

CAMDEN NATIONAL BANK CRA POLICY

Department: Risk Management
Approved By: CRA Committee
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It is the policy of Camden National Bank (the "Bank") to be committed to serving the credit needs of the communities in which the Bank does business. In pursuing this commitment, the Bank will ensure that it complies with the letter and spirit of the Community Reinvestment Act (CRA) and its implementing regulation (the "Regulation"). The Bank recognizes that this requires it to take a proactive approach to determining and meeting community needs, including those of small businesses and small farms, and the needs of creditworthy low- and moderate-income areas and individuals, particularly in regard to residential real estate credit. It is the policy of the Bank to respond to all creditworthy segments of its market. The Bank believes that doing so is basic to good business practices and to the Bank's long-term vitality.

Bank Size

For purposes of CRA and the Regulation, the Bank is considered a large bank because as of December 31 of the prior two calendar years, the bank had assets of at least \$1.226 billion.

Assessment Areas

The Bank shall designate one or more assessment areas that:

- Consist of one or more Metropolitan Statistical Areas ("MSAs"), metropolitan divisions ("MDs"), or contiguous political subdivisions (e.g., county, city, or town);
- Include the geographies where the Bank has its main office, banking centers, and deposit-taking ATMs, as well as the surrounding geographies in which the Bank originated or purchased a substantial portion of its loans;
- Consist only of whole census tracts;
- Consist of separate delineations for areas that extend substantially across MSA/MD or state boundaries unless the assessment area is located in a multi-state MSA/MD;
- Do not reflect illegal discrimination; and
- Do not arbitrarily exclude any low- or moderate-income area(s), taking into account the Bank's size, banking centering structure, and financial condition.

The Bank may make adjustments to its assessment area(s) that do not coincide with the boundaries of an MSA/MD or political subdivision, provided the adjustments to the boundaries are made because the assessment area would otherwise be too large for the Bank to reasonably serve, have an unusual configuration, or include significant geographic barriers.

Corporate Community Reinvestment Act Policy

The Bank recognizes the need for commitment to the spirit and letter of the CRA. It is the policy of the Bank to operate the Bank profitably and to maintain a base from which increased earnings can be realized in the future. The Bank, however, is limited by the factors of liquidity, risk, flexibility, and customer considerations.

The Bank has a consistent and ongoing practice of outreach to determine the needs of the local community. Officers shall call on businesses to promote Bank products and services and determine community needs. Management shall keep informed of the credit needs of the community through personal association with organizations. Members of the Board of Directors and officers of the Bank are involved in a wide variety of local and civic and non-profit organizations.

Some officers also maintain a continuing liaison with Maine State Housing Authority and the Housing and Redevelopment Authorities of many of the largest cities serviced by the Bank.

Pursuant to its community outreach efforts and determination of community needs, the Bank identifies and, to the extent it can do so safely and soundly, maximizes opportunities for community development loans, qualified investments, and community development services.

Definitions

For purposes of this Policy, the following definitions shall apply:

Community development: Any of the following:

- The provision of affordable housing (including multifamily rental housing) for low- or moderate-income individuals;
- Community services targeted to low- or moderate-income individuals;
- Activities that promote economic development by financing businesses or farms that meet the size eligibility standards of the Small Business Administration's Development Company or Small Business Investment Company programs (13 CFR 121.301) or have gross annual revenues of \$1 million or less;
- Activities that revitalize or stabilize;
- Low- or moderate-income geographies;
- Designated disaster areas; or
- Distressed or underserved nonmetropolitan middle-income geographies designated by the Federal Reserve Board, Federal Deposit Insurance Corporation, and Office of the Comptroller of the Currency, based on:
 - Rates of poverty, unemployment, and population loss; or
 - Population size, density, and dispersion. Activities revitalize and stabilize geographies designated based on population size, density, and dispersion if they help to meet essential community needs, including needs of low- and moderate-income individuals; or
- Loans, investments, and services that:
 - Support, enable, or facilitate projects or activities that meet the eligible uses criteria described in Section 2301(c) of the Housing and Economic Recovery Act of 2008 (HERA), Pub. L. 110-289, 122 Stat. 2654, as amended, and are conducted in designated target areas identified in plans approved by the United States Department of Housing and Urban Development in accordance with the Neighborhood Stabilization Program (NSP);
 - Benefit low-, moderate-, and middle-income individuals and geographies in the Bank's assessment area(s) or areas outside the Bank's assessment area(s) provided the Bank has adequately addressed the community development needs of its assessment area(s).

Community development loan: A loan that has as its primary purpose community development; has not been reported or collected by the Bank or an affiliate for consideration in the Bank's assessment as a home mortgage,

small business, small farm, or consumer loan, unless it is a multifamily dwelling loan; and benefits the Bank's assessment area(s) or a broader state-wide or regional area that includes the Bank's assessment area(s).

Community development service: A service that:

- Has as its primary purpose community development;
- Is related to the provision of financial services; and
- Has not been considered in the evaluation of the Bank's retail banking services.

Qualified investment: A lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

Outreach and Marketing Programs

The Bank's Director of Marketing oversees development and implementation of a marketing plan to reach all groups in the community. The marketing plan is achieved through advertising through a variety of written media including local community newspapers, radio, television, various channels of social media including the Bank's web site (www.CamdenNational.com) as well as participation in community events. For small business lending, loan officers maintain an ongoing schedule of calls to area businesses and participate in community business events.

Credit Offered

Loans are a desirable and profitable means of employing shareholder and depository funds. The Bank believes that a properly administered lending policy, combined with prudent loan administration, will result in a strong loan portfolio. All loans are offered in a manner that is consistent with safe and sound banking practices. The Bank does not discriminate against credit applications on the basis of race, color, religion, national origin, handicap, sex, marital status, familial status, age (provided the applicant has the capacity to enter into a binding contract), or because all or part of the applicant's income is derived from public assistance programs or because the applicant resides in, or is affiliated with, what is considered to be a low- or moderate- income area.

Responsive, Innovative, and Flexible Lending

It is the policy of the Bank to ensure that its lending practices are responsive to credit needs in the Bank's assessment area(s), taking into account the number and amount of home mortgage, small business, small farm, and consumer loans, in the assessment area(s). In doing so, the Bank shall use of innovative and flexible lending practices in a safe and sound manner to address the credit needs of low- and moderate-income individuals or geographies within the Bank's assessment area(s).

Ratio of Loans Inside and Outside of Assessment Areas

The Bank shall originate the substantial majority of its loans, both in number and dollar amount, within its assessment area(s).

Distribution of Loans within the Assessment Areas

The Bank shall maintain a reasonable distribution of loans, both in number and dollar amount, among geographies of different income levels. The CRA Officer and CRA Committee shall periodically evaluate the geographic distribution of the Bank's loans. This evaluation should identify geographies, by income category, where there is little to no penetration.

Community Development Investment

Investments are a desirable and profitable means of employing shareholder and depository funds. The Bank believes that a properly administered investment policy, combined with credit risk management, will result in a strong investment portfolio. All investments are made in a manner that is consistent with safe and sound banking practices. It is the policy of the Bank to ensure that its investment practices are responsive to credit and community needs in the Bank's assessment area(s), taking into account the dollar amount of qualified investment, in the assessment area(s) or a broader state-wide or regional area that includes the bank's assessment area(s). In doing so, the Bank shall use of innovative and flexible investment practices in a safe and sound manner and consider the degree to which its qualified investments are not being provided by private investors.

Community Development Service

It is the policy of the Bank to ensure that its services are responsive to retail banking and community needs in the Bank's assessment area(s), taking into account the following:

- The current distribution of the Bank's banking centers among low-, moderate-, middle-, and upper-income geographies;
- In the context of the current distribution of the Bank's banking centers, the bank's record of opening and closing banking centers, particularly banking centers located in low- or moderate-income geographies or primarily serving low- or moderate-income individuals;
- The availability and effectiveness of alternative systems for delivering retail banking services (e.g., ATMs, ATMs not owned or operated by or exclusively for the Bank, banking by telephone or computer, loan production offices, and bank-at-work or bank-by-mail programs) in low- and moderate-income geographies and to low- and moderate-income individuals;
- The range of services provided in low-, moderate-, middle-, and upper-income geographies and the degree to which the services are tailored to meet the needs of those geographies; and
- The Bank's record of providing community development services considering the extent to which the Bank provides community development services and the innovativeness and responsiveness of community development services.

Prior to opening or closing any banking center, ATM, or other alternative system for delivering retail banking services, the Bank shall consider the need of its communities, particularly those geographies located in low- or moderate-income areas or primarily servicing low- to moderate-income individuals.

Data Collection and Reporting

It is the policy of the Bank to collect information about each small business, small farm, and community development loans it originates or purchases as described in this Policy. The Federal Finance Banks Examination Council ("FFIEC") provides many resources, including instructional guides and free data entry software, to assist banks with data collection. These resources can be found at www.ffiec.gov.

Small Business and Small Farm Loans

For purposes of this Policy, a small business loan is any loan of \$1 million or less that the Bank will report as either a loan secured by nonfarm or non-residential real estate or a commercial and industrial loan in the Bank's Call Report. For purposes of this Policy, a small farm loan is any loan of \$500,000 or less that the Bank will report as either a loan to finance agricultural production or other loan to farmers or loans secured by farmland in the Bank's Call Report. The original loan amount, not the annual revenue of a business or farm, shall be used to determine the small business or small farm classification.

For each small business or small farm loan the Bank originates or purchases, the Bank shall collect the following four key pieces of information:

- A unique number or alphanumeric symbol to identify the relevant loan file;
- The loan amount at origination;
- The loan location (MSA or MD, state, county, and census tract); and
- An indicator whether the loan was to a business or farm with gross annual revenues of \$1 million or less.

The Bank shall report, not later than March 1 each year, for each geography in which the Bank originated or purchased a small business or small farm loan, the aggregate number and amount of loans the Bank originated or purchased during the prior year in the following categories:

- Loans with an amount at origination of \$100,000 or less;
- Loans with an amount at origination of more than \$100,000 but less than or equal to \$250,000;
- Loans with an amount at origination of more than \$250,000; and
- Loans to businesses and farms with gross annual revenues of \$1 million or less (using the revenues the Bank considered in making its credit decision).

Community Development Loans

The Bank shall report, not later than March 1 each year, the aggregate number and aggregate amount of community development loans the Bank originated or purchased during the prior year.

HMDA Loans

The Bank shall report the location of each home mortgage loan application, origination, or purchase outside the MSA(s) in which the Bank has a home or banking centre office (or outside any MSA), in accordance with the requirements of Regulation C (12 CFR Part 1003), on its Home Mortgage Disclosure Act (HMDA) loan application register.

Bank Public File

The CRA Officer or his/her designee shall maintain the Bank's public file and notices in conformity with the Regulation. The public file shall contain, at a minimum, the following information:

- All written comments received from the public for the current year and each of the prior two calendar years that specifically relate to the Bank's performance in helping to meet community credit needs, and any response to the comments by the Bank, provided neither the comments nor the responses contain statements that reflect adversely on the good name or reputation of any persons other than the Bank, publication of which would violate specific provisions of law;
- A copy of the public section of the Bank's most recent CRA Performance Evaluation. The Bank shall place this copy in the public file within 30 business days after its receipt. The public file is also available at CamdenNational.com;
- A list of the Bank's banking centers, their street addresses, and geographies;
- A list of banking centers opened or closed by the Bank during the current year and each of the prior two calendar years, their street addresses, and geographies;
- A list of services (including hours of operation, available loan and deposit products, and transaction fees) generally offered at the Bank's banking centers and descriptions of material differences in the availability or cost of services at particular banking centers, if any. At its option, the Bank may include information regarding the availability of alternative systems for delivering retail banking services (e.g., ATMs, ATMs not owned or operated by or exclusively for

the Bank, banking by telephone or computer, loan production offices, and bank-at-work or bank-by-mail programs);

- A map of each assessment area showing the boundaries of the area and identifying the geographies contained within the area, either on the map or in a separate list;
- The Bank's CRA Disclosure Statement prepared by its examiner. The Bank must place the Disclosure Statement in the public file within three business days of its receipt; and
- The HMDA Disclosure Statement for the prior two calendar years

If the Bank had a less than satisfactory rating in its last examination, it shall include in its public file a description of its current effort to improve its performance. This description shall be updated quarterly.

The public file may also contain any other information the Bank determines to be relevant or helpful in understanding the Bank's efforts to comply with the CRA and the Regulation.

The Bank shall make available to the public for inspection upon request and at no cost as follows:

- At its main office all information in the public file; and at each banking center a copy of the public section of the Bank's most recent CRA Performance Evaluation and a list of services provided by the banking center
- Within five calendar days of the request, all the information in the public file relating to the assessment area in which the banking center is located
- Upon request, the Bank shall provide copies, either on paper or in another form acceptable to the person making the request, of the information in its public file. The Bank may charge a reasonable fee not to exceed the cost of copying and mailing (if applicable)
- Except as otherwise provided above, the CRA Officer or his/her designee shall ensure that the information required by this Policy is current as of April 1 of each year

Public Notice

It is the policy of the Bank to display the applicable Community Reinvestment Act Notice in each of its banking centers and main office.

Enforcement and Oversight

The Bank's CRA Committee will implement and review CRA-related activities. The Board of Directors shall review the CRA Policy on an annual basis. Additionally, management shall appoint a CRA Officer who, along with the CRA Committee shall have the responsibility of monitoring the Bank's lending and evaluating its performance under the CRA Policy.

Reporting

Copies of all CRA Committee meetings are shared with the Board of Directors.

Audit and Monitoring

Periodically, the Bank's Audit Officer coordinates the audit of the Bank's compliance with this Policy and the results of such audit are reported to the Audit Committee.

Training

The CRA Officer or his/her designee shall train on an annual basis the Bank's lending operations personnel on the CRA. The CRA Officer or his/her designee shall also conduct an educational program for all Bank employees regarding the Bank's policy and the requirements of the Regulation.

Record Retention

The Bank shall retain any records as may be required to demonstrate compliance with this Policy and the Regulation.