratio of 8.78%, a Tier 1 leverage ratio of 9.53% and a total risk-

based capital ratio of 13.81%. This provides a solid capital capacity as we enter the uncertainty of the next several quarters. We are considered well-capitalized by our regulators.

Asset quality was in a strong position at March 31, 2020, with nonperforming assets at 0.23% of total assets, an annualized first quarter net charge-offs of 0.05% of average loans. Our reserve for loan losses was \$26.5 million on March 31, 2020, or 0.84% of total loans. During the first quarter of 2020, we provided \$1.8 million of provision expense for loan losses. We did decide to delay the adoption of CECL, as allowed by the CARES Act that was recently passed by Congress, so we could reallocate resources to our pandemic response activities and further support our customers during this time.

We repurchased over 217,000 shares in the first quarter before suspending the program on March 20, 2020, as the health crisis unfolded, and we prioritized capital preservation. After analyzing our capital position, we did declare a \$0.33 per share dividend for the first quarter. Even though our employees were personally going through an extremely stressful period, I am proud of how they have responded for our customers. Here are just some of the examples.

We transitioned our retail banking centers to service customers by drive up or in our lobbies by appointment only. In March, we saw our banking center transactions decline by 13% compared to the same month last year, while our digital banking activity increased 14% and calls to our customer care center increased by 16%.

Our response to the CARES Act Paycheck Protection Program, or PPP, has been significant. In Phase 1 of the program, we processed over 1,600 loans, totaling \$197 million as of April 22. Behind the scenes, we asked over 70 lenders, portfolio managers, banking center managers and loan processing employees to be reassigned to this effort. We were one of the first banks in Maine to offer loan payment deferrals and late fee waivers as well.

As of April 22, we're working on over 1,500 loans with outstanding loan balances of over [ \$550 million ]. We asked 9 additional individuals to shift from their normal work duties to assist our special assets and collection teams.

Believing that our employees are our greatest company's asset, we took several actions to ensure their safety, wellness and economic well-being. As our local schools closed, we took immediate action to revise our paid time off policies, allowing many employees to work from home or access their paid time off to care for children or other loved ones. We also announced we would provide financial support once paid time off was exhausted. We added \$100,000 to our employee emergency relief fund to help those employees that may experience financial stress due to a variety of factors, including spouses and significant others who may be laid off.

To help make our work environments as safe as they could be, we moved over 300 additional employees to work-from-home status and provided premium pay for those employees who would be working in our banking centers and other high-risk areas.

Equally as important is our role in the communities we serve. Usually, our employees are hands on with many community organizations we work with, and they are frustrated by how they are limited during this time, but our supports included leveraging our Hope@Home efforts with local homeless shelters, providing unrestricted funding to serve the homeless, providing financial support to our local food banks, and we initialized support to Finding Our Voices, an emerging organization that provides support to victims of domestic violence, an issue which is increasing during this time of isolation.

We are also looking to the future. I'd like to welcome to the organization in this call, Greg White, who joined us on April 15, as our Executive Vice President and Chief Financial Officer; as well as recognize Debbie Jordan, who announced last October her intention to retire from the company on April 30, but has agreed to stay on as EVP and Chief Operating Officer through June to help assist in the transition, as well as help oversee our coronavirus response work. Bill Martel also joined us as Executive Vice President of Technology and Support Services on March 30. Both Greg and Bill joined a very strong staff in their respective areas, who, along with all of our leaders and employees, have done an amazing job in the past several weeks. I want to thank them all and as well as you.

That concludes my formal comments. I'll now be glad to spend a few minutes answering any questions you may have. Again, if you have a question, please submit it in the question box provided to the shareholders who logged in with their control numbers. I will give a moment to see if any questions pop up.

At this time, I don't see any questions being asked. I want to conclude with 2 notes. First of all, to, again, recognize Debbie. She has been with us for 11 years. Many of you know her through her previous presentations at our annual

meeting. Debbie joined us in 2008 at the start of that financial crisis, and is giving us a lot of great leadership during this health crisis and economic crisis as well.

I also want to just recognize the 650 or so employees at Camden National Corporation, Camden National Bank. Over the past few weeks, many have worked 7 days a week, late into the night, some right up until midnight last night, processing PPP loans. They are led by a great team, executives I get to work with on a daily basis, senior leaders but -- managers and supervisors throughout this whole organization. This is truly a Maine based company being run by some great people helping our 4 constituents.

I want to thank you all for your time and attendance and support of the organization and as well as looking forward to, hopefully, in the future, seeing you face-to-face. Please take care. And this concludes our annual meeting. Thank you.

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