



ENVISION. INSPIRE. ENGAGE.

Annual Report 2019

# Inspired by Our Values and Vision

## About Us

 630+ Employees

 61 Banking Centers

 \$4.4 Billion in Assets

 71 ATMs

 \$1.0 Billion in Assets Under Management

 2 Loan Production Offices

 24/7 Live Phone Support

## Our Core Values

### Honesty and Integrity

▶ above all else

### Trust

▶ built on fairness

### Service

▶ that creates remarkable experiences

### Responsibility

▶ to use our resources for the greater good

### Excellence

▶ through hard work and lifelong learning

## Investing in learning and development

Through professional growth opportunities, leadership development, and educational benefits, our employees build rewarding, meaningful careers at Camden National Bank. In 2019:

**31,000+**  
Hours

Dedicated  
to Employee  
Training

**226**  
Bank Officers

Attended Our  
Leadership  
Conferences

**24**  
Employees

Participated in Our  
Horizons 100 and 200  
Leadership Development  
Programs

“Over the year, we received accolades for our financial performance, customer experience, and service to our communities. It is rewarding to see our whole team’s hard work recognized by those we serve in many different ways.”

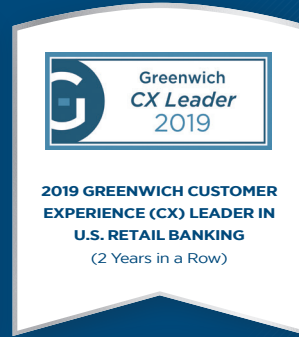
– Greg Dufour, President & CEO





## 2019 Awards and Recognition

Thanks to **dedicated service, teamwork, and commitment** to our core values, we continue to make a meaningful impact. Our efforts have been recognized and rewarded as we continue to focus on responsible lending, sustainability, diversity, ethical governance, and financial performance.



## 2019 Financial Highlights

<b>\$57.2 Million</b> Record Net Income	<b>1.30%</b> Return on Average Assets	<b>14%</b> Growth in Average Deposits
<b>9%</b> Increase in Diluted Earnings Per Share	<b>12.44%</b> Return on Average Equity	<b>8%</b> Growth in Average Loans

## A record year for Camden National

It is with great pride that we share Camden National Corporation's strong financial results for 2019 and are pleased to report record net income of \$57.2 million and earnings per diluted share of \$3.69, an 8% and 9% increase, respectively, over 2018.

Our performance is the result of the strategic investments we have made in our business, as well as the dedication and teamwork of our valuable employees. Whether we're guiding first-time homebuyers or we're helping a local business grow, our caring employees develop trusted relationships with our customers. Since our founding, we've brought passion and innovation to community banking, and we have taken a personal approach to doing business, supporting our customers no matter where they are on their financial journey.

We are also proud to be a strong corporate partner who cares deeply for our neighbors and employees, and we conduct socially responsible business under

the most transparent governance. We maintain our focus on responsible lending, sustainability, and diversity. Everything we do, either in the office or out in the community, is guided and inspired by our core values, and we continue to make meaningful progress toward achieving our vision of providing the best banking experience for every customer.

In 2019, we were recognized by local and national organizations for our accomplishments. Over the year, we received accolades for our financial performance, customer experience, and community dedication. It is rewarding to see our entire team's hard work celebrated by those we serve.

As we reflect on 2019, we want to express our sincere gratitude to you—our shareholders, customers, employees, and communities—for your loyalty and support. Together, we move into the next decade with much to celebrate and look forward to.



*Lawrence J. Sterrs*  
**Lawrence J. Sterrs**  
Chair, Board of Directors

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

# Personalizing solutions for Our Valued Customers

## Focusing on customer experience

Our vision unites us around providing the best banking experience, no matter how customers choose to bank with us—in person, online, or by phone. When a customer or employee believes we’re doing something well or can improve, we want to hear about it. Through **CamdenCircle**, our customer experience program, we collect opinions, comments, and feedback which shape our personal approach to doing business. **CamdenCircle** inspires us to develop new solutions, improve processes, and better serve our customers each day.

**“I love the mobile app and the warm ‘like family’ way I’m treated as a customer at my local branch. I love the rewards for using my debit card. I recently recommended Camden National Bank to a friend, and she opened an account!”**

– Lydia, Portland, ME



## Seamless service, both in person and online

- ▶ **9% increase** in total outreach to our 24/7 Customer Care Team
- ▶ **45% increase** in live chats
- ▶ **2,652,000+** total teller transactions
- ▶ **1,279,000+** total ATM transactions
- ▶ **8% increase** in total debit card transactions

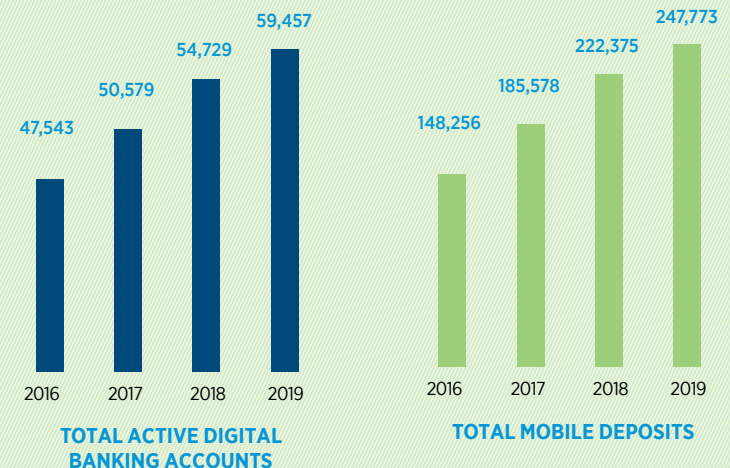
## Continuously enhancing digital banking

- ▶ **41% growth** in total digital banking logins
- ▶ **15% growth** in total accounts with eStatements
- ▶ **18% growth** in total mobile deposit customers
- ▶ **27% growth** in person-to-person payment users with **93% growth** in total payments made
- ▶ **25%** of funded residential loan applications were submitted using MortgageTouch™



**“From start to finish, Camden National Bank’s employees and mortgage process were outstanding—friendly, knowledgeable, efficient, and speedy. I have done many transactions and rate this one at the top.”**

–Mortgage Customer





### Local guidance and sophisticated solutions

Our expert teams build strong relationships with individuals, families, and businesses to help them achieve their financial goals. Additionally, we provide consultation and support for businesses of all sizes, from start-up ventures to large commercial clients across New England, fueling their growth and success.



### Robust digital capabilities through TreasuryLink™

For businesses with complex cash management needs, our TreasuryLink™ online banking platform provides customizable reports, automated alerts, and user controls for managing liquidity and payments. The majority of our TreasuryLink™ customers also utilize fraud prevention services, such as Positive Pay, plus ACH blocks, dual controls, and multifactor authentication to protect their transactions and accounts.



### Comprehensive wealth management and investment solutions

Camden National Wealth Management provides investment management, financial planning, and trust and estate services tailored for individual and institutional clients throughout Maine and the United States. Our team of local, trusted professionals delivers personalized advice and solutions, created for each client's unique objectives.



In 2019, we expanded our Treasury Management team and added international expertise to support organizations with secure foreign transaction commerce. We also partnered with SWIFT, making it easier for customers to receive international payments.



“Camden National Bank has been *Down East*'s partner since the 1980s, and we've always been impressed by their in-depth knowledge of our business and needs. They are just the right size for us: large enough to provide competitive products and services, yet small enough for close relationships.”

– **Bob Fernald**  
President, Publisher, and CEO,  
*Down East Magazine*

“Our experience as a customer has been nothing but exceptional from our first meeting on. We're always impressed by your willingness to go the extra mile. As our business—and banking product needs—has grown, you've been there to guide us, answer all of our questions, and make the process seamless.”

– **Annette Goldberg**, Operations Manager, and **Melanie Tromblee**, Relationship Manager, Red Door Title

# Bringing out the best in our Employees and Communities

We're attracting, retaining, and rewarding top talent, and we're proud to share that, in 2019, 35% of open positions were filled by internal candidates.

## Recognizing employee achievements

Our employees contribute to our success each day, and we're incredibly proud of their accomplishments over the past year. At our 2019 Employee Appreciation Night, we celebrated together and awarded 14 employees for their leadership, innovation, and commitment to our vision and core values.

## Supporting health and wellness

We work to create an energized, engaged culture by empowering our employees in a safe and welcoming workplace environment with resources for healthy lifestyles and financial well-being. This includes a robust health benefits package, in addition to special benefits such as:



**Retirement account contributions**



**Online financial training**  
1 in 3 employees completed lessons in our Financial Fitness program



**Gym and fitness class reimbursements**  
More than \$30,000 reimbursed in 2019



**Employee Assistance Program**  
Resources to help employees and their families cope with life's unpredictable challenges



**Employee Emergency Fund**  
Provides confidential funds to help an employee with a personal or family emergency need



**Workplace enhancements**  
In 2019, we made significant updates to offices in Portland, Gardiner, and Rockport



Employees in Rockport, Maine, celebrate a large employee-raised donation to Good Shepherd Food Bank.



**\$480,000+**

Donated since 2015 to local homeless shelters through Hope@Home



**\$500,000**

Pledged to Pen Bay Healthcare and Maine Medical Center supporting health and wellness



**\$150,000**

Donated since 2011 to Maine nonprofits on behalf of 43 Leaders & Luminaries Awardees



**\$17,000**

Donated to Big Brothers Big Sisters chapters in Maine



**\$15,000**

Multiyear gift pledged to the Olympia Snowe Women's Leadership Institute



**14,000+**

Employee volunteer hours for local community organizations

## 2019 Donations

**35%** Health & Wellness

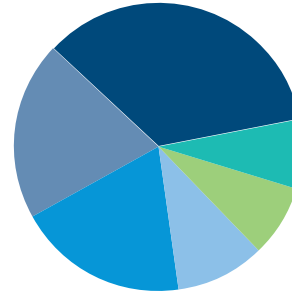
**20%** Youth & Education

**19%** Hope@Home

**10%** Community

**8%** Arts

**8%** Economic Development & Charities



## Rooted in our communities

As we've grown over the years, our commitment to social responsibility and giving back has deepened. In 2019, we donated to a broad cross-section of nonprofits in our communities. Key areas of focus included support for organizations in the health and wellness space, as well as those dedicated to youth and education.



# Delivering record Financial Results

## Consistently strong financial performance

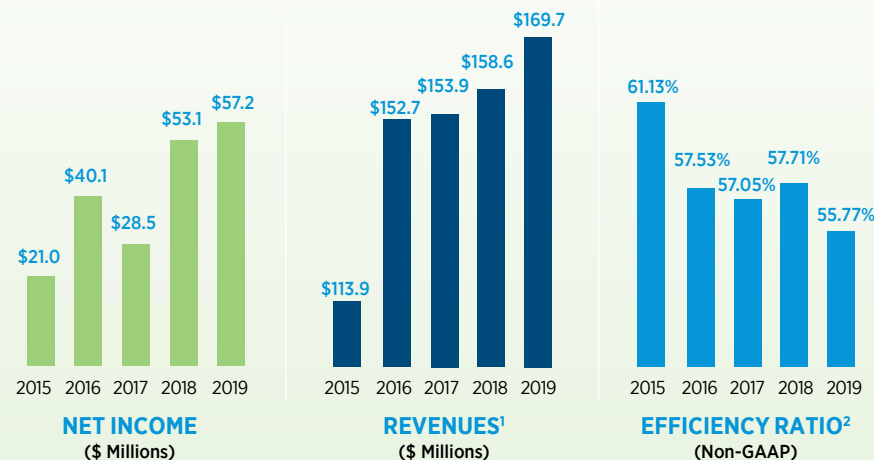
In 2019, Camden National Corporation reported record net income of \$57.2 million and diluted earnings per share (EPS) of \$3.69, as well as strong financial performance metrics, including a return on average assets of 1.30% and return on average tangible equity of 15.99%. Our efficiency ratio fell below 56% in 2019, representing an improvement of nearly 2% over last year as we see the benefits of our investments in people and technology driving revenue growth of 7% and an operating expense increase of 4%.

In 2019, we built on our successes from last year, and by working collaboratively across business lines, we continued expanding our customer base and market presence. Average deposits grew 14% year over year, driven by checking and money market growth. According to the FDIC, Camden National Bank increased its deposit market share for the state of Maine to 11.4% as of June 30, 2019, maintaining our rank of second in the state and first for community banks. Average loans grew 8% year over year, and total loans were \$3.1 billion at December 31, 2019. In 2019, our loan production in southern Maine, New Hampshire, and Massachusetts increased 11% over 2018 as we continued to expand our presence within those markets.

**Net income grew 8% and diluted EPS grew 9% over last year.**

We also reported historically strong asset quality metrics, with nonperforming assets of just 0.25% of total assets and loans 30-89 days past of 0.17% of total loans at year end. Our prudent and unwavering approach to lending has served us well in all business and macro environments, allowing us to focus on growth while delivering consistent financial returns to our shareholders.

Because of our strong financial position and continued success, we deployed nearly \$21 million of capital in 2019 through the repurchase of over 488,000 shares of Camden National Corporation common stock, while simultaneously increasing our fourth quarter 2019 cash dividend to shareholders by 10%. Through our collective efforts in 2019 and over the past several years, we delivered a total return of 31.78% on Camden National Corporation common stock in 2019 and a 98.18% total return over the last five years.

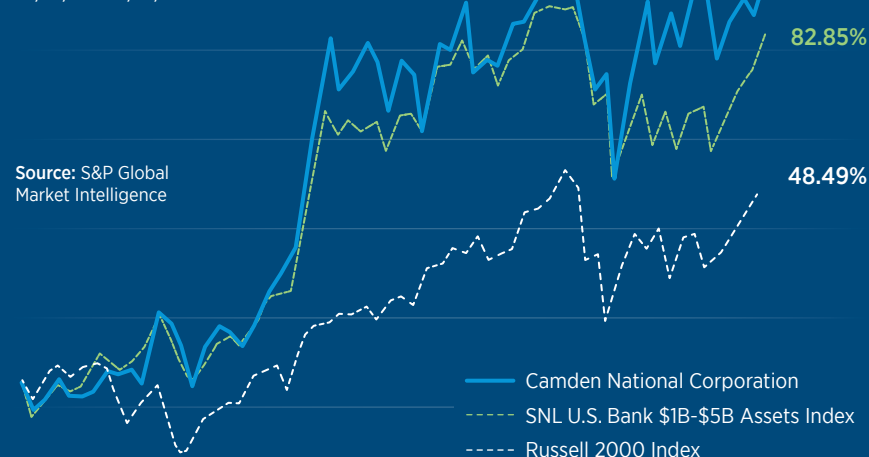


(1) Revenues is the sum of net interest and non-interest income.

(2) Efficiency ratio is non-interest expense divided by total revenues, each may be adjusted for certain items. This is a non-GAAP measure.

## 5 Year Cumulative Total Return

12/31/14 - 12/31/19



Source: S&P Global Market Intelligence

## Common Stock & Analysts

Camden National Corporation's common stock is listed on the NASDAQ Global Select Market and is traded under the symbol "CAC". The following analysts publish research about Camden National Corporation: Keefe, Bruyette & Woods, Inc., Raymond James and Associates, and Janney Montgomery Scott LLC.





Camden National Corporation was one of 30 publicly traded, top-performing banks and thrifts named to the Sandler O'Neil Sm-All Stars Class of 2019. To earn Sm-All Star status, companies were required to have a market capitalization below \$2.5 billion and were selected based on various financial screening criteria, including growth, profitability, credit quality, and capital strength. We were the only bank headquartered in New England to be recognized with this award in 2019.



(Dollars in thousands, except per share data)

	2019	2018	\$ Change	% Change
<b>Operating Data</b>				
Net interest income	\$ 127,630	\$ 120,393	\$ 7,237	6%
Provision for credit losses	2,861	847	2,014	238%
Non-interest income	42,113	38,176	3,937	10%
Non-interest expense	95,303	91,945	3,358	4%
Pre-tax income	71,579	65,777	5,802	9%
Income tax expense	14,376	12,706	1,670	13%
Net income	57,203	53,071	4,132	8%

#### Per Share Data

Diluted earnings per share	\$ 3.69	\$ 3.39	\$ 0.30	9%
Cash dividends per share	1.23	1.15	0.08	7%
Book value at end of period	31.26	27.95	3.31	12%
Tangible book value at end of period <sup>(1)</sup>	24.77	21.61	3.16	15%
Closing stock price (at December 31 <sup>st</sup> )	46.06	35.97	10.09	28%

#### Balance Sheet at Year End

Assets	\$ 4,429,521	\$ 4,297,435	\$ 132,086	3%
Investment securities	933,069	926,678	6,391	1%
Loans and loans held for sale	3,106,877	3,030,625	76,252	3%
Deposits	3,537,743	3,464,474	73,269	2%
Shareholders' equity	473,415	435,825	37,590	9%

#### Financial & Performance Ratios

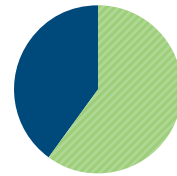
Return on average assets	1.30%	1.28%	(1) This is a non-GAAP measure. Refer to "Non-GAAP Financial Measures and Reconciliation to GAAP" in the Company's 2019 Annual Report on Form 10-K for a reconciliation of GAAP to non-GAAP financial measures.
Return on average tangible equity <sup>(1)</sup>	15.99%	17.22%	
Net interest margin	3.15%	3.16%	
Efficiency ratio <sup>(1)</sup>	55.77%	57.71%	
Tier I leverage capital ratio	9.55%	9.53%	For a complete set of Consolidated Financial Statements, refer to the Company's 2019 Annual Report on Form 10-K.
Nonperforming assets to total assets	0.25%	0.34%	
Net charge-offs to average loans	0.08%	0.01%	

# Guidance through Leadership and Example

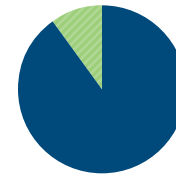
## Strong corporate governance

Our directors and executive management team are committed to setting the tone, expectations, and corporate culture from the top, and we believe in the importance of sound and effective corporate governance for responsible growth. Our Board of Directors provides oversight, support, and guidance to all constituents, and it plays a vital role in our shared success. Our board directors are customers, advocates, and advisors, making us a stronger financial institution and community leader.

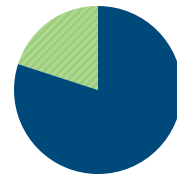
In early 2020, we prepared our inaugural environmental, social, and governance (ESG) report, available on our website at [www.CamdenNationalCorporation.com](http://www.CamdenNationalCorporation.com). Our commitment to enhancing and showcasing ESG practices reinforces our focus on building a strong corporate culture across our teams.



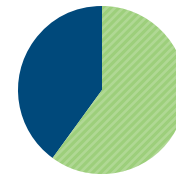
40% of directors are women



90% of directors are independent



80% of directors have tenure over five years



40% of directors have financial services expertise

## Board diversity is vital to our success

We seek to have a board composed of directors with diverse experience in business and in areas relevant to the Company. Our directors possess the highest personal and professional ethics, integrity, and values, and they are committed to representing the long-term interests of the shareholders. The role of Chair of the Board is held by an independent, non-executive director, Lawrence J. Sterrs, who has served as chair since 2017.

## Board of Directors

- + **Lawrence J. Sterrs, Chair**  
Board Chair, UniTek/UniTel & Chair CEO, Unity Foundation
- + **Ann W. Bresnahan**  
Civic Leader
- **Craig N. Denekas**  
Trustee, Chairman and CEO, Libra Foundation
- + **Gregory A. Dufour**  
President & CEO, Camden National Corporation and Camden National Bank
- + **David C. Flanagan**  
President, Viking Lumber, Inc.
- **S. Catherine Longley**  
EVP and COO, The Jackson Laboratory
- + **James L. Markos Jr., Esq.**  
General Manager, Maine Shellfish Company
- + **Marie J. McCarthy**  
Chief Operations & People Officer, L.L.Bean
- + **Robert D. Merrill**  
President, Merrill Furniture
- **James H. Page, Ph.D.**  
Retired Chancellor, University of Maine System
- + **Robin A. Sawyer, CPA**  
Retired Vice President of Corporate Finance and Corporate Controller, Wex Inc.
- + **Carl J. Soderberg**  
President, Soderberg Company, Inc.

● Camden National Corporation + Camden National Bank



“ We are proud to be a strong corporate partner who cares deeply for our neighbors and employees, and we conduct business in a socially responsible manner under the most transparent governance.”

– Lawrence “Larry” J. Sterrs,  
Chair, Board of Directors



As announced in January 2020, our Corinth, Hampden and Milo banking centers will close in April 2020.



2 Elm Street | Camden, ME 04843 | [CamdenNational.com](http://CamdenNational.com) | For You 24/7: 800-860-8821