

CAMDEN NATIONAL CORP  
Form S-4  
May 15, 2015

**As filed with the Securities and Exchange Commission on May 15, 2015**

**Registration Statement No. 333-**

**UNITED STATES SECURITIES AND EXCHANGE COMMISSION**

**Washington, D.C. 20549**

**FORM S-4**

**REGISTRATION STATEMENT**

**UNDER**

**THE SECURITIES ACT OF 1933**

**camden national corporation**

(Exact name of registrant as specified in its charter)

**Maine**

**6021**

**01-0413282**

(State or other jurisdiction of (Primary Standard Industrial (I.R.S. Employer  
incorporation or organization) Classification Code Number) Identification Number)

**2 Elm Street**

**Camden, Maine 04843**

**(207) 236-8821**

(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

**Gregory A. Dufour**

**President and Chief Executive Officer**

**2 Elm Street**

**Camden, Maine 04843**

**(207) 236-8821**

(Name, address, including zip code, and telephone number, including area code, of agent for service)

*Copies to:*

**William P. Mayer, Esq.**

**John J. Gorman, Esq.**

**Samantha M. Kirby, Esq.**

**Zachary Davis, Esq.**

**Joseph L. Johnson III, Esq.**

**Luse Gorman, PC**

**Goodwin Procter LLP**

**5335 Wisconsin Avenue, N.W., Suite 780**

**Exchange Place**

**Washington, D.C. 20015**

**Boston, Massachusetts 02109**

**Phone: (202) 274-2000**

**(617) 570-1000**

**Approximate date of commencement of proposed sale of the securities to the public:** As soon as practicable after this registration statement becomes effective and upon completion of the merger described in this registration statement.

If the securities being registered on this Form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box. "

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. "

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. "

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See the definitions of “large accelerated filer,” “accelerated filer” and “smaller reporting company” in Rule 12b-2 of the Exchange Act.

Non-accelerated filer

Large accelerated filer  Accelerated filer  (Do not check if a Smaller reporting company

smaller reporting company)

If applicable, place an X in the box to designate the appropriate rule provision relied upon in conducting this transaction:

Exchange Act Rule 13e-4(i) (Cross-Border Issuer Tender Offer)

Exchange Act Rule 14d-1(d) (Cross-Border Third-Party Tender Offer)

#### CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities Being Registered	Amount to be Registered (1)	Proposed Maximum Offering Price Per Unit	Proposed Maximum Aggregate Offering Price (2)	Amount of Registration Fee
Common Stock, no par value	2,806,857	N/A	\$ 92,757,636.18	\$ 10,778.44

(1) Represents the estimated maximum number of shares of Camden National Corporation common stock estimated to be issuable upon the completion of the merger to which this Registration Statement relates.

(2) Pursuant to Rule 457(f), the registration fee was computed on the basis of \$140.58, the book value of the common stock of SBM Financial, Inc. to be exchanged or cancelled in the merger multiplied by the number of shares of common stock of SBM Financial, Inc. that may be received by the registrant and/or cancelled upon consummation of the merger.

**The registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the registration statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.**



The information in this proxy statement/prospectus is not complete and may be changed or supplemented. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This proxy statement/prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

Subject to Completion, dated May 15, 2015

[CAMDEN GRAPHIC]

, 2015

Dear Shareholder:

**Your vote is very important.**

You are invited to attend a special meeting of shareholders (the “special meeting”) of Camden National Corporation (“Camden”) to be held on , , 2015, at : .m., local time, at . The special meeting is being held to approve, among other things, the issuance of shares (the “share issuance”) of Camden common stock pursuant to the Agreement and Plan of Merger (the “merger agreement”) by and among Camden, SBM Financial, Inc. (“SBM”), and Atlantic Acquisitions, LLC, a wholly-owned subsidiary of Camden, dated as of March 29, 2015. In connection with the merger agreement, Camden will acquire SBM and its subsidiary, The Bank of Maine.

Pursuant to the merger agreement, each outstanding share of SBM common stock will be converted into the right to receive, at the election of the stockholder and subject to the allocation and proration procedures described in the merger agreement, either: (1) \$206.00 in cash, without interest (which we refer to as the “cash consideration”) or (2) 5.421 shares of common stock of Camden (which we refer to as the “stock consideration”). The cash consideration will remain fixed while the value of the stock consideration will fluctuate with the market price of Camden common stock. All elections are subject to allocation and proration procedures that are intended to ensure that 80% of the total number of shares of SBM common stock outstanding immediately prior to the effective time of the merger will be converted into shares of Camden common stock, and the remaining shares of SBM common stock will be converted into cash. This will result in SBM stockholders owning approximately 28% of the outstanding shares of Camden common stock following the closing of the transaction. Camden common stock is traded on the NASDAQ Global Market under the symbol “CAC.” SBM common stock is not publicly traded. On , 2015, the closing price of Camden common stock was \$ per share.

After careful consideration, our board of directors unanimously approved the merger agreement and determined that the share issuance and the other transactions provided for in the merger agreement are advisable to, and in the best interests of, Camden and our shareholders. Our board of directors unanimously recommends that you vote “**FOR**” the share issuance and the other matters being considered at the special meeting. **Your vote is important, regardless of the number of shares of Camden common stock you own.** We cannot consummate the merger unless the share issuance is approved by the affirmative vote of a majority of the votes properly cast at the special meeting.

The attached proxy statement/prospectus provides you with detailed information about the special meeting, the merger agreement and the share issuance. A copy of the merger agreement is attached as *Annex A* to the proxy statement/prospectus. We encourage you to read the proxy statement/prospectus and the merger agreement carefully and in their entirety, including “Risk Factors,” beginning on page 24. You may also obtain more information about Camden from documents we have filed with the Securities and Exchange Commission.

On behalf of your board of directors, thank you for your continued support and interest in Camden. We look forward to seeing you at the special meeting.

Sincerely,

[GRAPHIC]

Karen W. Stanley

*Chairman of the Board*

Camden National Corporation

[GRAPHIC]

Gregory A. Dufour

*President and Chief Executive*

Camden National Corporation

**Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of the merger, the issuance of the Camden common stock in connection with the merger or the other transactions described in this proxy statement/prospectus, or passed upon the adequacy or accuracy of the disclosure in this document. Any representation to the contrary is a criminal offense.**

**The securities to be issued in connection with the merger are not savings accounts, deposits or other obligations of any bank or savings association and are not insured by the Federal Deposit Insurance Corporation or any other governmental agency.**

The proxy statement/prospectus is dated , 2015 and is first being mailed to shareholders of Camden on or about , 2015.

[SBM GRAPHIC]

, 2015

Dear Stockholder:

**Your vote is very important.**

You are invited to attend a special meeting of stockholders (the “special meeting”) of SBM Financial, Inc. (“SBM”) to be held on , , 2015, at : .m., local time, at . The special meeting is being held to approve, among other things, the merger of SBM with a subsidiary of Camden National Corporation (“Camden”) as provided for in the Agreement and Plan of Merger (the “merger agreement”) by and among SBM, Camden and Atlantic Acquisitions, LLC, a wholly-owned subsidiary of Camden, dated as of March 29, 2015. In connection with the merger agreement, Camden will acquire SBM and its subsidiary, The Bank of Maine.

Pursuant to the merger agreement, each outstanding share of SBM common stock will be converted into the right to receive, at the election of the stockholder and subject to the allocation and proration procedures described in the merger agreement, either: (1) \$206.00 in cash, without interest (which we refer to as the “cash consideration”) or (2) 5.421 shares of common stock of Camden (which we refer to as the “stock consideration”). The cash consideration will remain fixed while the value of the stock consideration will fluctuate with the market price of Camden common stock. All elections are subject to allocation and proration procedures that are intended to ensure that 80% of the total number of shares of SBM common stock outstanding immediately prior to the effective time of the merger will be converted into shares of Camden common stock, and the remaining shares of SBM common stock will be converted into cash. This will result in SBM stockholders owning approximately 28% of the outstanding shares of Camden common stock following the closing of the transaction. Camden common stock is traded on the NASDAQ Global Market under the symbol “CAC.” SBM common stock is not publicly traded. On , 2015, the closing price of Camden common stock was \$ per share.

After careful consideration, our board of directors unanimously approved the merger agreement and determined that the transactions provided for in the merger agreement are advisable to, and in the best interests of, SBM and our stockholders. Our board of directors unanimously recommends that you vote “**FOR**” the merger and the other matters being considered at the special meeting. **Your vote is important, regardless of the number of shares of SBM common stock you own.** We cannot consummate the merger unless the merger is approved by the affirmative vote of a majority of the shares of SBM common stock outstanding and entitled to vote at the special meeting.



The attached proxy statement/prospectus provides you with detailed information about the special meeting, the merger agreement and the share issuance. A copy of the merger agreement is attached as *Annex A* to the proxy statement/prospectus. We encourage you to read the proxy statement/prospectus and the merger agreement carefully and in their entirety, including “Risk Factors,” beginning on page 24.

On behalf of your board of directors, thank you for your continued support and interest in SBM. I look forward to seeing you at the special meeting.

Very truly yours,

[GRAPHIC]

John W. Everets

*Chairman and Chief Executive Officer*

SBM Financial, Inc.

**Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of the merger, the issuance of the Camden common stock in connection with the merger or the other transactions described in this proxy statement/prospectus, or passed upon the adequacy or accuracy of the disclosure in this document. Any representation to the contrary is a criminal offense.**

**The securities to be issued in connection with the merger are not savings accounts, deposits or other obligations of any bank or savings association and are not insured by the Federal Deposit Insurance Corporation or any other governmental agency.**

The proxy statement/prospectus is dated , 2015 and is first being mailed to stockholders of SBM on or about , 2015.

[Camden Graphic]

**2 Elm Street**

**Camden, Maine 04843**

**NOTICE OF SPECIAL MEETING OF SHAREHOLDERS**

**TO BE HELD ON , 2015**

To the Shareholders of Camden National Corporation:

A special meeting of shareholders of Camden National Corporation (“Camden”) will be held at , on , , 2015 at : .m., local time, for the following purposes:

To approve the issuance of shares of Camden common stock in the merger as provided for in the Agreement and  
1. Plan of Merger by and among Camden, SBM Financial, Inc. (“SBM”), and Atlantic Acquisitions, LLC, a wholly-owned subsidiary of Camden, dated as of March 29, 2015;

To consider and vote upon a proposal to approve one or more adjournments of the special meeting, if necessary, to  
2. permit further solicitation of proxies if there are not sufficient votes at the time of the special meeting, or at any adjournment or postponement of that meeting, to approve the share issuance; and

To consider and act upon such other matters as may properly come before the special meeting or any adjournment  
3. or postponement of that meeting.

The merger agreement and the proposed merger of SBM with and into Camden is more fully described in the attached proxy statement/prospectus, which you should read carefully and in its entirety before voting. A copy of the merger agreement is included as *Annex A* to the attached proxy statement/prospectus.

Camden has established , 2015 as the record date for determining the shareholders entitled to notice of and to vote at the Camden special meeting. Only record holders of Camden common stock as of the close of business on that date will be entitled to vote at the Camden special meeting or any adjournment or postponement of that meeting. The affirmative vote of a majority of the votes properly cast at the special meeting is required to approve the issuance of Camden common stock in the merger.

**Camden’s board of directors unanimously recommends that you vote “FOR” approval of the issuance of Camden common stock in the merger and “FOR” the adjournment proposal as described above.**

All Camden shareholders are cordially invited to attend the Camden special meeting. **To ensure your representation at the Camden special meeting of shareholders, please follow the voting procedures described in the accompanying proxy statement/prospectus and on the enclosed proxy card.** Following these voting procedures will not prevent you from voting in person, but it will help to secure a quorum and allow your shares to be voted should anything prevent your attendance in person. Your proxy may be revoked at any time before it is voted.

BY ORDER OF THE BOARD OF DIRECTORS  
[GRAPHIC]  
John W. Holmes

*Secretary*

, 2015

**YOUR VOTE IS IMPORTANT!**

**Whether or not you expect to attend the Camden special meeting in person, Camden urges you to submit your proxy as promptly as possible by accessing the internet website or calling the telephone number specified on the enclosed proxy card or by completing, signing and dating the enclosed proxy card and returning it in the enclosed postage-paid envelope. If your shares are held in the name of a bank, broker or other nominee, please follow the instructions on the voting instruction form furnished to you by your broker, bank or other nominee. Do not send your stock certificates with the proxy card. You will receive an election form with instructions for delivering your stock certificates under separate cover.**

[SBM Graphic]

**2 Canal Plaza**

**Portland, Maine 04101**

**NOTICE OF SPECIAL MEETING OF StockHOLDERS**

**TO BE HELD ON , 2015**

To the Stockholders of SBM Financial, Inc.:

A special meeting of stockholders of SBM Financial, Inc. ("SBM") will be held at , on , , 2015 at : .m., local time, for the following purposes:

To consider and vote upon a proposal to approve the merger as provided for in the Agreement and Plan of Merger  
1. by and among SBM, Camden National Corporation ("Camden"), and Atlantic Acquisitions, LLC, a wholly-owned subsidiary of Camden, dated as of March 29, 2015;

To consider and vote upon a proposal to approve one or more adjournments of the special meeting, if necessary, to  
2. permit further solicitation of proxies if there are not sufficient votes at the time of the special meeting, or at any adjournment or postponement of that meeting, to approve the merger; and

To consider and act upon such other matters as may properly come before the special meeting or any adjournment  
3. or postponement of that meeting.

The merger agreement and the proposed merger of SBM with and into Camden is more fully described in the attached proxy statement/prospectus, which you should read carefully and in its entirety before voting. A copy of the merger agreement is included as *Annex A* to the attached proxy statement/prospectus.

SBM has established , 2015 as the record date for determining the stockholders entitled to notice of and to vote at the SBM special meeting. Only record holders of SBM common stock as of the close of business on that date will be entitled to vote at the SBM special meeting or any adjournment or postponement of that meeting. The affirmative vote of a majority of the shares of SBM common stock outstanding and entitled to vote at the special meeting is required to approve the merger.

**SBM's board of directors unanimously recommends that you vote "FOR" approval of the merger and "FOR" the adjournment proposal as described above.**

All SBM stockholders are cordially invited to attend the SBM special meeting. **To ensure your representation at the SBM special meeting of stockholders, please follow the voting procedures described in the accompanying proxy statement/prospectus and on the enclosed proxy card.** Following these voting procedures will not prevent you from voting in person, but it will help to secure a quorum and allow your shares to be voted should anything prevent your attendance in person. Your proxy may be revoked at any time before it is voted.

BY ORDER OF THE BOARD OF DIRECTORS  
[GRAPHIC]  
Dennis W. Townley  
*Secretary*

, 2015

**YOUR VOTE IS IMPORTANT!**

**Whether or not you expect to attend the SBM special meeting in person, SBM urges you to submit your proxy as promptly as possible by completing, signing and dating the enclosed proxy card and returning it in the enclosed postage-paid envelope. If your shares are held in the name of a bank, broker or other nominee, please follow the instructions on the voting instruction form furnished to you by your broker, bank or other nominee. Do not send your stock certificates with the proxy card. You will receive an election form with instructions for delivering your stock certificates under separate cover.**

## ADDITIONAL INFORMATION

The accompanying proxy statement/prospectus incorporates by reference important business and financial information about Camden from documents that are not included in or delivered with the proxy statement/prospectus. This information is available to you without charge upon your written or oral request. You can obtain the documents incorporated by reference in the proxy statement/prospectus by requesting them in writing or by telephone from Camden at the following address and telephone number:

Camden National Corporation

2 Elm Street

Camden, Maine 04843

(207) 236-8821

Attn: Investor Relations

**If you would like to request documents, please do so by , 2015 in order to receive them before the special meeting of Camden shareholders.**

For a more detailed description of the information incorporated by reference in the accompanying proxy statement/prospectus and how you may obtain it, see the section of the proxy statement/prospectus titled "Where You Can Find More Information" beginning on page 115.

The accompanying proxy statement/prospectus provides a detailed description of the merger and the merger agreement. We urge you to read the proxy statement/prospectus, including any documents incorporated by reference into the proxy statement/prospectus, and its annexes carefully and in their entirety. If you have any questions concerning the merger, the other meeting matters or the proxy statement/prospectus, or need assistance voting your shares, please contact .

**Please do not send your SBM stock certificates at this time. You will be sent separate instructions regarding the surrender of your SBM stock certificates.**



Table of Contents

	<b>Page</b>
<u>QUESTIONS AND ANSWERS ABOUT THE MERGER AND THE SPECIAL MEETINGS</u>	1
<u>SUMMARY</u>	7
<u>The Companies</u>	7
<u>The Special Meetings</u>	8
<u>The Merger and Share Issuance</u>	10
<u>SELECTED HISTORICAL FINANCIAL DATA</u>	18
<u>Camden Selected Historical Financial and Other Data</u>	18
<u>SBM Selected Historical Financial and Other Data</u>	19
<u>COMPARATIVE HISTORICAL AND UNAUDITED PRO FORMA PER SHARE DATA</u>	22
<u>CAMDEN MARKET PRICE AND DIVIDEND INFORMATION</u>	23
<u>RISK FACTORS</u>	24
<u>Risks Relating to the Merger</u>	24
<u>SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS</u>	29
<u>THE COMPANIES</u>	30
<u>Camden</u>	30
<u>SBM's Background</u>	30
<u>SBM's Business</u>	31
<u>SBM's Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	33
<u>THE SPECIAL MEETING OF CAMDEN SHAREHOLDERS</u>	43
<u>Date, Time and Place of the Special Meeting of Camden Shareholders</u>	43
<u>Actions to be Taken at the Special Meeting</u>	43
<u>Votes Required to Transact Business at the Special Meeting</u>	43
<u>Record Date; Outstanding Shares; Shares Entitled to Vote</u>	43
<u>Recommendation of the Camden Board of Directors</u>	43
<u>Vote Required to Approve Each Proposal</u>	43
<u>How to Vote Shares Held Directly by the Shareholder</u>	44
<u>How to Vote Shares Held by a Broker, Bank or Other Nominee</u>	44
<u>Broker Non-Votes and Abstentions</u>	44
<u>Effect of Broker Non-Votes and Abstentions on Quorum and the Votes Required at the Special Meeting</u>	44
<u>How Will Shares be Voted</u>	44
<u>Revocation of Proxies</u>	44
<u>Proxy Solicitation</u>	45
<u>Proposal to Approve Adjournment of the Special Meeting</u>	45
<u>THE SPECIAL MEETING OF SBM STOCKHOLDERS</u>	46
<u>Date, Time and Place of the Special Meeting of SBM Stockholders</u>	46
<u>Actions to be Taken at the Special Meeting</u>	46
<u>Votes Required to Transact Business at the Special Meeting</u>	46
<u>Record Date; Outstanding Shares; Shares Entitled to Vote</u>	46
<u>Vote Required to Approve Each Proposal</u>	46
<u>How to Vote Shares Held Directly by the Stockholder</u>	46
<u>How to Vote Shares Held by a Broker, Bank or Other Nominee</u>	47
<u>Broker Non-Votes and Abstentions</u>	47



<u>Effect of Broker Non-Votes and Abstentions on Quorum and the Votes Required at the Special Meeting</u>	47
<u>How Will Shares be Voted</u>	47
<u>Revocation of Proxies</u>	47
<u>Proxy Solicitation</u>	48
<u>No Dissenters' Rights</u>	48
<u>Stock Certificates</u>	48
<u>Proposal to Approve Adjournment of the Special Meeting</u>	48
<u>Share Ownership of Management; Voting Agreements</u>	48
<u>PROPOSAL NO. 1—THE MERGER AND THE SHARE ISSUANCE</u>	49
<u>General</u>	49
<u>Background of the Merger</u>	49
<u>Recommendation of the SBM Board of Directors and SBM's Reasons for the Merger</u>	51
<u>Opinion of SBM's Financial Advisor</u>	53

<u>Camden’s Reasons for the Merger</u>	65
<u>Recommendation of the Camden Board of Directors</u>	66
<u>Opinion of Camden’s Financial Advisor</u>	66
<u>Certain Prospective Financial Information about Camden and the Merger Provided to Camden’s Financial Advisor and SBM</u>	73
<u>Certain Prospective Financial Information about SBM Provided to SBM’s Financial Advisor and to Camden and its Financial Advisor</u>	74
<u>Accounting Treatment</u>	75
<u>Post-Closing Capitalization</u>	76
<u>Listing of Camden Common Stock to be Issued in the Merger</u>	76
<u>Number of Holders of Common Stock and Number of Shares Outstanding</u>	76
<u>INTERESTS OF SBM DIRECTORS AND EXECUTIVE OFFICERS IN THE MERGER</u>	77
<u>Share Ownership of SBM Directors and Executive Officers</u>	77
<u>SBM Directors Joining Camden Board and Camden National Bank Board</u>	77
<u>Indemnification</u>	77
<u>Directors’ and Officers’ Insurance</u>	77
<u>Change in Control Benefits Under Current SBM Agreements</u>	77
<u>Future Services to Camden</u>	78
<u>Settlement of Executive Officers’ and Directors’ Equity-Based Awards</u>	79
<u>Pro-Rata Bonuses</u>	79
<u>THE MERGER AGREEMENT</u>	80
<u>Structure of the Merger</u>	80
<u>Closing of the Merger</u>	80
<u>Boards of Directors of the Surviving Corporation</u>	80
<u>Merger Consideration</u>	80
<u>Election Procedures</u>	80
<u>Allocation Procedures</u>	82
<u>Exchange of SBM Stock Certificates for Camden Stock Certificates</u>	85
<u>Treatment of SBM Equity Awards</u>	86
<u>Conditions to the Merger</u>	86
<u>Termination</u>	87
<u>Termination Fee</u>	89
<u>No Solicitation</u>	90
<u>SBM Stockholders Meeting</u>	92
<u>Camden Shareholders Meeting</u>	92
<u>NASDAQ Listing</u>	92
<u>Indemnification and Insurance</u>	92
<u>Conduct of Business Pending the Merger</u>	93
<u>Employee Benefits</u>	96
<u>Other Covenants</u>	96
<u>Representations and Warranties</u>	97
<u>Expenses</u>	98
<u>Amendments</u>	98
<u>Regulatory Approvals Required for the Merger</u>	98
<u>THE VOTING AGREEMENTS</u>	100
<u>MATERIAL FEDERAL INCOME TAX CONSEQUENCES</u>	101
<u>The Merger</u>	101
<u>Receipt of Solely Camden Common Stock</u>	101

<u>Receipt of Solely Cash</u>	101
<u>Receipt of Camden Common Stock and Cash</u>	102
<u>Cash in Lieu of Fractional Shares</u>	102
<u>Tax Opinions</u>	102
<u>Backup Withholding</u>	102
<u>Reporting Requirements</u>	103
<u>Other Tax Consequences</u>	103

<u>COMPARISON OF SHAREHOLDER RIGHTS</u>	104
<u>Capitalization</u>	104
<u>Notice of Shareholder Meetings</u>	104
<u>Right to Call Special Meetings</u>	104
<u>Actions by Written Consent of Shareholders</u>	104
<u>Rights of Dissenting Shareholders</u>	104
<u>Board of Directors—Removal and Classification</u>	105
<u>Filling Vacancies on the Board of Directors</u>	105
<u>Preemptive Rights</u>	105
<u>Dividends</u>	105
<u>Shareholder Nominations and Proposals</u>	106
<u>Amendments to Articles of Incorporation</u>	106
<u>Amendments to Bylaws</u>	106
<u>Shareholder Approval of a Merger</u>	106
<u>Indemnification and Limitation of Liability</u>	107
<u>CERTAIN BENEFICIAL OWNERS OF CAMDEN COMMON STOCK</u>	108
<u>Security Ownership of 5% or More Beneficial Owners and Directors and Officers</u>	108
<u>CERTAIN BENEFICIAL OWNERS OF SBM COMMON STOCK</u>	109
<u>Security Ownership of 5% or More Beneficial Owners and Directors and Officers</u>	109
<u>UNAUDITED PRO FORMA COMBINED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS</u>	110
<u>Unaudited Pro Forma Combined Condensed Consolidated Balance Sheet as of March 31, 2015</u>	111
<u>Unaudited Pro Forma Combined Consolidated Statements of Income For the Twelve Months Ended December 31, 2014</u>	112
<u>Unaudited Pro Forma Combined Consolidated Statements of Income For the Three Months Ended March 31, 2015</u>	113
<u>Footnotes to the Unaudited Pro Forma Combined Condensed Consolidated Financial Statements</u>	114
<u>LEGAL MATTERS</u>	115
<u>EXPERTS</u>	115
<u>COMMUNICATING WITH CAMDEN DIRECTORS</u>	115
<u>FUTURE SHAREHOLDER PROPOSALS</u>	115
<u>WHERE YOU CAN FIND MORE INFORMATION</u>	115
<u>IMPORTANT NOTICE REGARDING DELIVERY OF SHAREHOLDER DOCUMENTS</u>	116
<u>Annex A – AGREEMENT AND PLAN OF MERGER</u>	A-1
<u>Annex B – OPINION OF RBC CAPITAL MARKETS, LLC</u>	B-1
<u>Annex C – OPINION OF KEEFE, BRUYETTE &amp; WOODS, INC.</u>	C-1
<u>Annex D – SBM CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2014</u>	D-1
<u>Annex E – SBM CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED MARCH 31, 2015</u>	E-1

## QUESTIONS AND ANSWERS ABOUT THE MERGER AND THE SPECIAL MEETINGS

The following questions and answers are intended to address briefly some commonly asked questions regarding the merger and the special meeting. These questions and answers may not address all questions that may be important to you as a shareholder. To more fully understand the merger and the special meeting, you should read this entire proxy statement/prospectus, including the materials attached as annexes, as well as the documents that have been incorporated by reference into this proxy statement/prospectus.

Unless the context otherwise requires, throughout this proxy statement/prospectus, “SBM” refers collectively to SBM Financial, Inc. and its subsidiaries; “The Bank of Maine” refers to The Bank of Maine, a wholly-owned subsidiary of SBM; “Camden” refers to Camden National Corporation and its subsidiaries; “Camden National Bank” refers to Camden National Bank, a wholly-owned subsidiary of Camden; “Atlantic Acquisitions” refers to Atlantic Acquisitions, LLC, a wholly-owned subsidiary of Camden; and “we,” “us” and “our” refer collectively to SBM and Camden. Also, we refer to the two-step merger of SBM and Camden, including the merger of SBM into Atlantic Acquisitions and the merger of the surviving corporation into Camden, collectively as the “merger”; the issuance of Camden common stock in the merger as the “share issuance”; and the Agreement and Plan of Merger, dated as of March 29, 2015, by and among Camden, Atlantic Acquisitions and SBM, as the “merger agreement.”

### **Q: Why am I receiving this proxy statement/prospectus?**

Camden and SBM have agreed to the acquisition of SBM by Camden under the terms of a merger agreement that is described in this proxy statement/prospectus. A copy of the merger agreement is attached to this proxy statement/prospectus as *Annex A*. In order to complete the merger, Camden shareholders must vote to approve the share issuance and SBM stockholders must vote to approve the merger. Each of Camden and SBM will hold a special meeting of holders of their respective common stock to obtain these required approvals. This proxy statement/prospectus contains important information about the merger, the merger agreement, the Camden special meeting, the SBM special meeting, and other related matters, and you should read it carefully. The enclosed voting materials for the Camden special meeting and SBM special meeting allow you to vote your shares of Camden common stock or SBM common stock, as applicable, without attending the special meeting of the company for which you hold common stock.

We are delivering this proxy statement/prospectus to you as both (1) the proxy statement for the special meeting of shareholders of Camden and (2) the proxy statement for the special meeting of stockholders of SBM and the prospectus for the shares of Camden common stock to be issued in connection with the merger. It is a proxy statement because the Camden board of directors are soliciting proxies from shareholders to vote on the approval of the share issuance and the SBM board of directors are soliciting proxies from stockholders to vote on the approval of the merger, and your proxy will be used at the special meeting or at any adjournment or postponement of the special meeting. It is a prospectus because Camden will issue Camden common stock to the SBM stockholders who receive stock consideration in the merger, and this prospectus contains information about Camden common stock.

**Q: Why are Camden and SBM proposing this transaction? (pages 65 and 51)**

The Camden and SBM boards of directors have each approved the merger agreement and have determined that the merger agreement and the transactions provided for thereunder, including the merger and the share issuance, are advisable and in the best interests of the companies' respective shareholders. In reaching these decisions, the Camden and SBM boards of directors considered the terms and conditions of the merger agreement and the ancillary agreements, as well as a number of other factors.

**Q: What will happen in the merger? (page 80)**

A: In the proposed merger, SBM will merge with and into Camden, effected through a two-step merger involving Camden's wholly-owned subsidiary, Atlantic Acquisitions. The surviving corporation in the merger will be Camden. It is anticipated that following the merger The Bank of Maine will merge with and into Camden National Bank, with Camden National Bank continuing as the surviving bank.

**Q: What will SBM stockholders receive in the merger? (page 80)**

A: If the merger is approved, the share issuance is approved and the merger is subsequently completed, each outstanding share of SBM common stock will be converted into the right to receive either:

\$206.00 in cash, without interest; or

5.421 shares of Camden common stock,

in each case, subject to adjustment, election and allocation procedures specified in the merger agreement (collectively, the “merger consideration”).

You may elect to receive all cash, all Camden common stock, or a combination of both cash and Camden common stock in exchange for your shares of SBM common stock. However, the ability to receive all stock, all cash or a combination of each will depend on the elections of other SBM stockholders. The allocation of the consideration payable to SBM stockholders in the merger will not be known until Camden tallies the results of the elections made by SBM stockholders, which will not occur until immediately prior to the closing of the merger.

**Q: How many shares of Camden common stock will be issued to SBM stockholders in the merger?**

Subject to the terms of the merger agreement, it is intended that 80% of the shares of SBM common stock outstanding immediately prior to the effective time of the merger will be converted into shares of Camden common stock. As of the May 13, 2015 there were 614,179 shares of SBM common stock issued and outstanding, 27,500 shares of SBM common stock reserved for issuance upon exercise of outstanding SBM stock options and 18,142 shares of SBM common stock reserved for issuance with respect to outstanding SBM restricted stock units. Based upon these numbers, this will result in current Camden shareholders owning 72% of the combined company and current SBM stockholders owning 28% of the combined company.

**Q: Will SBM stockholders receive the form of consideration they elect? (page 82)**

The form of merger consideration you actually receive may differ from the form of consideration that you elect to receive. This is because the consideration to be received by each SBM stockholder is subject to allocation procedures that are intended to ensure that 80% of the shares of SBM common stock outstanding immediately prior to the effective time of the merger will be converted into shares of Camden common stock, and the remaining shares of SBM common stock will be converted into cash.

**Q: Will SBM stockholders receive any fractional share of Camden common stock as part of the merger consideration? (page 80)**

A: No. Camden will not issue any fractional shares of Camden common stock in the merger. Instead, Camden will pay you the cash value of a fractional share measured by the average of the daily closing prices of Camden common stock on The NASDAQ Stock Market, or NASDAQ, for the ten consecutive trading days ending on the fifth business day immediately prior to the closing date of the merger.

**Q: How do SBM stockholders make an election as to the form of merger consideration they wish to receive? (page 80)**

A: No later than 20 business days prior to the anticipated closing date of the merger, we will mail to you an election form and letter of transmittal for the surrender of your SBM stock certificates in exchange for the merger consideration. You will also receive detailed instructions describing the procedures you must follow to make your election.

We are not making any recommendation to you as to whether you should elect to receive cash, shares of Camden common stock or a combination of each in the merger. You should evaluate your own specific circumstances and investment preferences in making your election.



**Q: Can SBM stockholders elect to receive the merger consideration in the form of cash with respect to a portion of their SBM shares and Camden common stock with respect to the rest of their SBM shares? (page 80)**

A: Yes. The election form and letter of transmittal will permit you, subject to the allocation procedures described in this proxy statement/prospectus, to receive at your election:

· all of your merger consideration in the form of cash;

· all of your merger consideration in the form of shares of Camden common stock; or

· a portion of your merger consideration in cash and the remaining portion in shares of Camden common stock.

**Q: Do SBM stockholders have to return the election form and letter of transmittal? (page 80)**

A: No, but if you do not do so by the election deadline, you will be allocated cash and/or shares of Camden common stock depending entirely upon the elections made by other SBM stockholders.

**Q: What will happen to shares of Camden common stock in the merger?**

A: Nothing. Each share of Camden common stock outstanding will remain outstanding as a share of Camden common stock.

**Q: What are the material federal income tax consequences of the merger to SBM stockholders? (page 101)**

A: In general, if you exchange all of your shares of SBM common stock for shares of Camden common stock, you will not recognize either gain or loss for federal income tax purposes. If you exchange all of your shares of SBM common stock for cash, you generally will recognize gain or loss for federal income tax purposes in an amount equal to the difference between the amount of cash received and your adjusted tax basis in your shares of SBM common stock. If you exchange some or all of your shares of SBM common stock for cash, you generally will recognize gain, but not loss, for federal income tax purposes in an amount equal to the lesser of (1) the amount of cash you receive in the merger, or (2) the amount, if any, by which the sum of the fair market value, as of the effective time of the merger, of any shares of Camden common stock that you receive, and the amount of cash you receive in the merger, exceeds your adjusted tax basis in your shares of SBM common stock. Generally, any gain recognized upon the exchange will be capital gain, and any such capital gain will be long-term capital gain if you have established a holding period of more than one year for your shares of SBM common stock. Depending on certain facts specific to you, any gain could instead be characterized as ordinary dividend income.

**This tax treatment may not apply to all SBM stockholders. We strongly urge you to consult your own tax advisor for a full understanding of the tax consequences of the merger to you.**

**Q: What are the conditions to completion of the merger? (page 86)**

The obligations of Camden and SBM to complete the merger are subject to the satisfaction or waiver of certain closing conditions contained in the merger agreement, including the receipt of required regulatory approvals, tax opinions and the requisite approvals by Camden shareholders and SBM stockholders.

**Q: When do you expect the merger to be completed? (page 80)**

A: We will complete the merger when all of the conditions to completion contained in the merger agreement are satisfied or waived. Some of these conditions, such as the receipt of required regulatory approvals, are not entirely within our control. We currently expect to complete the merger in the fall of 2015; however, because the merger is subject to these conditions, we cannot predict the actual timing.

**Q: What Camden shareholder approvals are required to complete the merger? (page 43)**

A: For Camden, the affirmative vote of a majority of the votes cast at the special meeting is required to approve the share issuance.

**Q: What SBM stockholder approvals are required to complete the merger? (page 46)**

A: For SBM, the affirmative vote of a majority of the shares of SBM common stock outstanding and entitled to vote at the special meeting is required to approve the merger.

**Q: Are there any SBM stockholders already committed to voting in favor of the merger agreement? (page 48)**

A: Yes. SBM's directors and executive officers as of the date of the merger agreement entered into voting agreements with Camden requiring them to vote all of their shares in favor of approval of the merger. These stockholders collectively held approximately 13.10% of the outstanding shares of SBM common stock on the record date (excluding shares that can be acquired upon the exercise of stock options).

**Q: When and where are the special meetings? (page 43 and 46)**

A: The special meeting of Camden shareholders will be held on , , 2015 at , at : .m., local time. The special meeting of SBM stockholders will be held on , , 2015 at , at : .m., local time.

**Q: What will happen at the special meetings? (page 43 and 46)**

A: At the Camden special meeting, Camden shareholders will consider and vote upon a proposal to approve the share issuance. At the SBM special meeting, SBM stockholders will consider and vote upon a proposal to approve the merger. If, at the time of either special meeting, there are not sufficient votes to approve the share issuance or the merger agreement, as applicable, we may ask you to consider and vote upon a proposal to adjourn the special meeting, so that we can solicit additional proxies.

**Q: Who can vote at the special meetings? (pages 43 and 46)**

A: Holders of record of Camden common stock at the close of business on , 2015, which is the record date for the Camden special meeting, are entitled to vote at the Camden special meeting. Holders of record of SBM common stock at the close of business on , 2015, which is the record date for the SBM special meeting, are entitled to vote at the SBM special meeting.

**Q: Does the Camden board of directors recommend voting in favor of the share issuance?**

A: Yes. After careful consideration, the Camden board of directors unanimously recommends that Camden shareholders vote **"FOR"** approval of the share issuance and the adjournment proposal.

**Q: Does the SBM board of directors recommend voting in favor of the merger agreement?**

A: Yes. After careful consideration, the SBM board of directors unanimously recommends that SBM stockholders vote **“FOR”** approval of the merger and the adjournment proposal.

**Q: Are there any risks that shareholders should consider in deciding whether to vote for approval of the proposals?**

A: Yes. You should read and carefully consider the risk factors set forth in the section of this proxy statement/prospectus titled “Risk Factors” beginning on page 24 as well as the other information contained in or incorporated by reference into this proxy statement/prospectus, including the matters addressed in the section of this proxy statement/prospectus titled “Special Note Regarding Forward-Looking Statements” on page 29.

**Q: How may I vote my shares for the special meeting proposals presented in this proxy statement/prospectus? (pages 44 and 46)**

A: Holders of Camden common stock may vote by accessing the internet website or calling the telephone number specified on the proxy card or by completing, signing, dating and returning the proxy card in the enclosed postage-paid envelope as soon as possible. Holders of SBM common stock may vote by completing, signing, dating and returning the proxy card in the enclosed postage-paid envelope as soon as possible. This will enable your shares to be represented and voted at the applicable special meeting.

**Q: If my shares are held in “street name” by my broker, bank or other nominee, will my broker, bank or other nominee automatically vote my shares for me? (pages 44 and 47)**

No. Your broker, bank or other nominee *will not* vote your shares unless you provide instructions to your broker, bank or other nominee on how to vote. It is important that you provide timely instruction to your broker or bank to ensure that all shares of Camden and/or SBM common stock that are voted at the applicable special meeting. You should fill out the voter instruction form sent to you by your broker, bank or other nominee with this proxy statement/prospectus.

**Q: What if I fail to return my proxy card or to instruct my broker, bank or other nominee to vote my shares? (pages 44 and 47)**

A: If you fail to return your proxy card or to instruct your broker, bank or other nominee to vote your shares, your shares will not be voted. For holders of Camden common stock, this will have no effect on the outcome of the proposals. For holders of SBM common stock, this will have the same effect as a vote against the proposals.

**Q: What do I need to do now?**

You should carefully read and consider the information contained or incorporated by reference into this proxy statement/prospectus, including its annexes. This proxy statement/prospectus contains important information about the merger, the merger agreement, Camden and SBM, including the historical and pro forma financial information set forth in the sections of this proxy statement/prospectus titled “Selected Historical Financial Data” and “Unaudited Pro Forma Combined Condensed Consolidated Financial Statements” beginning on pages 18 and 110, respectively. After you have read and considered this information, Camden shareholders and SBM stockholders are requested to vote by mail, by telephone (if available), through the internet (if available) or by attending their respective special meeting and voting in person. If you choose to vote by mail, you should complete, sign and date your proxy card and return it in the enclosed postage-paid return envelope as soon as possible so that your shares of common stock will be represented and voted at the applicable special meeting. The proxy card will instruct the persons named on the proxy card to vote your shares at the special meeting as you direct. If you sign and send in a proxy card and do not indicate how you wish to vote, the proxy will be voted “**FOR**” all of the special meeting proposals.

**Q: What should I do if I receive more than one set of voting materials? (page 116)**

A: You may receive more than one set of voting materials, including multiple copies of this proxy statement/prospectus and multiple proxy cards or voting instruction cards. For example, if you hold your Camden and/or SBM shares in more than one brokerage account, you will receive a separate voting instruction card for each brokerage account in which you hold Camden and/or SBM shares. Please complete, sign, date and return each proxy card and voting instruction card that you receive, or otherwise follow the voting instructions set forth on the proxy card and voting instruction card.

**Q: Can I attend the special meeting and vote my shares in person? (pages 44 and 46)**

A: Yes. Although the Camden board of directors and SBM board of directors request that you vote your shares by mail, or in the case of Camden shareholders, by telephone, or through the internet in advance of the special meetings, all Camden shareholders are invited to attend the Camden special meeting and all SBM stockholders are invited to attend the SBM special meeting. Camden shareholders of record on , 2015 may vote in person at the Camden special meeting. SBM stockholders of record on , 2015 may vote in person at the SBM special meeting. If your shares are held by a broker, bank or other nominee, then you are not the holder of record and you must bring to the special meeting appropriate documentation from your broker, bank or other nominee to enable you to vote at the special meeting.

**Q: Can I change my vote after I have submitted a proxy? (pages 44 and 47)**

A: Yes. If you do not hold your shares in “street name,” there are three ways you can change your vote at any time after you have sent in your proxy card and before your proxy is voted at the special meeting:

- You may file a written revocation of the proxy with the Secretary of Camden or SBM, as applicable:

o Notices to the Secretary of Camden should be addressed to John W. Holmes, 2 Elm Street, Camden, Maine 04843;

o Notices to the Secretary of SBM should be addressed to Dennis W. Townley, 2 Canal Plaza, Portland, Maine 04101;  
or

You may submit a new signed proxy card bearing a later date or Camden shareholders may vote again by telephone or internet (any earlier proxies will be revoked automatically); or

You may attend the special meeting and vote in person provided that you are the holder of record of your shares and have filed a written revocation of your grant of proxy with the applicable Secretary as indicated above.

If you hold your shares in “street name” and have instructed a bank, broker or other nominee to vote your shares, you must follow the directions you receive from your bank, broker or other nominee to change your vote.

**Q: What happens if I sell my shares after the record date but before the special meeting?**

A: The record date of each special meeting is earlier than both the date of the applicable special meeting and the date that the merger is expected to be completed. If you are an SBM stockholder and you sell or otherwise transfer your SBM shares after the record date but before the date of the SBM special meeting, you will retain your right to vote at the SBM special meeting, but you will transfer the right to receive the merger consideration to the person to whom you transferred your shares. In order to receive the merger consideration, you must hold your shares through completion of the merger. If you are a Camden shareholder and you sell or otherwise transfer your Camden shares after the record date but before the date of the Camden special meeting, you will retain your right to vote at the Camden special meeting.

**Q: Do SBM stockholders have the right to dissent and obtain the fair market value of their shares? (page 48)**

A: No, SBM stockholders do not have any appraisal or dissenters’ rights in connection with the merger.

**Q: Should SBM stockholders send in their stock certificates now? (page 48)**

A: No. You will receive separate written instructions for making your election of all cash, all Camden common stock or a combination of each, and for surrendering your shares of SBM common stock in exchange for the merger consideration. In the meantime, you should retain your stock certificate(s) because they are still valid. Please do not send in your stock certificate(s) with your proxy card.

**Q: Whom should I call with questions?**

If you have questions about the merger or the special meeting, or if you need additional copies of this proxy statement/prospectus or the enclosed proxy card, Camden shareholders should contact Michael Archer, at [redacted] and SBM stockholders should contact Renée Smyth, at [redacted].

**Q: Where can I find more information about Camden?**

A: You can find more information about Camden from the various sources described in the section of this proxy statement/prospectus titled “Where You Can Find More Information” beginning on page 115.



## SUMMARY

This summary highlights selected information from this proxy statement/prospectus and may not contain all of the information that is important to you. To more fully understand the merger and for a more complete description of the legal terms of the merger, you should read this entire document, including the materials attached as annexes, as well as the other documents to which we have referred you. See the section of this proxy statement/prospectus titled “Where You Can Find More Information” beginning on page 115. The page references in parentheses included in this summary will direct you to a more detailed description of each topic presented.

### The Companies

#### Camden National Corporation (page 30)

Camden is a publicly-held bank holding company registered under the Bank Holding Company Act of 1956, as amended, and is subject to supervision, regulation and examination by the Board of Governors of the Federal Reserve System. Camden is incorporated under the laws of the State of Maine and headquartered in Camden, Maine. The company, as a diversified financial services provider, pursues the objective of achieving long-term sustainable growth by balancing growth opportunities against profit, while mitigating risks inherent in the financial services industry.

The primary business of the company and its subsidiaries is to attract deposits from consumer, institutional, municipal, non-profit and commercial customers and to extend loans to consumer, institutional, non-profit and commercial customers. Camden makes available its commercial and consumer banking products and services through its subsidiary, Camden National Bank, and brokerage and insurance services through Camden Financial Consultants, which operates as a division of Camden National Bank. The company also provides wealth management, and trust products and services through its other subsidiary, Acadia Trust, N.A., a federally regulated, non-depository trust company headquartered in Portland, Maine.

At March 31, 2015, Camden had total consolidated assets of approximately \$2.8 billion, loans of approximately \$1.8 billion, deposits of approximately \$2.0 billion and stockholders’ equity of approximately \$251.8 million.

Camden’s principal executive offices are located at 2 Elm Street, Camden, Maine 04843, and its telephone number is (207) 236-8821. You can find additional information about the company in its filings with the SEC referenced in the section in this proxy statement/prospectus titled “Where You Can Find More Information” below.

SBM Financial, Inc. (page 30)

SBM is a savings and loan holding company incorporated under Maryland law in 2010 and regulated by the Board of Governors of the Federal Reserve System. SBM owns all of the capital stock of The Bank of Maine, a federal savings bank regulated by the Office of the Comptroller of the Currency, or the "OCC." The Bank of Maine owns all of the capital stock of Healthcare Professional Funding Corporation, or "HPFC," a Delaware corporation incorporated in 2010, which specializes in making loans to medical healthcare professionals.

The Bank of Maine has its headquarters in Portland, Maine. It has 24 full service branches, located primarily in central and southern Maine. Its primary markets for deposit gathering and lending are the following counties in Maine: Kennebec, Cumberland, Lincoln, Sagadahoc, York, and Washington.

The Bank of Maine's strategic plan focuses on (1) attracting low cost deposits by offering high-quality products and personalized service through seasoned community bankers in its primary markets in Maine; (2) engaging in prudent consumer and commercial lending within its primary market area; (3) continuously improving asset quality; (4) offering specialized health care professional lending on a national basis through its subsidiary, HPFC, located in Boston, Massachusetts; (5) expanding residential mortgage lending throughout Maine, southern New Hampshire and in Massachusetts, including from a mortgage origination office in Braintree, Massachusetts; and (6) maintaining its well capitalized status.

As of March 31, 2015, SBM had total assets of \$813.5 million, total deposits of \$659.0 million, total loans of \$640.0 million and equity capital of \$86.3 million. At March 31, 2015, The Bank of Maine's Tier 1 (core) capital ratio, common equity Tier 1 capital ratio and total risk-based capital ratio were 9.51%, 12.47% and 13.82%, respectively, exceeding all regulatory requirements. As of March 31, 2015, SBM had 255 full time equivalent employees.

SBM's principal executive offices are located at 2 Canal Plaza, Portland, Maine 04101, and its telephone number is (888) 424-4184.

#### The Special Meetings

##### Date, Time and Place of the Camden Special Meeting (page 43)

The special meeting of shareholders of Camden will be held at , on , , 2015 at : .m., local time.

##### Date, Time and Place of the SBM Special Meeting (page 46)

The special meeting of stockholders of SBM will be held at , on , , 2015 at : .m., local time.

##### Actions to be Taken at the Camden Special Meeting (page 43)

At the Camden special meeting, Camden's shareholders as of , 2015, the record date, will be asked to vote upon a proposal to approve the share issuance and, if necessary, a proposal to approve one or more adjournments of the Camden special meeting.

##### Actions to be Taken at the SBM Special Meeting (page 46)

At the SBM special meeting, SBM's stockholders as of , 2015, the record date, will be asked to vote upon a proposal to approve the merger with Camden and, if necessary, a proposal to approve one or more adjournments of the SBM special meeting.

##### Recommendation of Camden Board of Directors (page 43)

Edgar Filing: CAMDEN NATIONAL CORP - Form S-4

At a meeting on March 29, 2015, the Camden board of directors unanimously approved the merger agreement and determined that the share issuance is advisable to and in the best interests of Camden and its shareholders. The Camden board unanimously recommends that you vote “**FOR**” approval of the share issuance and “**FOR**” approval of the proposal to adjourn the Camden special meeting.

Recommendation of SBM Board of Directors (page 51)

The SBM board of directors has unanimously approved the merger and recommends that SBM stockholders vote “**FOR**” approval of the merger and “**FOR**” approval of the proposal to adjourn the SBM special meeting.

Record Date; Outstanding Shares; Shares Entitled to Vote (pages 43 and 46)

*Camden*

Only holders of record of Camden common stock at the close of business on the record date of , 2015 are entitled to notice of and to vote at the Camden special meeting. As of the record date, there were shares of Camden common stock outstanding, held of record by approximately shareholders.

*SBM*

Only holders of record of SBM common stock at the close of business on the record date of , 2015 are entitled to notice of and to vote at the SBM special meeting. As of the record date, there were shares of SBM common stock outstanding, held of record by approximately stockholders.

Quorum; Vote Required (pages 43 and 46)

*Camden*

A quorum of Camden shareholders is necessary to hold a valid meeting. If the holders of at least one-third of the total number of the outstanding shares of Camden common stock entitled to vote are represented in person or by proxy at the special meeting, a quorum will exist. Camden will include proxies marked as abstentions in determining the

presence of a quorum at the special meeting.

8

The affirmative vote of a majority of the votes cast at the special meeting is required to approve the share issuance and the proposal to adjourn the special meeting.

*SBM*

A quorum of SBM stockholders is necessary to hold a valid meeting. If the holders of at least a majority of the shares of SBM common stock entitled to vote are represented in person or by proxy at the special meeting, a quorum will exist. SBM will include proxies marked as abstentions as present at the meeting in determining the presence of a quorum at the special meeting.

The affirmative vote of a majority of the shares of SBM common stock outstanding and entitled to vote at the special meeting is required to approve the merger and the proposal to adjourn the special meeting.

Share Ownership of SBM Management; Voting Agreements (page 100)

In connection with the merger agreement, SBM's directors and certain executive officers executed voting agreements with Camden under which they agreed to vote their shares in favor of the merger. As of the record date, there were 80,453 shares of SBM common stock, or approximately 13.10% of the outstanding shares, subject to the voting agreements (excluding shares that can be acquired upon the exercise of stock options).

Proxies, Voting and Revocation (pages 44 and 47)

*Camden*

The Camden board of directors requests that you vote your shares by telephone, through the internet or by returning the proxy card accompanying this proxy statement/prospectus. If you choose to vote by mail, please complete, date and sign the proxy card and promptly return it in the enclosed pre-paid envelope. All properly signed proxies received prior to the Camden special meeting and not revoked before the vote at the Camden special meeting will be voted at the Camden special meeting according to the instructions indicated on the proxies or, if no instructions are given, to approve the share issuance and the adjournment proposal. If you abstain, fail to submit a proxy or to vote in person at the Camden special meeting, or do not provide your broker, bank or other nominee with instructions, as applicable, your shares of Camden common stock will not be voted on the proposals, which will have no effect on the proposals.

If you have not voted through your broker, bank or other nominee, you may revoke your proxy at any time by taking any of the following actions before your proxy is voted at the special meeting:

Filing a written revocation of the proxy with the Secretary of Camden, John W. Holmes, 2 Elm Street, Camden, Maine 04843;

Submitting a new signed proxy card bearing a later date or voting again by telephone or internet (any earlier proxies will be revoked automatically); or

Attending and voting in person at the Camden special meeting provided you are the holder of record of your shares and have filed a written revocation of your grant of proxy with the Secretary of Camden as indicated above.

If you have instructed a bank, broker or other nominee to vote your shares, you must follow the directions you receive from your bank, broker or other nominee to change your vote.

### *SBM*

The SBM board of directors requests that you vote your shares by returning the proxy card accompanying this proxy statement/prospectus. If you choose to vote by mail, please complete, date and sign the proxy card and promptly return it in the enclosed pre-paid envelope. All properly signed proxies received prior to the SBM special meeting and not revoked before the vote at the SBM special meeting will be voted at the SBM special meeting according to the instructions indicated on the proxies or, if no instructions are given, to approve the merger and the adjournment proposal. If you abstain, fail to submit a proxy or to vote in person at the SBM special meeting, or do not provide your broker, bank or other nominee with instructions, as applicable, your shares of SBM common stock will not be voted on the proposals, which will have the same effect as a vote against the merger proposal but will have no effect on any proposal to adjourn or postpone the meeting.

You may revoke your proxy at any time by taking any of the following actions before your proxy is voted at the special meeting:

Filing a written revocation of the proxy with the Secretary of SBM, Dennis W. Townley, 2 Canal Plaza, Portland, Maine 04101;

· Submitting a new signed proxy card bearing a later date (any earlier proxies will be revoked automatically); or

Attending and voting in person at the SBM special meeting provided you are the holder of record of your shares and have filed a written revocation of your grant of proxy with the Secretary of SBM as indicated above.

If your shares are held through a bank, broker or other nominee to vote your shares, you must follow the directions you receive from your bank, broker or other nominee to change your vote.

No Dissenters' Rights (page 48)

Pursuant to the Maryland General Corporation Law, which we refer to as the "MGCL," and SBM's articles of incorporation, SBM stockholders do not have any appraisal or dissenters' rights in connection with the merger.

The Merger and Share Issuance

Structure of the Merger (page 80)

Camden, Atlantic Acquisitions and SBM entered into an Agreement and Plan of Merger on March 29, 2015. The merger agreement provides for the merger of SBM with and into Camden, effected through a two-step merger involving Camden's wholly-owned subsidiary, Atlantic Acquisitions. The surviving corporation in the merger will be Camden. It is anticipated that following the merger The Bank of Maine will merge with and into Camden National Bank, with Camden National Bank continuing as the surviving bank.

The proposed merger will occur following approval of the proposal regarding the share issuance by the shareholders of Camden, the proposal regarding the merger by the stockholders of SBM and satisfaction or waiver of all other



conditions to the merger, including regulatory approvals. The merger agreement is attached to this document as *Annex A*. We encourage you to read the merger agreement in its entirety because it is the legal document that governs the merger.

Merger Consideration for SBM Stockholders (page 80)

If the merger is completed, each share of SBM common stock will be converted into the right to receive either:

· \$206.00 in cash, without interest (which is referred to as the “cash consideration”); or

· 5.421 shares of Camden common stock, plus cash in lieu of any fractional share (which is referred to as the “stock consideration” and collectively with cash consideration, the “merger consideration”).

You will have the opportunity to elect the form of consideration that you receive in the merger in exchange for your shares of SBM common stock. You may elect to receive all of your merger consideration in cash or Camden common stock, or a portion of your merger consideration in cash and the remaining portion in shares of Camden common stock. However, your right to receive the form of consideration that you elect for your shares will be subject to allocation and proration procedures set forth in the merger agreement. These allocation and proration procedures are intended to ensure that 80% of the total number of shares of SBM common stock outstanding immediately prior to the effective time of the merger, will be converted into shares of Camden common stock, and the remaining shares of SBM common stock will be converted into cash.

No fractional shares of Camden common stock will be issued in connection with the merger. Instead, each SBM stockholder will receive an amount of cash, in lieu of any fractional share, based on the average per share closing price of Camden common stock on NASDAQ for the ten consecutive trading days ending on the fifth business day immediately prior to the closing date of the merger, rounded to the nearest whole cent.

Subject to the terms of the merger agreement, it is intended that eighty percent (80%) of the shares of SBM common stock outstanding immediately prior to the effective time of the merger will be converted into shares of Camden common stock. As of the May 13, 2015 there were 614,179 shares of SBM common stock issued and outstanding, 27,500 shares of SBM common stock reserved for issuance upon exercise of outstanding SBM stock options and 18,142 shares of SBM common stock reserved for issuance with respect to outstanding SBM restricted stock units. Based upon these numbers, the merger will result in current Camden shareholders owning 72% of the combined company and current SBM stockholders owning 28% of the combined company.

Election Procedures for SBM Stockholders (page 80)

The shares of SBM common stock that you hold will be exchanged for cash, Camden common stock or a combination of cash and Camden common stock as chosen by you, subject to the allocation and proration procedures described in the merger agreement. No less than 20 business days prior to the anticipated closing date of the merger, you will be sent an election form and detailed instructions to permit you to choose your preferred consideration. You have the following choices:

- you may elect to receive \$206.00 per share in cash, without interest, in exchange for all shares of SBM common stock that you hold;
- you may elect to receive 5.421 shares of Camden common stock in exchange for all shares of SBM common stock that you hold, plus cash in lieu of any fractional share;
- you may elect to receive the cash consideration with respect to a portion of the shares of SBM common stock that you hold, and the stock consideration with respect to your remaining shares; or
- you may make no election with respect to the consideration to be received by you in exchange for your shares of SBM common stock.

You will have a limited period of time in which to complete the election form and return it as instructed. In order to be effective, a properly completed election form must be received by the exchange agent on or before 5:00 p.m., Eastern time, on the 25th day following the mailing date of the election form to SBM stockholders, unless Camden and SBM have mutually agreed to another date and time as the election deadline, which date will be publicly announced by Camden as soon as practicable prior to the election deadline. You will need to surrender your SBM stock certificates to receive the appropriate consideration, but you should not send us any certificates now. You will receive detailed instructions on how to exchange your stock certificates along with your election form. If you do not submit an election form, you will receive instructions on where to surrender your SBM stock certificates after the merger is completed.

If your shares or a portion of your shares of SBM common stock are held in “street name” by a broker, bank or other nominee, an election form will be mailed to the broker, bank or other nominee with respect to those shares.

Allocation Procedures for SBM Stockholders (page 82)

The merger agreement provides for overall limitations on the amount of cash and shares of Camden common stock available in the merger as follows:

· 80% of the total number of shares of SBM common stock outstanding immediately prior to the effective time of the merger, will be converted into the right to receive the stock consideration; and

· the remaining shares of SBM common stock will be converted into the right to receive the cash consideration.

As a result, whether you receive the amount of cash and/or stock you request in your election form will depend in part on the elections of other SBM stockholders. You may not receive the form of consideration that you elect in the merger, and you may instead receive a pro rata amount of cash and Camden common stock.

If you have a preference for receiving either cash or Camden common stock for your shares of SBM common stock, you should return the election form indicating your preference. SBM stockholders who make an election will be accorded priority over those stockholders who make no election in instances where the cash consideration or stock consideration must be re-allocated in order to achieve the required ratio of SBM shares being converted into the right to receive cash and Camden common stock. If you do not make an election, you will be allocated cash and/or Camden common stock depending on the elections made by other SBM stockholders. Please see the examples set forth in the section of this proxy statement/prospectus titled “The Merger Agreement—Allocation Procedures” beginning on page 82. **However, even if you do make an election, the form of merger consideration you actually receive may differ from the form of merger consideration you elect to receive.**

The market price of Camden common stock will fluctuate between the date of this proxy statement/prospectus, the date of your election and the effective time of the merger. Because the exchange ratio is fixed, such fluctuations will alter the value of the shares of Camden common stock that you may receive in the merger. In addition, because the tax consequences of receiving cash will differ from the tax consequences of receiving Camden common stock, you should carefully read the section of this proxy statement/prospectus titled “Material Federal Income Tax Consequences” beginning on page 101.

#### Treatment of SBM Equity Awards (page 86)

At the effective time of the merger, each option, whether vested or unvested, which is outstanding immediately prior to the effective time of the merger and which has not been previously exercised or cancelled, will be assumed by Camden and fully vested in accordance with its terms and converted into an option to acquire Camden common stock. As of the effective time of the merger, each such option assumed will be converted for the number of whole shares of Camden common stock, rounded down to the nearest whole share, equal to the product of the number of SBM shares provided for in the option and 5.421, at an exercise price per share equal to the quotient obtained by dividing the exercise price per SBM share provided for in the option by 5.421. Each stock option shall be subject to the same terms and conditions that applied to the stock option immediately prior to the effective time (subject to adjustment by reasons of the merger). As of May 13, 2015, there were outstanding options to purchase 27,500 shares of SBM common stock.

At the effective time of the merger, each restricted stock unit granted under SBM’s equity plans that is outstanding immediately prior to the effective time of the merger will vest in full and no longer be subject to any forfeiture or vesting requirements, and all such shares will be entitled to receive the merger consideration.

#### Opinion of Camden’s Financial Advisor Regarding the Fairness of the Merger Consideration to Camden (page 66)

Camden retained RBC Capital Markets, LLC, which we refer to as “RBC,” to provide an opinion as to the fairness, from a financial point of view, of the consideration to be paid by Camden in connection with the merger. Camden selected RBC to act as its financial advisor based on its qualifications, expertise, reputation and knowledge of Camden’s business and affairs and its experience with community bank holding companies and the industry in which Camden operates. RBC has delivered a written opinion to the board of directors of Camden, or the “Camden board,” to the effect that, as of March 29, 2015 and based upon and subject to the assumptions, limitations, qualifications and other matters set forth therein, the merger consideration pursuant to the merger agreement was fair, from a financial point of view, to Camden. RBC’s opinion was provided to the Camden board in connection with the Camden board’s evaluation of the merger consideration, and did not address any other aspect of the merger or constitute a recommendation to any holder of Camden common stock as to how such holder of Camden common stock should vote or act with respect to any matters relating to the merger.

The full text of RBC’s written opinion, dated March 29, 2015, is attached to this proxy statement/prospectus as *Annex B*, and constitutes part of this proxy statement/prospectus. The opinion sets forth, among other things, the assumptions made, procedures followed, matters considered and limitations and qualifications of the review undertaken by RBC in rendering its opinion. You should carefully read the opinion in its entirety. For a further discussion of RBC’s opinion, Camden’s prior relationship with RBC and the terms of RBC’s engagement, see “Proposal No. 1—The Merger and the Share Issuance—Opinion of Camden’s Financial Advisor” beginning on page 66 of this proxy statement/prospectus.

Opinion of SBM’s Financial Advisor Regarding the Fairness of the Merger Consideration to Holders of SBM Common Stock (page 53)

In connection with the merger, SBM’s financial advisor, Keefe, Bruyette & Woods, Inc., or “KBW,” delivered a written opinion, dated March 27, 2015, to the SBM board of directors as to the fairness, from a financial point of view and as of the date of the opinion, to the holders of SBM common stock of the merger consideration in the proposed merger. The full text of the opinion, which describes the procedures followed, assumptions made, matters considered, and qualifications and limitations on the review undertaken by KBW in preparing the opinion, is attached to this proxy statement/prospectus as *Annex C*, and constitutes part of this proxy statement/prospectus. **The opinion was for the information of, and was directed to, the SBM board (in its capacity as such) in connection with its consideration of the financial terms of the merger. The opinion did not address the underlying business decision of SBM to engage in the merger or enter into the merger agreement or constitute a recommendation to the SBM board in connection with the merger, and it does not constitute a recommendation to any holder of SBM common stock or any shareholder of any other entity as to how to vote in connection with the merger or any other matter (including, with respect to holders of SBM common stock, what election any such stockholder should make with respect to the stock consideration or the cash consideration).**

Interests of SBM Directors and Executive Officers in the Merger (page 77)

Some of the members of SBM's management and board of directors may be deemed to have interests in the merger that are different from, or in addition to, the interests of SBM stockholders generally. These interests include:

payment of cash severance benefits under existing change in control agreements with John Everets, Chairman and Chief Executive Officer of SBM, and Edmund Hayden, Chief Risk Officer and Chief Credit Officer of SBM, upon a termination event, with continued life, disability, medical insurance and other normal welfare benefits insurance coverage for a period of 24 months and 18 months, respectively;

payment of cash severance benefits under existing change in control agreements with 19 other SBM executives upon a terminating event, with continued life, disability, medical insurance and other normal welfare benefits insurance coverage for a period of 6 months or, in the case of certain executives, 12 months;

acceleration of vesting of all unvested equity awards;

payment of pro-rata bonuses to eligible executive officers that have been budgeted by SBM consistent with past practice and in the ordinary course of business, payable at the effective time of the merger, provided that the monthly accruals of the aggregate bonus payments shall not exceed \$50,000;

continued indemnification and liability insurance coverage for directors and executive officers with respect to acts or omissions occurring before the merger; and

election of two SBM directors to the Camden and Camden National Bank boards of directors immediately after the effective time of the merger.

In addition, Camden entered into a consulting agreement with Mr. Everets, which will be effective upon completion of the merger. Under this agreement, Mr. Everets will provide consulting services to Camden following the merger, and also has agreed to be subject to certain non-competition and non-solicitation covenants. Mr. Hayden will join Camden National Bank as Executive Vice President and Chief Credit Officer, upon completion of the merger.

Limitations on Considering Other Acquisition Proposals (page 90)

The merger agreement restricts SBM's ability to solicit or engage in discussions or negotiations with a third party regarding a proposal to acquire SBM. However, if SBM receives a bona fide unsolicited written acquisition proposal from a third party that is, or is reasonably likely to be, more favorable from a financial point of view to SBM stockholders than the terms of the merger agreement, SBM may furnish nonpublic information to that third party and engage in negotiations regarding an acquisition proposal with that third party, subject to specified conditions in the merger agreement. In addition, the SBM board of directors may not:

- modify, qualify, withhold or withdraw its approval or recommendation of the merger agreement;
- approve or recommend another acquisition proposal to its shareholders; or

cause SBM to enter into a letter of intent, agreement in principal or definitive agreement with respect to an acquisition transaction or that requires SBM to abandon, terminate or fail to consummate the merger,

unless the SBM board of directors determines in good faith, after consultation with counsel and a financial advisor, that an acquisition proposal is a superior proposal and, after consultation with counsel, that it is required to take such action to comply with the standard of conduct required of a board of directors under the MGCL or its other fiduciary duties to stockholders under applicable law. In that event, SBM must provide Camden with notice of such determination and cooperate and negotiate in good faith with Camden to adjust or modify the terms and conditions of the merger agreement.

Conditions to the Merger (page 86)

Camden and SBM will not complete the merger unless a number of conditions are satisfied or waived, including:

the shareholders of Camden must approve the share issuance;

the stockholders of SBM must approve the merger;

Camden and SBM must have obtained all regulatory approvals required to complete the transactions provided for in the merger agreement, all related statutory waiting periods have expired, and none of the regulatory approvals imposed any term, condition or restriction that Camden reasonably determines would (1) prohibit or materially limit the ownership or operation by Camden of all or any material portion of the business or assets of SBM or Camden, (2) compel Camden to dispose of or hold separate all or any material portion of the business or assets of SBM or Camden or (3) compel Camden to take any action, or commit to take any action, or agree to any condition or request, if the prohibition, limitation, condition or other requirement described in clauses (1)-(3) of this sentence would have a material adverse effect on the future operation by Camden of its business, taken as a whole (a so-called “burdensome condition”);

the absence of any order, decree or injunction in effect, or any law, statute or regulation enacted or adopted, that enjoins, prohibits, materially restricts or makes illegal the completion of the transactions provided for in the merger agreement;

Camden and SBM must each receive a legal opinion from their respective counsel, or such other counsel as provided for in the merger agreement, regarding treatment of the merger as a “reorganization” for federal income tax purposes;

the representations and warranties of each of the parties in the merger agreement must be accurate, subject to exceptions that would not have a material adverse effect;

each of the parties in the merger agreement must have performed in all material respects all obligations required to be performed by it; and

the registration statement becoming effective.

Termination of the Merger Agreement (page 87)



Camden and SBM can mutually agree to terminate the merger agreement before the merger has been completed, and either company can terminate the merger agreement if:

the merger is not consummated by March 1, 2016, unless the terminating party's failure to comply with the merger agreement was the cause of the failure of the merger to occur on or before this date;

the other party materially breaches any of its representations, warranties, covenants or agreements contained in the merger agreement, the terminating party is not then in material breach of any representation, warranty, covenant or other agreement contained in the merger agreement, and the breach is not cured within 30 days of written notice;

(1) any regulatory approval required for consummation of the merger and the other transactions provided for in the merger agreement imposes any term, condition or restriction upon Camden or any of its subsidiaries that Camden reasonably determines is a burdensome condition or has been denied by final nonappealable action, or (2) any governmental entity has issued a final nonappealable order, injunction or decree enjoining or otherwise prohibiting the transactions provided for in the merger agreement, and the terminating party in either case has used its reasonable best efforts to have the order, injunction or decree lifted or to prevent the burdensome condition from being imposed;  
or

the required approval of the share issuance the by Camden shareholders or of the merger by the SBM stockholders is not obtained.

In addition, Camden may terminate the merger agreement if:

the SBM board of directors:

withdraws, qualifies, amends, modifies or withholds its recommendation to the SBM stockholders to vote in favor of the merger or makes any statement, filing or release that is inconsistent with the recommendation;

materially breaches its obligation to call, give notice of, hold and commence the SBM special meeting or to solicit proxies in favor of the merger;

approves or recommends another acquisition proposal; or

resolves or otherwise determines to take, or announces an intention to take, any of the actions listed above; or

SBM or any of its representatives breaches in any material respect the provisions in the merger agreement prohibiting the solicitation of other offers.

SBM has the right to terminate the merger agreement in connection with entering into a definitive agreement to effect a superior proposal, subject to specified conditions in the merger agreement. In addition, SBM has the right to terminate the merger agreement if the average closing price of Camden common stock for a specified period prior to closing is less than \$30.65 and Camden common stock underperforms a specified peer-group index by more than 20%, provided that Camden will have the option to increase the amount of Camden common stock to be provided to SBM stockholders, in which case no termination will occur.

Termination Fee (page 89)

Under the terms of the merger agreement, SBM must pay Camden a termination fee of \$5.4 million if:

Camden terminates the merger agreement as a result of the SBM board of directors:

withdrawing, qualifying, amending, modifying or withholding its recommendation to the SBM stockholders to vote in favor of the merger or making any statement, filing or release that is inconsistent with the recommendation;

- materially breaching its obligation to call, give notice of, hold and commence the special meeting;
- approving or recommending another acquisition proposal; or
- resolving or otherwise determining to take, or announcing an intention to take, any of the actions listed above;

Camden terminates the merger agreement as a result of a material breach by SBM of the provisions in the merger agreement prohibiting the solicitation of other offers;

SBM terminates the merger agreement in connection with entering into a definitive agreement to effect a superior proposal;

Camden or SBM terminates the merger agreement as a result of:

the failure of the SBM stockholders to approve the merger, or the merger not having been consummated by March 1, 2016 due to the failure of the SBM stockholders to approve the merger, and both

an acquisition proposal with respect to SBM has been publicly announced, disclosed or otherwise communicated to the SBM board of directors or senior management of SBM prior to the SBM special meeting or March 1, 2016, as applicable; and

within 12 months of termination of the merger agreement, SBM recommends to its shareholders another acquisition proposal or enters into a definitive agreement with respect to, or consummates, another acquisition transaction; or

Camden terminates the merger agreement as a result of a willful material breach by SBM of any of its representations, warranties, covenants or agreements contained in the merger agreement, and both:

an acquisition proposal with respect to SBM has been publicly announced, disclosed or otherwise communicated to the SBM board of directors or senior management of SBM prior to such breach or during the related cure period; and

within 12 months of termination of the merger agreement, SBM recommends to its shareholders another acquisition proposal or enters into a definitive agreement with respect to, or consummates, another acquisition transaction.

Effective Time of the Merger (page 80)

We expect that the merger will be completed as soon as practicable following the satisfaction or waiver of all closing conditions, including approval of the share issuance by the Camden shareholders, approval of the merger by the SBM stockholders and receipt of all regulatory approvals. The parties cannot be certain whether or when any of the conditions to the merger will be satisfied or waived, where permissible. We currently expect to complete the merger in the fall of 2015; however, because the merger is subject to conditions beyond our control, we cannot predict the actual timing of the closing.

Material Federal Income Tax Consequences for SBM Stockholders (page 101)

Each of Camden and SBM will receive an opinion of counsel to the effect that, based on certain facts, representations and assumptions, the merger will be treated as a “reorganization” for federal income tax purposes. Accordingly, you generally will not recognize any gain or loss on the conversion of shares of SBM common stock solely into shares of Camden common stock. However, you generally will be taxed if you receive cash in exchange for your shares of SBM common stock or instead of any fractional share of Camden common stock that you would otherwise be entitled to receive. Each of Camden’s and SBM’s obligations to complete the merger are conditioned on its receipt of this opinion, dated as of the effective date of the merger, regarding the federal income tax treatment of the merger to it and the stockholders of SBM.

Tax matters are complicated, and the tax consequences of the merger to you will depend upon the facts of your particular situation and on whether you receive stock, cash or a mix of stock and cash in the merger. In addition, you may be subject to state, local or foreign tax laws that are not discussed in this proxy statement/prospectus.

**Accordingly, we strongly urge you to consult your own tax advisor for a full understanding of the tax consequences to you of the merger.**

Required Regulatory Approvals (page 98)

To complete the merger, Camden and SBM need the prior approval of the OCC and the Board of Governors of the Federal Reserve System, or the "Federal Reserve." The Federal Reserve approval may be waived at the discretion of the Federal Reserve. The United States Department of Justice is able to provide input into the approval process of federal banking agencies to challenge the approval on antitrust grounds. Prior to the date of the special meetings, Camden and SBM will have filed all necessary applications and notices with the applicable regulatory authorities. Camden and SBM cannot predict, however, whether or when the required regulatory approvals will be obtained or whether any such approvals will impose any burdensome condition upon Camden.

Accounting Treatment (page 75)

The merger will be accounted for using the acquisition method of accounting with Camden treated as the acquiror. Under this method of accounting, SBM's assets and liabilities will be recorded by Camden at their respective fair values as of the closing date of the merger and added to those of Camden. Any excess of purchase price over the net fair values of SBM's assets and liabilities will be recorded as goodwill. Any excess of the fair value of SBM's net assets over the purchase price will be recognized in earnings by Camden on the closing date of the merger. Financial statements of Camden issued after the merger will reflect these values, but will not be restated retroactively to reflect the historical financial position or results of operations of SBM prior to the merger. The results of operations of SBM will be included in the results of operations of Camden beginning on the day after the effective date of the merger.

Listing of Camden Common Stock to be Issued in the Merger (page 76)

Camden's common stock is quoted on the NASDAQ Global Market under the trading symbol "CAC." Under the terms of the merger agreement, Camden will file a notice of additional listing of shares with NASDAQ with respect to the shares of Camden common stock to be issued to the holders of SBM common stock in the merger so that these shares will be listed and traded on the NASDAQ Global Market following the merger.

Differences Between Rights of Holders of Camden and SBM Stock (page 104)

The rights of SBM stockholders currently are governed by SBM's articles of incorporation and bylaws, and by Maryland law. After the merger is completed, SBM stockholders who receive Camden common stock in the merger will become shareholders of Camden, and, therefore, their rights as shareholders of Camden will be governed by Camden's articles of incorporation and bylaws, and by Maine law. This means that, as a result of the merger, SBM stockholders will have different rights when they become holders of Camden common stock than they currently have as holders of SBM common stock.

## SELECTED HISTORICAL FINANCIAL DATA

## Camden Selected Historical Financial and Other Data

The following tables set forth selected historical financial and other data of Camden for the periods and as of the dates indicated. The historical consolidated financial data as of and for each of the years in the five-year period ended December 31, 2014 have been derived in part from Camden's audited financial statements and related notes incorporated by reference into this proxy statement/prospectus. The information at and for the three months ended March 31, 2015 and 2014 is unaudited. However, in the opinion of management of Camden, all adjustments, consisting of normal recurring adjustments, necessary for a fair presentation of the results of operations for the unaudited periods have been made. The selected operating data presented below for the three months ended March 31, 2015 are not necessarily indicative of a full year's operations.

(In Thousands, Except per Share Data)	At or For the Three Months Ended		At or For The Year Ended			
	March 31, 2015	2014	December 31, 2014	2013	2012	2011
<b>Financial Condition Data</b>						
Investments	\$813,565	\$824,632	\$803,633	\$828,201	\$802,084	\$611,998
Loans and loans held for sale	1,791,705	1,620,186	1,772,610	1,580,402	1,563,866	1,520,089
Allowance for loan losses	21,265	21,670	21,116	21,590	23,044	23,011
Total assets	2,811,204	2,640,666	2,789,853	2,603,829	2,564,757	2,302,720
Deposits	1,966,174	1,836,679	1,932,097	1,813,824	1,929,469	1,591,366
Borrowings	547,600	541,390	577,002	530,092	360,163	456,233
Shareholders' equity	251,799	231,469	245,109	231,096	233,815	218,876
<b>Operating Data</b>						
Interest income	\$22,451	\$21,393	\$88,421	\$88,217	\$90,947	\$98,372
Interest expense	3,014	2,983	12,128	12,742	17,202	23,153
Net interest income	19,437	18,410	76,293	75,475	73,745	75,219
Provision for credit losses	446	493	2,220	2,028	3,816	4,735
Net interest income after provision for credit losses	18,991	17,917	74,073	73,447	69,929	70,484
Non-interest income	6,144	5,685	24,334	27,801	23,412	23,053
Non-interest expense	16,801	15,125	62,397	66,333	59,031	55,579
Income before income taxes	8,334	8,477	36,010	34,915	34,310	37,958
Income taxes	2,723	2,762	11,440	12,132	10,882	11,781
Net income	\$5,611	\$5,715	\$24,570	\$22,783	\$23,428	\$26,177
<b>Ratios</b>						
Return on average assets	0.82	% 0.89	% 0.92	% 0.88	% 0.98	% 1.13
Return on average equity	9.19	% 9.97	% 10.37	% 9.74	% 10.31	% 12.16
	11.61	% 12.87	% 13.46	% 14.55	% 13.19	% 15.67

Return on average tangible equity (Non-GAAP)												
Tangible equity to tangible assets (Non-GAAP)	7.38	%	7.04	%	7.18	%	7.12	%	7.19	%	7.69	%
Efficiency ratio (Non-GAAP)	61.97	%	62.69	%	61.58	%	62.78	%	57.45	%	54.63	%
Yield on interest-earnings assets <sup>(1)</sup>	3.54	%	3.57	%	3.60	%	3.73	%	4.14	%	4.65	%
Cost of funds on interest-bearing liabilities	0.49	%	0.52	%	0.50	%	0.55	%	0.81	%	1.12	%
Net interest margin <sup>(1)</sup>	3.07	%	3.08	%	3.11	%	3.20	%	3.36	%	3.57	%
Tier I leverage capital ratio	9.30	%	9.27	%	9.26	%	9.43	%	8.94	%	9.59	%
Common equity Tier I risk-based capital ratio <sup>(2)</sup>	11.35	%	N/A		N/A		N/A		N/A		N/A	
Tier I risk-based capital ratio	13.65	%	14.64	%	13.97	%	15.20	%	14.31	%	14.69	%
Total risk-based capital ratio	14.79	%	15.89	%	15.16	%	16.45	%	15.56	%	15.95	%
Allowance for loan losses to total loans	1.19	%	1.34	%	1.19	%	1.37	%	1.48	%	1.52	%
Net charge-offs to average loans	0.07	%	0.10	%	0.16	%	0.22	%	0.24	%	0.26	%
Non-performing loans to total loans	0.98	%	1.68	%	1.19	%	1.80	%	1.78	%	1.82	%
Non-performing assets to total assets	0.67	%	1.13	%	0.82	%	1.18	%	1.13	%	1.27	%
Per common share data												
Basic earnings per share	\$0.75		\$0.76		\$3.29		\$2.98		\$3.06		\$3.41	
Diluted earnings per share	0.75		0.75		3.28		2.97		3.05		3.40	
Dividends declared per share	0.30		0.27		1.11		1.08		1.00		1.50	
Book value per share	33.85		30.93		33.01		30.49		30.67		28.56	
Tangible book value per share (Non-GAAP)	27.41		24.38		26.52		23.98		23.68		22.66	
Dividend payout ratio	39.73	%	35.21	%	33.73	%	36.30	%	32.73	%	44.05	%

(1) Calculated on a fully-taxable equivalent basis.

(2) Common equity Tier I risk-based capital ratio was implemented on January 1, 2015 as part of the Basel III regulatory framework.



## SBM Selected Historical Financial and Other Data

The following tables set forth selected historical financial data for SBM as of and for the three months ended March 31, 2015 and March 31, 2014 and for the three years ended December 31, 2014, December 31, 2013, and December 31, 2012 (which has been derived primarily from its audited financial statements). The information at and for the three months ended March 31, 2015 and 2014 is unaudited. You should read these tables together with the historical financial information contained in SBM financial statements and related notes, and “The Companies—SBM’s Management’s Discussion and Analysis of Financial Condition and Results of Operations” included in this proxy statement/prospectus.

	<b>At or for the Three Months</b>		<b>At or for the Year Ended December 31,</b>		
	<b>Ended</b>		<b>2014</b>	<b>2013</b>	<b>2012</b>
	<b>March 31,</b>				
	<b>2015</b>	<b>2014</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>
	<b>(dollars in thousands, except share and per share data)</b>				
<b>Balance Sheet Data</b>					
Total assets	\$813,499	\$769,685	\$ 806,227	\$ 745,469	\$ 785,828
Securities available for sale	1,428	10,629	1,360	1,285	63,378
Securities, restricted	3,816	3,816	3,816	3,816	4,301
Securities held to maturity	80,031	86,877	81,852	78,749	-
Loans held for sale	10,460	2,896	6,717	2,978	14,110
Loans, net	632,320	577,157	622,968	569,880	570,589
Deposits	659,041	629,084	656,951	624,624	659,641
Securities sold under agreement to repurchase	26,597	17,341	25,071	17,566	24,399
FHLB advances	25,000	20,000	20,000	-	-
Note payable	8,500	9,000	9,000	9,000	9,000
Equity capital	86,299	83,953	85,853	83,862	84,061
Common shares outstanding	613,877	612,776	613,424	612,560	609,268

**At or for the Three****Months Ended  
March 31,**

At or for the Year Ended December 31,

2015      2014      2014      2013      2012

(dollars in thousands, except share and per share data)

## Income Statement Data

Interest income	\$ 7,411	\$ 7,072	\$ 28,864	\$ 28,299	\$ 27,744
Interest expense	767	807	3,140	3,344	3,746
Net interest income	6,644	6,265	25,724	24,955	23,998
Provision for loan losses	300	-	1,000	500	(103 )
Net interest income after provision for loans losses	6,344	6,265	24,724	24,455	24,101
Non-interest income	2,074	1,457	8,056	13,693	12,987
Non-interest expense	7,936	7,522	30,077	37,090	39,229
Income before income taxes	482	200	2,703	1,058	(2,141 )
Income taxes	170	98	1,017	479	(1,136 )
Net income	\$ 312	\$ 102	\$ 1,686	\$ 579	\$ (1,005 )

## Stock and Related Per Share Data

Earnings per share – basic	\$ 0.51	\$ 0.17	\$ 2.75	\$ 0.95	\$ (1.65 )
Earnings per share – diluted	0.51	0.17	2.75	0.95	(1.65 )
Book value per share	140.58	137.00	139.96	136.90	137.97

	At or for the Three		At or for the Year Ended December 31,				
	Months Ended		March 31,				
	2015	2014	2014	2013	2012		
(dollars in thousands, except per share data)							
<b>Performance and Other Ratios<sup>1</sup></b>							
Return on average assets	0.16 %	0.05 %	0.22 %	0.07 %	(0.13 %)		
Return on average equity	1.46 %	0.49 %	1.98 %	0.69 %	(1.18 %)		
Net interest rate spread	3.60 %	3.66 %	3.57 %	3.47 %	3.40 %		
Net interest margin	3.62 %	3.69 %	3.59 %	3.49 %	3.42 %		
As a percentage of average assets:							
Non-interest income	1.04 %	0.78 %	1.03 %	1.73 %	1.64 %		
Non-interest expense	4.00 %	4.05 %	3.85 %	4.68 %	5.00 %		
Efficiency ratio	91.02 %	97.40 %	89.04 %	95.97 %	106.07 %		
Net loan charge-offs (recoveries)	\$686	\$(48 )	\$1,631	\$1,126	\$6,214		
Net charge-offs (recoveries) to average loans	0.43 %	(0.03 )%	0.27 %	0.19 %	1.07 %		
<b>Capital Ratios</b>							
Total capital to risk weighted assets <sup>2</sup>	13.82 %	13.66 %	14.53 %	14.22 %	13.32 %		
Tier 1 capital to risk weighted assets <sup>2</sup>	12.47 %	12.45 %	13.31 %	13.01 %	12.11 %		
Common equity Tier 1 capital to risk weighted assets <sup>2</sup>	12.47 %	n/a	n/a	n/a	n/a		
Tier 1 capital to adjusted total assets <sup>2</sup>	9.51 %	9.71 %	9.87 %	10.25 %	9.40 %		
Stockholders' equity to total assets	10.61 %	10.91 %	10.65 %	11.25 %	10.70 %		
Tangible stockholders' equity to tangible assets	10.61 %	10.91 %	10.65 %	11.25 %	10.70 %		
<b>Asset Quality and Ratios</b>							
Total non-accruing loans	\$10,146	\$10,476	\$10,952	\$11,926	\$21,135		
Other non-performing assets	857	1,620	859	1,361	5,742		
Allowance for loan losses	7,656	8,721	8,042	8,673	9,299		
Total non-performing assets to total assets	1.35 %	1.57 %	1.46 %	1.78 %	3.42 %		
Total non-accruing loans to total loans	1.59 %	1.79 %	1.74 %	2.06 %	3.64 %		
Allowance for loan losses to non-accruing loans	75.46 %	83.25 %	73.43 %	72.72 %	44.00 %		
Allowance for loan losses to total loans	1.20 %	1.49 %	1.27 %	1.50 %	1.60 %		
<b>Other Data</b>							
Number of banking centers	24	24	24	27	32		
Full time equivalent employees	255	269	255	274	312		

<sup>1</sup> March 31, 2015 and March 31, 2014 ratios are annualized based on 365 day year.

<sup>2</sup> The regulatory capital ratios shown are for SBM's subsidiary The Bank of Maine.



## COMPARATIVE HISTORICAL AND UNAUDITED PRO FORMA PER SHARE DATA

The following table summarizes selected share and per share information about Camden and SBM giving effect to the merger, which is referred to as “pro forma” information. The data in the table should be read together with the financial information and the financial statements of SBM, which are included in this proxy statement/prospectus, and Camden, which are incorporated in this proxy statement/prospectus by reference. The data does not necessarily indicate the combined financial position per share or combined results of earnings per share that would have been reported if the merger had occurred when indicated, nor is the data a forecast of the combined financial position or combined results of operations for any future period.

The unaudited pro forma and pro forma per equivalent share information gives effect to the merger as if the merger had been effective on December 31, 2014 or March 31, 2015 in the case of the book value data, and as if the merger had been effective as of January 1, 2014 or January 1, 2015 in the case of the earnings per share and the cash dividends data. The unaudited pro forma data combines the historical results of SBM into Camden’s consolidated statement of income. While certain adjustments were made for the estimated impact of fair value adjustments and other acquisition-related activity, they are not indicative of what could have occurred had the acquisition taken place on January 1, 2014 or January 1, 2015.

The information about book value per share and shares outstanding assumes that the merger took place as of the dates presented and is based on the assumptions set forth in the preceding unaudited pro forma combined consolidated statements of financial condition. The information about dividends and earnings per share assumes that the merger took place as of the periods presented and is based on the assumptions set forth in the preceding unaudited pro forma combined consolidated statements of income. No pro forma adjustments have been included in these statements of income which reflect potential effects of the merger related to integration expenses, cost savings or operational synergies which are expected to be obtained by combining the operations of Camden and SBM, or the costs of combining the companies and their operations.

	<b>Camden</b>	<b>SBM</b>	<b>Pro Forma</b>	<b>Per</b>
	<b>Historical</b>	<b>Historical</b>	<b>Combined(1)(2)(3)</b>	<b>Equivalent</b>
				<b>SBM Share</b>
				<b>(4)</b>
Per share data for the year ended December 31, 2014:				
Basic earnings per share	\$3.29	\$2.75	\$ 2.51	\$ 13.59
Diluted earnings per share	3.28	2.75	2.50	13.56
Cash dividends declared	1.11	-	1.11	6.02

Weighted average shares outstanding:

Edgar Filing: CAMDEN NATIONAL CORP - Form S-4

Basic	7,450,980	613,459	10,111,429	
Diluted	7,470,593	613,459	10,131,042	
Book value per share as of December 31, 2014	\$33.01	\$ 139.96	\$ 35.32	\$ 191.48
Per share data for the three months ended March 31, 2015:				
Basic earnings per share	\$0.75	\$0.51	\$ 0.56	\$ 3.06
Diluted earnings per share	0.75	0.51	0.56	3.05
Cash dividends declared	0.30	-	0.30	1.63
Weighted average shares outstanding:				
Basic	7,431,065	614,155	10,094,532	
Diluted	7,453,875	614,170	10,117,407	
Book value per share as of March 31, 2015	\$33.85	\$ 140.58	\$ 35.98	\$ 195.03

- (1) The pro forma combined book value per share of Camden common stock is based on the pro forma common shareholders' equity divided by total pro forma common shares.
- (2) Pro forma dividends per share represent Camden's historical dividends per share.
- (3) The pro forma combined net income per share of Camden common stock is based on the pro forma combined net income for the merged entities divided by total pro forma diluted common shares of the combined entities.
- (4) Represents the pro forma combined information multiplied by the 5.421 exchange ratio.

## CAMDEN MARKET PRICE AND DIVIDEND INFORMATION

Camden's common stock currently trades on the NASDAQ Global Market under the symbol "CAC." The following table shows the high and low sales price per share for Camden's common stock by quarter, as reported by the NASDAQ Global Market for the periods indicated. The table also provides information as to dividends declared per share of Camden common stock.

	High	Low	Dividends Declared
Fiscal Year Ended December 31, 2015			
Second Quarter (through , 2015)	\$	\$	\$
First Quarter	\$39.95	\$36.20	\$ 0.30
Fiscal Year Ended December 31, 2014			
Fourth Quarter	\$41.83	\$34.75	\$ 0.30
Third Quarter	\$39.81	\$34.91	\$ 0.27
Second Quarter	\$42.00	\$34.57	\$ 0.27
First Quarter	\$42.47	\$34.52	\$ 0.27
Fiscal Year Ended December 31, 2013			
Fourth Quarter	\$43.89	\$38.43	\$ 0.27
Third Quarter	\$41.75	\$34.79	\$ 0.27
Second Quarter	\$38.46	\$31.73	\$ 0.27
First Quarter	\$37.01	\$33.06	\$ 0.27

On March 27, 2015, the last full trading day immediately preceding the public announcement of the merger, and on , 2015, the most recent practicable date prior to the mailing of this proxy statement/prospectus, the last reported sales prices of Camden's common stock, as reported by the NASDAQ Global Market, were \$38.60 per share and \$ per share, respectively. The market price of Camden common stock is likely to fluctuate prior to the effective time of the merger. You are encouraged to obtain current trading prices for Camden's common stock in considering whether to vote on the matters being considered at the annual meeting and in completing your election form for the merger consideration.

Camden expects that after the completion of the merger, subject to approval and declaration by the Camden board of directors, it will continue to declare quarterly cash dividends on shares of its common stock consistent with past practices. The actual payment of dividends is subject to numerous factors, and no assurance can be given that Camden will pay dividends following the completion of the merger or that dividends will not be reduced in the future. The current annualized rate of distributions on the shares of Camden common stock is \$1.20 per share.

As of , 2015, there were approximately holders of record of Camden's common stock.





## RISK FACTORS

In addition to the other information contained in or incorporated by reference into this proxy statement/prospectus, including the matters addressed in the section of this proxy statement/prospectus titled “Special Note Regarding Forward-Looking Statements” on page 29, you should carefully consider the following risk factors described below in deciding how to vote. You should also read and consider the risk factors associated with the business of Camden because these risk factors may affect the operations and financial results of the combined company. These risk factors may be found in the Camden Quarterly Report on Form 10-Q for the three months ended March 31, 2015 and Annual Report on Form 10-K for the fiscal year ended December 31, 2014.

### Risks Relating to the Merger

The value of the stock consideration will vary with changes in Camden’s stock price.

Upon completion of the merger, 80% of the total number of shares of SBM common stock outstanding immediately prior to the effective time of the merger will be converted into shares of Camden common stock, and the remaining shares of SBM common stock will be converted into cash. The exchange ratio for the stock portion of the merger consideration is fixed. Accordingly, the dollar value of Camden common stock that SBM stockholders will receive upon completion of the merger will depend upon the market value of Camden common stock at the time of completion of the merger, which may be lower or higher than the closing price of Camden common stock on the last full trading day preceding public announcement of the merger, the dates of the special meetings or the date on which elections are due. Thus, at the time of the special meetings and at the time the elections are due, you will not know or be able to determine the dollar value of the stock consideration to be received in the merger.

SBM stockholders may not receive the form of merger consideration that they elect.

If the merger is completed, each outstanding share of SBM common stock will be converted into the right to receive either \$206.00 in cash, without interest, or 5.421 shares of Camden common stock, plus cash in lieu of any fractional share. You will have the opportunity to elect to receive all cash, all stock or a combination of cash and stock with respect to the shares of SBM common stock that you hold. Your right as a SBM stockholder to receive the consideration you elect for your shares is limited because of the allocation procedures set forth in the merger agreement, which are intended to ensure that 80% of the total number of shares of SBM common stock outstanding immediately prior to the effective time of the merger will be converted into shares of Camden common stock, and the remaining shares of SBM common stock will be converted into cash. If the total stock elections by SBM stockholders are greater, or less, than the aggregate stock consideration to be paid in the merger, you may not receive the form of consideration that you elect and you may receive a pro rata amount of cash and Camden common stock. A detailed

discussion of the election and allocation provisions of the merger agreement is set forth in the sections of this proxy statement/prospectus titled “The Merger Agreement—Merger Consideration,” “—Election Procedures” and “—Allocation Procedures,” beginning on page 80. We recommend that you carefully read this discussion and the merger agreement attached to this proxy statement/prospectus as *Annex A*.

The tax consequences of the merger for SBM stockholders will be dependent upon the merger consideration received.

The tax consequences of the merger to you will depend upon the merger consideration that you receive. You generally will not recognize any gain or loss on the conversion of shares of SBM common stock solely into shares of Camden common stock. However, you generally will be taxed if you receive cash in exchange for your shares of SBM common stock or instead of any fractional share of Camden common stock. Furthermore, since the merger consideration you receive may differ from what you elected, you cannot control the tax consequences of the merger to you. For a detailed discussion of the tax consequences of the merger to SBM stockholders generally, see the section of this proxy statement/prospectus titled “Material Federal Income Tax Consequences” beginning on page 101. You should consult your own tax advisors as to the effect of the merger on your specific interests.

There is no assurance when or even if the merger will be completed.

The merger agreement is subject to a number of conditions which must be fulfilled in order to complete the merger. Those conditions include:

- approval of the merger by SBM stockholders;
- approval of the share issuance by Camden shareholders;

the receipt of required regulatory approvals;  
absence of orders prohibiting the completion of the merger;  
effectiveness of the registration statement of which this proxy statement/prospectus is a part;  
the continued accuracy of the representations and warranties by both parties and the performance by both parties of their covenants and agreements; and  
the receipt by both parties of legal opinions from their respective tax counsels.

There can be no assurance that Camden and SBM will be able to satisfy the closing conditions or that closing conditions beyond their control will be satisfied or waived.

The merger agreement may be terminated in accordance with its terms and the merger may not be completed.

Camden and SBM can agree at any time to terminate the merger agreement even after both parties' shareholders have provided their requisite approvals. Camden and SBM can also terminate the merger agreement under other specified circumstances. See "The Merger Agreement—Termination" on page 87. In addition, SBM may choose to terminate the merger agreement if the average closing price of Camden's common stock during the ten trading day period ending on the trading day immediately preceding the date of receipt of all required regulatory approvals or the date that approval by Camden and SBM stockholders is obtained, whichever is later, is less than \$30.65 and Camden's common stock underperforms the NASDAQ Bank Index by more than 20%. Any such termination would be subject to the right of Camden to increase the amount of Camden common stock to be provided to SBM stockholders pursuant to the formula prescribed in the merger agreement. See the section of this proxy statement/prospectus titled "The Merger Agreement—Termination" beginning on page 87 for a more complete discussion of the circumstances under which the merger agreement could be terminated.

Regulatory approvals may not be received, may take longer than expected or may require divestitures in order to be obtained.

Camden is required to obtain the approvals of the Office of the Comptroller of the Currency and the Board of Governors of the Federal Reserve System prior to completing the merger. Obtaining the approval of these regulatory agencies may delay the date of completion of the merger. In addition, you should be aware that, as in any transaction, it is possible that, among other things, restrictions on the combined operations of the two companies, including divestitures, may be sought by governmental agencies as a condition to obtaining the required regulatory approvals. This may diminish the benefits of the merger to Camden or have an adverse effect on Camden following the merger and prevent it from achieving the expected benefits of the merger. Camden has the right to terminate the merger agreement if the approval of any governmental authority required for consummation of the merger and the other transactions provided for in the merger agreement, imposes any term, condition or restriction upon Camden or any of its subsidiaries that Camden reasonably determines would (1) prohibit or materially limit the ownership or operation by Camden of any material portion of SBM's business or assets, (2) compel Camden to dispose or hold separate any material portion of SBM's assets or (3) compel Camden to take any action, or commit to take any action, or agree to

any condition or request, if the prohibition, limitation, condition or other requirement described in clauses (1)-(3) of this sentence would have a material adverse effect on the future operation by Camden of its business, taken as a whole.

If the merger is not completed, both Camden and SBM will have incurred substantial expenses without their shareholders realizing the expected benefits.

Camden and SBM have incurred, and will continue to incur, substantial expenses in connection with the transactions described in this proxy statement/prospectus. If the merger is not completed, these expenses may have a material adverse impact on the operating results of Camden and SBM.

SBM's directors and executive officers have financial interests in the merger that may be different from, or in addition to, the interests of SBM stockholders.

In considering the information contained in this proxy statement/prospectus, you should be aware that SBM's executive officers and directors have financial interests in the merger that are different from, or in addition to, the interests of SBM stockholders generally. These interests include:

payment of cash severance benefits under existing change in control agreements with John Everets, Chairman and Chief Executive Officer of SBM, and Edmund Hayden, Chief Risk Officer and Chief Credit Officer of SBM, upon a termination event, with continued life, disability, medical insurance and other normal welfare benefits insurance coverage for a period of 24 months and 18 months, respectively;

payment of cash severance benefits under existing change in control agreements with 19 other SBM executives upon a terminating event, with continued life, disability, medical insurance and other normal welfare benefits insurance coverage for a period of 6 months or, in the case of certain executives, 12 months;

- acceleration of vesting of all unvested equity awards;

payment of pro-rata bonuses to eligible executive officers that have been budgeted by SBM consistent with past practice and in the ordinary course of business, payable at the effective time of the merger, provided that the monthly accruals of the aggregate bonus payments shall not exceed \$50,000;

continued indemnification and liability insurance coverage for directors and executive officers with respect to acts or omissions occurring before the merger; and

election of two SBM directors to the Camden and Camden National Bank boards of directors immediately after the effective time of the merger.

In addition, Camden entered into a consulting agreement with Mr. Everets, which will be effective upon completion of the merger. Under this agreement, Mr. Everets will provide consulting services to Camden following the merger, and also has agreed to be subject to certain non-competition and non-solicitation covenants. See the section of this proxy statement/prospectus titled “Interests of SBM Directors and Executive Officers in the Merger” beginning on page 77 for a discussion of these financial interests. Mr. Hayden will join Camden National Bank as Executive Vice President and Chief Credit Officer, upon completion of the merger.

The unaudited pro forma combined condensed consolidated financial information included in this proxy statement/prospectus is presented for illustrative purposes and the actual financial condition and results of operations after the merger may differ materially.

The unaudited pro forma combined condensed consolidated financial information in this proxy statement/prospectus is presented for illustrative purposes only and is not necessarily indicative of what Camden’s actual financial condition or results of operations would have been had the merger been completed on the dates indicated, nor is it necessarily indicative of the future financial condition or results of operations in future periods of the combined entity. The pro forma combined condensed consolidated financial information reflects adjustments, which are based upon preliminary estimates, to record the SBM identifiable assets acquired and liabilities assumed at fair value and the resulting goodwill recognized. The purchase price allocation reflected in this proxy statement/prospectus is preliminary, and final allocation of the purchase price will be based upon the actual purchase price and the fair value of the assets and liabilities of SBM as of the date of the completion of the merger. Accordingly, the final acquisition accounting adjustments may differ materially from the pro forma adjustments reflected in this proxy statement/prospectus. See the section of this proxy statement/prospectus titled “Unaudited Pro Forma Combined Condensed Consolidated Financial Statements” beginning on page 110.

Goodwill incurred in the merger may negatively affect Camden’s financial condition.

To the extent that the merger consideration, consisting of the cash and number of shares of Camden common stock issued or to be issued in the merger, exceeds the fair value of the net assets, including identifiable intangibles, of SBM, that amount will be reported as goodwill by Camden. In accordance with current accounting guidance, goodwill will not be amortized but will be evaluated for impairment annually or more frequently if events or circumstances warrant such. A failure to realize expected benefits of the merger could adversely impact the carrying value of the goodwill recognized in the merger, and in turn negatively affect Camden's financial results.

SBM stockholders do not have dissenter's or appraisal rights in the merger.

In accordance with the provisions of the MGCL, SBM's articles of incorporation provide that holders of shares of SBM common stock are not entitled to exercise any dissenters' or appraisal rights, and thus holders of SBM common stock will not be entitled to dissenters' or appraisal rights in the merger.

The termination fee and the restrictions on solicitation contained in the merger agreement may discourage other companies from trying to acquire SBM.

Until the completion of the merger, SBM is restricted from soliciting, initiating, encouraging, or with some exceptions, considering any inquiries or proposals that may lead to a proposal or offer for a merger or other business combination transaction with any person other than Camden except in connection with a superior proposal as provided in the merger agreement. In addition, SBM has agreed to pay a termination fee of \$5.4 million to Camden in specified circumstances to terminate the merger agreement. These provisions could discourage other companies from trying to acquire SBM even though those other companies might be willing to offer greater value to SBM stockholders than Camden has offered in the merger.

Camden may be unable to successfully integrate SBM's operations.

The merger involves the integration of two companies that previously operated independently. The difficulties of combining the companies' operations include:

- integrating personnel with diverse business backgrounds;
- integrating departments, systems, operating procedures and information technologies;
- combining different corporate cultures;
- retaining existing customers and attracting new customers; and
- retaining key employees.

The process of integrating operations could cause an interruption of, or loss of momentum in, the activities of one or more of the combined company's businesses and the loss of key personnel. The diversion of management's attention and any delays or difficulties encountered in connection with the merger and the integration of the two companies' operations could have a material adverse effect on the business and results of operations of the combined company.

The success of the merger will depend, in part, on Camden's ability to realize the anticipated benefits and cost savings from combining the business of Camden with SBM. If Camden is unable to successfully integrate SBM, the anticipated benefits and cost savings of the merger may not be realized fully or may take longer to realize than expected. For example, Camden may fail to realize the anticipated increase in earnings and cost savings anticipated to be derived from the acquisition. In addition, as with regard to any merger, a significant change in interest rates or economic conditions or decline in asset valuations may also cause Camden not to realize expected benefits and result in the merger not being as accretive as expected.

Unanticipated costs relating to the merger could reduce Camden's future earnings per share.

Camden believes that it has reasonably estimated the likely costs of integrating the operations of Camden and SBM, and the incremental costs of operating as a combined company. However, it is possible that Camden could incur unexpected transaction costs such as taxes, fees or professional expenses or unexpected future operating expenses such as increased personnel costs or increased taxes, which could result in the merger not being as accretive as expected or having a dilutive effect on the combined company's earnings per share.

The market price of Camden common stock after the merger may be affected by factors different from those affecting the shares of Camden or SBM currently.

The businesses of Camden and SBM differ and, accordingly, the results of operations of the combined company and the market price of the combined company's shares of common stock may be affected by factors different from those currently affecting the independent results of operations and market prices of common stock of each of Camden and SBM. For a discussion of the business of Camden and of certain risk factors to consider in connection with its business, see the documents incorporated by reference in this proxy statement/prospectus and referred to in the section of this proxy statement/prospectus titled "Where You Can Find More Information" beginning on page 115. For a discussion of the business of SBM, see the section of this proxy statement/prospectus titled "The Companies—SBM's Business" beginning on page 31.

Former SBM stockholders will have limited ability to influence Camden's actions and decisions following the merger.

Following the merger, former SBM stockholders are expected to hold approximately 28% of the outstanding shares of Camden common stock. As a result, former SBM stockholders will have only limited ability to influence Camden's business. Former SBM stockholders will not have separate approval rights with respect to any actions or decisions of Camden or have separate representation on Camden's board of directors.



The shares of Camden common stock to be received by SBM stockholders as a result of the merger will have different rights from shares of SBM common stock.

Following completion of the merger, SBM stockholders will no longer be stockholders of SBM. SBM stockholders who receive shares of Camden in the merger will instead be shareholders of Camden. There will be important differences between your current rights as a SBM stockholder and the rights to which you will be entitled as a Camden shareholder. See the section of this proxy statement/prospectus titled “Comparison of Shareholder Rights” beginning on page 104 for a discussion of the different rights associated with Camden common stock and SBM common stock.

The market price of Camden common stock after the merger may be affected by factors different from those affecting the shares of Camden or SBM currently.

The businesses of Camden and SBM differ and, accordingly, the results of operations of the combined company and the market price of the combined company’s shares of common stock may be affected by factors different from those currently affecting the independent results of operations and market prices of common stock of each of Camden and SBM. The market value of Camden common stock fluctuates based upon various factors, including changes in the business, operations or prospects of Camden, market assessments of the merger, regulatory considerations, market and economic considerations, and other factors. Further, the market price of Camden common stock after the merger may be affected by factors different from those currently affecting the common stock of Camden or SBM. The businesses of SBM and Camden differ and, accordingly, the results of operations of the combined company and the market price of the combined company’s shares of common stock may be affected by factors different from those currently affecting the independent results of operations and market prices of common stock of each of SBM and Camden. For a discussion of the businesses of SBM and Camden and of certain factors to consider in connection with those businesses, see “The Companies—SBM’s Business,” “The Companies—SBM’s Management’s Discussion and Analysis of Financial Condition and Results of Operations,” and the documents incorporated by reference in this proxy statement/prospectus and referred to under “Where You Can Find More Information” beginning on page 115.

SBM will be subject to business uncertainties and contractual restrictions while the merger is pending.

Uncertainty about the effect of the merger on employees and customers may have an adverse effect on SBM. These uncertainties may impair SBM’s ability to attract, retain and motivate key personnel until the merger is completed, and could cause customers and others who deal with SBM to seek to change existing business relationships with SBM. SBM employee retention and recruitment may be particularly challenging prior to the effective time of the merger, as employees and prospective employees may experience uncertainty about their future roles with the combined company.

The pursuit of the merger and the preparation for the integration may place a significant burden on management and internal resources. Any significant diversion of management attention away from ongoing business and any difficulties encountered in the transition and integration process could affect SBM's financial results. In addition, the merger agreement requires that SBM operate in the usual, regular and ordinary course of business and restricts SBM from taking certain actions prior to the effective time of the merger or termination of the merger agreement without Camden's consent. These restrictions may prevent SBM from pursuing attractive business opportunities that may arise prior to the completion of the merger.

## SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This proxy statement/prospectus, including the information incorporated by reference, contains statements that may be considered forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. These statements, which are based on certain current assumptions, can generally be identified by the use of the words “may,” “will,” “should,” “could,” “would,” “plan,” “potential,” “estimate,” “project,” “believe,” “intend,” “anticipate,” “expect,” “target” and similar expressions. Camden and SB intend these forward-looking statements to be covered by the safe harbor provisions for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995 and are including this statement for purposes of complying with these safe harbor provisions. You should read statements that contain these words carefully because they discuss the relevant company’s future expectations, contain projections of the relevant company’s future results of operations or financial condition, or state other “forward-looking” information.

The following factors, among others, could cause actual results to differ materially from the anticipated results or other expectations expressed in the forward-looking statements:

- failure of the parties to satisfy the conditions to complete the proposed merger in a timely manner or at all;
  - failure of the shareholders of Camden to approve the share issuance;
  - failure of the stockholders of SBM to approve the merger;
- failure to obtain governmental approvals or the imposition of adverse regulatory conditions in connection with such approvals;
- disruptions to the parties’ businesses as a result of the announcement and pendency of the merger;
- difficulties in achieving cost savings as a result of the merger or in achieving such cost savings within the projected timeframe;
- difficulties related to the integration of the businesses following the merger;
- changes in general, national or regional economic conditions;

changes in loan default and charge-off rates;

changes in the financial performance and/or condition of borrowers;

changes in customer borrowing and savings habits;

changes in interest rates;

changes in regulations applicable to the financial services industry;

changes in accounting or regulatory guidance applicable to banks; and

competition.

Additional factors that could cause Camden's results to differ materially from those described in the forward-looking statements can be found in Camden's filings with the Securities and Exchange Commission (the "SEC"), including Camden's Quarterly Report on Form 10-Q for the three months ended March 31, 2015 and Annual Report on Form 10-K for the fiscal year ended December 31, 2014.

You are cautioned not to place undue reliance on the forward-looking statements, which speak only as of the date of this proxy statement/prospectus or the date of any document incorporated by reference in this proxy statement/prospectus. All subsequent written and oral forward-looking statements concerning the merger or other matters addressed in this proxy statement/prospectus and attributable to Camden or SBM or any person acting on their behalf are expressly qualified in their entirety by the cautionary statements contained or referred to in this section. Except to the extent required by applicable law or regulation, Camden and SBM undertake no obligation to update these forward-looking statements to reflect events or circumstances after the date of this proxy statement/prospectus or to reflect the occurrence of unanticipated events.

## THE COMPANIES

### Camden

Camden is a publicly-held bank holding company registered under the Bank Holding Company Act of 1956, as amended, and is subject to supervision, regulation and examination by the Board of Governors of the Federal Reserve System. Camden is incorporated under the laws of the State of Maine and headquartered in Camden, Maine. The company, as a diversified financial services provider, pursues the objective of achieving long-term sustainable growth by balancing growth opportunities against profit, while mitigating risks inherent in the financial services industry.

The primary business of the company and its subsidiaries is to attract deposits from consumer, institutional, municipal, non-profit and commercial customers and to extend loans to consumer, institutional, non-profit and commercial customers. Camden makes available our commercial and consumer banking products and services through its subsidiary, Camden National Bank, and our brokerage and insurance services through Camden Financial Consultants, which operates as a division of Camden National Bank. The company also provides wealth management and trust products and services through its other subsidiary, Acadia Trust, N.A., a federally regulated, non-depository trust company headquartered in Portland, Maine.

At March 31, 2015, Camden had total consolidated assets of approximately \$2.8 billion, loans of approximately \$1.8 billion, deposits of approximately \$2.0 billion and stockholders' equity of approximately \$251.8 million.

Camden's principal executive offices are located at 2 Elm Street, Camden, Maine 04843, and its telephone number is (207) 236-8821.

You can find additional information about the company in its filings with the SEC referenced in the section in this proxy statement/prospectus titled "Where You Can Find More Information" on page 115.

### SBM's Background

SBM is a savings and loan holding company incorporated under Maryland law in 2010 and regulated by the Federal Reserve Bank. SBM owns all of the capital stock of The Bank of Maine, a federal savings bank regulated by the Office of the Comptroller of the Currency (the "OCC"). The Bank of Maine owns all of the capital stock of Healthcare

Professional Funding Corporation (“HPFC”), a Delaware corporation incorporated in 2010, which specializes in making loans to medical healthcare professionals.

The Bank of Maine has its headquarters in Portland, Maine. It has 24 full service branches, located primarily in central and southern Maine. Its primary markets for deposit gathering and lending are the following counties in Maine: Kennebec, Cumberland, Lincoln, Sagadahoc, York, and Washington.

The Bank of Maine was founded in Gardiner, Maine in 1834 as Gardiner Savings Bank. Between 1971 and 2008, it opened and acquired 31 branches throughout Maine. In March, 1986, Gardiner Savings Bank changed its charter to that of a federal savings bank under the name Gardiner Savings Institution, FSB. In 2008, The Bank of Maine was reorganized from a mutual savings bank to a federally chartered mutual holding company structure.

In 2008, as a result of the severe recession in the United States and Maine, The Bank of Maine experienced a deteriorating loan portfolio and increased loan losses, resulting in The Bank of Maine becoming undercapitalized for regulatory purposes. In 2009, regulatory actions were taken against The Bank of Maine by its then regulator, the Office of Thrift Supervision (the “OTS”). In August 2009, the OTS issued a Cease and Desist Order (“C&D Order”) against The Bank of Maine. The OTS issued an amended C&D Order and Prompt Corrective Action Directive (“PCA”) in March 2010, which, among other things, required The Bank of Maine to adopt a capital plan, including a contingency option providing for the sale or merger of the Bank into another financial institution.

Responding to the amended C&D Order and PCA, in early 2010 The Bank of Maine sought opportunities to raise capital or to enter into a sale or merger. As a result of these efforts, The Bank of Maine identified an investor group which proposed to convert The Bank of Maine from the mutual holding company structure to a stock form and to raise sufficient capital so that The Bank of Maine could address the requirements of the amended C&D Order and PCA. The investor group proposed that this be accomplished through a Voluntary Supervisory Conversion Plan (“VSC” or “VSC Plan”). This VSC Plan was submitted to, and approved by, the OTS. Pursuant to this VSC Plan, all of The Bank of Maine’s capital stock was issued to SBM. In order to recapitalize The Bank of Maine, SBM sold 600,000 shares of common stock for \$100 per share to investors in May 2010 in a private placement for total proceeds of \$60,000,000. The net proceeds were invested in The Bank of Maine, thereby restoring The Bank of Maine’s capital adequacy. Contemporaneously with the closing of the VSC and the recapitalization, SBM assumed, and restructured the payment terms for, approximately one-half of the \$18 million indebtedness previously owed by The Bank of Maine to Bankers Bank Northeast (the balance of the indebtedness was forgiven).

At the time of the VSC, the current Chairman and CEO of The Bank of Maine took control over the management of The Bank of Maine and put in place a strategic plan that was approved by OTS in the VSC Plan. This strategic plan called for The Bank of Maine to address its troubled assets and remain well capitalized so that it could begin lending again and ultimately be removed from “troubled condition.” The strategy also called for The Bank of Maine to expand its residential mortgage operations and create a new line of business that would engage in specialized lending to healthcare professionals.

Pursuant to the VSC plan, in October 2010 The Bank of Maine formed a subsidiary, HPFC, located in Boston, Massachusetts to engage in lending to healthcare professionals. The Bank of Maine also began to expand its mortgage operation while addressing asset quality and other operational issues at The Bank of Maine.

In January 2011, SBM and The Bank of Maine each entered into an informal agreement with the OTS, imposing certain requirements on SBM and The Bank of Maine, but also terminating the C&D orders, the PCA directive and The Bank of Maine’s designation as in “troubled condition.” In June 2011, the OCC succeeded the OTS as The Bank of Maine’s primary regulator, and the Federal Reserve succeeded to the OTS’s jurisdiction over SBM. In October 2011, The Bank of Maine moved its headquarters from Gardiner, Maine to Portland, Maine.

In June 2012, The Bank of Maine entered into a Formal Agreement with the OCC pursuant to which The Bank of Maine was required to correct certain unsafe and unsound banking practices. In connection with the Formal Agreement, The Bank of Maine was designated again as being in “troubled condition.” In its ongoing effort to restore its financial health, in July 2013, The Bank of Maine sold six of its northern branches and related deposits and loans to another bank in Maine. Also, in 2013 The Bank of Maine consolidated three branches. After these transactions The Bank of Maine had, and continues to have, 24 branches.

During 2014 The Bank of Maine made substantial progress in lowering its problem assets, remaining well capitalized, building its mortgage loan operations under a Mortgage Expansion Plan approved by the OCC, responding to the action items set forth in the Formal Agreement and returning to profitability. By the fall 2014, The Bank of Maine had addressed all of the action items contained in the Formal Agreement, with the result that in October 2014, the OCC terminated the Formal Agreement and removed The Bank of Maine’s “troubled condition” designation. In January 2015, the Federal Reserve Bank terminated the designation of SBM as in “troubled condition.”

As of March 31, 2015, SBM had total assets of \$813.5 million, total deposits of \$659.0 million, total loans of \$640.0 million and equity capital of \$86.3 million. At March 31, 2015, The Bank of Maine’s Tier 1 (core) capital ratio, common equity Tier 1 capital ratio and total risk-based capital ratio were 9.51%, 12.47% and 13.82%, respectively, exceeding all regulatory requirements. As of March 31, 2015, SBM had 255 full time equivalent employees.

SBM's Business

The Bank of Maine's strategic plan focuses on (1) attracting low cost deposits by offering high-quality products and personalized service through seasoned community bankers in its primary markets in Maine; (2) engaging in prudent consumer and commercial lending within its primary market area; (3) continuously improving the quality of assets held by The Bank of Maine; (4) offering specialized health care professional lending on a national basis through its subsidiary, HPFC, located in Boston, Massachusetts; (5) expanding residential mortgage lending throughout Maine, southern New Hampshire and in Massachusetts, including from a mortgage origination office in Braintree, Massachusetts (Residential mortgage loans are originated both for The Bank of Maine's portfolio and for sale in the secondary market); and (6) sustaining its well capitalized status.

The Bank of Maine offers a wide range of loan and deposit products at each of its branch locations. Some of the specific products and services which The Bank of Maine offers are the following:



*Lending*

· Residential home mortgage and home equity loans;

· Consumer secured and unsecured loans;

· Residential, multi-family and commercial construction loans;

· Commercial and industrial business loans;

· Small Business Administration (the “SBA”) lending (The Bank of Maine is a preferred lender with the SBA with Express, Export Express and Patriot Express status);

· Multi-family residential mortgage loans; and

· Commercial real estate loans

*Deposit Products*

· Personal and business checking accounts, savings accounts and NOW accounts;

· Personal and business money market deposit accounts and certificates of deposit;

· Commercial business checking, savings and money market deposit accounts; and

· IRAs

*Other Products, Services and Activities*

· Non-deposit investment services through The Bank of Maine Financial Services (a division of The Bank of Maine);

- Informational website;
- Payroll direct deposit;
- ATM cards, credit cards and debit cards;
- Online and mobile banking;
- Telephone banking;
- Bill payment;
- ATM network access;
- Bank by mail; and
- Wire transfers

*Cash Management*

- Investment/Sweep accounts;
- Wire transfer services;
- Zero balance accounts;
- Depository services;
- Remote deposit capture; and
- Business debit/credit cards.

The Bank of Maine faces strong competition in originating loans and in attracting deposits within our historical target markets, the State of Maine and in southern New Hampshire, as well as in Massachusetts and nationally with respect

to its specialty healthcare professional lending practice. Competition among financial institutions is based on interest rates offered on deposit accounts, interest rates charged on loans, other credit and service charges relating to loans, the quality and scope of the services rendered, the convenience of banking facilities, and, in the case of loans to commercial borrowers, relative lending limits. The Bank of Maine competes with commercial banks, credit unions, savings institutions, mortgage banking firms, consumer finance companies, securities brokerage firms, insurance companies, money market funds and other mutual funds, as well as regional, national and international financial institutions that operate offices in its market areas and elsewhere.

The Bank of Maine competes for deposits and loans by advertising, by offering competitive products and rates and by consistently delivering high quality, personal service to our customers that result in a high level of customer satisfaction.

#### SBM's Management's Discussion and Analysis of Financial Condition and Results of Operations

The following Management's Discussion and Analysis of Financial Condition and Results of Operations should be read in conjunction with SBM's consolidated financial statements and related notes included elsewhere in this proxy statement/prospectus beginning at page D-1.

SBM's results of operations depend, to a large extent, on net interest income, which is the difference between the income earned on its loan and investment portfolios and interest expense on deposits and borrowings. Net interest income is largely determined by net interest spread, which is the difference between the average yield earned on interest-earning assets and the average rate paid on interest-bearing liabilities, and the relative amounts of interest-earning assets and interest-bearing liabilities. Results of operations are also affected by the provision for loan losses, other income and other expenses. Other, or non-interest, expenses principally consist of compensation and employee benefits, office occupancy and equipment expense, data processing, advertising and business promotion, professional service fees and other expense. SBM's results of operations are also significantly affected by general economic and competitive conditions, particularly changes in interest rates, government policies and actions of regulatory authorities. Future changes in applicable law and regulations or government policies may materially impact SBM's consolidated financial conditions and results of operations.

*Critical Accounting Policies.* In reviewing and understanding financial information for SBM, you are encouraged to read and understand the significant accounting policies used in preparing its consolidated financial statements. These policies are described in Note 1 of the notes to SBM's consolidated financial statements included elsewhere in this joint proxy statement/prospectus. The accounting and financial reporting policies of SBM conform to U.S. generally accepted accounting principles ("GAAP") and to general practices within the banking industry. Accordingly, SBM's consolidated financial statements require certain estimates, judgments, and assumptions, which are believed to be reasonable, based upon the information available. These estimates and assumptions affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and the reported amounts of income and expenses during the periods presented. The following accounting policies comprise those that management believes are the most critical to aid in fully understanding and evaluating its reported financial results. These policies require numerous estimates or economic assumptions that may prove inaccurate or may be subject to variations which may affect SBM's reported results and financial condition for the period or in future periods.

*Allowance for Loan Losses.* The allowance for loan losses represents management's estimate of losses inherent in the loan portfolio as of the balance sheet date and is recorded as a reduction to loans. The allowance for loan losses is increased by the provision for loan losses, and decreased by charge-offs, net of recoveries. Loans deemed to be

uncollectible are charged against the allowance for loan losses, and subsequent recoveries, if any, are credited to the allowance. All, or part, of the principal balance of loans receivable are charged off to the allowance as soon as it is determined that the repayment of all, or part, of the principal balance is highly unlikely. Because all identified losses are immediately charged off, no portion of the allowance for loan losses is restricted to any individual loan or groups of loans, and the entire allowance is available to absorb any and all loan losses.

The allowance for loan losses is maintained by SBM at a level considered appropriate under GAAP to provide for losses that can be reasonably anticipated. Management performs a quarterly evaluation of the adequacy of the allowance. The allowance is based on past loan loss experience, known and inherent risks in the portfolio, adverse situations that may affect the borrower's ability to repay, the estimated value of any underlying collateral, the composition of the loan portfolio, current economic conditions and other relevant factors. This evaluation is inherently subjective as it requires material estimates that may be susceptible to significant revision as more information becomes available.

The allowance consists of specific and general components. The specific component relates to loans that are classified as impaired. For loans that are classified as impaired, an allowance is established when the discounted cash flows (or collateral value or observable market price) of the impaired loan is lower than the carrying value of that loan. The general component covers pools of loans by loan class including commercial loans not considered impaired, as well as smaller balance homogeneous loans, such as residential real estate, home equity and other consumer loans. These pools of loans are evaluated for loss exposure based upon historical loss rates for each of these categories of loans, as adjusted for qualitative factors. The analysis of the allowance for loan losses is reviewed quarterly by SBM's Board of Directors.

A loan is considered impaired when, based on current information and events, it is probable that SBM will be unable to collect the scheduled payments of principal or interest when due according to the contractual terms of the loan agreement. Factors considered by SBM management in determining impairment include payment status, collateral value and the probability of collecting scheduled principal and interest payments when due. Loans that experience insignificant payment delays and payment shortfalls generally are not classified by SBM as impaired. SBM management determines the significance of payment delays and payment shortfalls on a case-by-case basis, taking into consideration all of the circumstances surrounding the loan and the borrower, including the length of the delay, the reasons for the delay, the borrower's prior payment record and the amount of the shortfall in relation to the principal and interest owed. Impairment is measured on a loan by loan basis for commercial, commercial real estate, commercial construction, residential real estate, and consumer loans by either the present value of expected future cash flows discounted at the loan's effective interest rate or the fair value of the collateral if the loan is collateral dependent.

The allowance is adjusted by SBM for other significant factors that affect the collectability of the loan portfolio as of the evaluation date including changes in lending policy and procedures, loan volume and concentrations, seasoning of the portfolio, loss experience in particular segments of the portfolio, and bank regulatory examination results. Other factors include changes in economic and business conditions affecting SBM's primary lending areas and credit quality trends. Loss factors are reevaluated each reporting period to ensure their relevance in the current economic environment. SBM reviews key ratios such as the allowance for loan losses to total loans receivable and as a percentage of non-performing loans; however, SBM does not try to maintain any specific target range for these ratios.

While SBM management uses the best information available to make loan loss allowance evaluations, adjustments to the allowance may be necessary based on changes in economic and other conditions or changes in accounting guidance. In addition, the OCC periodically reviews the allowance for loan losses. The examiners may require the recognition of adjustments to the allowance for loan losses based on their judgment about information available to them at that time. To the extent that actual outcomes differ from management's estimates, additional provisions to the allowance for loan losses may be required that would adversely impact SBM's earnings in future periods.

*Fair Value Measurements.* SBM uses fair value measurements to record fair value adjustments to certain assets or to determine fair value disclosures. Securities available for sale and loan servicing rights are recorded at fair value on a recurring basis. Additionally, from time to time, SBM may be required to record at fair value other assets on a

nonrecurring basis, such as impaired loans, real estate owned and certain other assets. These nonrecurring fair value adjustments typically involve application of lower of cost or market accounting or write-downs of individual assets.

*Income Taxes.* SBM makes estimates and judgments to calculate some of its tax liabilities and determine the recoverability of some of its deferred tax assets, which arise from temporary differences between the tax and financial statement recognition of revenues and expenses. SBM also estimates a reserve for deferred tax assets if, based on the available evidence, it is more likely than not that some portion or all of the recorded deferred tax assets will not be realized in future periods. These estimates and judgments are inherently subjective. At March 31, 2015 and December 31, 2014, SBM's deferred tax asset was \$25.4 million and \$25.6 million, respectively.

In evaluating its ability to recover deferred tax assets, SBM considers all available positive and negative evidence, including past operating results and its forecast of future taxable income. In determining future taxable income, SBM makes assumptions for the amount of taxable income, the reversal of temporary differences and the implementation of feasible and prudent tax planning strategies. These assumptions require SBM to make judgments about its future taxable income consistent with the plans and estimates it uses to manage its business. Any reduction in estimated future taxable income may require SBM to record a valuation allowance against its deferred tax assets. An increase in the valuation allowance would result in additional income tax expense in the period and could have a significant impact on SBM's future earnings. At March 31, 2015 and December 31, 2014, SBM's deferred tax asset included a valuation reserve of \$78,078 for expiring state of Maine net operating loss carryforwards.

*Lending Activities.* The following table shows the composition of SBM's loan portfolio, including percentages, by type of loan at the dates indicated.

	March 31, 2015		December 31, 2014		2013		2012	
	Amount	%	Amount	%	Amount	%	Amount	%
	(Dollars in Thousands)							
Commercial	\$ 124,580	19.5 %	\$ 124,740	19.8 %	\$ 123,352	21.3 %	\$ 111,000	19.1 %
Commercial real estate	192,365	30.0	189,055	30.0	184,813	31.9	199,563	34.4
Commercial construction	9,968	1.6	7,035	1.1	2,090	0.4	5,134	0.9
Residential real estate	231,100	36.1	227,303	36.0	186,215	32.2	170,948	29.5
Home equity	74,026	11.6	74,689	11.8	72,638	12.6	80,525	13.9
Consumer	7,937	1.2	8,188	1.3	9,445	1.6	12,718	2.2
<b>Total loans</b>	<b>\$ 639,976</b>	<b>100.0 %</b>	<b>\$ 631,010</b>	<b>100.0 %</b>	<b>\$ 578,553</b>	<b>100.0 %</b>	<b>\$ 579,888</b>	<b>100.0 %</b>
Allowance for loan losses	(7,656 )		(8,042 )		(8,673 )		(9,299 )	
<b>Net loans</b>	<b>\$ 632,320</b>		<b>\$ 622,968</b>		<b>\$ 569,880</b>		<b>\$ 570,589</b>	

As a full-service community bank, SBM endeavors to meet the borrowing needs of customers and the communities in which it operates. As such, SBM takes into consideration general economic conditions, local market conditions and other factors, which impact particular types of lending.

SBM provides business lending, including commercial, commercial real estate, and commercial construction; residential real estate; home equity and consumer loans. Although its terms for commercial and commercial real estate loans may vary, the underwriting standards generally allow for terms up to 10 years with monthly amortization up to 25 years and loan-to-value (“LTV”) ratios of not more than 80%. Interest rates may be either fixed or adjustable, based upon designated market indices plus a margin, and fees up to 1.0% of the loan at the time of origination may be charged. Prepayment fees are generally charged on most commercial real estate and multi-family loans in the event of early repayment on fixed-rate loans. Most loans greater than five years in length have interest rate resets after the fifth year.

SBM provides revolving lines of credit for a business’ short-term working capital needs secured by the business’ accounts receivables and/or inventory. Secured term loan financing is provided for the acquisition of fixed business assets, such as real property, vehicles, equipment and machinery, and is collateralized by those fixed assets. In addition to pledging business assets as collateral, the principal owner(s) of the borrower will personally guarantee most commercial business loans. Interest rates are typically variable and tied to a specific index, such as the prime rate.

SBM participates in the SBA government guaranteed lending programs and other programs with the Finance Authority of Maine. SBM is a preferred lender with the SBA with Express, Export Express and Patriot Express status.



SBM offers various types of consumer loans, including secured and unsecured loans. The majority of the consumer loan portfolio is comprised of home equity first or second mortgage loans or lines of credit. SBM also offers automobile loans, education loans, personal loans, property improvement loans and loans secured by deposits. Home equity mortgage loans generally are extended for a fixed amount and term (ranging up to 15 years) and have an LTV of 80% or less. Home equity lines of credit are a form of revolving credit and are generally secured by the underlying equity in the borrower's home or second residence with an LTV of 80% or less.

*Asset Quality.* SBM seeks to maintain a high level of asset quality. When a borrower fails to make a required payment on a loan, SBM attempts to cure the deficiency by contacting the borrower and requesting payment. Contact is generally made after the expiration of the grace period (usually 3 days) in the form of telephone calls and/or correspondence. In most cases, deficiencies are cured promptly. If the delinquency continues, SBM will initiate a foreclosure or legal collection action after ninety days of delinquency.

SBM places loans on non-accrual status when, in the judgment of management, the probability of collection of interest is deemed to be insufficient to warrant further accrual. When a loan is placed on non-accrual status, previously accrued but unpaid interest is deducted from interest income. As a matter of policy, SBM does not accrue interest on loans past due 90 days or more.

Real estate acquired by SBM as a result of foreclosure, deed-in-lieu of foreclosure, or other legal agreement, is classified as real estate owned until sold. Real estate owned is initially recorded at fair value less estimated costs to sell the property. After the date of acquisition, all costs incurred in maintaining the property are expensed and costs incurred for the improvement or development of the property are capitalized up to the amount of their net realizable value.

Under GAAP, SBM is required to account for certain loan modifications or restructurings as “troubled debt restructurings.” In general, the modification or restructuring of a debt constitutes a troubled debt restructuring if SBM, for economic or legal reasons related to the borrower’s financial difficulties, grants a concession to the borrower that SBM would not otherwise consider granting under current market conditions. Debt restructuring or loan modifications for a borrower do not always constitute troubled debt restructurings, and troubled debt restructurings do not always result in non-accrual loans.

The following table shows the amounts of SBM non-performing assets, which include non-accruing loans, accruing loans 90 days or more past due and troubled debt restructurings at the dates indicated.

	March 31, 2015	December 31, 2014	2013	2012
	(Dollars in Thousands)			
Non-accruing loans:				
Commercial	\$175	\$507	\$362	\$371
Commercial real estate	3,802	4,420	4,774	13,531
Commercial construction	-	-	430	-
Residential real estate	4,928	4,910	5,565	6,354
Home equity	931	833	505	427
Consumer	310	282	289	452
Total non-accruing loans	10,146	10,952	11,925	21,135
Accruing loans 90 days or more past due:				
Commercial	-	-	-	-
Commercial real estate	-	-	-	-
Commercial construction	-	-	-	-
Residential real estate	-	-	-	-
Home equity	-	-	-	-
Consumer	-	-	-	-
Total accruing loans 90 days or more past due	-	-	-	-
Total non-performing loans	10,146	10,952	11,925	21,135
Other real estate owned	857	859	1,361	5,742
Total non-performing assets	11,003	11,811	13,286	26,877
Troubled debt restructurings (not included above):				
Commercial	339	784	736	-
Commercial real estate	3,278	2,882	3,306	7,131
Residential real estate	3,111	3,120	2,551	2,904

Edgar Filing: CAMDEN NATIONAL CORP - Form S-4

Consumer	28	29	58	63
Total troubled debt restructurings	6,756	6,815	6,651	10,098
Total non-performing assets and troubled debt restructurings	\$17,759	\$18,626	\$19,937	\$36,975

36

The following table shows changes in SBM loans and allowance for loan losses during the periods presented.

	At or for the Three Months Ended March 31,		At or for the Year Ended December 31,		
	2015	2014	2014	2013	2012
	(Dollars in Thousands)				
Total loans outstanding at end of period	\$639,976	\$585,754	\$631,010	\$578,553	\$579,888
Daily average loans outstanding	644,103	587,366	604,427	605,121	581,515
Allowance for loan losses, beginning of period	8,042	8,673	8,673	9,299	15,616
Provision (reduction) for loan losses	300	-	1,000	500	(103)
Charge-offs:					
Commercial	387	215	1,081	233	833
Commercial real estate	288	228	553	2,908	4,662
Commercial real construction	-	-	-	-	279
Residential real estate	9	192	755	1,604	1,625
Home equity	59	-	384	266	435
Consumer	33	19	294	101	76
Total charge-offs	776	654	3,067	5,112	7,910
Recoveries on loans previously charged-off:					
Commercial	5	5	162	258	161
Commercial real estate	37	681	1,119	3,418	1,199
Residential real estate	2	1	19	193	191
Home equity	5	1	73	20	32
Consumer	41	14	63	97	113
Total recoveries on loans previously charged-off	90	702	1,436	3,986	1,696
Allowance for loan losses, end of period	\$7,656	\$8,721	\$8,042	\$8,673	\$9,299
Net charge-offs (recoveries) (annualized) to average loans outstanding	0.43	% (0.03)	% 0.27	% 0.19	% 1.07

*Investment Activities.* In addition to loans, SBM invests in securities. SBM's investments in securities are made pursuant to SBM's investment policy. SBM purchases investment securities in order to earn a higher return than is earned on cash invested overnight with correspondent banks. The securities purchased and held are generally high quality U.S. government agency securities and U.S. government sponsored agency securities which are also used to collateralize deposits, secure borrowings, and sell to customers under agreements to repurchase. As of March 31, 2015, SBM's carrying value of U.S. government agency securities and U.S. government sponsored agency securities was \$80.0 million, down \$1.8 million or 2.22% since year-end 2014. The decline in the carrying value of U.S. government agency securities and U.S. government sponsored agency securities during this time period was mostly due to issuer principal payments on these obligations. There were no purchases or sales of securities during the first

quarter of 2015. All U.S. government agency securities and U.S. government sponsored agency securities are classified as “held-to-maturity” (“HTM”). HTM securities are carried at cost and unrealized gains and losses, net of taxes, are not recognized in other comprehensive income. The fair value of SBM’s U.S. government agency securities and U.S. government sponsored agency securities at March 31, 2015 was \$83.0 million.

SBM also holds three equity positions that are classified as “available-for-sale” (“AFS”) and carried at fair value. At March 31, 2015 and at December 31, 2014, the fair value of these equities totaled \$1.4 million. Changes in the unrealized gains (losses) on these AFS equities are a component of accumulated other comprehensive income (loss), net of taxes.

*Deposit Products.* SBM’s deposit gathering efforts have focused on obtaining deposits through retail incentives and promotions within SBM’s market area. Total deposits of the SBM were \$659.0 million at March 31, 2015, \$2.0 million or 1.22% annualized higher than total deposits of \$657.0 million at December 31, 2014. This increase in deposits since December 31, 2014 was a result of an increase in the number and balances of interest-bearing transaction accounts, which were up \$4.5 million or 2.82% during this period, offsetting a decline in other types of accounts. Interest-bearing transaction accounts represent 24.91% of total deposits as of March 31, 2015. From December 31, 2014 to March 31, 2015, time deposits decreased by \$1.1 million or 0.56%, while non-interest bearing deposits declined by \$0.7 million or 3.67%. Money market and savings accounts combined were down by \$0.5 million or 0.18% from December 31, 2014 to March 31, 2015.

*Borrowings.* SBM utilizes advances from the Federal Home Loan Bank of Boston (“FHLB”) as an alternative to retail deposits to fund operations. These FHLB advances are collateralized primarily by mortgage loans and secondarily by SBM Financial Inc.’s capital stock in the FHLB. SBM also had outstanding short-term letters of credit with the FHLB totaling \$43.8 million at March 31, 2015, which were utilized to collateralize public entity deposits. The maximum borrowing capacity of SBM changes as a function of qualifying collateral assets as well as the FHLB’s internal credit rating of SBM. At March 31, 2015, SBM had \$25.0 million in short-term advances with the FHLB.

*Other Products and Services.* Other business services include wire transfers, direct deposit of payroll, remote deposit capture, and online banking. SBM seeks to offer a competitive package of products so as to capture as much of the customer’s financial business as possible.

Experienced bankers in SBM’s branch network offer personal banking services. SBM also engages in advertising and branding efforts with respect to its products and services. Business banking services are offered through SBM’s branch network for deposit and small business banking, and through commercial lenders for traditional commercial lending services.

*How SBM Manages Market Risk.* Market risk is the potential loss in a financial instrument arising from adverse changes in market rates/prices, such as interest rates, foreign currency exchange rates, commodity prices and equity prices. SBM’s primary market risk exposure is interest rate risk. Ongoing monitoring and management of this risk is an important component of SBM’s asset and liability management process, which is governed by policies established by the ALCO committee of SBM’s Board of Directors (“Board ALCO”). These policies are reviewed and approved annually. The Board ALCO delegates responsibility for carrying out the asset/liability management policies to a management level ALCO (“Management ALCO”). The Management ALCO develops guidelines and strategies for managing assets and liabilities, based upon estimated market risk sensitivity, policy limits and overall market interest rate levels/trends. The Management ALCO meets monthly and the Board ALCO meets on a quarterly basis to review strategies, policies, economic conditions and various activities in order to manage risks.

*Interest rate risk.* Interest rate risk arises from the sensitivity of earnings to changes in market interest rates. As interest rates change, the interest income and interest expense of SBM also changes, thereby affecting net interest income and net income. The Board ALCO and Management ALCO utilize the results of a detailed and dynamic simulation model to quantify the estimated exposure of net interest income to sustained interest rate changes. The results of the simulation modeling for the first three months of 2015 and 2014 are shown below.

Rate Change from Year 1- Base	Estimated Changes In			
	Net Interest Income			
	March 31, 2015		March 31, 2014	
Year 1				
+400bp	(1.8	)%	1.5	%
+200bp	(0.2	)%	1.7	%
-100bp	(1.5	)%	0.3	%
Year 2				
+400bp	2.9	%	4.1	%
+200bp	2.4	%	3.4	%
-100bp	(10.9	)%	(4.3	)%

The above analysis assumes no balance sheet growth and a parallel shift in interest rates. All rate changes were “shocked”, meaning increased on day one of the simulation.

As shown, SBM’s balance sheet as of March 31, 2015 is near “rate neutral” in the first year of a rate shock but “asset sensitive” in the second year. A “rate neutral” balance sheet means that interest rate changes have little to no effect on SBM’s net interest income and net income during the period evaluated. Conversely, an “asset sensitive” balance sheet means that net interest income and net income should increase if interest rates increase and decrease if interest rates fall (holding all else the same). As of March 31, 2014, SBM balance sheet was “asset sensitive” in both year one and in year two. The decline in SBM’s asset sensitivity from March 31, 2014 to March 31, 2015 was mainly a result of management strategy to increase SBM’s net interest income through the purchase and origination of fixed rate loans

and securities during the year-ended December 31, 2014.

*Changes in SBM's Financial Condition at March 31, 2015 Compared to December 31, 2014.* SBM's total assets increased to \$813.5 million at March 31, 2015 compared to \$806.2 million at December 31, 2014. The primary reason for the \$7.3 million, or 0.90%, increase in SBM's total assets in the first three months of 2015 was a \$9.4 million increase in net loans funded primarily by an increase in FHLB borrowings of \$5.0 million and an increase in total deposits of \$2.0 million. SBM continues to focus on growing and diversifying its loan portfolio in its efforts to increase interest income and fee income.

SBM's total equity capital was \$86.3 million, or 10.61% of total assets, at March 31, 2015 compared to \$85.9, or 10.65% of total assets, at December 31, 2014. The \$0.4 million increase in SBM total equity capital in the three months ended March 31, 2015 primarily reflects \$0.3 million in net income recorded for the three months ended March 31, 2015.

*Changes in SBM's Financial Condition at December 31, 2014 compared to December 31, 2013.* SBM's total assets were \$806.2 million at December 31, 2014 compared to \$745.5 million at December 31, 2013, an increase in total assets of \$60.8 million or 8.15%. The primary reason for the increase in SBM's total assets at year-end 2014 compared to year-end 2013 was a \$53.1 million increase in net loans receivable funded primarily by an increase in total deposits of \$32.3 million and increase in FHLB borrowings of \$20.0 million. The increase in SBM's net loans during 2014 primarily reflects SBM's residential real estate lending strategy to grow the portfolio through increased originations and loan purchases primarily in Maine, New Hampshire, and Massachusetts. SBM's residential real estate loan portfolio increased by \$41.1 million during the year ended December 31, 2014. A second objective was to grow its commercial construction and commercial real estate loan portfolios. Commercial construction and commercial real estate loans increased by \$4.9 million and \$4.2 million, respectively during the year ended December 31, 2014.

SBM's total deposits were \$657.0 million at December 31, 2014 compared to \$624.6 million at December 31, 2013. The \$32.3 million, or 5.18%, increase in SBM's total deposits in 2014 was primarily the result of SBM's efforts to increase transaction accounts which increased \$25.0 million.

SBM's total equity capital was \$85.9 million at December 31, 2014 compared to \$83.9 million at December 31, 2013. The \$2.0 million increase in SBM total equity capital for the year ended December 31, 2014 primarily reflects \$1.7 million in net income recorded for the year ended December 31, 2014.

*Average Balances, Net Interest Income, and Yields Earned and Rates Paid.* The following table shows for the periods indicated the total dollar amount of interest earned by SBM from average interest-earning assets and the resulting yields, as well as the interest expense on average interest-bearing liabilities, expressed both in dollars and rates, and the net interest margin. Yield and rate information is average information for the period, and is calculated by dividing the income or expense item for the period by the average balance of the appropriate balance sheet item during the period and annualized. Net interest margin is annualized net interest income divided by average earning assets.

	Three Months Ended March 31,				Year Ended December 31,						
	2015		2014		2014		2013				
	Average Balance	Interest	Average Yield/Rate	Average Balance	Interest	Average Yield/Rate	Average Balance	Interest	Average Yield/Rate	Average Balance	Interest
	(Dollars in thousands)										
Interest-earning assets:											
Loans receivable(1)	\$644,103	\$6,826	4.30%	\$587,366	\$6,480	4.47%	\$604,427	\$26,316	4.35%	\$605,121	\$27,316
Securities	81,733	558	2.77	86,444	570	2.67	87,950	2,416	2.75	50,729	984
Other investments	18,302	27	0.59	14,571	22	0.61	24,288	132	0.54	58,729	172
	\$744,138	\$7,411	4.04%	\$688,381	\$7,072	4.17%	\$716,665	\$28,864	4.03%	\$714,579	\$28,472



Edgar Filing: CAMDEN NATIONAL CORP - Form S-4

Total interest-earning assets												
Non-interest-earning assets	61,069			64,448			64,961			77,629		
Total assets	\$805,207			\$752,829			\$781,626			\$792,208		
Interest-bearing liabilities:												
Demand interest bearing	\$155,945	\$23	0.06	\$128,780	\$27	0.09	\$143,166	\$94	0.07%	\$126,037	\$114	
Savings and money market accounts	294,637	83	0.11	294,767	104	0.14	299,235	380	0.13	331,029	423	
Certificates of deposit	195,980	523	1.08	188,615	546	1.17	189,331	2,113	1.12	198,593	2,281	
FHLB advances and other borrowings	57,137	138	0.98	35,630	130	1.48	45,014	553	1.23	28,413	520	
Total interest-bearing liabilities	\$703,699	\$767	0.44%	\$647,792	\$807	0.51%	\$676,746	\$3,140	0.46%	\$684,072	\$3,304	
Non-interest-bearing liabilities	14,701			21,166			19,875			23,931		
Total liabilities	718,400			668,958			696,621			708,003		
Equity capital	86,807			83,871			85,005			84,205		
Total liabilities and equity capital	\$805,207			\$752,829			\$781,626			\$792,208		
Net interest-earning assets	\$40,439			\$40,589			\$38,919			\$30,506		
Net interest income and average interest rate spread		\$6,644	3.60%		\$6,265	3.66%		\$25,724	3.57%		\$24,900	
Net interest margin(2)			3.62%			3.69%			3.59%			

(1)

Includes nonaccrual loans during the respective periods.

(2)

Equals net interest income divided by average interest-earning assets.

*Rate/Volume Analysis.* The following table shows the extent to which changes in interest rates and changes in volume of interest-earning assets and interest-bearing liabilities affected SBM's interest income and expense during the periods indicated. For each category of interest-earning assets and interest-bearing liabilities, information is provided on changes attributable to (1) changes due to rate, which is the change in rate multiplied by prior period volume, and (2) changes due to volume, which is the change in volume multiplied by prior period rate. The combined effect of changes in both rate and volume has been allocated proportionately to the change due to rate and the change due to volume.

	Three Months Ended March 31, 2015 Compared to Three Months Ended March 31, 2014			Year Ended December 31, 2014 Compared to Year Ended December 31, 2013			Year Ended December 31, 2013 Compared to Year ended December 31, 2012		
	Increase (Decrease) Due to Total			Increase (Decrease) Due to Total			Increase (Decrease) Due to Total		
	Rate	Volume	Increase (Decrease)	Rate	Volume	Increase (Decrease)	Rate	Volume	Increase (Decrease)
	(In thousands)								
<b>Interest income:</b>									
Loans receivable	\$(280)	\$ 626	\$ 346	\$(796 )	\$(31 )	\$( 827 )	\$(160 )	\$1,065	\$ 905
Investment securities	19	(31 )	(12 )	710	722	1,432	(121 )	(249 )	(370 )
Other investments	(1 )	6	5	61	(101 )	(40 )	16	4	20
<b>Total interest income</b>	<b>(262)</b>	<b>601</b>	<b>339</b>	<b>(25 )</b>	<b>590</b>	<b>565</b>	<b>(265 )</b>	<b>820</b>	<b>555</b>
<b>Interest expense:</b>									
Demand interest bearing deposits	(10 )	6	(4 )	(35 )	15	(20 )	(5 )	46	41
Savings and money market accounts	(21 )	-	(21 )	(2 )	(41 )	(43 )	22	(31 )	(9 )
Certificates of deposit	(44 )	21	(23 )	(67 )	(107 )	(174 )	(339 )	(66 )	(405 )
FHLB advances and other borrowings	(70 )	78	8	(271 )	304	33	55	(84 )	(29 )
<b>Total interest expense</b>	<b>(145)</b>	<b>105</b>	<b>(40 )</b>	<b>(375 )</b>	<b>171</b>	<b>(204 )</b>	<b>(267 )</b>	<b>(135 )</b>	<b>(402 )</b>
<b>Increase (decrease) in net interest income</b>	<b>\$(117)</b>	<b>\$ 496</b>	<b>\$ 379</b>	<b>\$350</b>	<b>\$ 419</b>	<b>\$ 769</b>	<b>\$ 2</b>	<b>\$955</b>	<b>\$ 957</b>

*Comparison of SBM's Operating Results for the Three Months Ended March 31, 2015 and 2014.* Net income for the three months ended March 31, 2015, was \$0.3 million or \$0.51 per share (basic and diluted) compared to \$0.1 million or \$0.17 per share (basic and diluted) for the three months ended March 31, 2014. Net income for the three months ended March 31, 2015 of \$0.3 million rose by \$0.2 million or 206.13% from the three months ended March 31, 2014 of \$0.1 million due primarily to an increase in net interest income of \$0.4 million and a decrease in net overhead expenses<sup>3</sup> of \$0.2 million offsetting a higher provision expense of \$0.3 million and higher income taxes of \$0.1

million.

Net interest income was \$0.4 million higher for the three months ended March 31, 2015, compared to the three months ended March 31, 2014, due primarily to an increase in average total loan balances of \$56.7 million. SBM's net interest margin and net interest spread for the three months ended March 31, 2015, were 3.62% and 3.60%, respectively, down from the net interest margin and net interest spread of 3.69% and 3.66%, respectively, for the three months ended March 31, 2014. The decrease in net interest margin and net interest spread was primarily the result of a decline in the yield on loans.

Interest-bearing liability costs remain at historic lows. Nevertheless, management was able to reduce interest-bearing liability costs from 0.51% for the three months ended March 31, 2014 to 0.44% for the three months ended March 31, 2015. The reduction in interest-bearing liability costs was accomplished through a reduction in certain deposit rates offered and rollovers of some time deposits from higher rates to lower rates.

SBM made a provision expense for loan losses of \$0.3 million for the three months ended March 31, 2015, compared to no provision for loan losses for the three months ended March 31, 2014. The provision for loan losses varies quarter to quarter depending upon a number of factors, including growth or reduction in the loan portfolio, charge-offs, recoveries and perceived risk factors. The \$0.3 million provision expense during the first quarter 2015 was due primarily to a relatively small increase in SBM's criticized assets, past due loans, and charge-offs. Loan growth was also a factor in determining provision expense for the quarter, but it was offset by the continuing decline in historical loan losses.

<sup>3</sup> Net overhead is calculated as total noninterest expense minus total noninterest income.

Non-interest income for the three months ended March 31, 2015, of \$2.1 million, was up \$0.6 million from non-interest income of \$1.5 million for the three months ended March 31, 2014. Non-interest income was higher for the three months ended March 31, 2015 primarily due to the improved performance of the mortgage banking division. Due to a number of factors, including low interest rates, a more favorable economy and an increase in the number of mortgage lending officers, total residential loan originations grew from \$22.6 million for the three months ended March 31, 2014, to \$47.9 million for the three months ended March 31, 2015, an increase of 111.95%. During this period, SBM also sold a larger percentage of its residential loan originations than in prior periods. These increases in residential loan originations and residential loan sales helped bolster both net gain and fees on the sale of residential loans as well as loan servicing fee income. Net gain and fees on sale of residential loans for the first quarter 2015 totaled \$1.0 million, a \$0.6 million or 177.68% increase from first quarter 2014. Also, for first quarter 2015, SBM recorded a positive valuation adjustment to its mortgage servicing rights of \$0.1 million. This positive valuation adjustment was a result of an increase in residential loans sold with servicing retained. Selling loans with servicing retained versus selling loans with servicing released lowers SBM's net gain on the sale of residential loans but helps improve SBM's revenues from servicing fee income. For the most recent quarter ended March 31, 2015, servicing fee income totaled \$0.2 million compared to \$0.1 million for the quarter ended March 31, 2014.

During the three months ended March 31, 2015, SBM sold a former banking office in Waterville, Maine for a loss of \$0.1 million. Non-interest income other than this loss for the quarter ended March 31, 2015 was \$2.2 million or \$0.7 million better than non-interest income for the same quarter in 2014.

SBM's non-interest expense for the three months ended March 31, 2015, was \$7.9 million, up \$0.4 million or 5.50% from non-interest expense of \$7.5 million for the three months ended March 31, 2014. The primary component of the increase in non-interest expense was salary and employee benefits expense, which amounted to \$4.5 million for the three months ended March 31, 2015, compared to \$3.8 million for the same three months in 2014. The increase in salary and employee benefits expense of \$0.7 million was primarily due to a decline in deferred salary costs of \$0.4 million. A portion of salary costs are deferred when SBM originates and retains loans. Over the three months ended March 31, 2015, loans originated at SBM's subsidiary, HPFC, declined relative to the three months ended March 31, 2014, leading to reduced salary deferrals. In addition, management's decision to sell rather than retain a majority of its residential loan originations for the three months ended March 31, 2015 relative to the three months ended March 31, 2014 also contributed to the increase in salary and employee benefit expense.

Occupancy expense totaled \$1.5 million in each of the three month periods ended March 31, 2015 and March 31, 2014. Other expenses declined \$0.3 million from the first three months of 2014, to the first three months of 2015, as a result of ongoing expense reductions primarily in loan workout expenses, regulatory assessments and marketing expenses. These reductions in expenses were partially offset by merger related costs, which totaled \$0.2 million during the first three months of 2015. Merger related costs include legal and professional and consulting fees associated with the proposed transaction.

Income tax expense was \$0.2 million for the three months ended March 31, 2015 compared to \$0.1 million for the three months ended March 31, 2014. The increase in income taxes for the three months ended March 31, 2015 over

the same time period in 2014 is due to increased taxable earnings of SBM.

*Comparison of SBM's Operating Results for the Years Ended December 31, 2014 and 2013.* SBM's net income for the year ended December 31, 2014, was \$1.7 million or \$2.75 per share (basic and diluted), compared to net income of \$0.6 million or \$0.95 per share (basic and diluted) for the year ended December 31, 2013. The year over year improvement in net income was the result of higher net interest income and lower non-interest expense, partially offset by a decline in non-interest income.

SBM's net interest income was \$0.8 million higher for the year ended December 31, 2014, compared to the year ended December 31, 2013. Additionally, SBM's net interest margin and net interest spread for 2014 were 3.59% and 3.57%, respectively, each up 10 basis points from the net interest income and net interest spread for the year ended December 31, 2013. The increase in net interest margin and net interest spread was due primarily to higher yields on securities in 2014 than in 2013. The increase in interest income on securities for the year ended December 31, 2014 over the year ended December 31, 2013, was \$1.4 million. During this same period of time, total interest-bearing liability costs declined by \$0.2 million and interest income on loans declined by \$0.8 million.

Non-interest income for the year ended December 31, 2014 of \$8.1 million was down \$5.6 million from non-interest income of \$13.7 million for the year ended December 31, 2013. The decrease in non-interest income for the year 2014, compared to non-interest income for the year 2013, was caused primarily by several non-core items including a net gain on sale of banking operations of \$2.5 million and a net gain on sale of banking premises of \$0.6 million recognized during 2013. Other significant declines in non-interest income over this time period came from a decrease in net gain and fees on sale of loans of \$1.1 million and a decrease of loan servicing fees of \$0.8 million. Net gains and fees on sold loans were down due to SBM's retention of more loans in its portfolio during 2014 than in 2013 while loan servicing fees declined primarily due to a negative loan servicing right valuation adjustment of \$0.3 million in 2014 compared to a \$0.4 million positive loan servicing right valuation adjustment in 2013.

Non-interest expense for the year ended 2014, was \$30.1 million, down \$7.0 million or 18.91% from non-interest expense of \$37.1 million for the year ended 2013. The decline in non-interest expense during for the year was due primarily to lower salary and employee benefit expenses, which were down year over year by \$4.3 million or 21.59% due to a reduction in employee count subsequent to the sale of six banking offices which took place near the end of 2013. Occupancy and equipment expense was also down by \$0.4 million or 7.11% over the same time period also primarily a result of the branch divestiture in 2013. Other non-interest expense declined by \$2.0 million or 18.41% due to ongoing expense reductions. The most significant savings in 2014, over 2013, came from lower loan workout and collection costs as well as reductions in insurance expense, audit and professional fees, advertising, and deposit account rewards.

Income tax expense was \$1.0 million for the year ended December 31, 2014 compared to \$0.5 million for the year ended December 31, 2013. The increase in the year ended December 31, 2014 over the year ended December 31, 2013 is due to increased taxable earnings of SBM.

*Liquidity and Capital Resources.* SBM's primary sources of funds are deposits, FHLB borrowings, amortization of loans, loan payments and prepayments, investment securities, and other funds provided from operations. While scheduled payments on loans and other securities and maturing investment securities are relatively predictable sources of funds, deposit flows and loan prepayments can be greatly influenced by general interest rates, economic conditions and competition. SBM maintains excess funds in short-term, interest-bearing assets that provide additional liquidity. At March 31, 2015, SBM's cash and cash equivalents amounted to \$32.4 million. In addition, at that date, SBM's available-for-sale investment securities amounted to \$1.4 million. SBM uses its liquidity to fund existing and future loan commitments, to fund maturing certificates of deposit and demand deposit withdrawals, to invest in other interest-earning assets and to meet operating expenses. At March 31, 2015, SBM had \$105.3 million of certificates of deposit maturing within the next 12 months. Based upon historical experience, management anticipates that a significant portion of the maturing certificates of deposit will be renewed. SBM also has significant borrowing capacity and brokered deposit capacity to fund liquidity needs. In recent years, SBM has utilized these alternative sources of funds only minimally as other cash equivalent liquidity sources have been available for its primary source of funds. As of March 31, 2015, SBM has \$25.0 million in outstanding borrowings with the FHLB, up from \$20.0 million at December 31, 2014. SBM's total borrowing availability with FHLB totaled \$127.5 million as of March 31, 2015. Also, at March 31, 2015 and December 31, 2014, SBM had no deposits from QwickRate, a deposit listing service, and no brokered deposits.

The Bank of Maine's Tier 1 (core) capital ratio, common equity Tier 1 capital ratio and total risk-based capital ratio at March 31, 2015 were 9.51%, 12.47% and 13.82%, respectively, each exceeding all regulatory requirements. As a savings institution holding company, SBM is not subject to regulatory capital requirements separate from those of The Bank of Maine.

In July 2013, the Federal Deposit Insurance Corporation and other federal bank regulatory agencies issued a final rule that revises their leverage and risk-based capital requirements and the method for calculating risk-weighted assets to make them consistent with agreements that were reached by the Basel Committee on Banking Supervision and certain provisions of the Dodd-Frank Act. Among other things, the rule establishes a new common equity Tier 1 minimum capital requirement (4.5% of risk weighted assets), increases the minimum Tier 1 capital to risk-based assets requirement (from 4%-6% of risk-weighted assets) and assigns a higher risk weight (150%) to exposures that are more than 90 days past due or on non-accrual status and to certain commercial real estate facilities that finance the acquisition, development and construction of real property. The final rule also requires unrealized gains and losses on certain "available-for-sale" securities holdings to be included for purposes of calculating regulatory capital unless a one-time opt-out is exercised. The rule limits a banking organization's capital distributions and certain discretionary bonus payments if the banking organization does not hold a "capital conservation buffer" consisting of 2.5% of common equity Tier 1 capital to risk-weighted assets in addition to the amounts necessary to meet its minimum risk-based capital requirements. The final rule became effective for The Bank of Maine on January 1, 2015. The capital conservation buffer requirement will be phased in beginning January 1, 2016 and ending January 1, 2019, when the full capital conservation buffer requirement will be effective.

## THE SPECIAL MEETING OF CAMDEN SHAREHOLDERS

### Date, Time and Place of the Special Meeting of Camden Shareholders

The special meeting of shareholders of Camden will be held at , on , , 2015 at : .m., local time.

### Actions to be Taken at the Special Meeting

At the special meeting, Camden shareholders as of the record date will be asked to consider and vote on the following proposals:

To approve the issuance of shares of Camden common stock in the merger as provided for in the Agreement and

1. Plan of Merger by and among Camden, SBM, and Atlantic Acquisitions, a wholly-owned subsidiary of Camden, dated as of March 29, 2015;

2. To consider and vote upon a proposal to approve one or more adjournments of the special meeting, if necessary, to permit further solicitation of proxies if there are not sufficient votes at the time of the special meeting, or at any adjournment or postponement of that meeting, to approve the share issuance; and

3. To consider and act upon such other matters as may properly come before the special meeting or any adjournment or postponement of that meeting.

### Votes Required to Transact Business at the Special Meeting

A quorum of Camden shareholders is necessary to hold a valid meeting. If the holders of at least one third of the total number of the outstanding shares of Camden common stock entitled to vote are present in person or represented by proxy at the special meeting, a quorum will exist. Camden will include proxies marked as abstentions as present at the meeting in determining whether a quorum is present.

### Record Date; Outstanding Shares; Shares Entitled to Vote



You can vote at the special meeting if you owned Camden common stock at the close of business on , 2015, the record date for the special meeting. As of the close of business on the record date, there were shares of Camden common stock outstanding. Each holder of Camden common stock is entitled to one vote for each share of Camden common stock owned as of the record date.

#### Recommendation of the Camden Board of Directors

Camden's board of directors has determined and believes that the share issuance and the proposal to adjourn the special meeting are advisable to and in the best interests of Camden and its shareholders. The Camden board unanimously recommends that you vote **"FOR"** approval of the share issuance and **"FOR"** approval of the proposal to adjourn the special meeting.

#### Vote Required to Approve Each Proposal

*Approval of the Share Issuance.* Approval of this proposal requires the affirmative vote of a majority of the votes cast at the special meeting. If you do not vote, either in person or by proxy, it will have no effect on the outcome of the proposal. Proxies marked abstentions will have the same effect as a vote **"AGAINST"** this proposal.

*Approval of Adjournments of the Special Meeting.* Approval of this proposal requires the affirmative vote of a majority of the votes cast at the special meeting. If you do not vote, either in person or by proxy, it will have no effect on the outcome of the proposal. Proxies marked abstentions will have the same effect as a vote **"AGAINST"** this proposal.

### How to Vote Shares Held Directly by the Shareholder

If you are the record holder of your shares, you may vote your shares by completing, signing and dating the enclosed proxy card and returning it in the enclosed postage-paid envelope. If you are the shareholder of record, you may also vote your shares via telephone or the internet in accordance with the instructions set forth on the enclosed proxy card, or in person at the special meeting. Returning a proxy card will not prevent you from voting your shares in person if you attend the special meeting.

If you plan to attend the special meeting and wish to vote in person, you will be given a ballot at the special meeting. Please note, however, that if your shares are held of record by a broker, bank or other nominee and you wish to vote at the special meeting, you must bring additional documentation from the broker, bank or other nominee in order to vote your shares.

### How to Vote Shares Held by a Broker, Bank or Other Nominee

If your shares are held through a broker, bank or other nominee, you may vote your shares by completing, signing and dating the voting instruction form provided to you by your broker, bank or other nominee. You may also be able to vote your shares via telephone or the internet in accordance with the instructions provided by your broker, bank or other nominee. To be able to vote shares not registered in your own name in person at the special meeting, you will need appropriate documentation from the record holder of your shares. If you hold your shares in “street name” through a broker or bank, you may only vote or change your vote in person if you have a legal proxy in your name from Broadridge Financial Solutions or your broker or bank.

### Broker Non-Votes and Abstentions

If you are the beneficial owner of shares held in “street name” by a broker, bank or other nominee and you do not give instructions to the broker, bank or other nominee on how to vote your shares at the special meeting, your broker, bank or other nominee *may not* vote your shares with respect to any of the proposals. Proxies submitted by a broker that do not exercise this voting authority are also known as “broker non-votes.”

An abstention is a decision by a shareholder to take a neutral position on a proposal being submitted to shareholders at a meeting.

#### Effect of Broker Non-Votes and Abstentions on Quorum and the Votes Required at the Special Meeting

Abstentions will be included in determining the presence of a quorum at the special meeting. Broker non-votes would generally be included in determining the presence of a quorum; however, since the special meeting will consider and vote upon only discretionary matters, broker non-votes will not be included in determining the presence of a quorum.

Broker non-votes will have no effect on the outcome of the proposal to approve the share issuance or the adjournment proposal, which both require the affirmative vote of a majority of the votes cast at the special meeting. Abstentions will have the same effect as a vote against the share issuance and adjournment proposals.

#### How Will Shares be Voted

All shares represented by valid unrevoked proxies will be voted in accordance with the instructions on the proxy card. If you return a signed proxy card, but make no specification on the card as to how you want your shares voted, your proxy will be voted “**FOR**” approval of the foregoing proposals. The board of directors of Camden is presently unaware of any other matter that may be presented for action at the special meeting of shareholders. If any other matter does properly come before the special meeting, the board of directors of Camden intends that shares represented by properly submitted proxies will be voted, or not voted, by and at the discretion of the persons named as proxies on the proxy card.

#### Revocation of Proxies

A proxy may be revoked at any time before it is voted at the special meeting by:

Filing a written revocation of the proxy with the Secretary of Camden, John W. Holmes, 2 Elm Street, Camden, Maine 04843;

Submitting a new signed proxy card bearing a later date or voting again by telephone or internet (any earlier proxies will be revoked automatically); or

Attending the special meeting and voting in person provided you are the holder of record of your shares and have filed a written revocation of your grant of proxy with the Secretary of Camden as indicated above.

If you hold your shares in the name of a broker, bank or other nominee, you will need to contact your nominee in order to revoke your proxy. If you hold your shares in "street name" through a broker or bank, you may only change your vote in person if you have a legal proxy in your name from Broadridge Financial Solutions or your broker or bank.

#### Proxy Solicitation

The board of directors of Camden is soliciting these proxies. Camden will pay the expenses of soliciting proxies to be voted at the special meeting, except that Camden and SBM have each agreed to share equally the costs of printing and filing this proxy statement/prospectus. In addition to sending you this proxy statement/prospectus, some of Camden's directors and officers as well as management and non-management employees may contact you by telephone, mail, e-mail, or in person. We may ask brokerage houses and other custodians and nominees whether other persons are beneficial owners of Camden common stock. If so, we will reimburse banks, nominees, fiduciaries, brokers and other custodians for their costs of sending the proxy materials to the beneficial owners of Camden common stock.

#### Proposal to Approve Adjournment of the Special Meeting

Camden is also submitting a proposal for consideration at the special meeting to authorize the named proxies to approve one or more adjournments of the special meeting if there are not sufficient votes to approve the share issuance at the time of the special meeting. Even though a quorum may be present at the special meeting, it is possible that Camden may not have received sufficient votes to approve the share issuance by the time of the special meeting. In that event, Camden would need to adjourn the special meeting in order to solicit additional proxies.

To allow the proxies that have been received by Camden at the time of the special meeting to be voted for an adjournment, if necessary, Camden is submitting a proposal to approve one or more adjournments, and only under those circumstances, to you for consideration. If the new date, time and place are announced at the special meeting before the adjournment, Camden is not required to give notice of the time and place of the adjourned meeting, unless the board of directors fixes a new record date for the special meeting.

The adjournment proposal relates only to an adjournment of the special meeting occurring for purposes of soliciting additional proxies for approval of the share issuance proposal in the event that there are insufficient votes to approve that proposal. The Camden board of directors retains full authority to the extent set forth in the Camden bylaws and Maine law to adjourn the special meeting for any other purpose, or to postpone the special meeting before it is convened, without the consent of any Camden shareholders.

## THE SPECIAL MEETING OF SBM STOCKHOLDERS

### Date, Time and Place of the Special Meeting of SBM Stockholders

The special meeting of stockholders of SBM will be held at \_\_\_\_\_, on \_\_\_\_\_, 2015 at \_\_\_\_\_ : \_\_\_\_\_ .m., local time.

### Actions to be Taken at the Special Meeting

At the special meeting, SBM stockholders as of the record date will be asked to consider and vote on the following proposals:

1. To consider and vote upon a proposal to approve the merger as provided for in the Agreement and Plan of Merger by and among Camden, SBM, and Atlantic Acquisitions, a wholly-owned subsidiary of Camden, dated as of March 29, 2015;
2. To consider and vote upon a proposal to approve one or more adjournments of the special meeting, if necessary, to permit further solicitation of proxies if there are not sufficient votes at the time of the special meeting, or at any adjournment or postponement of that meeting, to approve the merger; and
3. To consider and act upon such other matters as may properly come before the special meeting or any adjournment or postponement of that meeting.

### Votes Required to Transact Business at the Special Meeting

A quorum of SBM stockholders is necessary to hold a valid meeting. If the holders of at least a majority of the shares of SBM common stock entitled to be cast are present in person or represented by proxy at the special meeting, a quorum will exist. SBM will include proxies marked as abstentions as present at the meeting in determining whether a quorum is present.

### Record Date; Outstanding Shares; Shares Entitled to Vote

You can vote at the special meeting if you owned SBM common stock at the close of business on , 2015, the record date for the special meeting. As of the close of business on the record date, there were shares of SBM common stock outstanding. Each holder of SBM common stock is entitled to one vote for each share of SBM common stock he, she or it owned as of the record date.

#### Vote Required to Approve Each Proposal

*Approval of the Merger.* Approval of this proposal requires the affirmative vote of holders of a majority of the outstanding shares of SBM common stock entitled to vote at the special meeting. If you abstain or do not vote, it will have the same effect as voting “**AGAINST**” approval of the merger.

*Approval of Adjournments of the Special Meeting.* Approval of this proposal requires the affirmative vote of a majority of the votes cast at the special meeting. If you do not vote, either in person or by proxy, it will have no effect on the outcome of the proposal. Proxies marked abstentions will have the same effect as a vote “**AGAINST**” this proposal.

#### How to Vote Shares Held Directly by the Stockholder

If you are the record holder of your shares, you may vote your shares by completing, signing and dating the enclosed proxy card and returning it in the enclosed postage-paid envelope or in person at the special meeting. Returning a proxy card will not prevent you from voting your shares in person if you attend the special meeting.

If you plan to attend the special meeting and wish to vote in person, you will be given a ballot at the special meeting. Please note, however, that if your shares are held of record by a broker, bank or other nominee and you wish to vote at the special meeting, you must bring additional documentation from the broker, bank or other nominee in order to vote your shares.

## How to Vote Shares Held by a Broker, Bank or Other Nominee

If your shares are held through a broker, bank or other nominee, you may vote your shares by completing, signing and dating the voting instruction form provided to you by your broker, bank or other nominee. To be able to vote shares not registered in your own name in person at the special meeting, you will need appropriate documentation from the record holder of your shares.

## Broker Non-Votes and Abstentions

If you are the beneficial owner of shares held in “street name” by a broker, bank or other nominee and you do not give instructions to the broker, bank or other nominee on how to vote your shares at the special meeting, your broker, bank or other nominee *may not* vote your shares with respect to any of the proposals. Proxies submitted by a broker that do not exercise this voting authority are also known as “broker non-votes.”

An abstention is a decision by a stockholder to take a neutral position on a proposal being submitted to stockholders at a meeting.

## Effect of Broker Non-Votes and Abstentions on Quorum and the Votes Required at the Special Meeting

Abstentions will be included in determining the presence of a quorum at the special meeting. Broker non-votes would generally be included in determining the presence of a quorum; however, since the special meeting will consider and vote upon only discretionary matters, broker non-votes will not be included in determining the presence of a quorum.

Broker non-votes will have the same effect as a vote against the merger, and will have no effect on the outcome of the proposal to approve the adjournment proposal. Abstentions will have the same effect as a vote against the merger and adjournment proposals.

## How Will Shares be Voted



All shares represented by valid unrevoked proxies will be voted in accordance with the instructions on the proxy card. If you return a signed proxy card, but make no specification on the card as to how you want your shares voted, your proxy will be voted “**FOR**” approval of the foregoing proposals. The board of directors of SBM is presently unaware of any other matter that may be presented for action at the special meeting of stockholders. If any other matter does properly come before the special meeting, the board of directors of SBM intends that shares represented by properly submitted proxies will be voted, or not voted, by and at the discretion of the persons named as proxies on the proxy card.

#### Revocation of Proxies

A proxy may be revoked at any time before it is voted at the special meeting by:

Filing a written revocation of the proxy with the Secretary of SBM, Dennis W. Townley, 2 Canal Plaza, Portland, Maine 04101;

· Submitting a new signed proxy card bearing a later date (any earlier proxies will be revoked automatically); or

Attending the special meeting and voting in person provided you are the holder of record of your shares and have filed a written revocation of your grant of proxy with the Secretary of SBM as indicated above.

If you hold your shares in the name of a broker, bank or other nominee, you will need to contact your nominee in order to revoke your proxy. If you hold your shares in “street name” through a broker or bank, you may only change your vote in person if you have a legal proxy in your name from Broadridge Financial Solutions or your broker or bank.

### Proxy Solicitation

The board of directors of SBM is soliciting these proxies. SBM will pay the expenses of soliciting proxies to be voted at the special meeting. In addition to sending you this proxy statement/prospectus, some of SBM's directors and officers as well as management and non-management employees may contact you by telephone, mail, e-mail, or in person.

### No Dissenters' Rights

Pursuant to the MGCL and SBM's articles of incorporation, SBM stockholders do not have any appraisal or dissenters' rights in connection with the merger.

### Stock Certificates

You should not send in any certificates representing SBM common stock at this time. It is expected that at least 20 business days prior to the anticipated closing date of the merger you will receive instructions for the exchange of certificates representing SBM common stock. For more information regarding these instructions, please see the section of this proxy statement/prospectus titled "The Merger Agreement—Election Procedures" beginning on page 80.

### Proposal to Approve Adjournment of the Special Meeting

SBM is also submitting a proposal for consideration at the special meeting to authorize the named proxies to approve one or more adjournments of the special meeting if there are not sufficient votes to approve the merger at the time of the special meeting. Even though a quorum may be present at the special meeting, it is possible that SBM may not have received sufficient votes to approve the merger by the time of the special meeting. In that event, SBM would need to adjourn the special meeting in order to solicit additional proxies.

To allow the proxies that have been received by SBM at the time of the special meeting to be voted for an adjournment, if necessary, SBM is submitting a proposal to approve one or more adjournments, and only under those circumstances, to you for consideration. If the new date, time and place are announced at the special meeting before the adjournment, SBM is not required to give notice of the time and place of the adjourned meeting, unless the board of directors fixes a new record date for the special meeting.

The adjournment proposal relates only to an adjournment of the special meeting occurring for purposes of soliciting additional proxies for approval of the merger proposal in the event that there are insufficient votes to approve that proposal. The SBM board of directors retains full authority to the extent set forth in the SBM bylaws and Maryland law to adjourn the special meeting for any other purpose, or to postpone the special meeting before it is convened, without the consent of any SBM stockholders.

#### Share Ownership of Management; Voting Agreements

In connection with the merger agreement, SBM's directors and executive officers executed voting agreements with Camden under which they agreed to vote their shares in favor of the merger. As of the record date, there were 80,453 shares of SBM common stock, or approximately 13.10% of the outstanding shares, subject to the voting agreements (excluding shares that can be acquired upon the exercise of stock options). See the section of this proxy statement/prospectus titled "The Voting Agreements" beginning on page 100 for further information regarding these voting agreements.

PROPOSAL NO. 1—THE MERGER AND THE SHARE ISSUANCE

General

*Merger*

Under the terms and conditions set forth in the merger agreement, SBM will merge with and into Camden, effected through a two-step merger involving Camden's wholly-owned subsidiary, Atlantic Acquisitions. The surviving corporation in the merger will be Camden. It is anticipated that The Bank of Maine will merge with and into Camden National Bank, with Camden National Bank continuing as the surviving bank, immediately following the merger. At the effective time of the merger, each share of SBM common stock outstanding immediately prior to the effective time will, by virtue of the merger and without any action on the part of the shareholder, be converted into the right to receive either:

\$206.00 in cash, without interest; or

5.421 shares of Camden common stock, plus cash in lieu of any fractional share.

SBM stockholders will have the opportunity to elect the form of consideration to be received for all shares of SBM common stock that you hold, subject to allocation procedures set forth in the merger agreement and described in the section of this proxy statement/prospectus titled "The Merger Agreement—Allocation Procedures" beginning on page 82. SBM stockholders may elect to receive all of your merger consideration in cash or stock, or a portion of the merger consideration in cash and the remaining portion in shares of Camden common stock. The allocation procedures included in the merger agreement are intended to ensure that 80% of the total number of shares of SBM common stock outstanding immediately prior to the effective time of the merger, will be converted into shares of Camden common stock, and the remaining shares of SBM common stock will be converted into cash. Shares of SBM common stock held by Camden or SBM, other than in a fiduciary capacity, will not be converted into the right to receive the merger consideration upon consummation of the merger.

*Share Issuance*

If the merger is completed, each share of SBM common stock will be converted into the right to receive either:

\$206.00 in cash, without interest; or

5.421 shares of Camden common stock, plus cash in lieu of any fractional share.

Subject to the terms of the merger agreement, it is intended that eighty percent (80%) of the shares of SBM common stock outstanding immediately prior to the effective time of the merger will be converted into shares of Camden common stock. As of the May 13, 2015 there were 614,179 shares of SBM common stock issued and outstanding, 27,500 shares of SBM common stock reserved for issuance upon exercise of outstanding SBM stock options and 18,142 shares of SBM common stock reserved for issuance with respect to outstanding SBM restricted stock units. Based upon these numbers, the merger will result in current Camden shareholders owning 72% of the combined company and current SBM stockholders owning 28% of the combined company.

### Background of the Merger

In 2010, The Bank of Maine underwent a supervisory conversion from a mutual savings bank into a stock form of savings bank and a related recapitalization of The Bank of Maine through the sale of shares to accredited investors in a private placement. From time to time since the recapitalization, the SBM board had invited KBW, which had acted as The Bank of Maine's financial advisor in connection with the recapitalization, to provide updates on the banking industry in general and the merger and acquisition market in particular. In anticipation of the termination of the regulatory restraints imposed on The Bank of Maine and SBM in 2012, on October 1, 2014 KBW was invited to attend an SBM board meeting and updated the SBM board on the banking industry and capital markets and discussed potential strategic options that SBM might decide to consider, including a possible merger transaction and a public sale of additional shares. SBM's financial performance and condition was compared to selected banks, thrifts and mutual holding companies headquartered in Maine. As to the merger market, KBW reviewed with the SBM board publicly available financial metrics relating to selected New England bank and thrift merger transactions. There was also discussion based on publicly available information regarding the financial performance and potential financial ability to pay of 10 financial institutions, including Camden, that the SBM board might wish to consider as a potential acquiror of SBM. Following this discussion, the SBM board concluded that a public offering of shares at an attractive price would be difficult to achieve, primarily due to the absence of a history of sustained profitability. The SBM board further concluded that a merger transaction could be an attractive alternative in terms of delivering value for stockholders. At this meeting, the SBM board authorized the engagement of KBW to act as SBM's financial advisor in connection with a possible merger transaction.

By letter dated October 14, 2014, the OCC informed The Bank of Maine that the Formal Agreement between it and the OCC entered in 2012, and the bank's designation as being in "troubled condition", had been terminated.

At a regular meeting of the SBM board held on December 15, 2014, KBW updated the SBM board on the matters it had discussed at the October 1, 2014 SBM board meeting, including the 10 financial institutions, including Camden, previously discussed. The SBM board confirmed its determination to pursue a possible merger transaction, and authorized management to prepare a confidential information memorandum ("CIM") and a non-disclosure agreement ("NDA") to be used to solicit indications of interest, and to establish a due diligence data room. The SBM board authorized KBW on behalf of SBM to contact the 10 financial institution discussed, upon finalization of the foregoing. During the next several weeks, these documents were drafted and the due diligence data room populated. The NDA included customary restrictions on the use and dissemination of confidential information reviewed as part of any due diligence, but did not include standstill or "don't ask, don't waive" provisions.

By letter dated January 13, 2015, the Federal Reserve Bank of Boston notified SBM that it was no longer considered to be in "troubled condition."

Starting in mid-January, in accordance with the SBM board's directive, KBW contacted ten financial institution holding companies regarding their interest in a possible acquisition of SBM. Five companies declined to participate, and five companies expressed initial interest, executed a NDA and were provided with the CIM and granted access to the data room. The CIM requested that a non-binding indication of interest be provided to KBW by February 9, 2015 (subsequently extended to February 12).

At a special board meeting held on February 12, 2015, KBW informed the SBM board that three indications of interest had been received. The indication of interest provided by one potential acquiror ("Company A") proposed to pay 1.15 times SBM's tangible book value per share in an all-stock transaction, which had an implied value of \$145.69 per SBM share. The indication of interest provided by another potential acquiror ("Company B") proposed to pay \$165.00 per SBM share in a 75% stock/25% cash transaction, with a fixed exchange ratio specified therein. The indication of interest from Camden proposed to pay \$202.50 per SBM share in a 70% stock/30% cash transaction, with a fixed exchange ratio to be agreed upon in the next stage of the process. Company A offered one to two board seats to members of the SBM board; Company B offered one board seat (for John Everets); and Camden offered two board seats to members of the SBM board, to be mutually agreed upon. KBW reviewed the financial terms of the indications of interests and because each proposal included a significant stock component, reviewed publicly available summary financial and market performance data for each company. Luse Gorman, PC, special counsel to SBM, also attended the meeting, reviewed the indications of interest and discussed the fiduciary duties of the board in general and in particular in connection with merger and acquisition transactions. Following discussion, the SBM board directed KBW to speak again with each of Company A and Company B to understand better the basis of their proposal, to advise each of them that their offer was significantly below the highest offer received, and to assess the willingness of each to increase its offer price. KBW was to report back to the SBM board on February 16.

At a special meeting of the SBM board held on February 16, KBW informed the SBM board that it had spoken with each of Company A and Company B, and that neither had expressed a willingness to increase its proposal. KBW noted that Company A appeared to be constrained in its financial ability to pay significantly more. KBW also noted that although Company B appeared to have the capacity to pay a significantly higher price, and had expressed serious interest in acquiring SBM, Company B indicated that it was not inclined to increase its proposal significantly. KBW reported that its discussions with Camden reflected a high level of interest in an acquisition of SBM. KBW was directed to go back to Camden and request it to increase its proposal to \$210.00 per share, which would equate to approximately 1.5 times SBM book value per share. KBW was authorized to offer Camden a 30 day exclusive negotiating period if it were to increase its proposal.

On February 18, KBW informed the SBM board at a special meeting that Company B again declined to increase its proposal. KBW also informed the SBM board that Camden proposed to increase its price to \$206.00 per SBM share in return for a 30 day exclusive negotiating period. At the meeting, the SBM board discussed Camden, the financial aspects of its increased proposal, the potential market reaction to a Camden acquisition of SBM and other matters relevant to the proposal and related to Camden. Upon conclusion of discussion, the SBM board authorized management, in consultation with counsel and KBW, to negotiate and enter into a 30 day exclusivity agreement with Camden based on a \$206.00 per share offer price. The exclusivity agreement was negotiated and executed as of February 19, 2015, which agreement prevented SBM from holding discussions with parties other than Camden for thirty days while the parties finished due diligence and negotiated a definitive merger agreement.

A special meeting of the SBM board was held on February 24 to discuss the exchange ratio to be agreed upon with Camden for the stock consideration in the proposed merger. KBW informed the SBM board that Camden's advisors had proposed to fix the exchange ratio based on Camden's 10 day trailing average closing price as of February 19 of \$38.15, which would yield an exchange ratio of 5.4 and an implied purchase price of \$206.01 (Camden's closing stock price on February 19 was \$37.88). The SBM board authorized management to agree to an exchange ratio that would maximize the value to SBM stockholders, and that would be based on a trailing average stock price within \$0.50 of \$38. On February 25, SBM agreed to an exchange ratio of 5.421, based on a Camden stock price of \$38.00.

Following the execution of the exclusivity agreement, SBM commenced its due diligence investigation of Camden, and Camden continued its due diligence investigation of SBM. On March 5, a first draft of the merger agreement was provided to Luse Gorman by Camden's counsel, Goodwin Procter LLP. On March 18, an all-day due diligence on site meeting took place between SBM, Camden, which was also attended by their respective counsel and investment bankers. On March 19, SBM convened a special meeting of the board. Executive officers of Camden, including its President and Chief Executive Officer, attended a portion of the meeting for the purpose of discussing their vision for the combined company and to answer any questions that the SBM board may have regarding Camden and its business and franchise. KBW and Luse Gorman summarized the status of ongoing negotiations and diligence between the parties. Management and counsel reported favorably on the due diligence review of Camden. KBW informed the board of discussions that management and KBW were having with Camden and its advisors regarding a possible increase in the stock component of the transaction from 70% to 75%.

Because Camden's due diligence needs extended beyond the original 30 day exclusivity period, the parties agreed on March 21 to extend the exclusivity agreement until March 25. On March 24 SBM convened a special meeting of its board to review the SBM status of merger negotiations and consider approval of the transaction. A draft merger agreement was distributed to the SBM board in advance of the meeting, reflecting the \$206.00 per share price, the 5.421 exchange ratio and merger consideration consisting of 75% stock/25% cash. Luse Gorman reviewed in detail the provisions of the merger agreement, including the representations and warranties, the various negative and affirmative covenants, the termination provisions, the no shop, fiduciary out and related termination fee provisions, and the voting agreements requested of the directors and executive officers. KBW reviewed the financial aspects of the proposed merger based on the then agreed upon financial terms of the merger and provided the board with a fairness opinion as of such date (which opinion was later withdrawn due to the changes in the financial terms of the merger). The board approved the merger agreement and authorized John Everets to execute the merger agreement upon final approval from the Camden board, which was expected the next day.

Subsequent to the March 24 approval by the SBM board, Camden advised SBM that it was reviewing certain issues relating to the effect of the transaction on the accounting for the deferred tax asset of SBM, and that Camden was not prepared to approve and execute the merger agreement until the issues were resolved. The tax issues were subsequently resolved, but in connection therewith Camden requested that the aggregate merger consideration be set at 80% stock and 20% cash, in order to increase the pro form tangible capital ratios giving effect to the transaction. At a special meeting held on March 27, the SBM board considered the requested adjustment to the mix of merger consideration. KBW reviewed the financial aspects of the proposed merger and rendered to the SBM board an opinion to the effect that, as of such date and subject to the procedures followed, assumptions made, matters considered, and qualifications and limitations on the review undertaken by KBW as set forth in such opinion, the merger consideration



in the proposed first-step merger of Atlantic Acquisitions with and into SBM was fair, from a financial point of view, to the holders of SBM common stock. Following discussion, the board unanimously approved the merger agreement as revised, and authorized John Everets to execute the definitive merger agreement on behalf of SBM. Following approval by Camden's board, the merger agreement was executed on March 29 and the transaction was announced on March 30.

#### Recommendation of the SBM Board of Directors and SBM's Reasons for the Merger

In reaching its decision to approve the merger agreement, and to recommend that SBM stockholders approve the merger agreement, the SBM board evaluated the merger in consultation with SBM's management, as well as SBM's independent financial and legal advisors, and considered a number of factors, including the following material factors:

the SBM board's familiarity with and review of SBM's business, financial condition, results of operations and prospects, including, but not limited to, its business plan and its potential for growth and profitability;

the current and prospective environment in which SBM operates, including national and local economic conditions, the competitive environment for financial institutions generally, the increased regulatory burden on financial institutions generally and the trend toward consolidation in the financial services industry;

the SBM board's review, with the assistance of SBM's management and legal and financial advisors, of strategic alternatives to the merger;

the SBM board's review, based in part on the due diligence performed by SBM in connection with the transaction, of Camden's business, financial condition, results of operations and management; the potential synergies expected from the merger; and the geographic fit between SBM's and Camden's service areas;

the expectation that the merger will provide investors who purchased stock in the recapitalization with a significant return on their investment and that the exchange of Camden shares for SBM shares will be tax-free for federal income tax purposes;

the pro forma dividend per share that SBM stockholders would receive as a result of the exchange of SBM stock for Camden stock (\$6.51 per share based on the exchange ratio and the current dividend per share paid by Camden), and other expected pro forma financial impacts of the transaction, taking into account anticipated cost savings and other factors, on both SBM stockholders and Camden shareholders;

the structure of the transaction as a stock-for-stock merger following which SBM's existing shareholders will have the opportunity to participate in the strategic plan for the combined company;

the fact that the exchange ratio is fixed, which the SBM board believed was consistent with market practice for transactions of this type, was likely to be protective of the total consideration to be received by SBM stockholders based on past performance of Camden stock price, offered the possibility of an upside to the merger consideration, and was consistent with the strategic purpose of the transaction;

the fact that SBM may terminate the merger agreement in the event that the trading price of Camden's common stock drops by more than 20% both on an absolute basis and in relation to an index of bank stocks;

the SBM board's review with SBM's legal and financial advisors of the financial and other terms of the merger agreement, including the fixed exchange ratio, tax treatment and termination fee provisions;

the opinion, dated March 27, 2015, of KBW to the SBM board as to the fairness, from a financial point of view and as of the date of the opinion, to the holders of SBM common stock of the merger consideration in the merger, as more fully described below under “Opinion of SBM’s Financial Advisor” on page 53 and

Camden’s agreement, upon the closing of the merger, to appoint two individuals who are directors of SBM as directors of Camden and Camden National Bank, which is expected to provide a degree of continuity and involvement by SBM’s board following the merger and enhance the likelihood that the strategic benefits that SBM expects to achieve as a result of the merger will be realized.

The SBM board also considered potential risks relating to the merger, including the following:

the regulatory and other approvals required in connection with the merger and the expectation that such regulatory approvals will be received in a timely manner and without the imposition of unacceptable conditions;

the potential for diversion of management and employee attention, and for employee attrition, during the period prior to the completion of the merger and the potential effect on SBM’s business and relations with customers, service providers and other stakeholders, whether or not the merger is completed;

the merger agreement provisions generally requiring SBM to conduct its business in the ordinary course and the other restrictions on the conduct of SBM's business prior to completion of the merger, which may delay or prevent SBM from undertaking business opportunities that may arise pending completion of the merger;

with stock consideration based on a fixed exchange ratio, the risk that the consideration to be paid to SBM shareholders could be adversely affected by a decrease in the trading price of Camden common stock during the pendency of the merger;

expected benefits and synergies sought in the merger, including cost savings and Camden's ability to market successfully its financial products to SBM's customers, may not be realized or may not be realized within the expected time period;

the challenges of integrating the businesses, operations and employees of SBM and Camden;

certain provisions of the merger agreement prohibit SBM from soliciting, and limit its ability to respond to, proposals for alternative transactions;

SBM's obligation to pay Camden a termination fee of \$5.4 million in certain circumstances, as described in the section entitled "The Merger Agreement—Termination Fee" on page 89, may deter others from proposing an alternative transaction that may be more advantageous to SBM's shareholders;

that SBM's directors and executive officers may have interests in the merger that are different from or in addition to those of its shareholders generally, as described in the section entitled "Interests of SBM's Directors and Executive Officers in the Merger" on page 77; and

the other risks described in the section entitled "Risk Factors" beginning on page 24 and the risks of investing in Camden common stock identified in the Risk Factors sections of Camden's periodic reports filed with the SEC and incorporated by reference herein.

The discussion of the information and factors considered by the SBM board is not exhaustive, but includes the material factors considered by the SBM board. In view of the wide variety of factors considered by the SBM board in connection with its evaluation of the merger and the complexity of these matters, the SBM board did not attempt to quantify, rank, or otherwise assign relative weights to the specific factors that it considered in reaching its decision. Furthermore, in considering the factors described above, individual members of the SBM board may have given different weights to different factors. The SBM board evaluated the factors described above and reached the unanimous decision that the merger was in the best interests of SBM and its shareholders. The SBM board realized that there can be no assurance about future results, including results expected or considered in the factors listed above. However, the SBM board concluded that the potential positive factors outweighed the potential risks of completing the merger. It should be noted that this explanation of the SBM board's reasoning and all other information presented in this section is forward-looking in nature and, therefore, should be read in light of the factors discussed under the

heading “Special Note Regarding Forward-Looking Statements” beginning on page 29.

On the basis of these considerations, the SBM board unanimously adopted and approved the merger agreement and the transactions contemplated by the merger agreement.

**The SBM Board of Directors unanimously recommends that SBM stockholders vote “FOR” the approval of the merger proposal and other merger-related proposals.**

#### Opinion of SBM’s Financial Advisor

SBM engaged Keefe, Bruyette & Woods, Inc. (“KBW”) to render financial advisory and investment banking services to SBM, including providing an opinion to the SBM board of directors as to the fairness, from a financial point of view, to the holders of SBM common stock of the merger consideration to be received by such holders in the proposed first-step merger of Atlantic Acquisitions with and into SBM. SBM selected KBW because KBW is a nationally recognized investment banking firm with substantial experience in transactions similar to the merger. As part of its investment banking business, KBW is continually engaged in the valuation of financial services businesses and their securities in connection with mergers and acquisitions.

As part of its engagement, representatives of KBW attended by teleconference the meeting of the SBM board held on March 27, 2015, at which the SBM board evaluated the proposed merger. At this meeting, KBW reviewed the financial aspects of the proposed merger and rendered to the SBM board an opinion to the effect that, as of such date and subject to the procedures followed, assumptions made, matters considered, and qualifications and limitations on the review undertaken by KBW as set forth in such opinion, the merger consideration in the proposed first-step merger of Atlantic Acquisitions with and into SBM was fair, from a financial point of view, to the holders of SBM common stock. The SBM board approved the merger agreement at this meeting.

The description of the opinion set forth herein is qualified in its entirety by reference to the full text of the opinion, which is attached as *Annex C* to this document and is incorporated herein by reference, and describes the procedures followed, assumptions made, matters considered, and qualifications and limitations on the review undertaken by KBW in preparing the opinion.

**KBW's opinion speaks only as of the date of the opinion. The opinion was for the information of, and was directed to, the SBM board (in its capacity as such) in connection with its consideration of the financial terms of the merger. The opinion addressed only the fairness, from a financial point of view, of the merger consideration in the merger to the holders of SBM common stock. It did not address the underlying business decision of SBM to engage in the merger or enter into the merger agreement or constitute a recommendation to the SBM board in connection with the merger, and it does not constitute a recommendation to any holder of SBM common stock or any shareholder of any other entity as to how to vote in connection with the merger or any other matter (including, with respect to holders of SBM common stock, what election any such shareholder should make with respect to the stock consideration or the cash consideration), nor does it constitute a recommendation regarding whether or not any such shareholder should enter into a voting, shareholders' or affiliates' agreement with respect to the merger or exercise any dissenters' or appraisal rights that may be available to such shareholder.**

KBW's opinion was reviewed and approved by KBW's Fairness Opinion Committee in conformity with its policies and procedures established under the requirements of Rule 5150 of the Financial Industry Regulatory Authority.

In connection with the opinion, KBW reviewed, analyzed and relied upon material bearing upon the financial and operating condition of SBM and Camden and the merger, including, among other things, the following:

- a draft of the merger agreement dated March 27, 2015 (the most recent draft then made available to KBW);

· certain regulatory filings of SBM and Camden, including the quarterly call reports filed with respect to each quarter during the three years ended December 31, 2014 for SBM and Camden;

Edgar Filing: CAMDEN NATIONAL CORP - Form S-4

the audited financial statements for the three fiscal years ended December 31, 2013 of SBM;

the audited financial statements and Annual Reports on Form 10-K for the three fiscal years ended December 31, 2014 of Camden;

the unaudited financial statements and Quarterly Reports on Form 10-Q for the fiscal quarters ended March 31, 2014, June 30, 2014 and September 30, 2014 of Camden;

the unaudited quarterly financial statements for the fiscal quarters ended March 31, 2014, June 30, 2014 and September 30, 2014 of SBM;

certain unaudited quarterly and fiscal year-end financial results for the period ended December 31, 2014 of SBM (provided to KBW by representatives of SBM);

certain other interim reports and other communications of SBM and Camden to their respective shareholders and investors; and

other financial information concerning the businesses and operations of SBM and Camden that was furnished to KBW by SBM and Camden or which KBW was otherwise directed to be used for purposes of KBW's analyses.

KBW's consideration of financial information and other factors that it deemed appropriate under the circumstances or relevant to its analyses included, among other things, the following:

- the historical and current financial position and results of operations of SBM and Camden;

- the assets and liabilities of SBM and Camden;

- the nature and terms of certain other merger transactions and business combinations in the banking industry;

a comparison of certain financial information for SBM and certain financial and stock market information for Camden with similar information for certain other companies the securities of which are publicly traded;

financial and operating forecasts and projections of SBM that were prepared by, and provided to KBW and discussed with KBW by, SBM management and that were used and relied upon by KBW at the direction of such management with the consent of the SBM board; and

financial and operating forecasts and projections of Camden and estimates regarding certain pro forma financial effects of the merger on Camden (including, without limitation, the cost savings and related expenses expected to result from the merger), that were prepared by, and provided to KBW and discussed with KBW by, Camden management and that were used and relied upon by KBW based on such discussions with the consent of the SBM board.

KBW also performed such other studies and analyses as it considered appropriate and took into account its assessment of general economic, market and financial conditions and its experience in other transactions, as well as its experience in securities valuation and knowledge of the banking industry generally. KBW also held discussions with senior management of SBM and Camden regarding the past and current business operations, regulatory relations, financial condition and future prospects of their respective companies and such other matters as KBW deemed relevant to its inquiry. In addition, KBW considered the results of the efforts undertaken by SBM, with KBW's assistance, to solicit indications of interest from third parties regarding a potential transaction with SBM.

In conducting its review and arriving at its opinion, KBW relied upon and assumed the accuracy and completeness of all of the financial and other information provided to it or that was publicly available and KBW did not independently verify the accuracy or completeness of any such information or assume any responsibility or liability for such verification, accuracy or completeness. KBW relied upon the respective managements of SBM and Camden as to the reasonableness and achievability of the financial and operating forecasts and projections of SBM and Camden referred to above (and the assumptions and bases therefor). KBW assumed, with the consent of SBM, that such forecasts and projections were reasonably prepared on a basis reflecting the best currently available estimates and judgments of such managements and that such forecasts and projections would be realized in the amounts and in the time periods



estimated by such managements. KBW further relied upon Camden management as to the reasonableness and achievability of the estimates regarding certain pro forma financial effects of the merger on Camden (and the assumptions and bases therefor, including without limitation, the cost savings and related expenses expected to result from the merger) referred to above. KBW assumed, with the consent of SBM, that all such estimates were reasonably prepared on a basis reflecting the best currently available estimates and judgments of such management and that such estimates would be realized in the amounts and in the time periods estimated by such management.

It is understood that the forecasts, projections and estimates of SBM and Camden provided to KBW were not prepared with the expectation of public disclosure, that all such forecasts, projections and estimates were based on numerous variables and assumptions that are inherently uncertain, including, without limitation, factors related to general economic and competitive conditions and that, accordingly, actual results could vary significantly from those set forth in such information. KBW assumed, based on discussions with the respective managements of SBM and Camden and with the consent of SBM, that such information provided a reasonable basis upon which KBW could form its opinion and KBW expressed no view as to any such information or the assumptions or bases therefor. KBW relied on all such information without independent verification or analysis and did not in any respect assume any responsibility or liability for the accuracy or completeness thereof.

KBW also assumed that there were no material changes in the assets, liabilities, financial condition, results of operations, business or prospects of either SBM or Camden since the date of the last financial statements of each such entity that were made available to KBW. KBW is not an expert in the independent verification of the adequacy of allowances for loan and lease losses and KBW assumed, without independent verification and with SBM's consent, that the aggregate allowances for loan and lease losses for SBM and Camden were adequate to cover such losses. In rendering its opinion, KBW did not make or obtain any evaluations or appraisals or physical inspection of the property, assets or liabilities (contingent or otherwise) of SBM or Camden, the collateral securing any of such assets or liabilities, or the collectability of any such assets, nor did KBW examine any individual loan or credit files, nor did it evaluate the solvency, financial capability or fair value of SBM or Camden under any state or federal laws, including those relating to bankruptcy, insolvency or other matters. Estimates of values of companies and assets do not purport to be appraisals or necessarily reflect the prices at which companies or assets may actually be sold. Because such estimates are inherently subject to uncertainty, KBW assumed no responsibility or liability for their accuracy.

KBW assumed that, in all respects material to its analyses:

the merger and any related transaction (including the subsidiary bank merger) would be completed substantially in accordance with the terms set forth in the merger agreement (the final terms of which KBW assumed would not differ in any respect material to KBW's analyses from the draft reviewed by KBW) with no additional payments or adjustments to the merger consideration;

the representations and warranties of each party in the merger agreement and in all related documents and instruments referred to in the merger agreement were true and correct;

each party to the merger agreement and all related documents would perform all of the covenants and agreements required to be performed by such party under such documents;

there were no factors that would delay or subject to any adverse conditions, any necessary regulatory or governmental approval for the merger or any related transaction and that all conditions to the completion of the merger and any related transaction would be satisfied without any waivers or modifications to the merger agreement; and

in the course of obtaining the necessary regulatory, contractual, or other consents or approvals for the merger and any related transaction, no restrictions, including any divestiture requirements, termination or other payments or amendments or modifications, would be imposed that would have a material adverse effect on the future results of operations or financial condition of SBM, Camden, the combined entity, or the contemplated benefits of the merger, including the cost savings and related expenses expected to result from the merger.

KBW assumed, in all respects material to KBW's analyses, that the merger would be consummated in a manner that complied with the applicable provisions of the Securities Act of 1933, as amended, the Securities Exchange Act of 1934, as amended, and all other applicable federal and state statutes, rules and regulations. KBW further assumed that SBM relied upon advice from its advisors (other than KBW) or other appropriate sources as to all legal, financial reporting, tax, accounting and regulatory matters with respect to SBM, Camden, Atlantic Acquisitions, The Bank of Maine, Camden National Bank, the merger and any related transaction (including the subsidiary bank merger) and the merger agreement. KBW did not provide advice with respect to any such matters.

KBW's opinion addressed only the fairness, from a financial point of view, as of the date of such opinion, to the holders of SBM common stock of the merger consideration to be received in the first-step merger of Atlantic Acquisitions with and into SBM by such holders. KBW expressed no view or opinion as to any other terms or aspects of the merger or any related transaction (including the subsidiary bank merger), including without limitation, the form or structure of the merger (including the form of the merger consideration or the allocation of the merger consideration between stock and cash) or any related transaction, any consequences of the merger or any related transaction to SBM, its shareholders, creditors or otherwise, or any terms, aspects, merits or implications of any employment, consulting, voting, support, shareholder or other agreements, arrangements or understandings contemplated or entered into in connection with the merger or otherwise. KBW's opinion was necessarily based upon conditions as they existed and could be evaluated on the date of such opinion and the information made available to KBW through such date. Developments subsequent to the date of KBW's opinion may have affected, and may affect, the conclusion reached in KBW's opinion and KBW did not and does not have an obligation to update, revise or reaffirm its opinion. KBW's opinion did not address, and KBW expressed no view or opinion with respect to:

the underlying business decision of SBM to engage in the merger or enter into the merger agreement;

the relative merits of the merger as compared to any strategic alternatives that are, have been or may be available to or contemplated by SBM or the SBM board;

the fairness of the amount or nature of any compensation to any of SBM's officers, directors or employees, or any class of such persons, relative to any compensation to the holders of SBM common stock;

the effect of the merger or any related transaction on, or the fairness of the consideration to be received by, holders of any class of securities of SBM (other than the holders of SBM common stock (solely with respect to the merger consideration, as described in KBW's opinion and not relative to the consideration to be received by holders of any other class of securities)) or holders of any class of securities of Camden or any other party to any transaction contemplated by the merger agreement;

whether Camden has sufficient cash, available lines of credit or other sources of funds to enable it to pay the aggregate cash consideration to the holders of SBM common stock at the closing of the merger;

the actual value of Camden common stock to be issued in the merger;

the election by holders of SBM common stock to receive the stock consideration or the cash consideration, or any combination thereof, or the actual allocation between the stock consideration and the cash consideration among such holders (including, without limitation, any reallocation thereof as a result of proration pursuant to the merger agreement), or the relative fairness of the stock consideration and the cash consideration;

any adjustment (as provided in the merger agreement) in the amount of merger consideration (including the allocation thereof among cash and stock) assumed to be paid in the merger for purposes of KBW's opinion;

the prices, trading range or volume at which Camden common stock will trade following the public announcement of the merger or the consummation of the merger;

any advice or opinions provided by any other advisor to any of the parties to the merger or any other transaction contemplated by the merger agreement; or

any legal, regulatory, accounting, tax or similar matters relating to SBM, Camden, their respective shareholders, or relating to or arising out of or as a consequence of the merger or any related transaction (including the subsidiary bank merger), including whether or not the merger would qualify as a tax-free reorganization for United States federal income tax purposes.

In performing its analyses, KBW made numerous assumptions with respect to industry performance, general business, economic, market and financial conditions and other matters, which are beyond the control of KBW, SBM and Camden. Any estimates contained in the analyses performed by KBW are not necessarily indicative of actual values or future results, which may be significantly more or less favorable than suggested by these analyses. Additionally, estimates of the value of businesses or securities do not purport to be appraisals or to reflect the prices at which such businesses or securities might actually be sold. Accordingly, these analyses and estimates are inherently subject to substantial uncertainty. In addition, the KBW opinion was among several factors taken into consideration by the SBM board in making its determination to approve the merger agreement and the merger. Consequently, the analyses described below should not be viewed as determinative of the decision of the SBM board with respect to the fairness of the merger consideration. The type and amount of consideration payable in the merger were determined through negotiation between SBM and Camden and the decision to enter into the merger agreement was solely that of the SBM board.

The following is a summary of the material financial analyses presented by KBW to the SBM board in connection with its opinion. The summary is not a complete description of the financial analyses underlying the opinion or the presentation made by KBW to the SBM board, but summarizes the material analyses performed and presented in connection with such opinion. The financial analyses summarized below include information presented in tabular format. The tables alone do not constitute a complete description of the financial analyses. The preparation of a fairness opinion is a complex analytic process involving various determinations as to appropriate and relevant methods of financial analysis and the application of those methods to the particular circumstances. Therefore, a fairness opinion is not readily susceptible to partial analysis or summary description. In arriving at its opinion, KBW did not attribute any particular weight to any analysis or factor that it considered, but rather made qualitative judgments as to the significance and relevance of each analysis and factor. Accordingly, KBW believes that its analyses and the summary of its analyses must be considered as a whole and that selecting portions of its analyses and factors or focusing on the information presented below in tabular format, without considering all analyses and factors or the full narrative description of the financial analyses, including the methodologies and assumptions underlying the analyses, could create a misleading or incomplete view of the process underlying its analyses and opinion.

For purposes of the financial analysis described below, KBW utilized an implied value of the merger consideration of \$204.83 per share of SBM common stock, consisting of the sum of (i) the cash consideration of \$206.00 per share of SBM common stock multiplied by 20% and (ii) the implied value of the stock consideration of 5.421 of a share of Camden common stock (before giving effect to any stock splits that have been subsequently announced) per share of SBM common stock, based on the closing price of Camden common stock on March 26, 2015 of \$37.73, multiplied by 80%. In addition to the financial analyses described below, KBW reviewed with the SBM board for informational purposes implied transaction statistics for the proposed merger of 28.7x and 16.1x SBM's estimated 2015 and 2016 earnings per share ("EPS"), respectively, based on the implied value of the merger consideration of \$204.83 per share of SBM common stock and EPS estimates for SBM provided by SBM management.

*SBM Selected Companies Analysis.* Using publicly available information, KBW compared the financial performance and financial condition of SBM to 15 selected publicly traded banks and thrifts headquartered in New England (defined as Maine, New Hampshire, Vermont, Massachusetts, Rhode Island and Connecticut) that had total assets between \$500 million and \$1.5 billion. Merger targets and mutual holding companies were excluded from the selected companies.

The selected companies included:

The First Bancorp, Inc.	Northeast Bancorp
Bar Harbor Bankshares	Katahdin Bankshares Corporation
BSB Bancorp, Inc.	Chicopee Bancorp, Inc.
SI Financial Group, Inc.	Patriot National Bancorp, Inc.
Westfield Financial, Inc.	Union Bankshares, Inc.
Bankwell Financial Group, Inc.	Community Bancorp.
Northway Financial, Inc.	Wellesley Bancorp, Inc.
Salisbury Bancorp, Inc.	

To perform this analysis, KBW used profitability and other financial information for or, in the case of information for the latest 12 month period ("LTM"), through the most recent completed quarter available ("MRQ") (which in the case of SBM was the fiscal quarter ended December 31, 2014 as provided by SBM management to the extent not publicly available) or as of the end of such period and market price information as of March 26, 2015. KBW also used 2015 and 2016 EPS estimates taken from consensus "street estimates" for the selected companies, to the extent publicly available. Where consolidated holding company level financial data for the selected companies as of or for periods ended December 31, 2014 was unreported, either such data reported as of or for periods ended September 30, 2014 or subsidiary bank level data as of or for periods ended December 31, 2014 was utilized to calculate ratios. Certain financial data prepared by KBW, and as referenced in the tables presented below, may not correspond to the data presented in SBM's historical financial statements, or the data prepared by RBC presented under the section "—Opinion of Camden's Financial Advisor," as a result of the different periods, assumptions and methods used by KBW to compute the financial data presented.

KBW's analysis showed the following concerning the financial performance and financial condition of SBM and the selected companies:

	SBM	Selected Companies			
		Bottom Quartile	Average	Median	Top Quartile
LTM Core Return on Average Assets <sup>(1)(2)</sup>	0.21 %	0.39 %	0.62 %	0.62 %	0.83 %
LTM Core Return on Average Equity <sup>(1)(2)</sup>	1.91 %	3.77 %	6.20 %	5.76 %	8.36 %
LTM Net Interest Margin	3.59 %	3.22 %	3.49 %	3.42 %	3.80 %
LTM Fee Income / Revenue Ratio <sup>(3)</sup>	24.7 %	11.8 %	15.5 %	13.5 %	20.3 %
LTM Efficiency Ratio	89.4 %	78.8 %	73.0 %	74.4 %	69.0 %
Tangible Common Equity / Tangible Assets	10.64 %	8.06 %	9.42 %	9.61 %	10.46 %
Total Risk-Based Capital / Risk-Weighted Assets	14.53 % <sup>(4)</sup>	13.75 %	15.85 %	15.63 %	17.37 %
Loans / Deposits	97.0 %	90.2 %	99.6 %	102.7 %	107.8 %
Loan Loss Reserve / Gross Loans	1.26 %	0.86 %	0.97 %	1.04 %	1.09 %
Nonperforming Assets / Loans + OREO <sup>(5)</sup>	2.04 %	2.27 %	1.85 %	1.51 %	1.00 %
LTM Net Charge-Offs / Average Loans	0.27 %	0.21 %	0.20 %	0.11 %	0.06 %

(1) Excludes Patriot National Bancorp, Inc. as outlier

(2) Core income excludes extraordinary items, non-recurring items, gains/losses on sale of securities and the amortization of intangibles

(3) Excludes gains/losses on sale of securities

(4) Reflects subsidiary bank level data per regulatory filings

(5) Nonperforming assets include nonaccrual loans, restructured loans, and other real estate owned

KBW's analysis showed the following concerning the market performance of the selected companies to the extent publicly available (excluding the impact of certain selected company LTM, 2015 and 2016 EPS multiples considered to be not meaningful because they were below 0.0x or greater than 30.0x and also excluding the impact of the LTM dividend payout of one of the selected companies considered to be not meaningful):

	Selected Companies			
	Bottom Quartile	Average	Median	Top Quartile
One-Year Stock Price Change	(0.1) %	5.4 %	5.8 %	10.8 %
One-Year Total Return	0.6 %	7.7 %	7.0 %	14.1 %
YTD Stock Price Change	(2.4) %	0.9 %	0.8 %	3.7 %
Stock Price / Book Value per Share	0.94x	1.13x	1.00x	1.22x
Stock Price / Tangible Book Value per Share	1.00x	1.24x	1.12x	1.33x
Stock Price / LTM EPS	12.0x	16.1x	14.2x	22.8x
Stock Price / 2015 Estimated EPS <sup>(1)</sup>	15.7x	17.0x	17.9x	18.8x
Stock Price / 2016 Estimated EPS <sup>(1)</sup>	14.0x	14.5x	15.4x	15.5x
Dividend Yield <sup>(2)</sup>	0.5 %	2.2 %	1.7 %	3.6 %
LTM Dividend Payout <sup>(2)</sup>	10.6 %	33.8 %	36.0 %	57.1 %



Edgar Filing: CAMDEN NATIONAL CORP - Form S-4

Estimated 2015 and 2016 EPS data was not publicly available for The First Bancorp, Inc., BSB Bancorp, Inc., SI Financial Group, Inc., Northway Financial, Inc., Salisbury Bancorp, Inc., Northeast Bancorp, Katahdin Bankshares Corporation, Patriot National Bancorp, Inc., Union Bankshares, Inc., Community Bancorp. and Wellesley Bancorp, Inc.

(1) Dividend payout and yield calculated using MRQ dividend annualized excluding special dividends

No company used as a comparison in the above selected companies analysis of SBM is identical to SBM. Accordingly, an analysis of these results is not mathematical. Rather, it involves complex considerations and judgments concerning differences in financial and operating characteristics of the companies involved.

*Camden Selected Companies Analysis.* Using publicly available information, KBW compared the financial performance, financial condition and market performance of Camden to 18 selected publicly traded banks and thrifts headquartered in New England that had total assets between \$1.0 billion and \$6.0 billion. Merger targets and mutual holding companies were excluded from the selected companies.

The selected companies included:

Brookline Bancorp, Inc.	Cambridge Bancorp
United Financial Bancorp, Inc.	Hingham Institution for Savings
Century Bancorp, Inc.	New Hampshire Thrift Bancshares, Inc.
Washington Trust Bancorp, Inc.	The First Bancorp, Inc.
Meridian Bancorp, Inc.	Bar Harbor Bankshares
First Connecticut Bancorp, Inc.	BSB Bancorp, Inc.
Enterprise Bancorp, Inc.	SI Financial Group, Inc.
Blue Hills Bancorp, Inc.	Westfield Financial, Inc.
Merchants Bancshares, Inc.	Bankwell Financial Group, Inc.

To perform this analysis, KBW used profitability and other financial information for or, in the case of LTM data, through the most recent completed quarter available (which in the case of Camden was the fiscal quarter ended December 31, 2014) or as of the end of such quarter and market price information as of March 26, 2015. KBW also used 2015 and 2016 EPS estimates taken from consensus “street estimates” for the selected companies, to the extent publicly available, and financial forecasts and projections relating to the earnings of Camden provided to KBW by Camden management. Where consolidated holding company level financial data for the selected companies as of or for periods ended December 31, 2014 was unreported, either such data reported as of or for periods ended September 30, 2014 or subsidiary bank level data as of or for periods ended December 31, 2014 was utilized to calculate ratios. Certain financial data prepared by KBW, and as referenced in the tables presented below, may not correspond to the data presented in Camden’s historical financial statements, or the data prepared by RBC presented under the section “—Opinion of Camden’s Financial Advisor,” as a result of the different periods, assumptions and methods used by KBW to compute the financial data presented.

KBW’s analysis showed the following concerning the financial performance and financial condition of Camden and the selected companies:

Edgar Filing: CAMDEN NATIONAL CORP - Form S-4

	Selected Companies							
	CAC	Bottom Quartile	Average	Median	Top Quartile			
LTM Core Return on Average Assets <sup>(1)</sup>	0.94 %	0.50 %	0.72 %	0.71 %	0.91 %			
LTM Core Return on Average Equity <sup>(1)</sup>	10.59 %	4.19 %	7.62 %	6.98 %	10.53 %			
LTM Net Interest Margin	3.11 %	2.95 %	3.16 %	3.15 %	3.39 %			
LTM Fee Income / Revenue Ratio <sup>(2)</sup>	23.8 %	10.4 %	16.3 %	13.6 %	19.9 %			
LTM Efficiency Ratio	60.1 %	74.3 %	66.8 %	67.6 %	61.6 %			
Tangible Common Equity / Tangible Assets	7.18 %	7.87 %	9.82 %	8.99 %	10.25 %			
Total Risk-Based Capital / Risk-Weighted Assets	15.16 %	13.20 %	15.79 %	14.20 %	16.78 %			
Loans / Deposits	91.7 %	91.4 %	99.9 %	104.0 %	110.0 %			
Loan Loss Reserve / Gross Loans	1.19 %	0.79 %	1.04 %	1.03 %	1.12 %			
Nonperforming Assets / Loans + OREO <sup>(3)</sup>	1.28 %	1.47 %	1.14 %	0.94 %	0.57 %			
LTM Net Charge-Offs / Average Loans	0.16 %	0.11 %	0.07 %	0.06 %	0.01 %			

- (1) Core income excludes extraordinary items, non-recurring items, gains/losses on sale of securities and the amortization of intangibles
- (2) Excludes gains/losses on sale of securities
- (3) Nonperforming assets include nonaccrual loans, restructured loans, and other real estate owned

KBW's analysis showed the following concerning the market performance of Camden and, to the extent publicly available, the selected companies (excluding the impact of certain selected company LTM, 2015 and 2016 EPS multiples considered to be not meaningful because they were either below 0.0x or greater than 30.0x and also excluding the impact of the LTM dividend payout of one of the selected companies considered to be not meaningful):

	CAC	Selected Companies			Median	Top Quartile			
		Bottom Quartile	Average						
One-Year Stock Price Change	(7.8)%	(1.3)%	5.9	%	5.2	%	10.5	%	
One-Year Total Return	(5.0)%	2.6	%	8.2	%	7.0	%	10.9	%
YTD Stock Price Change	(5.3)%	(5.1)%	(1.3)	%	(3.0)	%	3.0	%	
Stock Price / Book Value per Share	1.14x	1.05x	1.23	x	1.15	x	1.32	x	
Stock Price / Tangible Book Value per Share	1.42x	1.16x	1.35	x	1.32	x	1.42	x	
Stock Price / LTM EPS	11.5x	12.5x	15.7	x	14.7	x	16.1	x	
Stock Price / 2015 Estimated EPS <sup>(1)</sup>	11.2x	13.5x	16.0	x	15.2	x	18.3	x	
Stock Price / 2016 Estimated EPS <sup>(1)</sup>	10.9x	12.6x	15.1	x	14.5	x	15.5	x	
Dividend Yield <sup>(2)</sup>	3.2 %	1.2 %	2.1	%	2.0	%	3.4	%	
LTM Dividend Payout <sup>(2)</sup>	36.6%	11.8%	33.1	%	37.6	%	49.0	%	

Estimated 2015 and 2016 EPS data was not publicly available for Century Bancorp, Inc., Enterprise Bancorp, Inc., (1)Cambridge Bancorp, Hingham Institution for Savings, New Hampshire Thrift Bancshares, Inc., The First Bancorp, Inc., BSB Bancorp, Inc. and SI Financial Group, Inc.

(2) Dividend payout and yield calculated using MRQ dividend annualized excluding special dividends.

No company used as a comparison in the above selected companies analysis of Camden is identical to Camden. Accordingly, an analysis of these results is not mathematical. Rather, it involves complex considerations and judgments concerning differences in financial and operating characteristics of the companies involved.

*Selected Transactions Analysis – New England.* KBW reviewed publicly available information related to 8 selected bank and thrift transactions announced since January 1, 2011 with acquired companies that were headquartered in New England and announced deal values between \$50 million and \$250 million. Transactions with non-bank acquirors, transactions where the acquired company was a mutual holding company and merger of equals transactions were excluded from the selected transactions. The selected transactions included:

**Acquiror:**

ESB Bancorp MHC  
Berkshire Hills Bancorp, Inc.  
Independent Bank Corp.  
Eastern Bank Corporation  
SI Financial Group, Inc.  
United Financial Bancorp, Inc.  
Independent Bank Corp.  
Brookline Bancorp, Inc.

**Acquired Company:**

Citizens National Bancorp, Inc.  
Hampden Bancorp, Inc.  
Peoples Federal Bancshares, Inc.  
Centrix Bank & Trust  
Newport Bancorp, Inc.  
New England Bancshares, Inc.  
Central Bancorp, Inc.  
Bancorp Rhode Island, Inc.

For each selected transaction, KBW derived the following implied transaction statistics, in each case based on the transaction consideration value paid for the acquired company and using financial data based on the acquired company's then latest publicly available financial statements prior to the announcement of the acquisition:

Price per common share to tangible book value per share of the acquired company (in the case of selected transactions involving a private acquired company, this transaction statistic was calculated as total transaction consideration divided by total tangible common equity);

Tangible equity premium to core deposits (total deposits less time deposits greater than \$100,000) of the acquired company, referred to as core deposit premium; and

Price per common share to LTM EPS of the acquired company (in the case of selected transactions involving a private acquired company, this transaction statistic was calculated as total transaction consideration divided by LTM net income).

The resulting transaction multiples and premiums for the selected transactions were compared with the corresponding transaction multiples and premiums for the proposed merger based on the implied value of the merger consideration of \$204.83 per share of SBM common stock and using historical financial information for SBM as of or for the twelve month period ended December 31, 2014 as provided by SBM management to the extent not publicly available.

The results of the analysis are set forth in the following table (excluding the impact of the LTM EPS multiple of one of the selected transactions considered to be not meaningful because they were either less than 0.0x or greater than 90.0x):

	CAC / SBM	Selected Transactions			
		Bottom Quartile	Average	Median	Top Quartile
Price / Tangible Book Value	1.46 x	1.25x	1.54 x	1.45 x	1.72 x
Core Deposit Premium	8.2 %	5.7 %	7.9 %	6.9 %	9.3 %
Price / LTM EPS	74.5 x	19.6x	29.0 x	22.9 x	31.7 x

No company or transaction used as a comparison in the above selected transaction analysis is identical to SBM or the proposed merger. Accordingly, an analysis of these results is not mathematical. Rather, it involves complex considerations and judgments concerning differences in financial and operating characteristics of the companies involved.

*Selected Transactions Analysis - Nationwide.* KBW reviewed publicly available information related to 20 selected U.S. bank and thrift transactions announced since January 1, 2013 with announced deal values between \$50 million and \$250 million and acquired company LTM return on assets between 0.00% and 0.50%. Transactions with non-bank acquirors, transactions where the acquired company was a mutual holding company and merger of equals transactions were excluded from the selected transactions. The selected transactions included in the group were:

**Acquiror:**

Atlantic Capital Bancshares, Inc.  
WSFS Financial Corporation  
First NBC Bank Holding Company  
IBERIABANK Corporation  
Independent Bank Corp.  
Bryn Mawr Bank Corporation  
Seacoast Banking Corporation of Florida  
F.N.B. Corporation  
IBERIABANK Corporation  
HomeTrust Bancshares, Inc.  
TriCo Bancshares  
Banco de Sabadell, SA  
Simmons First National Corporation  
Cardinal Financial Corporation  
Wilshire Bancorp, Inc.  
F.N.B. Corporation  
First Merchants Corporation  
SI Financial Group, Inc.  
Renasant Corporation  
Bank of the Ozarks, Inc.

**Acquired Company:**

First Security Group, Inc.  
Alliance Bancorp, Inc. of Pennsylvania  
State Investors Bancorp, Inc.  
Florida Bank Group, Inc.  
Peoples Federal Bancshares, Inc.  
Continental Bank Holdings, Inc.  
BANKshares, Inc.  
OBA Financial Services, Inc.  
First Private Holdings, Inc.  
Jefferson Bancshares, Inc.  
North Valley Bancorp  
JGB Bank, National Association  
Metropolitan National Bank  
United Financial Banking Companies, Inc.  
Saehan Bancorp  
BCSB Bancorp, Inc.  
CFS Bancorp, Inc.  
Newport Bancorp, Inc.  
First M&F Corporation  
First National Bank of Shelby

For each selected transaction, KBW derived the following implied transaction statistics, in each case based on the transaction consideration value paid for the acquired company and using financial data based on the acquired company's then latest publicly available financial statements prior to the announcement of the acquisition:

Price per common share to tangible book value per share of the acquired company (in the case of selected transactions involving a private acquired company, this transaction statistic was calculated as total transaction consideration divided by total tangible common equity);

Tangible equity premium to core deposits (total deposits less time deposits greater than \$100,000) of the acquired company, referred to as core deposit premium; and

Price per common share to LTM EPS of the acquired company (in the case of selected transactions involving a private acquired company, this transaction statistic was calculated as total transaction consideration divided by LTM net income).

The resulting transaction multiples and premiums for the selected transactions were compared with the corresponding transaction multiples and premiums for the proposed merger based on the implied value of the merger consideration of \$204.83 per share of SBM common stock and using historical financial information for SBM as of or for the twelve month period ended December 31, 2014 as provided by SBM management to the extent not publicly available.

The results of the analysis are set forth in the following table (excluding the impact of certain selected transaction LTM EPS multiples considered to be not meaningful because they were either less than 0.0x or greater than 90.0x):

	CAC / SBM	Selected Transactions			
		Bottom Quartile	Average	Median	Top Quartile
Price / Tangible Book Value	1.46 x	1.18x	1.37 x	1.34 x	1.71 x
Core Deposit Premium	8.2 %	3.5 %	6.3 %	7.8 %	10.7 %
Price / LTM EPS	74.5 x	31.1x	41.5 x	43.4 x	50.7 x

No company or transaction used as a comparison in the above selected transaction analysis is identical to SBM or the proposed merger. Accordingly, an analysis of these results is not mathematical. Rather, it involves complex considerations and judgments concerning differences in financial and operating characteristics of the companies involved.



*Relative Contribution Analysis.* KBW analyzed the relative standalone contribution of Camden and SBM to various pro forma balance sheet and income statement items. This analysis did not include purchase accounting adjustments. To perform this analysis, KBW used (i) historical financial data for Camden and SBM as of or for the fiscal year ended December 31, 2014, and (ii) financial forecasts and projections relating to the net income of Camden and SBM provided to KBW by Camden and SBM managements, respectively. The results of KBW's analysis are set forth in the following table, which also compares the results of KBW's analysis with the implied pro forma ownership percentages of Camden and SBM shareholders in the combined company based on the stock consideration of 5.421 of a share of Camden common stock per share of SBM common stock at the 80% stock / 20% cash aggregate merger consideration mix provided for in the merger agreement and also assuming 100% stock consideration for illustrative purposes:

	CAC as a Percentage of Total	SBM as a Percentage of Total
Ownership		
80% stock / 20 % cash	72%	28%
100% stock / 0% cash	68%	32%
Balance Sheet		
Assets	78%	22%
Gross Loans Held for Investment	74%	26%
Deposits	75%	25%
Tangible Common Equity	70%	30%
Net Income to Common		
2014 Net Income	94%	6%
2015 Estimated Net Income	85%	15%
2016 Estimated Net Income	77%	23%

*Forecasted Pro Forma Financial Impact Analysis.* KBW performed a pro forma financial impact analysis that combined projected income statement and balance sheet information of Camden and SBM. Using (i) closing balance sheet estimates as of September 30, 2015 for Camden and SBM provided by the respective managements of Camden and SBM, (ii) financial forecasts and projections relating to the net income of SBM provided by SBM management, and (iii) financial forecasts and projections relating to the net income of Camden and pro forma assumptions (including purchase accounting adjustments, cost savings and related expenses as well as note repayment, redemption and debt financing assumptions) provided by Camden management, KBW analyzed, among other things, the potential financial impact of the merger on certain projected financial results of Camden. This analysis indicated the merger could be dilutive to Camden's estimated tangible book value per share as of September 30, 2015 and accretive to estimated 2016 EPS. Furthermore, the analysis indicated Camden's tangible common equity to tangible assets ratio, leverage ratio, Tier 1 Risk-Based Capital Ratio and Total Risk-Based Capital Ratio as of September 30, 2015 could be lower. For all of the above analysis, the actual results achieved by Camden following the merger may vary from the projected results, and the variations may be material.

*SBM Discounted Cash Flow Analysis.* KBW performed a discounted cash flow analysis of SBM to estimate ranges for the implied equity value of SBM. In this analysis, KBW used financial forecasts and projections relating to the net income and assets of SBM prepared by and provided to KBW by SBM management, and assumed discount rates ranging from 12.0% to 16.0%. The ranges of values were derived by adding (i) the present value of the estimated free cash flows that SBM could generate over the five-year period from 2015 to 2019 as a standalone company, and (ii) the present value of SBM's implied terminal value at the end of such period. KBW assumed that SBM would maintain a tangible common equity to tangible assets ratio of 8.0% and would retain sufficient earnings to maintain that level. In calculating the terminal value of SBM, KBW applied a range of 12.0x to 16.0x estimated 2020 net income. This discounted cash flow analysis resulted in a range of implied values per share of SBM common stock of \$136.47 per share to \$185.83 per share.

*Camden Discounted Cash Flow Analysis.* KBW performed a discounted cash flow analysis of Camden to estimate ranges for the implied equity value of Camden. In this analysis, KBW used financial forecasts and projections relating to the net income and assets of Camden prepared by and provided to KBW by Camden management, and assumed discount rates ranging from 11.0% to 14.0%. The ranges of values were derived by adding (i) the present value of the estimated free cash flows that Camden could generate over the five-year period from 2015 to 2019 as a standalone company, and (ii) the present value of Camden's implied terminal value at the end of such period. KBW assumed that Camden would maintain a tangible common equity to tangible assets ratio of 7.5% and would retain sufficient earnings to maintain that level. In calculating the terminal value of Camden, KBW applied a range of 12.0x to 16.0x estimated 2020 net income. This discounted cash flow analysis resulted in a range of implied values per share of Camden common stock of \$34.75 per share to \$48.68 per share.

The discounted cash flow analysis is a widely used valuation methodology, but the results of such methodology are highly dependent on the assumptions that must be made, including asset and earnings growth rates, terminal values, dividend payout rates, and discount rates. The foregoing discounted cash flow analyses did not purport to be indicative of the actual values or expected values of SBM and Camden.

*Miscellaneous.* KBW acted as financial advisor to SBM in connection with the proposed merger and did not act as an advisor to or agent of any other person. As part of its investment banking business, KBW is continually engaged in the valuation of bank and bank holding company securities in connection with acquisitions, negotiated underwritings, secondary distributions of listed and unlisted securities, private placements and valuations for various other purposes. As specialists in the securities of banking companies, KBW has experience in, and knowledge of, the valuation of banking enterprises. In the ordinary course of KBW's business as a broker-dealer, KBW and its affiliates may from time to time purchase securities from, and sell securities to, SBM and Camden and, as a market maker in securities, KBW and its affiliates may from time to time have a long or short position in, and buy or sell, debt or equity securities of SBM and Camden for KBW's own account and for the accounts of its customers.

Pursuant to the KBW engagement agreement, SBM agreed to pay KBW a total cash fee equal to 1.50% of the aggregate merger consideration, \$200,000 of which became payable to KBW upon the rendering of KBW's opinion and the balance of which is contingent upon the consummation of the merger. SBM also agreed to reimburse KBW for reasonable out-of-pocket expenses and disbursements incurred in connection with its retention and to indemnify KBW against certain liabilities relating to or arising out of KBW's engagement or KBW's role in connection therewith. In addition to this present engagement, in the two years preceding the date of its opinion, KBW has provided investment banking and financial advisory services to SBM and received compensation for such services. KBW served as financial advisor to SBM in connection with its sale of certain branches in July 2013. In the two years preceding the date of its opinion, KBW did not provide investment banking and financial advisory services to Camden. KBW may in the future provide investment banking and financial advisory services to SBM or Camden and receive compensation for such services.

#### Camden's Reasons for the Merger

In the course of its evaluation of the merger and the merger agreement, the Camden board of directors consulted with its management and Goodwin Procter LLP (its legal advisor) and hired RBC as its financial advisor to provide the Camden board with, among other things, financial analysis of SBM, Camden and the potential merger. The Camden board of directors discussed the proposed merger in a series of meetings between February 6, 2015 and March 29, 2015, when it approved the merger and the merger agreement. In reaching its decision to approve the merger and the merger agreement and to recommend approval of the share issuance to its shareholders, the Camden board considered a number of positive factors, including the following:

the merger would create Maine's leading independent bank with combined assets of \$3.6 billion and \$2.6 billion of deposits and would accelerate Camden's expansion into higher growth markets in Southern Maine;

with estimated cost savings of 37% of SBM's pre-tax non-interest expenses and an anticipated closing date in the fall of 2015, the merger is expected to be mid-teen accretive to Camden's earnings per share in 2016 and beyond and will still allow Camden to have an estimated pro forma tangible common equity to tangible assets ratio of 7% at the effective time of the merger;

Camden and SBM share overlapping and adjacent markets as well as compatible culture and common core technology systems. This should allow Camden to realize significant cost savings and efficiencies in the merger and minimize execution risk in the deal;

the fairness opinion of RBC, the financial advisor of the Camden board, that, as of the date of such opinion, and based upon and subject to the considerations, assumptions, limitations, qualifications and other matters set forth therein, the merger consideration was fair, from a financial point of view, to Camden, as more fully described in the subsection of this proxy statement/prospectus entitled "—Opinion of Camden's Financial Advisor," beginning on page 66;

the financial analyses and presentations provided by RBC to the Camden board, including the presentation of the analyses underlying the fairness opinion of RBC, described in the subsection of this proxy statement/prospectus entitled "—Opinion of Camden's Financial Advisor," beginning on page 66;

the merger agreement contains restrictions on the ability of SBM to solicit proposals for alternative transactions or engage in discussions regarding such proposals including the requirement of SBM to pay a termination fee of \$5.4 million in certain circumstances to terminate the merger agreement; and

the merger is intended to qualify as a tax free reorganization and thus the shares of SBM common stock can be exchanged for shares of Camden common stock on a tax free basis.

The Camden board also weighed the positive factors described above against certain other factors and potential risks associated with approving the merger and the merger agreement, including, among others, the following:

the fact that the exchange ratio is fixed, which means that Camden could pay more for SBM if the price of Camden common stock increases between the signing and closing of the transaction;

the possibility of costs and delays resulting from seeking the regulatory approvals necessary to complete the transactions provided for in the merger agreement, the possibility that the banking regulatory authorities may impose restrictions on the combined operations of the two companies (including divestitures) in order to grant the required approvals and thus preventing Camden from fully realizing the benefits of the merger, the possibility that the merger may not be completed if such approvals are not obtained, and the potential negative impacts on Camden, its business and the price of Camden common stock if such approvals are not obtained or restrictions are imposed;

the fact that the integration of Camden and SBM may be complex and time consuming and may require substantial resources and effort, and the risk that if the combined bank is not successfully integrated, the anticipated benefits of the merger may not be realized fully or at all or may take longer to realize than expected;

the possibility that the anticipated strategic and other benefits to Camden and the combined bank following the completion of the merger, including the expected synergies, will not be realized or will take longer to realize than expected;

the transaction costs to be incurred by Camden in connection with the merger;

the various other applicable risks associated with SBM, Camden and the merger, including the risks described in "Special Note Regarding Forward-Looking Statements" on page 29 and "Risk Factors" on page 24.

The foregoing discussion of the information and factors considered by the Camden board in reaching its conclusions and recommendations is not intended to be exhaustive, but includes the material factors considered by the Camden board. In view of the wide variety of factors considered in connection with its evaluation of the merger agreement and the transactions provided for in the merger agreement, and the complexity of these matters, the Camden board did not find it practicable to, and did not attempt to, quantify, rank or otherwise assign any relative or specific weights to the

various specific factors considered in reaching its determination and making its recommendation. The Camden board considered all of the foregoing factors as a whole and based its recommendation on the totality of the information presented.

#### Recommendation of the Camden Board of Directors

After careful consideration, the Camden board of directors approved the merger agreement and determined that the share issuance and the other transactions provided for in the merger agreement are advisable to, and in the best interests of, Camden and Camden shareholders. Therefore, the Camden board of directors recommends Camden shareholders vote “**FOR**” the share issuance and the other matters being considered at the special meeting.

#### Opinion of Camden’s Financial Advisor

On March 29, 2015, RBC rendered its written opinion to the Camden board that, as of that date and subject to the assumptions, qualifications, limitations and other matters set forth therein, the merger consideration was fair, from a financial point of view, to Camden. The full text of RBC’s written opinion dated March 29, 2015 is attached to this proxy statement/prospectus as *Annex B* and constitutes part of this proxy statement/prospectus. RBC’s opinion was approved by RBC’s Fairness Opinion Committee. **This summary of RBC’s opinion is qualified in its entirety by reference to the full text of the opinion. Camden urges holders of Camden common stock to read RBC’s opinion carefully in its entirety for a description of the assumptions made, procedures followed, matters considered and limitations and qualifications of the review undertaken by RBC.**

RBC's opinion was provided for the information and assistance of the Camden board in connection with its consideration of the merger. RBC's opinion did not address the merits of Camden's underlying business decision to engage in the merger or the relative merits of the merger compared to any alternative business strategy or transaction in which Camden might engage. **RBC's opinion does not constitute a recommendation to any holder of Camden common stock as to how such holder should vote with respect to the share issuance or any other proposal to be voted upon by them in connection with the merger.**

RBC's opinion addressed solely the fairness of the merger consideration, from a financial point of view, to Camden, and did not in any way address other terms or arrangements of the merger or the merger agreement, including, without limitation, the financial or other terms of any other agreement contemplated by, or entered into in connection with, the merger agreement, nor did it address, and RBC expressed no opinion with respect to, the solvency of Camden. Further, in rendering its opinion, RBC expressed no opinion about the fairness of the amount or nature of the compensation (if any) to any of Camden's directors, officers or employees, or any class of such persons, relative to the compensation to be paid by Camden in the merger.

In rendering its opinion, RBC assumed and relied upon the accuracy and completeness of all the information that was publicly available to RBC and all of the financial, legal, tax, operating and other information provided to or discussed with RBC by Camden or SBM (including, without limitation, the financial statements and related notes thereto of each of Camden and SBM, respectively), and RBC did not assume responsibility for independently verifying, and did not independently verify, such information. RBC assumed, with the consent of the Camden board, that all the Camden projections (as hereinafter defined), the SBM projections (as hereinafter defined), and the merger estimates (as hereinafter defined) provided to RBC by Camden or SBM (as the case may be) were reasonably prepared on bases reflecting the best currently available estimates and good faith judgments of management of Camden or SBM (as the case may be) as to the future financial performance of Camden or SBM as standalone entities (or, in the case of the merger estimates, as a combined company). See "Certain Prospective Financial Information about Camden and the Merger provided to Camden's Financial Advisor and SBM" and "Certain Prospective Information about SBM provided to its Financial Advisor and Camden and its Financial Advisor." RBC expressed no opinion as to the Camden projections, the SBM projections or the merger estimates or the assumptions on which they were based.

In rendering its opinion, RBC did not assume any responsibility to perform, and did not perform, an independent evaluation or appraisal of any of the assets or liabilities of Camden or SBM, and RBC was not furnished with any such valuations or appraisals. RBC did not assume any obligation to conduct, and did not conduct, any physical inspection of the property or facilities of Camden or SBM. RBC is not an expert in the evaluation of allowances for loan and lease losses and did not independently verify such allowances or review or examine any individual loan or credit files. RBC did not investigate, and made no assumption regarding, any litigation or other claims affecting Camden or SBM.

RBC assumed, with the consent of the Camden board, in all respects material to its analysis, that all conditions to the consummation of the merger will be satisfied without waiver thereof. RBC further assumed, with the consent of the Camden board, that the executed version of the merger agreement would not differ, in any respect material to its



opinion, from the draft merger agreement that it reviewed.

RBC's opinion speaks only as of the date thereof, was based on the conditions as they existed and information which RBC was supplied as of the date thereof, and is without regard to any market, economic, financial, legal, or other circumstances or event of any kind or nature which may exist or occur after such date. RBC did not undertake to reaffirm or revise its opinion or otherwise comment upon events occurring after the date thereof and does not have an obligation to update, revise or reaffirm its opinion. RBC did not express any opinion as to the prices at which Camden common stock has traded or would trade following the announcement of the merger nor the prices at which Camden common stock will trade following the consummation of the merger.

For the purposes of rendering its opinion, RBC undertook such review and inquiries as it deemed necessary or appropriate under the circumstances, including the following:

· reviewed the financial terms of the draft merger agreement;

reviewed and analyzed certain publicly available financial and other data with respect to Camden and SBM and certain other relevant historical operating data relating to Camden and SBM made available to RBC from published sources and from the internal records of Camden and SBM, respectively;

reviewed the Camden projections prepared by Camden management, the SBM projections prepared by SBM management and the merger estimates prepared by Camden management (collectively, “forecasts”);

conducted discussions with members of the senior managements of Camden and SBM with respect to the business prospects and financial outlook of Camden and SBM as standalone entities as well as the strategic rationale and potential benefits of the mergers;

reviewed the reported prices and trading activity for Camden common stock; and

performed other studies and analyses as RBC deemed appropriate.

Set forth below is a summary of the material financial analyses performed by RBC in connection with the rendering of its opinion, as delivered to the Camden board in connection with its meeting on March 29, 2015. The order of analyses described does not represent relative importance or weight given to those analyses by RBC. Some of the summaries of the financial analyses include information presented in tabular format. To fully understand the summary of the analyses used by RBC, the tables must be read together with the text of each summary. The tables alone do not constitute a complete description of the analysis.

For purposes of its analyses, RBC reviewed a number of financial and operating metrics, including:

Tangible Book Value, which means a company’s total book value less the value of any intangible assets, including goodwill (“TBV”); and

Core Deposit Premium, which means the quotient of (i) the equity value of a company less TBV and (ii) aggregate core deposits, expressed as a percentage (“CDP”).

Unless the context indicates otherwise, the analyses performed below were calculated using (i) the closing price of Camden common stock and the closing prices of the selected bank holding companies as of March 27, 2015, (ii) historical financial and operating data for Camden, SBM and the selected companies based on publicly available information for each company as of March 27, 2015, and (iii) transaction values and CDPs for the target companies derived from the selected transactions analysis described below, calculated as of the announcement date of the relevant transaction based on the estimated purchase prices announced on such date for the selected transactions. Accordingly, this information may not reflect current or future market conditions. The calculations of TBV and CDP

were as of December 31, 2014. Last twelve months for which financial information was publicly available (“LTM”) earnings for Camden, SBM and the selected companies were as of December 31, 2014. For the purposes of certain analyses described below, the term “implied per share consideration”, unless otherwise noted, refers to the implied per share value of the merger consideration of \$208.60 based on (i) cash consideration, (ii) the implied per share value of the stock consideration, utilizing the closing price of Camden common stock as of March 27, 2015 of \$38.60 and (iii) assuming the stock consideration is issued in respect of 80% of the outstanding shares of SBM common stock and the cash consideration is issued in respect of 20% of the outstanding shares of SBM common stock.

#### SBM Financial Analysis

*Public Company Analysis.* RBC reviewed certain financial and operating information and implied trading multiples for selected publicly-traded companies as compared to the corresponding information and implied trading multiples for SBM. In choosing the selected companies, RBC considered similarly sized publicly traded banks and thrifts headquartered in New England. RBC excluded mutual holding companies, recently converted thrifts, and targets of pending mergers.

In this analysis, RBC compared (i) multiples of implied price per share of common equity to TBV, (ii) multiples of implied price per share of common equity to LTM earnings per share (“EPS”) and (iii) CDP. The list of selected companies and the related high, mean, median and low multiples and percentages for such selected companies and for SBM (at the implied per share consideration) are as follows:

**Selected Companies**

Camden

First Connecticut Bancorp, Inc.  
 Enterprise Bancorp, Inc.  
 Merchants Bancshares Inc.  
 Hingham Institution for Savings  
 New Hampshire Thrift Bancshares  
 First Bancorp Inc.  
 Bar Harbor Bankshares  
 BSB Bancorp Inc.  
 SI Financial Group Inc.  
 Westfield Financial Inc.  
 Bankwell Financial Group Inc.  
 Salisbury Bancorp Inc.  
 Northeast Bancorp  
 Chicopee Bancorp Inc.  
 Patriot National Bancorp Inc.  
 Union Bankshares Inc.  
 Wellesley Bancorp

	Price/ TBV	Price/ LTM EPS		Core Deposit Premium	
High	2.33 x	39.1	x	13.9	%
Mean	1.29 x	20.6	x	3.5	%
Median	1.25 x	22.0	x	3.7	%
Low	0.85 x	9.5	x	-4.2	%
SBM at Implied Per Share Consideration	1.49 x	75.9	x	7.6	%

From this data, RBC selected an implied per share common equity reference range for SBM common stock using TBV multiples of 0.85x-2.33x, LTM EPS multiples of 9.5x-39.1x and CDP percentages of -4.2%-13.9%, all of which were based on lowest-to-highest of the selected companies. This analysis indicated the following implied per share common equity reference range for SBM common stock, as compared to the implied per share consideration:

Implied Per Share Common Equity Reference Range  
for SBM based on:

TBV	LTM EPS	Core Deposit Premium	Implied Per Share Consideration
\$119 - \$326	\$26 - \$108	\$102 - \$267	\$ 208.60

*Selected Transactions Analysis.* RBC reviewed certain implied transaction multiples and percentages for a set of precedent merger and acquisition transactions as compared to the corresponding implied transaction multiples and

percentages for the merger. In selecting these precedent transactions, RBC considered mergers and acquisitions in the Northeast and Mid-Atlantic regions publicly announced from 2012 to present with (i) target assets ranging from \$500 million to \$4.0 billion, (ii) a ratio of non-performing assets to assets of less than three percent, and (iii) a ratio of tangible common equity to tangible assets of less than 13.0%. RBC excluded from its analysis merger of equals transactions as well as transactions for which implied transaction values were undisclosed.

In this analysis, RBC compared (i) multiples of implied price per share of common equity to TBV, (ii) multiples of implied price per share of LTM earnings adjusted for announced cost savings and (iii) CDP. The list of selected transactions and the related high, mean, median and low multiples and percentages for such selected transactions and for SBM (at the implied per share consideration) are as follows:

<b>Announcement Date</b>	<b>Acquiror</b>	<b>Target</b>
February 24, 2015	Community Bank System Inc.	Oneida Financial Corp.
December 15, 2014	Bridge Bancorp Inc.	Community National Bank
November 5, 2014	Sterling Bancorp	Hudson Valley Holding Corp.
November 4, 2014	Berkshire Hills Bancorp Inc.	Hampden Bancorp Inc.
October 30, 2014	S&T Bancorp Inc.	Integrity Bancshares Inc.
October 29, 2014	WesBanco Inc.	ESB Financial Corp.
June 4, 2014	National Penn Bancshares Inc.	TF Financial Corp.
May 5, 2014	Bryn Mawr Bank Corp.	Continental Bank Holdings Inc.
March 4, 2014	Eastern Bank Corp.	Centrix Bank & Trust
December 20, 2013	Provident Financial Services	Team Capital Bank
June 14, 2013	F.N.B. Corp.	BCSB Bancorp Inc.
October 8, 2012	NBT Bancorp Inc.	Alliance Financial Corp.
July 19, 2012	WesBanco Inc.	Fidelity Bancorp Inc.
June 14, 2012	Investors Bancorp Inc. (MHC)	Marathon Banking Corporation
May 31, 2012	United Financial Bancorp	New England Bancshares
May 1, 2012	Independent Bank Corp.	Central Bancorp Inc.
January 26, 2012	Tompkins Financial Corp.	VIST Financial Corp.

	Price/ TBV	Price/ LTM Cost Savings Adjusted Earnings	Core Deposit Premium		
High	2.66 x	17.1	x	18.4	%
Mean	1.80 x	13.0	x	9.4	%
Median	1.85 x	13.3	x	8.9	%
Low	1.17 x	9.7	x	1.3	%
SBM at Implied Per Share Consideration	1.49 x	11.5	x	7.6	%

From this data, RBC selected an implied per share common equity reference range for SBM common stock using TBV multiples of 1.17x-2.66x, LTM cost savings adjusted earnings multiples of 9.7x-17.1x and CDP percentages of 1.3%-18.4%, all of which were based on lowest-to-highest of the selected transactions. This analysis indicated the following implied per share common equity reference range for SBM common stock, as compared to the implied per share consideration:

**Implied Per Share Common Equity Reference Range  
for SBM based on:**

TBV	LTM Core Earnings	Core Deposit Premium	Implied Per Share Consideration
\$164 - \$372	\$175 - \$311	\$152 - \$307	\$ 208.60

*Discounted Cash Flow Analysis.* RBC performed discounted cash flow analyses of SBM by calculating the estimated net present value of the unlevered, after-tax free cash flows of SBM available for dividends projected through 2019, based on forecasts. RBC performed such discounted cash flow analyses both on a standalone basis (the “SBM standalone DCF”) and including the value of the synergies and other acquisition adjustments projected to result from the merger as provided by management of Camden (the “SBM change of control DCF”). The SBM DCFs assumed a ratio of target tangible common equity to tangible assets of 7.5%, and a pre-tax opportunity cost of cash of 2.00%. The SBM change of control DCF assumed cost savings equal to 37% of SBM’s non-interest expense, 21% of which was projected to be phased in during 2015, and 100% of which was projected to be achieved during 2016 and thereafter. In addition, the SBM change of control DCF assumed an additional \$3 million of annual pre-tax savings beginning in 2016 to Camden from expansion expenditure savings. The SBM change of control DCF also assumed a pre-tax restructuring charge of \$15 million (55% incurred at closing and 45% expensed in 2015).

RBC performed each of the SBM standalone DCF and the SBM change of control DCF analysis using discount rates ranging from 12.0% to 14.0%, based on an estimated cost of equity using the capital asset pricing model (“CAPM”) inclusive of an equity size premium, and, a terminal value at the end of the forecast period, using terminal multiples ranging from 13.0x to 16.0x estimated 2019 earnings. The terminal multiples were selected based on a review of the multiples of 2015 earnings for similarly sized public banks in New England and the Mid-Atlantic. The discount rates were selected based on a review of the estimated cost of equity using CAPM for similarly sized public banks in New England and the Mid-Atlantic. The SBM standalone DCF and the SBM change of control DCF indicated the following implied per share common equity reference ranges, as compared to the implied per share consideration:

<b>For SBM based on Standalone DCF Implied Per Share Common Equity Reference Range</b>	<b>For SBM based on Change of Control DCF Implied Per Share Common Equity Reference Range</b>	<b>Implied Per Share Consideration</b>
\$132 - \$160	\$271 - \$340	\$ 208.60

#### Camden Financial Analysis

*Public Company Analysis.* RBC reviewed certain financial and operating information and implied trading multiples for selected publicly-traded companies as compared to the corresponding information and implied trading multiples for Camden. In choosing the selected companies, RBC considered similarly sized publicly traded banks and thrifts in New England. RBC excluded mutual holding companies, recently converted thrifts, and targets of pending mergers.

In this analysis, RBC compared (i) multiples of implied price per share of common equity to TBV, (ii) multiples of implied price per share of common equity to LTM EPS and (iii) CDP. The list of selected companies and the related high, mean, median and low multiples and percentages for such selected companies and for Camden are as follows:

#### Selected Companies

. Brookline Bancorp Inc.  
 . United Financial Bancorp  
 . Century Bancorp  
 . Washington Trust Bancorp Inc.  
 . First Connecticut Bancorp, Inc.  
 . Enterprise Bancorp Inc.  
 . Merchants Bancshares Inc.  
 . Hingham Institution for Savings  
 . New Hampshire Thrift Bancshares  
 . First Bancorp Inc.



. Bar Harbor Bankshares  
 . SI Financial Group, Inc.  
 . Westfield Financial Inc.  
 . Bankwell Financial Group Inc.

	Price/ TBV	Price/ LTM EPS		Core Deposit Premium	
High	2.24 x	25.0	x	14.3	%
Mean	1.38 x	16.0	x	4.9	%
Median	1.36 x	14.9	x	4.5	%
Low	1.01 x	9.5	x	0.1	%
Camden	1.46 x	11.8	x	5.1	%

From this data, RBC selected an implied per share common equity reference range for Camden common stock using TBV multiples of 1.01x-2.24x, LTM EPS multiples of 9.5x-25.0x and CDP percentages of 0.1%-14.3%, all of which were based on lowest-to-highest of the selected companies. This analysis indicated the following implied per share common equity reference range for Camden common stock, compared to the March 27, 2015 closing price of Camden common stock:

Implied Per Share Common Equity Reference Range  
for Camden based on:

TBV	LTM EPS	Core Deposit Premium	Camden Common Stock on March 27, 2015
\$26.66 - \$59.52	\$31.10 - \$82.05	\$26.72 - \$60.44	\$ 38.60

*Discounted Cash Flow Analysis.* RBC performed a discounted cash flow analysis of Camden by calculating the estimated net present value of the unlevered, after-tax free cash flows of Camden available for dividends projected through 2019, based on forecasts. RBC assumed a ratio of target tangible common equity to tangible assets of 7.5% and a pre-tax opportunity cost of cash of 2.00%.

RBC performed the discounted cash flow analysis using discount rates ranging from 12.0% to 14.0% based on an estimated cost of equity using CAPM, inclusive of an equity size premium and, a terminal value at the end of the forecast period, using terminal multiples ranging from 13.0x to 16.0x estimated 2019 earnings. The terminal multiples were selected based on a review of the multiples of 2015 consensus earnings estimates for similarly sized public banks in New England and the Mid-Atlantic. The discount rates were selected based on a review of Camden's estimated cost of equity using CAPM. The discounted cash flow analysis indicated the following implied per share common equity reference range, as compared to the March 27, 2015 closing price of Camden common stock:

Camden Implied Per Share Common Equity Reference Range	Camden Common Stock on March 27, 2015
\$34.94 - \$44.77	\$ 38.60

*Illustrative Pro Forma Analysis.* RBC reviewed the potential pro forma effect of the merger on Camden's 2016-2018 GAAP earnings. Estimated financial data for Camden and SBM were based on forecasts. Based on the implied per share merger consideration as described above, this analysis indicated that the merger could be between 14.2% to 18.9% accretive to GAAP earnings for the years 2016 through 2018.

Other Matters

RBC also noted for the Camden board certain additional factors that were provided for information purposes, including the following analyses:

*Trading Range Analysis for Camden*

*Trading Range.* RBC reviewed certain historical stock price information based on closing stock price information over the one year period ended March 27, 2015, for Camden common stock. This review indicated the following historical stock price information for Camden common stock, as compared to the closing price of Camden common stock on March 27, 2015.

Trading Period Prior to March 27, 2015	Stock Price
52 Week High	\$42.26
52 Week Low	\$34.57
Closing price of Camden common stock on March 27, 2015	\$38.60

## Overview of Analyses; Other Considerations

No single company or transaction used in the above analyses as a comparison was identical to Camden, SBM or the merger, and an evaluation of the results of those analyses is not entirely mathematical. Rather, the analyses involved complex considerations and judgments concerning financial and operating characteristics and other factors that could affect the acquisition, public trading or other values of the companies, businesses or transactions analyzed.

The preparation of a fairness opinion is a complex process that involves the application of subjective business judgment in determining the most appropriate and relevant methods of financial analysis and the application of those methods to particular circumstances. Several analytical methodologies were used by RBC, and no one method of analysis should be regarded as critical to the overall conclusion reached. Each analytical technique has inherent strengths and weaknesses, and the nature of the available information may further affect the value of particular techniques. The overall conclusions of RBC were based on all the analyses and factors presented herein taken as a whole and also on application of RBC's own experience and judgment. Such conclusions may involve significant elements of subjective judgment and qualitative analysis. RBC therefore believes that its analyses must be considered as a whole and that selecting portions of the analyses and of the factors considered, without considering all factors and analyses, could create an incomplete or misleading view of the processes underlying its opinion.

Camden selected RBC to render to the Camden board its opinion based on RBC's qualifications, expertise, reputation and knowledge of Camden's business and affairs and its experience with community bank holding companies and the industry in which Camden operates. RBC has advised on numerous acquisitions of community bank holding companies. RBC is an internationally recognized investment banking firm and is regularly engaged in the valuation of businesses and their securities in connection with mergers and acquisitions, corporate restructurings, underwritings, secondary distributions of listed and unlisted securities, private placements, and valuations for corporate and other purposes. In the ordinary course of business, RBC may act as a market maker and broker in the publicly traded securities of Camden and receive customary compensation, and may also actively trade securities of Camden for its own account and the accounts of its customers, and, accordingly, RBC and its affiliates, may hold a long or short position in such securities. RBC has not provided investment banking and financial advisory services to Camden in the last two years. In light of RBC's financial advisory role for Camden in connection with the merger, RBC anticipates that it may be selected by Camden to provide investment banking and financial advisory and/or financing services that may be required by Camden in the future, regardless of whether the merger is successfully completed.

Under its engagement agreement with Camden, RBC became entitled to a fee of \$200,000 upon delivery of its written opinion (the "opinion fee"), whether or not the merger is consummated. In addition, for RBC's services as financial advisor to Camden in connection with the merger, (i) RBC will receive an additional fee of \$900,000 upon consummation of the merger, against which the opinion fee will be credited and (ii) if the merger is not consummated but Camden receives a termination fee, RBC will be entitled to 10% of such fee, when it is received by Camden. Furthermore, Camden has agreed to indemnify RBC for certain liabilities that may arise out of RBC's engagement, including, without limitation, liabilities arising under the federal securities laws. The terms of RBC's engagement letter were negotiated at arm's-length between Camden and RBC.

Certain Prospective Financial Information about Camden and the Merger Provided to Camden's Financial Advisor and SBM

Camden does not make public disclosure of forecasts or projections of its expected financial performance because of, among other things, the inherent difficulty of accurately predicting financial performance for future periods and the risk that the underlying assumptions and estimates may prove incorrect. In connection with the merger, however, Camden management provided certain limited unaudited prospective financial information for Camden on a stand-alone basis, without giving effect to the merger (the "Camden projections"), to SBM for purposes of considering and evaluating the merger and also to Camden's and SBM's respective financial advisors. Specifically, the Camden projections project an effective tax rate for 2015 of 32.5%, annual asset growth of 4% per year, a tangible common equity to tangible assets ratio of 7.5%, and earnings per share estimates for 2015, 2016 and 2017 of \$3.36, \$3.46 and \$3.57, respectively and 5% thereafter. Additionally, in connection with the evaluation of the merger, Camden's management provided to its financial advisor, SBM and SBM's financial advisor certain prospective financial information with respect to the merger ("merger estimates"). The merger estimates assumed 37% cost savings on SBM's non-interest expense (\$11.4 million based on SBM's core noninterest expense base of \$31 million) phased in 21% in 2015 and 100% thereafter and expansion expenditures savings of Camden of \$3.25 million per year beginning in 2016. The merger estimates also assume a pre-tax restructuring charge of \$15 million (55% incurred at closing and 45% expensed in 2015) and a gross pre-tax loan mark to market adjustment of \$11.8 million (1.8% of loans and 140% of reserves). The merger estimates also project accretion to Camden's GAAP (as defined below) earnings per share of 14.2%, 17.2% and 18.9% to 2016, 2017 and 2018, respectively and a pro forma tangible common equity to tangible assets ratio of 7% at the effective time of the merger. The Camden projections and merger estimates were not prepared with a view toward public disclosure or compliance with published guidelines of the SEC or established by the American Institute of Certified Public Accountants for preparation and presentation of prospective financial information or generally accepted accounting principles in the United States ("GAAP"). Camden's independent registered public accounting firm, and any other independent accountants, did not compile, examine or perform any procedures with respect to the Camden projections or merger estimates, and has not expressed any opinion or any other form of assurance on this information or its achievability.

Although presented with numerical specificity, the Camden projections and the merger estimates were prepared in the context of numerous variables, estimates, and assumptions that are inherently uncertain and may be beyond the control of Camden, and which may prove not to have been, or to no longer be, accurate. The Camden projections and the merger estimates cover multiple years, and this information by its nature becomes subject to greater uncertainty with each successive year. The Camden projections and the merger estimates are subject to many risks and uncertainties. Important factors that may affect actual results and cause actual results to differ materially from the Camden projections or the merger estimates are set forth in the section of this proxy statement/prospectus titled “Risk Factors” beginning on page 24 and also include risks and uncertainties relating to Camden’s businesses (including the ability of Camden to achieve strategic goals, objectives and targets over the applicable periods), industry performance, the regulatory environment, general business and economic conditions, market and financial conditions, various risks set forth in Camden’s reports filed with the SEC, and other factors described or referenced in the section entitled “Special Note Regarding Forward-Looking Statements.”

The Camden projections and merger estimates also reflect assumptions that are subject to change and are susceptible to multiple interpretations and periodic revisions based on actual results, revised prospects for Camden’s business, changes in interest rates, general business or economic conditions, or any other transaction or event that has occurred or that may occur and that was not anticipated at the time the Camden projections and merger estimates were prepared. In addition, the Camden projections and merger estimates do not take into account any circumstances, transactions or events occurring after the respective dates the Camden projections and merger estimates were prepared. Accordingly, actual results may differ, and may differ materially, from those contained in the Camden projections and merger estimates. We do not assure you that the financial results in the Camden projections and the merger estimates will be realized or that future financial results will not materially vary from those in the Camden projections or the merger estimates.

The inclusion of the Camden projections and the merger estimates should not be regarded as an indication that Camden or any of its affiliates, officers, directors, or other representatives consider the Camden projections or the merger estimates to be necessarily predictive of actual future events, and neither the Camden projections nor the merger estimates should be relied upon as such. None of Camden or its affiliates, officers, directors, or other representatives gives any stockholder of SBM, shareholder of Camden or any other person any assurance that actual results will not differ materially from the Camden projections or the merger estimates, and, except as otherwise required by law, none of them undertakes any obligation to update or otherwise revise or reconcile the Camden projections or the merger estimates to reflect circumstances existing after the respective dates the Camden projections and the merger estimates were generated or to reflect the occurrence of future events, even in the event that any or all of the assumptions and estimates underlying the Camden projections or the merger estimates are shown to be in error.

Certain Prospective Financial Information about SBM Provided to SBM’s Financial Advisor and to Camden and its Financial Advisor

In connection with the merger, SBM management provided certain limited unaudited prospective financial information for SBM on a stand-alone basis, without giving effect to the merger (the “SBM projections”), to Camden for

purposes of considering and evaluating the merger and also to Camden's and SBM's respective financial advisors. The following table presents a summary of certain SBM historical information at or for the year ended December 31, 2014 and the SBM projections for the years ending December 31, 2015 and 2016:

**Certain SBM Historical Projected Financial Performance Stand-Alone, Pre-Merger Basis**

(\$ in millions)

	2014	2015	2016
<b>Balance Sheet</b>			
Assets	\$806	\$858	\$949
Securities	\$87	\$91	\$121
Net Loans	\$630	\$685	\$748
Deposits	\$658	\$708	\$775
Tangible Common Equity	\$86	\$90	\$98
Loan / Deposits	96 %	97 %	97 %
Loans / Assets	78 %	80 %	79 %
<b>Profitability</b>			
Net Income	\$1.7	\$4.4	\$7.8
ROAA	0.22 %	0.53 %	0.86 %
ROAE	2.0 %	5.0 %	8.3 %
Net Interest Margin	3.55 %	3.65 %	3.92 %
Efficiency Ratio	89 %	78 %	70 %
Non-Interest Income / Operating Revenue	25 %	28 %	29 %
<b>Asset Quality</b>			
Reserves / Loans	1.26 %	1.29 %	1.29 %
<b>Capital</b>			
Tangible Common Equity / Tangible Assets	10.7 %	10.5 %	10.3 %

The SBM projections were not prepared with a view toward public disclosure or compliance with published guidelines of the SEC or established by the American Institute of Certified Public Accountants for preparation and presentation of prospective financial information or GAAP. Although presented with numerical specificity, the SBM projections were prepared in the context of numerous variables, estimates, and assumptions that are inherently uncertain and may be beyond the control of SBM, and which may prove not to have been, or to no longer be, accurate. The SBM projections cover multiple years, and this information by its nature becomes subject to greater uncertainty with each successive year. The SBM projections are subject to many risks and uncertainties. Important factors that may affect actual results and cause actual results to differ materially from the SBM projections are set forth in the section of this proxy statement/prospectus titled "Risk Factors" beginning on page 24 and also include risks and uncertainties relating to SBM's businesses (including the ability of SBM to achieve strategic goals, objectives and targets over the applicable periods), industry performance, the regulatory environment, general business and economic conditions, market and financial conditions.

The SBM projections also reflect assumptions that are subject to change and are susceptible to multiple interpretations and periodic revisions based on actual results, revised prospects for SBM's business, changes in interest rates, general



business or economic conditions, or any other transaction or event that has occurred or that may occur and that was not anticipated at the time the SBM projections were prepared. In addition, the SBM projections do not take into account any circumstances, transactions or events occurring after the respective dates the SBM projections were prepared. Accordingly, actual results may differ, and may differ materially, from those contained in the SBM projections. We do not assure you that the financial results in the SBM projections will be realized or that future financial results will not materially vary from those in the SBM projections.

The inclusion of the SBM projections should not be regarded as an indication that SBM or any of its affiliates, officers, directors, or other representatives consider the SBM projections to be necessarily predictive of actual future events, and the SBM projections should not be relied upon as such. None of SBM or its affiliates, officers, directors, or other representatives gives any stockholder of SBM, shareholder of Camden or any other person any assurance that actual results will not differ materially from the SBM projections, and, except as otherwise required by law, none of them undertakes any obligation to update or otherwise revise or reconcile the SBM projections to reflect circumstances existing after the respective dates the SBM projections were generated or to reflect the occurrence of future events, even in the event that any or all of the assumptions and estimates underlying the SBM projections are shown to be in error.

#### Accounting Treatment

The merger will be accounted for using the acquisition method of accounting with Camden treated as the acquiror. Under this method of accounting, SBM's assets and liabilities will be recorded by Camden at their respective fair values as of the closing date of the merger and added to those of Camden. Any excess of purchase price over the net fair values of SBM's assets and liabilities will be recorded as goodwill. Any excess of the fair value of SBM's net assets over the purchase price will be recognized in earnings by Camden on the closing date of the merger. Financial statements of Camden issued after the merger will reflect these values, but will not be restated retroactively to reflect the historical financial position or results of operations of SBM prior to the merger. The results of operations of SBM will be included in the results of operations of Camden beginning on the effective date of the merger.

### Post-Closing Capitalization

Following the merger, Camden will have approximately      shares of common stock outstanding. Shareholders of Camden before the merger will own approximately 72% of the total shares outstanding after the merger and SBM's current stockholders will own approximately 28%.

All of the numbers and percentages calculated above are based on the outstanding shares as of the record date and do not take into account the exercise of any outstanding stock options that would result in the issuance of additional common stock of Camden.

### Listing of Camden Common Stock to be Issued in the Merger

Camden common stock is quoted on the NASDAQ Global Market under the trading symbol "CAC." Under the terms of the merger agreement, Camden will file a notice of additional listing of shares with NASDAQ with respect to the shares of Camden common stock to be issued to the holders of SBM common stock in the merger so that these shares will be listed and traded on the NASDAQ Global Market following the merger.

### Number of Holders of Common Stock and Number of Shares Outstanding

As of      , 2015, there were      shareholders of record of Camden common stock and      shares of Camden common stock outstanding.

As of      , 2015, there were      stockholders of record of SBM common stock and      shares of SBM common stock outstanding.

Camden's registrar and transfer agent is American Stock Transfer & Trust Company. Copies of the governing corporate instruments of Camden and SBM are available, without charge, by following the instructions set forth in the section of this proxy statement/prospectus titled "Where You Can Find More Information" beginning on page 115.

## INTERESTS OF SBM DIRECTORS AND EXECUTIVE OFFICERS IN THE MERGER

SBM stockholders should be aware that directors and executive officers of SBM have financial interests in the merger that may be different from, or in addition to, those of SBM stockholders generally. As described in more detail below, these interests include certain payments and benefits that may be provided to directors and executive officers of SBM upon completion of the merger or upon termination of their employment under certain circumstances following the merger, including accelerated vesting of stock options and restricted stock units, cash severance, and continued health, dental, life and accident insurance benefits.

### Share Ownership of SBM Directors and Executive Officers

As of , 2015, the record date for the special meeting of SBM stockholders, the directors and executive officers of SBM may be deemed to be the beneficial owners of 80,453 shares, representing approximately 13.10% of the outstanding shares of SBM common stock (excluding shares that can be acquired upon exercise of stock options). See the section of this proxy statement/prospectus titled “The Voting Agreements” beginning on page 100 for further information regarding the voting agreements between Camden and the SBM directors and executive officers, and certain of their affiliates.

### SBM Directors Joining Camden Board and Camden National Bank Board

The merger agreement provides that, immediately following the effective time of the merger, two directors of SBM (as mutually agreed by SBM and Camden) will be appointed to the Camden and Camden National Bank board of directors. The two directors will be compensated for their service on the board of directors of Camden and Camden National Bank in accordance with the policies of Camden and Camden National Bank applicable generally to their directors.

### Indemnification

Under the merger agreement, Camden has agreed that all rights to indemnification and all limitations of liability existing in favor of any director or officer of SBM or any of its subsidiaries, as provided in the articles of incorporation and bylaws of SBM, similar governing documents of any SBM subsidiary or applicable law as in effect on the date of the merger agreement with respect to matters occurring on or prior to the effective time of the merger will survive the merger.

## Directors' and Officers' Insurance

Under the merger agreement, SBM has agreed to purchase an extended reporting period endorsement under its existing directors' and officers' liability insurance coverage in a form acceptable to SBM that will provide SBM directors and officers with coverage for six years following the effective time of the merger of not less than the existing coverage under, and have other terms at least as favorable to, the insured persons as the directors' and officers' liability insurance coverage presently maintained by SBM, so long as the aggregate cost is not more than 200% of the annual premium currently paid by SBM for such insurance. In the event that this premium limit is insufficient for such coverage, SBM may enter into an agreement to spend up to that amount to purchase such lesser coverage as may be obtained with such amount.

## Change in Control Benefits Under Current SBM Agreements

The Bank of Maine has change of control agreements with twenty-one employees and the executives of SBM and The Bank of Maine, including John Everets, Chairman and Chief Executive Officer of SBM, and Edmund Hayden, Chief Risk Officer and Chief Credit Officer of SBM. The change of control agreements with the SBM executives provide that the executive is entitled to change of control benefits if the executive is terminated without cause or resigns for good reason during the 12 month period after a change of control of SBM or The Bank of Maine. The closing of the merger will constitute a change of control for purposes of the change of control agreements.

The change in control agreements provide that if the executive is terminated without cause or resigns for good reason following a change in control, The Bank of Maine will make payments and provide benefits as follows:

For Mr. Everets, he would receive a cash severance payment equal to his base salary as of his date of termination and target bonus as determined by the Compensation Committee of The Bank of Maine on or prior to such date (or his current base salary, plus target bonus existing prior to any reduction thereof resulting in a good reason termination), payable for 24 months. In addition, he would be entitled to continuation of all life, disability, medical insurance and other normal welfare benefits in effect as of his date of termination of employment for 24 months, or if The Bank of Maine can no longer provide those benefits because he is no longer employed, a dollar amount equal to The Bank of Maine's cost of providing such benefits.

For Mr. Hayden, he would receive a cash severance payment equal to his base salary as of his date of termination and target bonus determined by the Compensation Committee of The Bank of Maine on or prior to such date (or his current base salary, plus target bonus existing prior to any reduction thereof resulting in a good reason termination), payable for 18 months. In addition, he would be entitled to continuation of all life, disability, medical insurance and other normal welfare benefits in effect as of his date of termination of employment for 18 months, or if The Bank of Maine can no longer provide those benefits because he is no longer employed, a dollar amount equal to The Bank of Maine's cost of providing such benefits.

For all other executives, he or she would receive a cash severance payment equal to the executive's base salary as of his or her date of termination, payable for six or, in the case of certain executives, 12 months. In addition, each executive would be entitled to continuation of all life, disability, medical insurance and other normal welfare benefits in effect as of his or her date of termination of employment for six, or in the case of certain executives, 12 months, or if The Bank of Maine can no longer provide these benefits because the executive is no longer employed, a dollar amount equal to The Bank of Maine's cost of providing such benefits.

Termination for "cause" includes termination because of an executive's personal dishonesty, incompetence, willful misconduct, breach of fiduciary duty involving personal profit, intentional failure to perform stated duties, willful violation of any law, rule or regulation or final cease and desist order, or material breach of any provision of the change of control agreement.

Resignation for "good reason" means a resignation following:

any reduction in title, change in reporting structure or significant reduction in the executive's responsibilities or authority;

any reassignment of the executive that requires the executive to move his or her principal residence;

any reduction in the executive's annual base salary or bonus;

any failure of to provide the executive with benefits at least as favorable as those enjoyed the executive under any of the retirement, life insurance, medical, health and accident, disability or other employee plans of The Bank of Maine that the executive participated in before the change of control;

any failure to obtain a satisfactory agreement from any successor to assume and agree to perform the change of control agreement; or

any material breach of the change of control agreement by The Bank or Maine or its successor.

Each of the change of control agreements contains non-solicitation and confidentiality provisions that are enforceable beyond the termination of the executive's employment and beyond the expiration of the change of control agreement. Each of the change of control agreements provides that for the period in which the executive receives change of control payments, the executive will not solicit employees of The Bank of Maine or any of its affiliates. In addition, the change of control agreements prohibits, at any time during or after termination, the disclosure or use of confidential information of SBM, The Bank of Maine or any of their affiliates.

Assuming the merger was completed and the executive experienced a qualifying termination of employment, the estimated cash severance that would be paid to Messrs. Everets and Hayden under the change in control agreements is \$1,180,000 and \$450,000, respectively, and the estimated severance payable to 19 other executives, as a group, under the change in control agreements is \$1,806,887.

#### Future Services to Camden

*Consulting Agreement with Mr. Everets.* In connection with the transaction, Camden National Bank and Mr. Everets entered into a consulting agreement, which will be effective upon the closing of the merger. Under the consulting agreement, as of the effective time of the merger, Mr. Everets' employment with The Bank of Maine will terminate and Mr. Everets will provide consulting services to Healthcare Professional Financing Corporation ("HPFC"), which will be a wholly owned subsidiary of Camden National Bank, for a period commencing on the closing date of the merger and ending on the earliest of (1) the first anniversary of the closing date, (2) the date on which HPFC ceases to be wholly owned subsidiary of Camden National Bank, (3) the termination of the consulting agreement by Mr. Everets or Camden National Bank in accordance with its terms. In addition, Mr. Everets agrees to be subject to certain non-solicitation and non-competition provisions.

Under the consulting agreement, Mr. Everets agreed that for a period of 18 months following the closing date of the merger, he will not, directly or indirectly, engage, participate or invest in any business that is in competition with Camden National Bank or HPFC anywhere in the State of Maine. However, Mr. Everets is not prohibited from having a passive investment in publicly traded stock of a company representing less than 5% of the stock of that company. Mr. Everets also agreed that he will not solicit, induce or hire any employee of Camden National Bank or any of its affiliates or subsidiaries from the employment of such entities or solicit any customer of Camden National Bank or HPFC to leave the service of Camden National Bank or HPFC for any reason.

Camden National Bank has agreed to pay Mr. Everets a total of \$495,000 in consideration of the non-competition and consulting provisions in the consulting agreement, of which \$320,000 will be paid in consideration of the non-solicitation and non-competition provisions, and \$175,000 will be paid in consideration of the consulting services to be provided. The \$495,000 will be paid to Mr. Everets monthly in arrears.

*Agreement with Mr. Hayden.* Camden National Bank and Mr. Hayden have entered into an agreement for Mr. Hayden to join Camden National Bank as Executive Vice President and Chief Credit Officer, upon completion of the merger, with an annualized base salary of \$220,000. Under the agreement, Camden National Bank agreed to assume the rights and obligations of Mr. Hayden's existing change in control agreement, subject to Mr. Hayden waiving certain provisions of the change in control agreement relating to the definition of "good reason" in connection with a termination following a change in control. Mr. Hayden will participate in Camden's Executive Incentive Plan, Long-Term Incentive Plan, and Defined Contribution Retirement Plan, and will be eligible to participate in Camden's Management Stock Purchase Plan and the Executive Deferred Compensation Plan.

#### Settlement of Executive Officers' and Directors' Equity-Based Awards

The directors and executive officers of SBM hold stock options and restricted stock unit awards issued under the SBM Financial, Inc. Equity Incentive Plan, which is also referred to as the SBM equity plan.

*Stock Options.* Stock options granted under the SBM equity plan vest monthly, or in accordance with the stock option award agreement. Under the terms of the merger agreement, upon closing of the merger, all stock options will be assumed by Camden and shall become fully vested in accordance with their terms and converted into stock options to acquire shares of Camden common stock. Each converted stock option shall be subject to the same terms and conditions as applied to the stock options immediately prior to the effective time of the merger. As of the effective time of the merger, each such option assumed will be converted for the number of whole shares of Camden common stock, rounded down to the nearest whole share, equal to the product of the number of SBM shares provided for in the option and 5.421, at an exercise per share equal to the quotient obtained by dividing the exercise price per SBM share provided for in the option by 5.421. As of December 31, 2015, SBM's directors and executive officers (as a group) held vested and unvested options to acquire an aggregate of 1,000 shares of SBM common stock.

*Restricted Stock Unit Awards.* Under the terms of the merger agreement, all outstanding restricted stock units granted under the SBM equity plan will vest and be converted into the right to receive merger consideration. As of ·, 2015, SBM's directors and executive officers (as a group) held · vested and unvested restricted stock units.

#### Pro-Rata Bonuses

With respect to the calendar year in which the effective time of the merger occurs, eligible executive officers of SBM are entitled to receive pro-rata bonuses that have been budgeted by SBM consistent with past practice and in the ordinary course of business, payable by SBM to eligible executive officers at the effective time of the merger, provided that the monthly accruals of the aggregate bonus payments shall not exceed \$50,000.



## THE MERGER AGREEMENT

The following is a brief summary of the significant provisions of the merger agreement. The summary is not complete and is qualified in its entirety by reference to the merger agreement, which is attached to this proxy statement/prospectus as *Annex A* and is incorporated into this proxy statement/prospectus by reference. You should read the merger agreement carefully and in its entirety.

### Structure of the Merger

The merger agreement provides for the merger of SBM with and into Camden, effected through a two-step merger involving Camden's wholly-owned subsidiary, Atlantic Acquisitions. The surviving corporation in the merger will be Camden. It is anticipated that The Bank of Maine will merge with and into Camden National Bank, with Camden National Bank continuing as the surviving bank, immediately following the merger.

### Closing of the Merger

The closing of the merger will occur on a date that is no later than five business days after the satisfaction or waiver of all of the closing conditions described in the merger agreement, unless this date is extended by the mutual agreement of the parties. The merger will become effective upon the filing of articles of merger with the Secretary of State of the State of Maryland.

We currently expect to complete the merger in the fall of 2015; however, because the merger is subject to a number of conditions, we cannot predict the actual timing of the closing of the merger.

### Boards of Directors of the Surviving Corporation

Upon completion of the merger, Camden will expand the size of its board of directors, and cause Camden National Bank to expand the size of its board of directors, by two seats and appoint two directors of SBM as mutually agreed upon by Camden and SBM to serve as directors of Camden and Camden National Bank.

## Merger Consideration

In the merger, each outstanding share of SBM common stock and restricted stock unit will be converted into the right to receive, at the election of the holder, either:

\$206.00 in cash, without interest (which is referred to as the cash consideration); or

5.421 shares of Camden common stock, plus cash in lieu of any fractional share (which is referred to as the stock consideration);

subject to the allocation and proration procedures described below. Subject to these procedures, you may elect to receive a portion of your merger consideration in cash and the remaining portion in shares of Camden common stock.

No fractional shares of Camden common stock will be issued in connection with the merger. Instead, each SBM stockholder will receive an amount of cash, in lieu of any fractional share, based on the average per share closing price of Camden common stock on NASDAQ for the ten consecutive trading days ending on the fifth business day immediately prior to the closing date of the merger, rounded to the nearest whole cent.

No interest will be paid on any cash merger consideration.

## Election Procedures

No less than 20 business days prior to the anticipated closing date of the merger, each holder of record of SBM common stock or restricted stock unit will be sent an election form and other appropriate and customary transmittal materials which will permit each SBM stockholder:

to elect to receive \$206.00 per share in cash, without interest, in exchange for all shares of SBM common stock and restricted stock units held by the stockholder;

to elect to receive 5.421 shares of Camden common stock, plus cash in lieu of any fractional share, in exchange for all shares of SBM common stock and restricted stock units held by the stockholder;

to elect to receive the cash consideration with respect to a portion of the shares of SBM common stock and restricted stock units held by the shareholder and the stock consideration with respect to the remaining shares of SBM common stock and restricted stock units held by the shareholder; or

to make no election with respect to the consideration to be received in exchange for the shareholder's shares of SBM common stock and restricted stock units.

If your shares or a portion of your shares of SBM common stock or restricted stock units are held in "street name" by a broker, bank or other nominee, you should receive or seek instructions from the institution holding your shares concerning how to make your election. Any instructions must be given to your broker, bank or other nominee in advance of the election deadline in order to allow your broker, bank or other nominee sufficient time to make an election as described above. Camden will publicly announce the election deadline. "Street name" holders of SBM common stock and restricted stock units may be subject to an election deadline earlier than the announced election deadline applicable to record holders. Therefore, you should carefully read any materials you receive from your broker, bank or other nominee. If you instruct a broker, bank or other nominee to submit an election for your shares, you must follow such broker's, bank's or other nominee's directions for revoking or changing those instructions.

An election form must be either accompanied by the SBM stock certificates as to which the election is being made, or must be accompanied by an appropriate guarantee of delivery of those stock certificates. Any election form may be revoked or changed by the person submitting such election form to the exchange agent by written notice to the exchange agent only if such notice of revocation or change is actually received by the exchange agent at or prior to the election deadline. Stock certificates relating to any revoked election form will be promptly returned without charge.

In order to be effective, a properly completed election form must be received by the exchange agent on or before 5:00 p.m., Eastern time, on the 25th day following the mailing date of the election form to SBM stockholders, unless Camden and SBM have mutually agreed to another date and time as the election deadline, which date will be publicly announced by Camden as soon as practicable prior to the election deadline. SBM stockholders are urged to carefully read and follow the instructions for completion of the election form and to submit the form along with the stock certificate(s) in advance of the election deadline.

If an SBM stockholder either:

does not submit a properly completed election form in a timely fashion; or

revokes his, her or its election form prior to the deadline for the submission of the election form and does not resubmit a properly completed election form by the election form deadline,

the shares of SBM common stock and restricted stock units held by the stockholder will be designated non-election shares. The exchange agent will have reasonable discretion in determining whether any election, revocation or change was properly or timely made and to disregard any immaterial defects in the election form.

If you have a preference for receiving either cash or Camden common stock for your shares of SBM common stock and restricted stock units, you should return the election form indicating your preference. SBM stockholders who make an election will be accorded priority over those shareholders who make no election in instances where the cash consideration or stock consideration must be re-allocated in order to achieve the required ratio of SBM shares being converted into the right to receive cash and Camden common stock. If you do not make an election, you will be allocated cash and/or Camden common stock depending entirely on the elections made by other SBM stockholders. **However, even if you do make an election, the form of merger consideration you actually receive may differ from the form of merger consideration you elect to receive due to the allocation procedures described below.**

The market price of Camden common stock will fluctuate between the date of this proxy statement/prospectus, the date of your election and the effective time of the merger. Because the exchange ratio is fixed, such fluctuations will alter the value of the shares of Camden common stock that you may receive in the merger. In addition, because the tax consequences of receiving cash will differ from the tax consequences of receiving Camden common stock, you should carefully read the section of this proxy statement/prospectus titled "Material Federal Income Tax Consequences" beginning on page 101.

## Allocation Procedures

A stockholder's ability to elect to receive cash or shares of Camden common stock in exchange for shares of SBM common stock and restricted stock units in the merger is subject to allocation procedures set forth in the merger agreement. These allocation procedures are designed to ensure that 80% of the total number of shares of SBM common stock outstanding immediately prior to the effective time of the merger, will be converted into shares of Camden common stock, and the remaining shares of SBM common stock will be converted into cash. In the event that the tax opinions to be delivered at closing cannot be rendered as a result of the merger failing to satisfy the "continuity of interest" requirements under applicable federal income tax principles relating to reorganizations under Section 368(a) of Internal Revenue Code of 1986, as amended (the "Code"), Camden will increase the stock consideration to the minimum extent necessary to enable the tax opinions to be rendered.

Whether you receive the amount of cash and/or stock you request in your election form will depend in part on the elections of other SBM stockholders. You may not receive the form of consideration that you elect in the merger, and you may instead receive a pro-rata amount of cash and Camden common stock.

Through the use of examples, we illustrate below the possible adjustments to elections in connection with these allocation procedures. The first of our three examples assumes you make an effective stock election with respect to all of your SBM shares. The second example assumes you make no election with respect to your SBM shares. Finally, the third example assumes that you make an effective cash election with respect to all of your SBM shares. You should note, however, that you are not required to elect to receive only cash or only Camden common stock. You may instead elect to receive cash with respect to a portion of your SBM shares and shares of Camden common stock with respect to the rest of your SBM shares. You also should note that the examples below are included for illustrative purposes only, and the pro-rated amounts of cash and stock that a shareholder may receive in the merger are subject to the application of the allocation provisions in the merger agreement by the exchange agent, including the exchange agent's procedures for rounding the various amounts.

*Allocation if Too Many Shares of Camden Common Stock are Elected.* If SBM stockholders elect to receive more Camden common stock than Camden has agreed to issue in the merger, then all SBM stockholders who elected to receive cash or who have made no election would receive the cash consideration with respect to their SBM shares, and all SBM stockholders who elected to receive Camden common stock would receive a pro-rata portion of the available shares of Camden common stock calculated in the manner described below.

EXAMPLE #1: Assume that (1) 600,000 shares of SBM common stock are outstanding immediately prior to the merger, (2) holders of 500,000 shares of SBM common stock have made effective stock elections, (3) holders of 50,000 shares of SBM common stock have made effective cash elections and (4) holders of 50,000 shares of SBM common stock have made no election with respect to their shares. You hold 10,000 SBM shares and have made an effective election to receive the stock consideration for those shares. In this example, pro-ration would be required

with respect to the SBM stockholders who elected the stock consideration because stockholders have elected to receive Camden common stock in the merger with respect to more than 80% of the outstanding shares of SBM common stock.

EXPLANATION #1:

*Step 1.* Derive the stock fraction: the stock fraction equals the stock conversion number divided by the aggregate number of SBM shares for which an effective stock election was made, and represents the fraction to be used in pro-rating the stock consideration. The stock conversion number is the number of shares of SBM common stock that are to be converted into the right to receive the stock consideration in accordance with the terms of the merger agreement. The stock conversion number is equal to 480,000 shares of SBM common stock. The stock fraction for the example above is calculated as follows:

$$\frac{\text{stock conversion number} = 480,000 \text{ shares}}{\text{stock election shares} = 500,000 \text{ shares}} = 0.96$$

*Step 2.* Derive the stock consideration: the pro-rated stock consideration is the product of the stock fraction multiplied by the number of SBM shares as to which you have made an effective stock election. This amount is then multiplied by the exchange ratio of 5.421. The pro-rated stock consideration for the example above is calculated as follows:

$$10,000 \times 0.96 = 9,600$$

$$9,600 \times 5.421 = 52,041.6 \text{ shares of Camden common stock}$$

Because no fractional shares of Camden common stock will be issued in the merger, you would receive 52,041 shares of Camden common stock and cash for the additional 0.6 fractional share.

*Step 3.* Derive the cash consideration: the cash consideration that you will receive for your SBM shares is the product of \$206.00, multiplied by the remaining number of SBM shares as to which you made an effective stock election. The cash consideration for the example above is calculated as follows:

$$\$206.00 \times (10,000 - 9,600) = \$206.00 \times 400 = \$82,400$$

Thus, in this example, if you own 10,000 shares of SBM common stock and have made an effective stock election for all of those shares, you would receive (subject to rounding):

52,041 shares of Camden common stock;

cash for the 0.6 fractional share of Camden common stock; and

\$82,400 in cash.

*Allocation if Too Few Shares of Camden Common Stock are Elected.* If SBM stockholders elect less Camden common stock than the merger agreement provides for Camden to issue in the merger, then all shares with respect to which SBM stockholders have elected to receive stock consideration would be converted into the right to receive Camden common stock, and the shares for which SBM stockholders have elected to receive cash or with respect to which no election was made would be treated in the manner illustrated below.

**EXAMPLE #2:** Assume that (1) 600,000 shares of SBM common stock are outstanding immediately prior to the merger, (2) holders of 400,000 shares of SBM common stock have made effective stock elections, (3) holders of 100,000 shares of SBM common stock have made effective cash elections and (4) holders of 100,000 shares of SBM

common stock have made no election with respect to their shares. You hold 10,000 SBM shares and have made no election with respect to those shares. In this example, pro-ration would be required with respect to the stockholders who made no election with respect to their SBM shares because holders of less than 80% of the outstanding SBM shares have elected to receive Camden common stock in the merger, and the shortfall is less than the number of non-election shares.

EXPLANATION #2:

*Step 1.* Derive the shortfall number: the shortfall number is the amount by which the stock conversion number exceeds the aggregate number of SBM shares with respect to which the stock consideration was elected. The stock conversion number is the number of shares of SBM common stock that are to be converted into the right to receive the stock consideration in accordance with the terms of the merger agreement. The stock conversion number is equal to 480,000 shares of SBM common stock. The shortfall number for the example above is calculated as follows:

$$480,000 - 400,000 = 80,000 \text{ shares}$$

*Step 2.* Determine whether the shortfall number is less than or equal to the number of non-election shares: In this example, the shortfall number (80,000 shares) is less than the number of non-election shares (100,000 shares). As a result, all SBM shares with respect to which an effective cash election was made would be converted into the right to receive the cash consideration, and the holders of non-election shares would receive a mix of stock consideration and cash consideration.

*Step 3.* Derive the stock fraction: the stock fraction equals the shortfall number divided by the aggregate number of SBM shares for which no election was made, and represents the fraction to be used in pro-rating the stock consideration. The stock fraction for the example above is calculated as follows:



$$\frac{\text{shortfall number}}{\text{non-election shares}} = \frac{80,000 \text{ shares}}{100,000 \text{ shares}} = 0.8$$

*Step 4.* Derive the stock consideration: the pro-rated stock consideration is the product of the stock fraction multiplied by the number of SBM shares as to which you have made no election. This amount is then multiplied by the exchange ratio of 5.421. The pro-rated stock consideration for the example above is calculated as follows:

$$10,000 \times 0.8 = 8,000$$

$$8,000 \times 5.421 = 43,368 \text{ shares of Camden common stock}$$

*Step 5.* Derive the cash consideration: the cash consideration that you will receive for your SBM shares is the product of \$206.00, multiplied by the remaining number of SBM shares as to which you made no election. The cash consideration for the example above is calculated as follows:

$$\$206.00 \times (10,000 - 8,000) = \$206.00 \times 2,000 = \$412,000$$

Thus, in this example, if you own 10,000 shares of SBM common stock and made no election with respect to those shares, you would receive (subject to rounding):

43,368 shares of Camden common stock; and

\$412,000 in cash.

**EXAMPLE #3:** Assume that (1) 600,000 shares of SBM common stock are outstanding immediately prior to the merger, (2) holders of 400,000 shares of SBM common stock have made effective stock elections, (3) holders of 150,000 shares of SBM common stock have made effective cash elections and (4) holders of 50,000 shares of SBM common stock have made no election with respect to their shares. You hold 10,000 SBM shares and have made an effective election to receive the cash consideration for those shares. In this example, pro-ration would be required with respect to the stockholders who made cash elections with respect to their SBM shares because holders of less than 80% of the outstanding SBM shares have elected to receive stock in the merger, and the shortfall is more than the number of non-election shares.

## EXPLANATION #3:

*Step 1.* Derive the shortfall number: the shortfall number is the amount by which the stock conversion number exceeds the aggregate number of SBM shares with respect to which the stock consideration was elected. The stock conversion number is the number of shares of SBM common stock that are to be converted into the right to receive the stock consideration in accordance with the terms of the merger agreement. The stock conversion number is equal to 480,000 shares of SBM common stock. The shortfall number for the example above is calculated as follows:

$$480,000 - 400,000 = 80,000 \text{ shares}$$

*Step 2.* Determine whether the shortfall number is less than or equal to the number of non-election shares: In this example, the shortfall number (80,000 shares) is greater than the number of non-election shares (50,000 shares). As a result, all SBM shares with respect to which no election was made would be converted into the right to receive the stock consideration, and the holders of shares with respect to which an effective cash election was made would receive a mix of stock consideration and cash consideration.

*Step 3.* Derive the stock fraction: the stock fraction equals the amount by which the shortfall number exceeds the total number of non-election shares, divided by the aggregate number of SBM shares for which an effective cash election was made, and represents the fraction to be used in pro-rating the stock consideration. The stock fraction for the example above is calculated as follows:

$$\frac{\text{shortfall number} - \text{non-election shares}}{\text{cash election shares}} = \frac{(80,000 - 50,000) + 30,000}{150,000} = 0.2$$

*Step 4.* Derive the stock consideration: the pro-rated stock consideration is the product of the stock fraction multiplied by the number of SBM shares as to which you have made an effective cash election. This amount is then multiplied by the exchange ratio of 5.421. The pro-rated stock consideration for the example above is calculated as follows:

$$10,000 \times 0.2 = 2,000$$

$$2,000 \times 5.421 = 10,842 \text{ shares of Camden common stock}$$

*Step 5.* Derive the cash consideration: the cash consideration that you will receive for your SBM shares is the product of \$206.00, multiplied by the remaining number of SBM shares as to which you made an effective cash election. The cash consideration for the example above is calculated as follows:

$$\$206.00 \times (10,000 - 2,000) = \$206.00 \times 8,000 = \$1,648,000$$

Thus, in this example, if you own 10,000 shares of SBM common stock and made an effective cash election for all of those shares, you would receive (subject to rounding):

10,842 shares of Camden common stock; and

\$1,648,000 in cash.

#### Exchange of SBM Stock Certificates for Camden Stock Certificates

On or before the closing date of the merger, Camden will cause to be delivered to the exchange agent certificates representing the shares of Camden common stock to be issued in the merger. In addition, Camden will deliver to the exchange agent an aggregate amount of cash sufficient to pay the aggregate amount of cash consideration payable in the merger, including an estimated amount of cash to be paid in lieu of fractional shares of Camden common stock. Camden has selected American Stock Transfer & Trust Company to act as exchange agent in connection with the merger.

SBM stockholders who surrender their stock certificates and complete transmittal and election forms prior to the election deadline will automatically receive the merger consideration allocated to them promptly following completion of the allocation procedures.

As promptly as practicable following the effective time of the merger, the exchange agent will mail to each SBM stockholder of record at the effective time of the merger who did not previously surrender SBM stock certificates with a properly completed election form, a letter of transmittal and instructions for use in surrendering the stockholder's SBM stock certificates. When such SBM stockholders deliver their SBM stock certificates to the exchange agent with a properly completed and duly executed letter of transmittal and any other required documents, their SBM stock certificates will be cancelled and in exchange SBM stockholders will receive, as allocated to them:

a Camden stock certificate representing the number of whole shares of Camden common stock that they are entitled to receive under the merger agreement;

- a check representing the amount of cash that they are entitled to receive under the merger agreement; and/or
- a check representing the amount of cash that they are entitled to receive in lieu of any fractional shares.

No interest will be paid or accrued on any cash constituting merger consideration.

SBM stockholders who are receiving the stock consideration in the merger are not entitled to receive any dividends or other distributions on Camden common stock with a record date after the closing date of the merger until they have surrendered their SBM stock certificates in exchange for a Camden stock certificate. After the surrender of their SBM stock certificates, SBM stockholders of record will be entitled to receive any dividend or other distribution, without interest, which had become payable with respect to their Camden common stock.

### Treatment of SBM Equity Awards

At the effective time of the merger, each option granted under SBM's equity plans, whether vested or unvested, which is outstanding immediately prior to the effective time of the merger and which has not been previously exercised or cancelled, will be assumed by Camden and fully vested in accordance with its terms and converted into an option to acquire Camden common stock. As of the effective time of the merger, each such option assumed will be converted for the number of whole shares of Camden common stock, rounded down to the nearest whole share, equal to the product of the number of SBM shares provided for in the option and 5.421, at an exercise price per share equal to the quotient obtained by dividing the exercise price per SBM share provided for in the option by 5.421, rounded up to the nearest whole cent. Each assumed stock option shall be subject to the same terms and conditions that applied to the stock option immediately prior to the effective time (subject to adjustment by reason of the merger). As of , 2015, there were outstanding options to purchase 27,500 shares of SBM common stock.

At the effective time of the merger, each outstanding restricted stock unit granted under SBM's equity plan will vest in full and no longer be subject to any forfeiture or vesting requirements, and all such shares will be entitled to receive election forms and to receive the merger consideration.

### Conditions to the Merger

The obligations of SBM and Camden to consummate the merger are subject to the fulfillment of the following conditions:

- the merger being approved by the requisite affirmative vote of the stockholders of SBM;
- the share issuance being approved by the requisite affirmative vote of the shareholders of Camden;

Camden and SBM having obtained all regulatory approvals required to consummate the transactions provided for in the merger agreement, all related statutory waiting periods having expired, and none of the regulatory approvals having imposed any term, condition or restriction that Camden reasonably determines would (1) prohibit or materially limit the ownership or operation by Camden of all or any material portion of the business or assets of SBM or Camden, (2) compel Camden to dispose of or hold separate all or any material portion of the business or assets of SBM or Camden or (3) compel Camden to take any action, or commit to take any action, or agree to any condition or request, if the prohibition, limitation, condition or other requirement described in clauses (1)-(3) of this sentence would have a material adverse effect on the future operation by Camden of its business, taken as a whole (a "burdensome condition");

the absence of any order, decree or injunction in effect, or any law, statute or regulation enacted or adopted, that enjoins, prohibits, materially restricts or makes illegal the consummation of the transactions provided for in the merger agreement; and

the registration statement, of which this proxy statement/prospectus is a part, being declared effective and the absence of any proceeding or threatened proceeding to suspend, or stop order suspending, that effectiveness.

In addition, the obligation of Camden to complete the merger is subject to the fulfillment or written waiver, where permissible, of the following conditions:

each of the representations and warranties of SBM contained in the merger agreement having been true and correct as of the date of the merger agreement and as of the closing date of the merger, unless the failure of those representations and warranties to be true and correct, individually or in the aggregate, has not had, or would not reasonably be likely to have, a material adverse effect on SBM;

each and all of the agreements and covenants of SBM to be performed and complied with pursuant to the merger agreement on or prior to the closing date of the merger having been duly performed and complied with in all material respects;

Camden having received a certificate from the chief executive officer and chief financial officer of SBM with respect to compliance with the foregoing conditions; and

Camden having received an opinion from its tax counsel, or such other counsel as provided for in the merger agreement, that the merger will be treated for federal income tax purposes as a "reorganization" under Section 368(a) of the Code.

The obligations of SBM to complete the merger are subject to the fulfillment or written waiver, where permissible, of the following additional conditions:

each of the representations and warranties of Camden and Atlantic Acquisitions contained in the merger agreement having been true and correct as of the date of the merger agreement and as of the closing date of the merger, unless the failure of those representations and warranties to be true and correct, individually or in the aggregate, has not had, or would not reasonably be likely to have, a material adverse effect on Camden;

each and all of the agreements and covenants of Camden and Atlantic Acquisitions to be performed and complied with pursuant to the merger agreement on or prior to the closing date of the merger having been duly performed and complied with in all material respects;

SBM having received a certificate from the chief executive officer and chief financial officer of Camden with respect to compliance with the foregoing conditions; and

SBM having received an opinion from its tax counsel, or such other counsel as provided for in the merger agreement, that the merger will be treated for federal income tax purposes as a “reorganization” under Section 368(a) of the Code.

“Material adverse effect” when used in reference to SBM or Camden, means any fact, change, event, development, effect or circumstance that, individually or in the aggregate, (1) are, or would reasonably be expected to be, materially adverse to the business, business prospects, operations, assets, liabilities, condition (financial or otherwise), results of operations, cash flows or properties of SBM or Camden, taken as a whole, or (2) would reasonably be expected to prevent SBM, Camden or Atlantic Acquisitions, LLC from performing its obligations under the merger agreement or consummating the transactions provided for in the merger agreement; however, material adverse effect does not include the impact of:

any fact, change, event, development, effect or circumstance arising after the date of the merger agreement affecting banks or their holding companies generally or arising from changes in general business or economic conditions (and not specifically relating to or having the effect of specifically relating to or having a materially disproportionate effect on SBM or Camden, taken as a whole);

any fact, change, event, development, effect or circumstance resulting from any change in law, generally accepted accounting principles or regulatory accounting after the date of the merger agreement, which affects generally entities such as SBM or Camden, taken as a whole (and not specifically relating to or having the effect of specifically relating to or having a materially disproportionate effect on SBM or Camden, taken as a whole);

actions and omissions of SBM or Camden taken with the prior written consent of the other party in furtherance of the transactions provided for in the merger agreement or otherwise permitted to be taken by SBM or Camden under the

merger agreement;

any fact, change, event, development, effect or circumstance resulting from the announcement or pendency of the transactions provided for in the merger agreement;

any failure by SBM or Camden to meet any internal or published industry analyst projections or forecasts or estimates of revenues or earnings for any period; and

changes in the trading price or trading volume of Camden's common stock.

#### Termination

The merger agreement may be terminated and the merger and the transactions provided for in the merger agreement abandoned as follows:

by mutual written consent of the parties;

by Camden or SBM if the merger is not consummated by March 1, 2016, unless the terminating party's failure to comply with the merger agreement was the cause of the failure of the merger to occur on or before this date;



by Camden or SBM if the other party materially breaches any of its representations, warranties, covenants or agreements contained in the merger agreement (provided that the terminating party is not then in material breach of any representation, warranty, covenant or other agreement contained in the merger agreement), and the breach cannot be or has not been cured within 30 days of written notice of the breach and such breach would entitle the non-breaching party not to consummate the transactions provided for in the merger agreement;

by Camden or SBM if (1) any regulatory approval required for consummation of the merger and the other transactions provided for in the merger agreement (A) will impose any term, condition or restriction upon Camden or any of its subsidiaries that Camden reasonably determines is a burdensome condition, or (B) has been denied by final nonappealable action of any regulatory authority, or (2) any governmental entity has issued a final nonappealable order, injunction or decree enjoining or otherwise prohibiting the transactions provided for in the merger agreement, provided in either case that the terminating party has used its reasonable best efforts to have the order, injunction or decree lifted or to prevent such burdensome condition from being imposed;

by Camden or SBM if the required approval of the merger by the SBM stockholders or the share issuance by the Camden shareholders is not obtained;

by Camden, if the SBM board of directors:

withdraws, qualifies, amends, modifies or withholds its recommendation to the SBM stockholders to vote in favor of the merger or makes any statement, filing or release that is inconsistent with the recommendation;

materially breaches its obligation to call, give notice of hold and commence the special meeting or to solicit proxies in favor of approval of the merger;

approves or recommends another acquisition proposal; or

resolves or otherwise determines to take, or announces an intention to take, any of the actions listed above;

by Camden if SBM or any of SBM's representatives breaches in any material respect the provisions in the merger agreement prohibiting the solicitation of other offers;

by SBM in connection with entering into a definitive agreement to effect a superior proposal; or

by SBM, if its board of directors so determines by a majority vote of the members of its entire board, at any time during the five business day period commencing on the latest of the date, which is referred to as the determination date, on which (1) all regulatory approvals have been received, and (2) the approval of the merger by the SBM stockholders is obtained, if both of the following conditions are satisfied:

the average of the daily closing sales prices of a share of Camden common stock as reported on NASDAQ for the ten consecutive trading days immediately preceding the determination date is less than \$30.65 (which represents 80% of the average of the daily closing sales prices of a share of Camden common stock, as reported on NASDAQ, for the ten consecutive trading days immediately preceding the date of the merger agreement); and

the number obtained by dividing the average of the daily closing sales prices of a share of Camden common stock as reported on NASDAQ for the ten consecutive trading days immediately preceding the determination date by the average of the daily closing sales prices of a share of Camden common stock, as reported on NASDAQ, for the ten consecutive trading days immediately preceding the date of the merger agreement is less than the quotient obtained by dividing the average of the closing prices of the NASDAQ Bank Index on each of the ten consecutive trading days immediately preceding the determination date by the average of the closing prices of the NASDAQ Bank Index for the ten consecutive trading days immediately preceding the date of the merger agreement, minus 0.20.

If the SBM board of directors exercises the termination right described above, Camden will have the option to increase the amount of Camden common stock to be provided to SBM stockholders such that the implied value of the exchange ratio would be equivalent to the minimum implied value that would have avoided triggering the termination right described above. If Camden elects to increase the exchange ratio pursuant to the preceding sentence, no termination will occur.

Under the merger agreement, an “acquisition proposal” means any inquiry, offer or proposal (other than an inquiry, offer or proposal from Camden), whether or not in writing, contemplating, relating to, or that could reasonably be expected to lead to, an acquisition transaction. An “acquisition transaction” means:

any transaction or series of transactions involving any merger, consolidation, recapitalization, share exchange, liquidation, dissolution or similar transaction involving SBM or any of its subsidiaries;

any transaction pursuant to which any third party or group acquires or would acquire (whether through sale, lease or other disposition), directly or indirectly, any assets of SBM or any of its subsidiaries representing, in the aggregate, 25% or more of the assets of SBM and its subsidiaries on a consolidated basis;

any issuance, sale or other disposition of (including by way of merger, consolidation, share exchange or any similar transaction) securities (or options, rights or warrants to purchase or securities convertible into, such securities) representing 25% or more of the votes attached to the outstanding securities of SBM or any of its subsidiaries;

any tender offer or exchange offer that, if consummated, would result in any third party or group beneficially owning 25% or more of any class of equity securities of SBM or any of its subsidiaries; or

any transaction which is similar in form, substance or purpose to any of the transactions listed above, or any combination of these types of transactions.

For purposes of the termination fee provisions described below, all references to 25% in the definition of “acquisition transaction” shall instead refer to 50%.

#### Termination Fee

Under the terms of the merger agreement, SBM must pay Camden a termination fee of \$5.4 million if:

Edgar Filing: CAMDEN NATIONAL CORP - Form S-4

Camden terminates the merger agreement as a result of the SBM board of directors:

withdrawing, qualifying, amending, modifying or withholding its recommendation to the SBM stockholders to vote in favor of the merger or making any statement, filing or release that is inconsistent with the recommendation;

materially breaching its obligation to call, give notice of hold and commence the special meeting or to solicit proxies in favor of the merger;

approving or recommending another acquisition proposal; or

resolving or otherwise determining to take, or announcing an intention to take, any of the actions listed above;

Camden terminates the merger agreement as a result of a material breach by SBM or any of SBM's representatives of the provisions in the merger agreement prohibiting the solicitation of other offers;

SBM terminates the merger agreement in connection with entering into a definitive agreement to effect a superior proposal;

Camden or SBM terminates the merger agreement as a result of:

the failure of the SBM stockholders to approve the merger, or the merger not having been consummated by March 1, 2016 due to the failure of the SBM stockholders to approve the merger, and both:

an acquisition proposal with respect to SBM has been publicly announced, disclosed or otherwise communicated to the SBM board of directors or senior management of SBM prior to March 1, 2016 or prior to the special meeting, as applicable; and

within 12 months of termination of the merger agreement, SBM recommends to its shareholders another acquisition proposal or enters into a definitive agreement with respect to, or consummates, another acquisition transaction; or

Camden terminates the merger agreement as a result of a willful material breach by SBM of any of its representations, warranties, covenants or agreements contained in the merger agreement, if both:

an acquisition proposal with respect to SBM has been publicly announced, disclosed or otherwise communicated to the SBM board of directors or senior management of SBM prior to such breach or during the related cure period; and

within 12 months of termination of the merger agreement, SBM recommends to its shareholders another acquisition proposal or enters into a definitive agreement with respect to, or consummates, another acquisition transaction.

#### No Solicitation

SBM has agreed that neither it nor its subsidiaries nor any of its respective officers, directors, employees, investment bankers, financial advisors, attorneys, accountants, consultants, affiliates and other of its agents (which we refer to as SBM's representatives) will, directly or indirectly:

initiate, solicit, induce or knowingly encourage, or take any action to facilitate the making of, any inquiry, offer or proposal which constitutes, or could reasonably be expected to lead to, an acquisition proposal;

participate in any discussions or negotiations regarding any acquisition proposal or furnish, or otherwise afford access, to any person (other than Camden) any information or data with respect to SBM or any of its subsidiaries or otherwise relating to an acquisition proposal;

release any person from, waive any provisions of, or fail to enforce any confidentiality agreement or standstill agreement to which SBM is a party; or

enter into any agreement, agreement in principle or letter of intent with respect to any acquisition proposal or approve or resolve to approve any acquisition proposal or any agreement, agreement in principle or letter of intent relating to an acquisition proposal.

If SBM receives a bona fide unsolicited written acquisition proposal that did not result from a breach by SBM of any of the provisions in the merger agreement as discussed above, the SBM board of directors may participate in discussions or negotiations regarding the unsolicited acquisition proposal or furnish the third party with, or otherwise afford access to the third party of, any information or data with respect to SBM or any of its subsidiaries or otherwise relating to the acquisition proposal if:

the SBM board of directors first determines in good faith, (1) after consultation with its outside legal counsel and its independent financial advisor, that such acquisition proposal constitutes or is reasonably likely to lead to a superior proposal, and (2) after consultation with its outside legal counsel, that it is required to take such actions to comply with the standard of conduct required of a board of directors under the MGCL or other fiduciary duties owed to its shareholders under applicable law;

SBM has provided Camden with at least two business days' prior notice of such determination; and

prior to furnishing or affording access to any information or data with respect to SBM or any of its subsidiaries or otherwise relating to an acquisition proposal, the third party enters into a confidentiality agreement with SBM containing terms no less favorable to SBM than those contained in its confidentiality agreement with Camden.

A “superior proposal” means any bona fide written proposal (on its most recently amended or modified terms, if amended or modified) made by a third party to enter into an acquisition transaction on terms that the SBM board of directors determines in its good faith judgment, after consultation with outside legal counsel and its independent financial advisor:

would, if consummated, result in the acquisition of all, but not less than all, of the issued and outstanding shares of SBM’s common stock or all, or substantially all, of the assets of SBM and its subsidiaries on a consolidated basis;

would result in a transaction that:

involves consideration to the SBM stockholders that is more favorable, from a financial point of view, than the consideration to be paid to SBM stockholders pursuant to the merger agreement, considering, among other things, the nature of the consideration being offered and any material regulatory approvals or other risks associated with the timing of the proposed transaction beyond or in addition to those specifically provided for in the merger agreement, and which proposal is not conditioned upon obtaining additional financing; and

is, in light of the other terms of such proposal, more favorable to SBM stockholders than the merger and the transactions provided for in the merger agreement; and

is reasonably likely to be completed on the terms proposed,

in each case taking into account all legal, financial, regulatory and other aspects of the proposal.

SBM has agreed to promptly, and in any event within 24 hours, notify Camden in writing if any proposals or offers are received by, any information is requested from, or any negotiations or discussions are sought to be initiated or continued with, SBM or any of its representatives, in each case in connection with any acquisition proposal. Any such notice will indicate the name of the person initiating such discussions or negotiations or making such proposal, offer or information request, the material terms and conditions of any proposals or offers. SBM is also required to keep Camden informed, on a reasonably current basis, and in any event within 24 hours, of the status and terms of any material developments with respect to such proposal, offer, information request, negotiations or discussions (including any amendments or modifications to such proposal, offer or request).

SBM has also agreed to promptly provide Camden with any non-public information about SBM or any of its subsidiaries provided to any other person that was not previously provided to Camden.

In addition, under the merger agreement, SBM agreed that its board of directors, or any committee of the board, will not:

· withdraw, qualify, amend or modify, or propose to withdraw, qualify, amend or modify, in a manner adverse to Camden in connection with the transactions provided for in the merger agreement (including the merger), its recommendation that SBM stockholders vote to approve the merger;

· fail to reaffirm its recommendation that SBM stockholders vote to approve the merger within three business days following a request by Camden;

· make any statement, filing or release, in connection with the special meeting or otherwise, inconsistent with its recommendation that SBM stockholders vote to approve the merger (including taking a neutral position or no position with respect to an acquisition proposal);

· approve or recommend, or propose to approve or recommend, any acquisition proposal; or



enter into any letter of intent, agreement in principle, acquisition agreement or other agreement:

related to any acquisition transaction (other than a confidentiality agreement entered into in accordance with the no solicitation provisions of the merger agreement); or

requiring SBM to abandon, terminate or fail to consummate the merger or any other transaction provided for in the merger agreement.

However, prior to the date of the special meeting of stockholders, the SBM board of directors may withdraw, qualify, amend or modify its recommendation that SBM stockholders vote to approve the merger if the SBM board reasonably determines in good faith, after consultation with outside legal counsel, that it is required to do so in order to comply with the standard of conduct required of a board of directors under the MGCL or other fiduciary duties owed to the SBM stockholders under applicable law. In the event that the SBM board makes this determination, SBM must provide three business days' prior written notice to Camden that its board has decided that a bona fide unsolicited written acquisition proposal that SBM received (that did not result from a breach of the no solicitation provisions of the merger agreement) constitutes a superior proposal. During the three business days after Camden's receipt of the notice of a superior proposal, SBM and its board must cooperate and negotiate in good faith with Camden to make any adjustments, modifications or amendments to the terms and conditions of the merger agreement as would enable SBM to proceed with its board's original recommendation with respect to the merger agreement without requiring SBM to approve or recommend to its shareholders a superior proposal and withdraw, qualify or modify its board's recommendation with respect to the merger agreement. At the end of the three business day period, and after taking into account any such adjusted, modified or amended terms as may have been proposed by Camden during that period, the SBM board must again determine in good faith, after consultation with outside legal counsel, that:

it is required to approve or recommend to its shareholders a superior proposal and withdraw, qualify, amend or modify its recommendation with respect to the merger agreement to comply with its fiduciary duties to its shareholders under applicable law; and

the acquisition proposal is a superior proposal.

#### SBM Stockholders Meeting

SBM has agreed to call, hold and convene a meeting of its stockholders as promptly as practicable (and in any event within 45 days following the time when the registration statement of which this proxy statement/prospectus is a part becomes effective) to consider and vote upon the approval of the merger and any other matter required to be approved by the stockholders of SBM in order to consummate the merger.

### Camden Shareholders Meeting

Camden has agreed to call, hold and convene a meeting of its shareholders as promptly as practicable (and in any event within 45 days following the time when the registration statement of which this proxy statement/prospectus is a part becomes effective) to consider and vote upon the approval of the share issuance and any other matter required to be approved by the shareholders of Camden in order to consummate the merger.

### NASDAQ Listing

Under the terms of the merger agreement, Camden will file a notice of additional listing of shares with NASDAQ with respect to the shares of Camden common stock to be issued to the holders of SBM common stock in the merger so that these shares will be listed and traded on the NASDAQ Global Market following the merger.

### Indemnification and Insurance

*Indemnification.* Under the merger agreement, Camden has agreed that all rights to indemnification and all limitations of liability existing in favor of any director or officer of SBM or any of its subsidiaries, as provided in the articles of incorporation and bylaws of SBM, similar governing documents of any SBM subsidiary or in applicable law as in effect on the date of the merger agreement with respect to matters occurring on or prior to the effective time of the merger, including without limitation the right to advancement of expenses, will survive the merger.

*Directors' and Officers' Insurance.* The merger agreement provides for SBM to purchase an extended reporting period endorsement under its existing directors' and officers' liability insurance coverage prior to the effective time of the merger in a form acceptable to SBM. This extended reporting period endorsement will provide SBM's directors and officers with coverage for six years following the effective time of the merger of not less than the existing coverage under, and have other terms at least as favorable to the insured persons as, the directors' and officers' liability insurance coverage presently maintained by SBM so long as the aggregate cost is no more than 200% of the annual premium currently paid by SBM for such insurance. In the event that this premium limit is insufficient for such coverage, SBM may enter into an agreement to spend up to that amount to purchase such lesser coverage as may be obtained with such amount.

#### Conduct of Business Pending the Merger

Under the merger agreement, SBM has agreed that, until the effective time of the merger or the termination of the merger agreement, and except as expressly permitted by the merger agreement or with the prior written consent of Camden, SBM will not, and will cause each of its subsidiaries not to:

- conduct its business other than in the ordinary and usual course consistent with past practice;

- fail to use reasonable best efforts to preserve intact its business organizations and assets, and maintain its rights, franchises, and existing relations with customers, suppliers, employees and business associates;

- take any action that would reasonably be expected to adversely affect the ability of either SBM or Camden to obtain any necessary regulatory approval required to complete the transactions provided for in the merger agreement or adversely affect SBM's ability to perform any of its material obligations under the merger agreement;

- issue, sell or otherwise permit to become outstanding any securities or equity equivalents or enter into any agreement with respect to the foregoing, except with respect to stock options or stock based awards outstanding or authorized to be granted on the date of the merger agreement;

- accelerate the vesting of any existing stock options or other equity rights except pursuant to the merger agreement;

- effect a split, dividend, recapitalization or reclassification of its capital stock;

- declare or pay any dividend or other distribution on its capital stock other than:

regular quarterly cash dividends not to exceed the rate paid during the fiscal quarter immediately preceding the date of the merger agreement; or

- dividends paid by wholly-owned subsidiaries to SBM or any other wholly-owned subsidiary of SBM;

directly or indirectly combine, redeem, reclassify, purchase or otherwise acquire, any shares of its stock, other than with respect to shares withheld for tax purposes upon the vesting of restricted stock awards or performance share awards or tendered to pay withholding taxes or in payment of the exercise price of stock options;

- grant or approve any preemptive or similar rights with respect to any shares of SBM common stock;

enter into or amend any employment, severance or similar arrangement with any director, officer, employee or consultant, grant any salary or wage increase, increase any employee benefit, or make any bonus or incentive payments except for normal increases not to exceed five percent (5%) in compensation to employees in the ordinary course of business consistent with past practice, as may be required by law, to satisfy existing contractual obligations and with respect to the calendar year in which the merger becomes effective, for pro-rata bonuses budgeted by SBM consistent with past practice and in the ordinary course of business;

enter into, establish, adopt, or amend any benefit plans or any agreement, arrangement, plan or policy between SBM and any of its directors, officers or employees, except as required by law or to satisfy contractual obligations;

hire any member of senior management or other key employee, elect to any office any person who is not a member of SBM's management team as of the date of the merger agreement or elect to the SBM board of directors any person who is not a member of the SBM board of directors as of the date of the merger agreement, except for the hiring of at-will employees having a title of manager or lower at an annual rate of salary not to exceed \$65,000 in the ordinary course of business;

sell, transfer, mortgage, encumber or otherwise dispose of or discontinue any of SBM's assets, deposits, business or properties except in the ordinary course of business consistent with past practice and in a transaction, that, together with all other such transactions, is not material to SBM and its subsidiaries taken as a whole;

amend its charter or bylaws;

acquire all or any portion of the assets, business, securities, deposits or properties of any other entity, other than by way of foreclosures or acquisitions of control in a bona fide fiduciary capacity or in satisfaction of debts previously contracted in good faith, in each case in the ordinary course of business consistent with past practice;

except for any emergency repairs to real or personal property owned by SBM, notice of which will be provided to Camden 48 hours prior to such repairs, make any capital expenditures other than capital expenditures in the ordinary course of business consistent with past practice in amounts not to exceed \$50,000 in the aggregate;

enter into or terminate any material agreement or amend or modify in any material respect any existing material agreement;

settle any litigation, which settlement involves payment by SBM or any of its subsidiaries of any amount that exceeds \$50,000 individually or \$100,000 in the aggregate and/or would impose any material restriction on the business of SBM or any of its subsidiaries after the effective time of the merger, or waive or release any material rights or claims, or agree or consent to the issuance of any injunction, decree, order or judgment restricting or otherwise affecting its business or operations in any material respect;

enter into any new material line of business;

change its material lending, investment, underwriting, risk and asset liability management or other material banking and operating policies, except as required by applicable law, regulation or policies imposed by any regulatory authority;

introduce any material new products or services, any material marketing campaigns or any material new sales compensation or incentive programs or arrangements;

file any application or make any contract with respect to branching or site location or branching or site relocation;

enter into any derivative transactions;

incur, modify, extend or renegotiate any indebtedness for borrowed money (other than deposits, federal funds purchased, Federal Home Loan Bank advances, and securities sold under agreements to repurchase, in each case in the ordinary course of business consistent with past practice);

prepay any indebtedness or other similar arrangements so as to cause SBM or any of its subsidiaries to incur any prepayment penalty;

assume, guarantee, endorse or otherwise as an accommodation become responsible for the obligations of any other person, other than in the ordinary course of business consistent with past practice;

acquire (other than by way of foreclosures or acquisitions in a bona fide fiduciary capacity or in satisfaction of debts previously contracted in good faith, in each case in the ordinary course of business consistent with past practice) any debt security or equity investment of a type or in an amount not in accordance with SBM's investment policy or any other debt security other than in accordance with SBM's investment policy, or restructure or materially change its investment securities portfolio or its interest rate risk position, through purchases, sales or otherwise, or in accordance with SBM's investment policy;

make, increase or purchase any loan if, as a result of such action, the total commitment to the borrower and the borrower's affiliates would equal or exceed \$5,000,000;

make, increase or purchase any fixed-rate loan with pricing below the applicable Federal Home Loan Bank advance rate plus 175 basis points;

renegotiate, renew, increase, extend, modify or purchase any existing loan rated "special mention" or lower by The Bank of Maine other than a loan modification that requires no additional funds and whose restructured term is less than three years;

invest in real estate or in any real estate development project, other than by way of foreclosure or acquisitions in a bona fide fiduciary capacity or in satisfaction of a debt previously contracted in good faith, in each case, in the ordinary course of business consistent with past practice;

foreclose on or take a deed or title to any real estate other than single-family residential properties without first conducting a Phase I environmental assessment of the property, or foreclose or take a deed or title to any real estate if such environmental assessment indicates the presence of hazardous material;

change its accounting principles, practices or methods other than as may be required by changes in laws or regulations or by generally accepted accounting principles;

make or change any material (affecting or relating to more than \$50,000 or more of taxable income) tax election, change an annual accounting period, adopt or change any material accounting method, file any material amended tax return, fail to timely file any material tax return, enter into any material closing agreement, settle or compromise any material liability with respect to taxes, agree to any material adjustment of any tax attribute, surrender any material right to claim a refund of taxes, consent to any material extension or waiver of the limitation period applicable to any tax claim or assessment, or take any other similar action relating to the filing of any material tax return or the payment of any material tax;

change its loan policies or procedures except as required by a governmental authority;

knowingly take any action that would, or would be reasonably likely to, prevent or impede the merger from qualifying as a “reorganization” within the meaning of Section 368(a) of the Code or cause a material delay in or impediment to the consummation of the merger;

- take any action that is intended or is reasonably likely to result in:

- any of its representations and warranties set forth in the merger agreement being or becoming untrue in any material respect at any time prior to the effective time of the merger;

- any of the conditions to the merger set forth in the merger agreement not being satisfied; or

- a material violation of any provision of the merger agreement; or

- agree or commit to do any of these prohibited activities.

Camden and Atlantic Acquisitions have agreed that, except as permitted by the merger agreement or otherwise consented to by SBM in writing, they will not:



· knowingly take any action that would, or would be reasonably likely to, prevent or impede the merger from qualifying as a reorganization within the meaning of Section 368(a) of the Code or cause a material delay in or impediment to the consummation of the merger;

· take any action that would adversely affect the ability of Camden to obtain the regulatory approvals; or

· take any action that is intended or is reasonably likely to result in any of the conditions to the merger set forth in the merger agreement not being satisfied.

The agreements relating to the conduct of SBM's and Camden's business contained in the merger agreement are complicated and not easily summarized. You are urged to carefully read Article V of the merger agreement attached to this proxy statement/prospectus as *Annex A*.

#### Employee Benefits

Under the terms of the merger agreement, after the effective time of the merger, Camden will provide the employees of SBM and any of its subsidiaries who remain employed after the effective time of the merger with at least the types and levels of comparable employee benefits as those provided to similarly-situated employees of Camden. Camden also has the right in its sole discretion to terminate, merge or continue any of SBM's employee benefit plans. To the extent that SBM's employees become eligible to participate in Camden's employee benefit plans after the merger, Camden will:

· provide each employee with eligibility and vesting credit, but not benefit accrual credit with respect to defined benefit plans for purposes of severance benefits, for any purposes under any post-termination/retiree welfare benefit plan or for purposes of any equity based compensation or benefits or profits-sharing contribution, equal to the amount of service credited by SBM prior to the merger;

· subject to the terms of Camden's employee plans, take commercially reasonable efforts to provide each employee with eligibility and vesting credit in Camden's 401(k) plan for purposes of determining the length of vacation, sick time, paid time off and severance under Camden's applicable plan or policy;

· subject to the terms of Camden's employee plans, not treat any employee of SBM or any of its subsidiaries as a "new" employee for purposes of any exclusions under any health or similar plan of Camden for any pre-existing medical condition, except to the extent such employee was treated as a "new" employee under the SBM health plan; and

subject to the terms of Camden's employee plans, provide for any deductibles, co-payments or out-of-pocket expenses paid under SBM's health plans to be credited toward deductibles, co-payments or out-of-pocket expenses under Camden's health plans upon delivery to Camden of appropriate documentation.

In addition, Camden has agreed to allocate an aggregate amount of \$200,000 among certain of SBM's employees to be distributed as retention bonus to such employees. Camden has also agreed to honor severance guidelines in connection with the termination of employment of any of SBM's employees. Camden also agreed to cause SBM and its subsidiaries to honor and continue to be obligated to perform all contractual rights of current and former employees of SBM or any of its subsidiaries existing as of the date of the merger agreement.

Employees of SBM and any of its subsidiaries who remain employed after the effective time of the merger, and who are not otherwise party to an employment agreement, change in control agreement or other separation agreement that provides a benefit upon a termination of employment, will be eligible to receive a lump sum severance payment equal to two weeks of weekly base salary or weekly hourly pay for each year of service, with a minimum of four weeks and a maximum of 26 weeks, if their employment is terminated other than for cause (as defined in the severance guidelines) within one year following the effective time of the merger. An employee with less than one year of service will be eligible to receive two weeks of weekly base salary or weekly hourly salary.

#### Other Covenants

The merger agreement also contains covenants relating to the preparation and distribution of this proxy statement/prospectus and all requisite regulatory filings.

## Representations and Warranties

The merger agreement contains representations and warranties that Camden, Atlantic Acquisitions and SBM made solely to each other as of specific dates. Those representations and warranties were made only for purposes of the merger agreement and may be subject to important qualifications and limitations agreed to by the parties, including the schedules referenced in the merger agreement that each party delivered to the other in connection with the execution of the merger agreement. Moreover, some of those representations and warranties may not be accurate or complete as of any specific date, may be subject to a standard of materiality provided for in the merger agreement, or may have been used for the purpose of allocating risk among Camden and SBM rather than establishing matters as facts. Accordingly, they should not be relied upon as statements of factual information. Third parties are not entitled to the benefits of the representations and warranties in the merger agreement.

The merger agreement contains reciprocal representations and warranties of Camden, Atlantic Acquisitions and SBM relating to:

- due organization, existence, good standing and corporate authority;
- capitalization;
- corporate power;
- corporate authority;
- no violation or breach of certain organizational documents, agreements and governmental orders;
- corporate records;
- compliance with laws;
- litigation;
- absence of certain changes;

- taxes and tax returns;
- employee benefit programs;
- labor matters;
- environmental matters;
- regulatory capitalization;
- loans and nonperforming and classified assets;
- Community Reinvestment Act, anti-money laundering and customer information security compliance;
- investment securities;
- brokers; and
- deposit insurance.

The merger agreement contains additional representations and warranties by SBM relating to:

- subsidiaries;

insurance;

intellectual property;

personal data and privacy requirements;

material agreements and defaults;

property and leases;

inapplicability of takeover laws;

investment management and related activities;

derivative transactions;

repurchase agreements; and

transactions with affiliates.

The merger agreement also contains additional representations and warranties by Camden and its subsidiaries relating to SEC documents and filings, and the sufficiency of funds to complete the merger.

None of the representations and warranties by either party survives the effective time of the merger. The representations and warranties in the merger agreement are complicated and not easily summarized. You are urged to carefully read Articles III and IV of the merger agreement attached to this proxy statement/prospectus as *Annex A*.

#### Expenses

Each party will pay all fees and expenses it incurs in connection with the merger agreement and the related transactions, except that Camden and SBM will share equally any printing costs and SEC filing and registration fees.

## Amendments

Camden and SBM may amend the merger agreement by executing a written amendment approved by the boards of directors of Camden and SBM. However, after approval of the merger by the stockholders of SBM, no amendment of the merger agreement may be made which by law requires further approval of the SBM stockholders without obtaining that approval.

## Regulatory Approvals Required for the Merger

Before Camden, Atlantic Acquisitions and SBM may complete the merger, they must obtain a number of regulatory approvals from, or give notices to, federal bank regulators.

*Office of the Comptroller of the Currency.* The merger of The Bank of Maine with and into Camden National Bank is subject to approval by the Office of the Comptroller of the Currency (the "OCC"), under Section 18(c) of the Federal Deposit Insurance Act, as amended, also known as the "Bank Merger Act." Under the Bank Merger Act, the OCC may not approve a transaction that would result in a monopoly or otherwise substantially lessen competition or restrain trade, unless it finds that the anti-competitive effects of the transaction are clearly outweighed by the public interest. In addition, the OCC considers the financial and managerial resources and future prospects of the depository institutions involved in the proposed merger, the convenience and needs of the communities to be served, and the risk to the financial stability of the United States banking or financial system. Under the Community Reinvestment Act of 1977, as amended (the "CRA"), the OCC must take into account the record of performance of each party to the proposed merger in meeting the credit needs of its entire community, including low and moderate income neighborhoods. The OCC also must consider the effectiveness of each party involved in the proposed transaction in combating money laundering activities. The OCC will also consider the permissibility of activities conducted by subsidiaries of The Bank of Maine. Federal law requires publication of notice of, and the opportunity for public comment on, the application submitted by Camden National Bank and The Bank of Maine for OCC approval. The public comment period commenced on May 15, 2015 and will end on June 15, 2015. As The Bank of Maine is a savings association, the parties must also provide at least 30 days' prior notice to the OCC of the proposed merger under a separate regulation of the OCC governing federally chartered savings associations.

In connection with its review of the application submitted by Camden National Bank and The Bank of Maine, the OCC will request a report on competitive factors from the United States Department of Justice (the "DOJ"). The OCC or the DOJ may challenge the merger on competitive grounds, and may require Camden National Bank to divest certain of its branches or branches it proposes to acquire from The Bank of Maine in order to complete the merger. The level of divestitures that the OCC and the DOJ may require might be unacceptable. Such divestitures could delay the date of completion of the merger or may diminish the benefits of the merger.

Following OCC approval, the Bank Merger Act imposes a waiting period of up to 30 days after the OCC approval in order to permit the United States Department of Justice to file any objections to the proposed merger of The Bank of Maine with and into Camden National Bank under the federal antitrust laws. This waiting period may be reduced to 15 days if the Department of Justice has not provided any adverse comments relating to the competitive factors of the transaction, which the parties expect to occur. In reviewing these transactions, the Department of Justice could analyze the effect of the transactions on competition differently than the OCC, and thus it is possible that the Department of Justice could reach a different conclusion than the OCC regarding the anti-competitive effects of these transactions. If the Department of Justice were to commence an antitrust action, it would stay the effectiveness of the OCC's approval unless a court specifically orders otherwise.

After the merger, Camden National Bank expects to relocate four of its branch offices to locations that currently serve as The Bank of Maine branches. Each of the branch relocations constitutes a "short distance relocation," as that term is defined by 12 C.F.R § 5.3(k). Camden National Bank has filed a branch relocation application with the OCC for these branch relocations simultaneously with the application submitted pursuant to the Bank Merger Act.

*Federal Reserve.* Camden's acquisition of indirect control of 100% of the outstanding shares of SBM following the merger of SBM into Atlantic Acquisitions is subject to approval by the Board of Governors of the Federal Reserve System, or the "Federal Reserve". The requirement for Camden to obtain such approval by submitting a notification under Section 4(j) of the Bank Holding Company Act of 1956, as amended (the "BHCA"), may be waived in the discretion of the Federal Reserve. The Federal Reserve has waived applications or notifications otherwise required by the BHCA in situations when a transaction is also subject to review by another federal bank regulatory agency, but the Federal Reserve is not required to grant any such waiver. Camden expects to file a waiver request with the Federal Reserve, requesting confirmation that it may acquire SBM and The Bank of Maine without the filing of a formal notification. If a waiver is not received, the necessary notification will be filed.

If for any reason the Federal Reserve does not grant the waiver request, Camden will file a notification pursuant to Section 4(j) of the BHCA, requesting approval to acquire 100% of the voting shares of SBM through the merger of Atlantic Acquisitions with and into SBM and, thereby, acquire control of The Bank of Maine. In connection with a notification under Section 4(j) of the BHCA, the Federal Reserve is required to consider whether performance of a proposed nonbanking activity by a bank holding company or a subsidiary of such company can reasonably be expected to produce benefits to the public, such as greater convenience, increased competition, or gains in efficiency, that outweigh possible adverse effects, such as undue concentration of resources, decreased or unfair competition, conflicts of interests, unsound banking practices, or risk to the stability of the United States banking or financial

system.

Camden and SBM have filed all applications and notices and will take all other appropriate action with respect to any requisite approvals or other action of any governmental authority.

99



## THE VOTING AGREEMENTS

In connection with the merger agreement, Camden entered into voting agreements with SBM's directors and executive officers and their affiliates, consisting at that time of Carl Soderberg, Dennis Townley, Thomas Wiggins, Basswood Opportunity Partners, L.P., MSG Partners, LLC, Basswood Opportunity Fund, John W. Everets, Richard D. Field, Robert H. Gardiner, Edmund M. Hayden III, David J. Ott, James H. Ozanne, Ronald E. Roark. There are 80,453 shares of SBM common stock subject to the voting agreements, which represents approximately 13.10% of the outstanding shares of SBM common stock as of the record date (excluding shares that can be acquired upon the exercise of stock options).

In the voting agreements, each of these stockholders has agreed to vote all of his or its shares of SBM common stock (including any shares acquired after the date of the voting agreement, whether by the exercise of any stock option, purchase in the open market, privately or otherwise):

- in favor of approval of the merger and the transactions provided for in the merger agreement;

- against any action or agreement that would result in a breach in any material respect of any covenant, representation or warranty, or any other obligation or agreement of SBM contained in the merger agreement or of the stockholder contained in the voting agreement, or that would preclude fulfillment of a condition under the merger agreement to SBM's and Camden's respective obligations to consummate the merger; and

- against another acquisition proposal, or any agreement or transaction that is intended, or could reasonably be expected, to impede, interfere with, delay, postpone, discourage or adversely affect the consummation of the merger or any of the transactions provided for in the merger agreement.

Under the voting agreements, each of the stockholders also agreed not to, and not to permit any of his, her or its affiliates, to:

- initiate, solicit, induce or knowingly encourage, or take any action to facilitate the making of, any inquiry, offer or proposal which constitutes, or could reasonably be expected to lead to, another acquisition proposal;

- participate in any discussions or negotiations regarding another acquisition proposal, or furnish, or otherwise afford access, to any person (other than Camden) any information or data with respect to SBM or any of its subsidiaries or otherwise relating to another acquisition proposal;

· enter into any agreement, agreement in principle or letter of intent with respect to another acquisition proposal;

solicit proxies or become a participant in a solicitation with respect to another acquisition proposal (other than the merger agreement) or otherwise encourage or assist any party in taking or planning any action that would compete with, restrain or otherwise serve to interfere with or inhibit the timely consummation of the merger in accordance with the terms of the merger agreement;

· initiate a stockholders' vote or action by consent of SBM's stockholders with respect to another acquisition proposal;  
or

· except by reason of the voting agreement, become a member of a group with respect to any voting securities of SBM that takes any action in support of another acquisition proposal.

In addition, except under limited circumstances, these stockholders also agreed not to sell, assign, transfer or otherwise dispose of or encumber their shares of SBM common stock while the voting agreements are in effect. The voting agreements terminate immediately upon the earlier of the effective time of the merger, the termination of the merger agreement in accordance with its terms, or mutual written agreement of Camden and the stockholder.

The voting agreements expire upon the earliest to occur: (i) the effective time of the merger; (ii) the termination of the merger agreement in accordance with its terms; or (iii) the mutual agreement of the parties thereto.

## MATERIAL FEDERAL INCOME TAX CONSEQUENCES

The following is a general summary of material United States federal income tax consequences of the merger of Camden and SBM. The federal income tax laws are complex and the tax consequences of the merger may vary depending upon each stockholder's individual circumstances or tax status. The following discussion is based upon current provisions of the Internal Revenue Code of 1986, as amended, or the "Code," existing temporary and final regulations under the Code and current administrative rulings and court decisions, all of which are subject to change, possibly on a retroactive basis. No attempt has been made to comment on all United States federal income tax consequences of the merger that may be relevant to SBM stockholders. The tax discussion set forth below is included for general information only. It is not intended to be, nor should it be construed to be, legal or tax advice to a particular SBM stockholder.

The following discussion may not apply to particular categories of holders of shares of SBM common stock subject to special treatment under the Code, such as insurance companies, financial institutions, broker-dealers, tax-exempt organizations, individual retirement and other tax-deferred accounts, banks, persons subject to the alternative minimum tax, persons who hold SBM capital stock as part of a straddle, hedging or conversion transaction, persons whose functional currency is other than the United States dollar, persons eligible for tax treaty benefits, foreign corporations, foreign partnerships and other foreign entities, individuals who are not citizens or residents of the United States and holders whose shares were acquired pursuant to the exercise of an employee stock option or otherwise as compensation. This discussion assumes that holders of shares of SBM common stock hold their shares as capital assets. The following discussion does not address state, local or foreign tax consequences of the merger. You are urged to consult your tax advisors to determine the specific tax consequences of the merger, including any state, local or foreign tax co