



**LARGE BANK**

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Comptroller of the Currency  
Administrator of National Banks

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Washington, DC 20219

## **Public Disclosure**

November 18, 2002

# **Community Reinvestment Act Performance Evaluation**

**The Camden National Bank  
Charter Number: 2311**

**2 Elm Street  
Camden, ME 04843**

**Office of the Comptroller of the Currency**

**New England Field Office  
20 Winthrop Square, Suite 200  
Boston, MA 02110**

**NOTE: This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. This evaluation is not, and should not be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion, or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.**

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## Overall CRA Rating

**Institution’s CRA Rating:** This institution is rated **Satisfactory**.

The following table indicates the performance level of **The Camden National Bank** with respect to the Lending, Investment, and Service Tests:

Performance Levels	Camden National Bank Performance Tests		
	Lending Test*	Investment Test	Service Test
Outstanding			
High Satisfactory	X		X
Low Satisfactory		X	
Needs to Improve			
Substantial Noncompliance			

\* The lending test is weighted more heavily than the investment and service tests when arriving at an overall rating.

The major factors that support this rating include:

- Lending levels that reflect good responsiveness to the credit needs of its assessment area (AA).
- The large majority of the number (96%) and the dollar volume (89%) of loans were made within the bank’s assessment area.
- An overall excellent distribution of loans to businesses with incomes of \$1 million or less and a good distribution of home mortgage loans to borrowers of different incomes.
- A high level of qualified community development loans that had a positive impact on the lending test.
- A service delivery system that is accessible to individuals of different incomes in its assessment area.
- An excellent level of community development services.

## Definitions and Common Abbreviations

The following terms and abbreviations are used throughout this performance evaluation, including the CRA tables. The definitions are intended to provide the reader with a general understanding of the terms, not a strict legal definition.

**Affiliate:** Any company that controls, is controlled by, or is under common control with another company. A company is under common control with another company if the same company directly or indirectly controls both companies. A bank subsidiary is controlled by the bank and is, therefore, an affiliate.

**Aggregate Lending:** The number of loans originated and purchased by all reporting lenders in specified income categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the MA/assessment area.

**Block Numbering Area (BNA):** A statistical subdivision of a county for grouping and numbering blocks in non-metropolitan counties where local census statistical area committees have not established census tracts. A BNA does not cross county lines.

**Census Tract (CT):** A small subdivision of metropolitan and other densely populated counties. Census tract boundaries do not cross county lines; however, they may cross the boundaries of metropolitan areas. Census tracts usually have between 2,500 and 8,000 persons, and their physical size varies widely depending upon population density. Census tracts are designed to be homogeneous with respect to population characteristics, economic status, and living conditions to allow for statistical comparisons.

**Community Development:** 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; or, activities that revitalize or stabilize low- or moderate-income geographies.

**Community Reinvestment Act (CRA):** The statute that requires the OCC to evaluate a bank's record of meeting the credit needs of its local community, consistent with the safe and sound operation of the bank, and to take this record into account when evaluating certain corporate applications filed by the bank.

**Consumer Loan(s):** A loan(s) to one or more individuals for household, family, or other personal expenditures. A consumer loan does not include a home mortgage, small business, or small farm loan. This definition includes the following categories: motor vehicle loans, credit card loans, home equity loans, other secured consumer loans, and other unsecured consumer loans.

**Family:** Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also

include non-relatives living with the family. Families are classified by type as either a married-couple family or other family, which is further classified into 'male householder' (a family with a male household and no wife present) or 'female householder' (a family with a female householder and no husband present).

**Full Review:** Performance under the Lending, Investment, and Service Tests is analyzed considering performance context, quantitative factors (e.g., geographic distribution, borrower distribution, and total number and dollar amount of investments), and qualitative factors (e.g., innovativeness, complexity, and responsiveness).

**Geography:** A census tract or a block numbering area delineated by the United States Bureau of the Census in the most recent decennial census.

**Home Mortgage Disclosure Act (HMDA):** The statute that requires certain mortgage lenders that do business or have banking offices in a metropolitan area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of applications, the amount of loan requested, and the disposition of the application (e.g., approved, denied, and withdrawn).

**Home Mortgage Loans:** Such loans include home purchase and home improvement loans, as defined in the HMDA regulation. This definition also includes loans for multifamily (five or more families) dwellings, loans for the purchase of manufactured homes and refinancing of home improvement and home purchase loans.

**Household:** Includes all persons occupying a housing unit. Persons not living in households are classified as living in group quarters. In 100 percent tabulations, the count of households always equals the count of occupied housing units.

**Limited Review:** Performance under the Lending, Investment, and Service Tests is analyzed using only quantitative factors (e.g., geographic distribution, borrower distribution, total number and dollar amount of investments, and branch distribution).

**Low-Income:** Individual income that is less than 50 percent of the area median income, or a median family income that is less than 50 percent, in the case of a geography.

**Market Share:** The number of loans originated and purchased by the institution as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the MA/assessment area.

**Median Family Income (MFI):** The median income determined by the U.S. Census Bureau every ten years and used to determine the income level category of geographies. Also, the median income determined by the Department of Housing and Urban Development annually that is used to determine the income level category of individuals. For any given area, the median is the point at which half of the families have income above it and half below it.

**Metropolitan Area (MA):** Any primary metropolitan area (PMA), metropolitan area (MA), or consolidated metropolitan area (CMA), as defined by the Office of Management and Budget, with a population of 250,000 or more, and any other area designated as such by the appropriate federal financial supervisory agency.

**Middle-Income:** Individual income that is at least 80 percent and less than 120 percent of the area median income, or a median family income that is at least 80 percent and less than 120 percent, in the case of a geography

**Moderate-Income:** Individual income that is at least 50 percent and less than 80 percent of the area median income, or a median family income that is at least 50 percent and less than 80 percent, in the case of a geography.

**Multifamily:** Refers to a residential structure that contains five or more units.

**Other Products:** Includes any unreported optional category of loans for which the institution collects and maintains data for consideration during a CRA examination. Examples of such activity include consumer loans and other loan data an institution may provide concerning its lending performance.

**Owner-Occupied Units:** Includes units occupied by the owner or co-owner, even if the unit has not been fully paid for or is mortgaged.

**Qualified Investment:** A qualified investment is defined as any lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

**Rated Area:** A rated area is a state or multi-state metropolitan area. For an institution with domestic branches in only one state, the institution's CRA rating would be the state rating. If an institution maintains domestic branches in more than one state, the institution will receive a rating for each state in which those branches are located. If an institution maintains domestic branches in two or more states within a multi-state metropolitan area, the institution will receive a rating for the multi-state metropolitan area.

**Small Loan(s) to Business(es):** A loan included in 'loans to small businesses' as defined in the Consolidated Report of Condition and Income (Call Report) and the Thrift Financial Reporting (TFR) instructions. These loans have original amounts of \$1 million or less and typically are either secured by nonfarm or nonresidential real estate or are classified as commercial and industrial loans. However, thrift institutions may also exercise the option to report loans secured by nonfarm residential real estate as "small business loans" if the loans are reported on the TFR as non-mortgage, commercial loans.

**Small Loan(s) to Farm(s):** A loan included in 'loans to small farms' as defined in the instructions for preparation of the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$500,000 or less and are either secured by farmland, or are classified as loans to finance agricultural production and other loans to farmers.

**Tier One Capital:** The total of common shareholders' equity, perpetual preferred shareholders' equity with non-cumulative dividends, retained earnings and minority interests in the equity accounts of consolidated subsidiaries.

**Upper-Income:** Individual income that is more than 120 percent of the area median income, or a median family income that is more than 120 percent, in the case of a geography.

## Description of Institution

The Camden National Bank (CNB) is an intrastate community bank headquartered in Camden, Maine. CNB is a wholly owned subsidiary of Camden National Corporation (CNC), a multi-bank financial services holding company with assets of \$1.1 billion as of December 31, 2001. CNC also owns UnitedKingfield Bank, a state-chartered community bank; Trust Company of Maine, a provider of pension plan services; and Acadia Trust, N.A., a federally chartered limited purpose trust company. Acadia Financial Consultants, a broker-dealer of individual stocks and mutual funds is a separately incorporated division of CNB; the operation of this subsidiary was not considered in the analysis of performance in this evaluation. CNB has no other operating subsidiaries.

CNB operates 11 full-service branches, located principally in the mid-coast region of Maine. Seven banking offices offer 24-hour automated teller machines (ATMs). Internet banking is also available. The bank has positioned itself as a one-stop financial resource by offering a wide range of loan and deposit products. Residential and small business loans products are offered through all branches and approved in a centralized loan-processing center. Small business lending plays a significant role in the bank's business strategy.

As of June 30, 2002, CNB had assets of \$772 million, Tier 1 capital of \$55 million, deposits of \$557 million, and net loans of \$497 million. Loans comprised 64% of bank assets. Commercial mortgages and commercial/industrial loans equaled 61% of the portfolio, residential real estate loans made up 34% of the portfolio, loans to individuals equaled 4%, and other loans were 1%.

CNB's business strategy calls for leadership in 1-4 family residential mortgages and loans to small businesses in the three counties of mid-coast Maine, which comprise a significant majority of its Non-Metropolitan Statistical Area (non-MSA) AA. Also, community development lending is a high priority. The bank has demonstrated success in meeting these objectives. CNB is the number one residential mortgage lender and the number one small business and farm lender in its AA. As well, it is number one in deposit market share.

Late in the evaluation period, CNB changed its AA configuration when it opened a branch in the Portland, Maine MSA. The branch was open only seven months prior to the June 30, 2002, conclusion of the evaluation period. Based upon the limited amount of time the branch was operating, an analysis of its performance is not meaningful to this Evaluation. All future references to branch number and location will focus on the ten banking offices in the non-MSA AA.

There are no legal, financial, or other factors that impede the bank's ability to help meet the credit needs of its assessment area. Competition is very strong as provided by longstanding local banks headquartered in the assessment area. Examples include First National Bank of Damariscotta, Damariscotta Bank and Trust, Bath Savings Bank, Bangor Savings Bank, Union Trust Company, and Rockland Savings and Loan Association. As well, large nationwide and regional banks, such as Fleet Bank, Key Bank, and Peoples Heritage Bank, compete aggressively. Farm Credit has recently been a strong competitor in lumber company and fish processing loans to small businesses.

CNB's prior CRA Performance Evaluation dated November 1, 1999 rated bank performance as "Satisfactory."

## **Scope of the Evaluation**

**Evaluation Period/Products Evaluated**

With the exception of community development (CD) loans, investments, and services, the evaluation period is July 1, 1999 through June 30, 2002. For CD loans, the Investment Test, and the Service Test, the evaluation period is July 1, 1999 through August 5, 2002. The prior examination dated November 1, 1999 did not include any data after June 30, 1999.

For the Lending Test, CNB's origination or purchase of home mortgage loans, small loans to businesses, small loans to farms, and CD loans were evaluated. The bank is in its first year collecting HMDA data. As well, primary competitors are not HMDA reporters. As a result, we are not able to utilize aggregate HMDA loan information for market share and peer lender comparisons. In 2003, the bank will file its first HMDA report for 2002. The information for home mortgage loans is based primarily on internally generated reports that were tested and verified as accurate. We utilized 100% of the home mortgage-related originations in our evaluation.

Peer comparisons for the small loans to businesses and small loans to farms described in this Evaluation include only lenders who were required to file small business reports for 2001. Small business reporting is required of bank and thrift institutions with assets of \$250 million or more as of December 31 of the prior two calendar years preceding the reporting year, or as an affiliate of a holding company with \$1 billion or more in assets during the same time period.

### **Data Integrity**

As part of this CRA Evaluation, CNB's information on home mortgage loans that will be publicly filed and small loans to businesses that were publicly filed was tested for accuracy. Testing included an evaluation of CNB's processes to ensure that data are reliable.

No significant errors were found in either reported home mortgage data or small loans to businesses. As a result, this Evaluation is based on accurate data.

CD loans, investments, and services submitted by CNB management were verified to ensure that they met regulatory definitions for CD. Upon full consideration, all loans, investments and services met the definitions or purpose of CD.

### **Selection of Areas for Full-Scope Review**

For purposes of this Evaluation, CNB has only one AA with meaningful performance data. The non-MSA AA received a full-scope review. It includes 10 of the 11 branches and 98% of deposits. Please refer to Appendix A for further information.

### **Ratings**

The bank's overall rating is based on the area that received a full-scope review.

Within the AA, loans to small businesses were given more weight in our analysis. In the evaluation period 59% of the number of total loans were to small businesses; 25% of loans were HMDA loans. Volume comparisons reflect about 55% to small business and 38% to HMDA loans. Within HMDA loan categories, home purchase loans accounted for 39% of the number of loans made while refinance mortgage loans were 51%. Nevertheless, we weighted home purchase loans more heavily, primarily due to including first-time homebuyers and new customers. Among the low- to moderate-income families that own their own home, home-

improvement loans were weighted more heavily than refinance loans. CNB identified the need for a stand-alone home improvement loan product and developed it. In contrast, CNB found limited opportunities to refinance mortgages for low- and moderate-income families.

Within the Service Test, more weight is given to Community Development Services than the geographical location of branches. Geographical analysis of branches is of little value as the AA has only one moderate-income geography. It is rural, has low population, and virtually no businesses. No deposit institution has a branch there.

## Other

Two community contacts were made during this review. In addition, *The State of Maine's Housing 2002*, published by the Maine State Housing Authority in September 2002, provided important background data on the condition of housing stock and housing affordability in selected areas. The period covered in this updated report was 1999 to the first quarter of 2002.

Two of the 34 areas covered in the report represent a significant majority of CNB's assessment area; they are the Rockland Market and the Belfast Market. As background for current conditions, the report states that in the 1990s, Maine added only half as many housing units as it added jobs. In the Rockland Market, 3000 jobs were added from 1993 to 2000, and the once reliable supply of affordable housing disappeared. Home prices increased, and rent vacancy was cut in half. The average two-bedroom rent is now more than \$600 a month and the average price of new homes approaches \$200,000. The report quotes local real estate agents seeing homes priced at \$150,000 sell in a few days and "a really bad scene for first-time home buyers." Comparing income (30% for housing) to median priced housing in Rockland and Thomaston, the report states that 53% of Rockland's and 56% of Thomaston's population cannot afford a median priced home.

In the Belfast Market, including Camden, the Maine State Housing Authority's assessment is more critical. From 1993 to 2000, 3700 jobs were added compared to 1100 housing units. In 2000 through 2002, rental fees increased 18% per year. The median priced home in the several communities making up the Belfast Market was reported at \$129,000. In an independent report prepared by local consultants, the median priced home in Camden in 2000 was \$289,000. Comparing income (30% for housing) to median priced housing reveals 70% of Belfast's population and 81% of Camden's population cannot afford a median priced home.

One community contact manages a service organization dedicated to building affordable housing using a pool of funds made available by banks. While housing needs in CNB's AA are recognized, no facilities have been built during the evaluation period. There are several reasons.

First, housing needs are greater in other areas. Second, land costs in the coastal region of the AA are more than construction costs. To be successful, land for affordable housing needs to be less than construction, preferably donated or city owned. Third, developers earn a higher profit margin building single-family houses for retirees and seasonal vacationers than they earn in building affordable housing.

This contact expressed concerns for the “working poor” whom are faced with higher rental costs, less than desirable living accommodations, and moving inland to find more affordable living. One major offset to relocation is longer commuting times and increased travel expenses. CNB was referenced as a member of the bank pool and as an active proponent of affordable housing initiatives.

The other community contact manages a service organization providing financial consultation to small businesses. The business environment in the bank’s AA is highly seasonal, with the season running primarily from Memorial Day to Columbus Day. Over the last ten years, seasonal business has been good. In 2002, businesses generally saw reductions in volume.

Proximity to the ocean has a significantly positive influence on business in CNB’s assessment area. The region is a “destination” for vacationers and tourists. As a result, all phases of the hospitality industry are present and they generally do well. In addition, this contact said that there is a large “summer people” influence, people from out-of-state who own a second home in the area. While this is not a new source of business, it is termed “growing.”

Demographically, CNB’s AA reflects “vacant housing” between 25% and 30%, which is generally representative of a large second-home segment. Business opportunities arising from this population have grown and are varied. Examples include home repair, home security, and related products; landscaping services; therapists and chiropractors; and theater, dance arts, and personal growth consultants. Businesses more dependent on “traffic,” such as some retail trade, crafters, and artists, have a more difficult time. This contact said there are ample opportunities for local banks to participate in helping meet the credit needs of the many small businesses in this area. As well, she said that CNB was an active participant in helping meet the needs of new and evolving businesses.

## **Fair Lending Review**

An analysis of most recent HMDA, Small Business, and Small Farm lending data, public comments and consumer complaint information was performed according to the OCC's risk-based fair lending approach. Analysis of this data reveals no basis for OCC to conduct a comprehensive fair lending examination in connection with the CRA Evaluation this year.

## **Conclusions with Respect to Performance Tests**

### **LENDING TEST**

The bank's performance under the Lending Test is rated "**High Satisfactory.**"

### **Conclusions for Areas Receiving Full-Scope Reviews**

Based on full-scope reviews, the bank's performance in the non-metropolitan area is good.

### **Lending Activity**

Refer to Table 1, Lending Volume, in Appendix C for the facts and data used to evaluate the bank's lending activity. Overall, lending activity is good in the non MSA AA. Lending levels reflect good responsiveness by CNB to the credit needs of its AA.

This evaluation considers home mortgage loans reported on internal bank records and the initial reports on the bank's HMDA report. As well, we considered small loans to businesses and farms as reported on the Small Business/Farm registers. During the evaluation period, small loans to businesses accounted for 59% of number of loans and 55% of loan volume. Home mortgage loans accounted for 25% of number and 38% of volume; small loans to farms accounted for 16% of number of loans and 5% of volume. CD loans accounted for the remaining 2% of volume. Within the number of home mortgage loan originations or purchases, 39% were home purchase loans, 51% were home mortgage refinance loans, and 10% were home improvement loans.

CNB is an active home mortgage lender. While aggregate HMDA loan information for market share and peer lender comparisons is not available, information from the Mortgage Market Analysis Report published by Maine Credit Bureau, Inc. ranks CNB first in its AA in both 1999 and 2000 and second in 2001. Overall, CNB had 14%, 15%, and 14% market shares, respectively.

The bank is a very active small business and small farm lender, ranking first in both categories out of 44 small business and 10 small farm lenders reporting 2001 aggregate market analysis data. CNB has an 18% small business market share and a 44% small farm market share in its AA.

CNB ranks first in gathering deposits in its AA with a 30% market share. The lower market share in loan categories as compared to deposits is attributed to strong competition from banks and mortgage companies, many of which do not gather deposits.

### **Distribution of Loans by Income Level of the Geography**

The geographic distribution is not applicable as there are no low-income geographies and only one moderate-income geography in the bank's AA.

## **Lending Gap Analysis**

There are no conspicuous or inappropriate gaps found in the CNB's geographic loan distribution. In the non-MSA AA, we identified three block-numbered areas where the bank did not originate any loans. However, there are no owner-occupied houses or businesses located in these geographies.

## **Inside/Outside Ratio**

CNB has a strong record of lending within its AA. The bank made a substantial majority of its loans inside the AA (96% by number and 89% by dollar volume). Within the AA, the bank made 94% by number and 93% by dollar volume of its HMDA loans, 96% by number and 95% by dollar volume of its small loans to businesses, and 99% by both number and dollar volume of its small loans to farms. The in/out analysis is performed at the bank level, as opposed to the individual assessment area level, and includes bank originations and purchases. This performance is a positive factor in the overall lending analysis.

## **Distribution of Loans by Income Level of the Borrower**

The borrower distribution of home mortgage loans is good. Small loans to businesses distribution is excellent. Small loans to businesses were given more weight in our analysis, as in the evaluation period, 59% of the number of total loans were to small businesses; 25% of loans were HMDA loans. Volume comparisons reflect about 55% to small business and 38% to HMDA loans.

### ***Home Mortgage Loans***

Refer to Tables 8, 9, and 10 in Appendix C for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases. The borrower distribution of home mortgage loans is good.

### **Home Purchase Loans**

CNB's overall distribution of home purchase loans by income level of borrower is good. In the non-MSA AA, the distribution of home purchase loans by income level of borrower is good, after considering the performance context. Low levels of housing stock adversely impact home values and limit home-purchase opportunities. Zoning restrictions and cold weather related building codes adversely impact construction costs of affordable housing and limit home purchase opportunities. Median housing costs are high at \$92,953.

A low-income family earns less than \$19,700, based on HUD's updated MFI. It is most difficult for low-income families to purchase a home in this AA when median values are more than 4.5 times family income. Affordability is further affected by the high percentage of households in the AA living below the poverty level. While 19% of families are low-income, 13% of households are below the poverty level. Low levels of availability, high cost values, and

comparatively very low income combine as significant performance context impediments to purchasing a house.

As a result, the percentage of home purchase loans to low-income borrowers is significantly lower than the percentage of low-income families. At the same time, aggregate peer data that excludes CNB and its prime competitors, includes several large regional and national mortgage lenders. Combined total originations from three leading, and reporting, lenders are 18. This level reflects favorably on CNB that alone has 16 originations.

The percentage of home purchase loans to moderate-income borrowers is somewhat lower than the percentage of moderate-income families. Aggregate peer data, excluding CNB and its prime competitors, includes several large regional and national mortgage lenders. Originations from the top three reporting lenders are 43, which reflects favorably on CNB's 66 originations. Overall performance with home purchase mortgage originations is assessed as good considering performance context issues.

### Home Improvement Loans

In the non-MSA AA, the distribution of home improvement loans by income level of borrower is good after considering low opportunity levels in the performance context. Low-income families have difficulty owning houses. Low ownership rates equate to low opportunity rates for home improvement loans. As a result, the percentage of home improvement loans to low-income borrowers is lower than the percentage of low-income families. However, CNB originated 14 loans to low-income families. This number equaled the combined total of originated loans from the top three HMDA lenders that report activity in CNB's AA.

The percentage of home improvement loans to moderate-income borrowers exceeds the percentage of moderate-income families. CNB originated 28 loans to moderate-income families, which is greater than the 20 originations from the top three reporting HMDA lenders. CNB offers a stand-alone Home Improvement loan package that is attributed to helping meet the credit needs of moderate-income homeowners.

### Refinance Loans

In the non-MSA AA, the distribution of refinance loans by income level of borrower is good after considering the performance context. Community contacts reported a steady flow of out-of-state vacationers and retirees into the AA, with significantly stronger buying power than local residents and who now own many homes in the area. As a result, these buyers have driven housing values to levels that are no longer affordable to low- and moderate-income families.

The difficulty low-income families have affording a house in this AA limits opportunities for home refinance loans, and the percentage of home refinance loans to low-income borrowers is significantly lower than the percentage of low-income families. However, CNB originated 16 loans; this is far more than the 12 originations from the top three HMDA reporting lenders.

The percentage of home refinance loans to moderate-income borrowers is also significantly lower than the percentage of moderate-income families. However, CNB originated 47 loans. Again, this is more than the 33 originated by the top three HMDA reporting lenders.

### ***Small Loans to Businesses***

Refer to Table 11 in Appendix C for the facts and data used to evaluate the borrower distribution of the bank's origination/purchase of small loans to businesses.

In the non-MSA AA, the distribution of loans to small size businesses and small size loans (i.e., loans for less than \$100 thousand) is excellent. The bank makes 80% of its business loans to small businesses compared to 75% of all businesses in the non-MSA AA that are small businesses. In 2001, CNB's 24% market share for loans to businesses with annual revenues of \$1 million or less exceeds its 18% market share for all small business loans. Among local lenders, CNB ranks first in lending to businesses with income of \$1 million or less. A significant majority of CNB's business loans, roughly 81%, are for amounts less than \$100 thousand. Small businesses generally seek loans of less than \$100 thousand.

### ***Small Loans to Farms***

Refer to Table 12 in the Appendix C for the facts and data used to evaluate the borrower distribution of the bank's origination/purchase of small loans to farms.

In the non-MSA AA, the distribution of loans to small farms and small size loans (i.e., loans for less than \$100 thousand) is excellent. The bank makes 98% of its farm loans to small farms, and 94% of all farms in the non-MSA AA are small farms. In 2001, CNB's 43% market share for loans to farms with annual revenues of \$1 million or less is near to its 44% market share for all small farm loans. Among local lenders, CNB ranks first in lending to farms with income of \$1 million or less. A significant majority of CNB's farm loans (roughly 96%) are for amounts less than \$100 thousand. Small farms generally seek loans of less than \$100 thousand.

### **Community Development Lending**

Refer to Table 1, Lending Volume, in Appendix C for the facts and data used to evaluate the bank's level of community development lending. This table includes all CD loans, including multifamily loans that also qualify as CD loans.

CD lending has a very positive impact on the Lending Test for the non-MSA AA.

During the evaluation period, CNB originated 10 loans totaling \$6.1 million in the non-MSA AA. This represents 11% of Tier 1 capital. One hundred percent of the number and 100% of loan dollars were used in the development of affordable housing for low- and moderate-income families. Successful implementation of a strategic plan, directed towards originating affordable housing loans, accounted for these results. This affordable housing strategy is viewed as a strong and positive response to the primary need identified by community contacts in this area.

The following are examples of CD lending.

- A purchase and renovation loan for \$120 thousand was originated to provide 12-bed housing for children, age 8 to 13, who are wards of the State. This was a complex credit facility due to the lack of collateral supporting the bank's loan. As well, this project incorporated funds and resources from the Maine State Housing Authority, the Federal Home Loan Bank Board, and an equity investment from CNB beyond their loan. Repayment terms are complex, as repayment is to come from the Department of Human Services allotments to the not-for-profit agency extending care to residents. However, the state budget has a significant shortfall, and budget cuts are anticipated.
- A \$355 thousand dollar mortgage used to refinance existing debt and support a nonprofit organization that houses and teaches both physically and mentally challenged individuals. All residents are low- or moderate-income.

In addition, CNB made four small business loans that serve a useful community development purpose. These loans are not reflected in Table 1 totals as CD loans as they have already been captured as small business loans. Two loans help provide transportation for low- and moderate-income families, and two unsecured loans help provide housing for homeless teenagers.

## Product Innovation and Flexibility

Product innovation and flexibility have a positive impact on Lending Test conclusions.

The bank's innovative spirit is evidenced in CD Lending. Overall, CNB is seen as an advocate for child welfare, a departure from traditional adult and family programs. This effort is documented in investments, services, and CD lending. CNB loan advances facilitate a specific housing program in which the bank is committing funds and staff expertise to originate care facilities for low- and very low-income, homeless children. As noted previously, two business loans support services dedicated to children.

Flexibility is evidenced in a housing partnership created by a local Community Action Program to build a 24-unit subsidized rental facility. First, CNB took leadership and provided \$2.7 million in construction loan financing. This loan was taken out by permanent financing provided by the Maine Housing Investment Fund, in which CNB is a participant. CNB continued to head this project and provided a related CD service by administering the Affordable Housing Program grant awarded in the amount of \$220 thousand. CNB funded this grant and provides ongoing monitoring to ensure the project meets affordable housing criteria. CNB also provided Letters of Credit totaling \$225,000 during the project to help ensure its completion. In summary, whatever need arose, CNB provided it or participated in it.

Flexibility is also evidenced in several HMDA loans to low- and moderate-income families on an island. CNB originated five residential mortgages totaling \$167,000 on land that the bank could not include in its collateral. The mortgages included only leasehold improvements that were very likely to not be removed from the land. In fact, the landowner would probably be legally entitled to the leasehold ahead of the bank. These loans represent a significant underwriting departure for this bank, as it would be for banks in general. Nevertheless, underwriting these loans met a primary credit need of the assessment area.

CNB offers a full array of standard loan programs and products. Flexible mortgage loan programs offered by CNB include Maine State Housing Authority and Rural Development (Rural Housing) programs. Maine Housing Authority mortgage loan programs are available for first-time homebuyers who meet specific income and other guidelines. These mortgages offer below market rates, grants or assistance with closing costs, waiving of certain lender fees, and flexible underwriting and documentation standards. Rural Development program loans are available for homebuyers that meet income limit guidelines, are unable to qualify for conventional financing, and satisfy other program requirements. Mortgages offered under this program provide waiving of certain lender fees, flexible underwriting guidelines, and no down payments. Number and dollar amount of loans by borrower are not available.

## INVESTMENT TEST

### Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the Investment Test is rated "**Low Satisfactory.**" Based on a full-scope review, the bank's performance in the non-metropolitan MSA is adequate.

We included an assessment of community development opportunities as provided by bank management and community contacts. The level of opportunity is moderate to high in both number of opportunities and in dollar volume. There is competition for these opportunities.

Refer to Table 14 in Appendix C for the data used to evaluate the bank's level of qualified investments and performance under the Investment Test.

CNB's investment performance in the non-MSA AA is adequate. This conclusion is based on the level of investments compared to investment opportunities and capacity of the bank. During the evaluation period, CNB made three investments and 94 grants that benefited the non-MSA AA or a broader area that included the non-MSA AA. Both investments, with a combined total of \$265 thousand, are in projects that support affordable housing initiatives. With the addition of grants, CNB's current period investments and grants total \$334 thousand.

CNB also has \$1.047 million outstanding in qualified investments that were made in the prior evaluation period. In aggregate, current period investments and outstanding prior period investments total \$1.38 million. CNB also has unfunded commitments totaling an additional \$592 thousand in existing community development investments in the non-MSA AA.

The following are examples of investments benefiting the non-MSA AA or larger statewide areas.

- CNB investments, in the form of 24 grants totaling slightly more than \$12 thousand, enhance the care and well being of homeless children and children in low- and moderate-income families. Shelter and alternative education are the primary social services provided by these investments.
- CNB investments, in the form of 17 grants totaling more than \$7 thousand, enhance the care and well being of low- and moderate-income elderly citizens in CNB's AA. Shelter and home-care are the primary social services provided by these investments.

Prior period investments consist of one affordable housing project that responds to the primary need of the AA. It continues to have a positive impact on the assessment area and reflects positively upon CNB.

## SERVICE TEST

The bank's performance under the Service Test is rated "**High Satisfactory.**"

## Conclusions for Areas Receiving Full-Scope Reviews

Based on a full-scope review, the bank's performance in the non-metropolitan MSA is good. CNB's delivery systems are accessible to geographies and individuals of different income levels throughout its assessment area. The bank provides an excellent level of community development services.

### Retail Banking Services

Refer to Table 15 in Appendix C for the facts and data used to evaluate the distribution of the bank's branch delivery system and branch openings and closings.

Branch offices are accessible to geographies and individuals of different income levels throughout the non-MSA area. CNB operates 10 branches throughout the non-MSA area of which four are adjacent to supermarkets in shopping plazas.

CNB does not have a branch in the one moderate-income geography because only four percent of the population lives in that geography. However, CNB helps serve that moderate-income geography with a branch in Belfast, an adjacent middle-income geography.

Branch closures and openings had no effect on the accessibility of retail delivery systems to low- and moderate-income individuals and the one moderate-income geography.

Branch hours are designed to provide conveniences to individuals of all income levels throughout the non-MSA. Six branch offices have early drive-up window hours varying from 30 to 90 minutes ahead of branch lobby hours. There are no material differences in services provided throughout the branch network. Branch office hours and days of operation vary based on the convenience and needs of each branch's area. In general, conventional branch hours range from 8:30 or 9:00 a.m. to 3:00, 3:30 and 4:00 p.m., Monday through Wednesday, with closings at 5:00 or 6:00 p.m. on Thursday and Friday. One-half are open Saturday morning until noon.

CNB's ATM network offers a good alternative delivery system for teller-based services to low- and moderate-income individuals. All ATMs offer 24-hour service.

Other alternative delivery systems include telephone banking. The Customer Service Center is operational Monday through Thursday from 8:00 a.m. to 5:00 p.m., 8:00 a.m. to 6:00 p.m. on Friday, and Saturday from 8:30 a.m. to noon. Center employees assist customers with their deposit and loan accounts, open new accounts, and accept consumer and home equity applications.

"Access 24" provides toll-free telephone access to customers seven days a week and operates as an automated response unit of the Customer Service Center. Using "Access 24," customers can access account balances, obtain information on status of deposits and withdrawals, and make transfers to other CNB accounts.

Other services offered by the bank include banking by mail and direct deposit. In evaluating the bank's services, no significant weight was given to these systems since the bank does not

track how well these services reach low- and moderate-income people and/or small businesses.

## **Community Development Services**

CNB provides an excellent level of community development services. Management is a leader in providing community development services. Management leads by supporting a high number of statewide organizations, including those in the bank's AA, involved in community development initiatives.

Examples of initiatives are affordable housing for low- and moderate-income individuals and services to low- and moderate-income families. Support is provided in a number of ways including making a high number of employees available (1) to use their financial expertise to support and provide training for community development groups that provide services for low- and moderate-income individuals and (2) to teach seminars on credit management and first-time home buying. CNB's efforts are highly responsive to affordable housing needs.

Following are examples of community development services provided by CNB during this evaluation period.

- Through management's endorsement, a senior bank officer is president of a local non-profit affordable housing organization. This 501(c) 3 corporation works with the Town of Camden to develop tax-acquired and other gifted lands into affordable housing opportunities for low- and moderate-income area residents. Through this organization, the bank has successfully constructed housing on vacant land for sale to low-income families and has also successfully solicited property donations to be used for the development of affordable housing subdivisions. Bank efforts were instrumental in obtaining a \$311,000 grant from the Federal Home Loan Bank of Boston to support the development of 10 affordable housing units in Camden. In another related project, this same senior bank officer led a program to build two additional affordable housing units on gifted land with a \$130,000 bank loan. As well, management committed \$400,000 of first mortgage financing at 4% to low- and moderate-income applicants for purchasing these houses.
- Bank staff has worked closely with a local chapter of Habitat for Humanity, providing technical assistance to that organization regarding both property acquisition and financing.
- CNB staff sits on the loan committee of a local agency that lends to low- and moderate-income families to fund home improvements and repairs.
- The bank supports a regional Community Development Financial Institution (CDFI) funding a broad range of affordable housing, elderly housing, and community development projects. A senior vice president of the bank sits on the Board of this CDFI and is also a member of its Loan Committee.
- CNB is actively involved in statewide community development initiatives. Bank staff is on the Maine State Housing Authority's Advisory Committee and also on the board of the Maine Housing Investment Fund, which raises capital to fund permanent financing

of Low Income Housing Tax Credit projects throughout the state. The bank also supports statewide homebuyer educational initiatives by serving on the Board of an entity working to standardize home buying education programs throughout the state.

- The bank is an active participant in a statewide consortium of financial institutions making non-standard loans for the development of affordable housing. Consortium banks participate in the loans on a percentage basis, thereby minimizing the loan risk. The bank's Senior Vice President is a Vice President of the Consortium and also serves on its Board.
- Bank staff is active in a county affordable housing coalition and has provided technical expertise in guiding the coalition's advocacy and educational efforts, as well as strategic support for the development of the coalition's 501(c) 3 corporation.
- The bank's staff lent technical support to the development of a cooperative association to develop and maintain affordable rental units for low- and moderate-income retirees; acted as treasurer to a social services agency providing housing and transportation to elderly low- and moderate-income residents; and chaired a local committee raising funds to assist low-income elderly residents with home repairs. Bank staff also coordinates the repair projects with local builders and contractors to obtain discounted or donated materials and services.
- CNB is an active sponsor of worthy community development projects through the Federal Home Loan Bank's grant program. The bank successfully sponsored and administers four Affordable Housing Program Grants totaling \$506,000. Through these sponsorships, the bank is able to assist in raising needed capital to further leverage funds available for use in affordable housing projects.

In addition to the technical assistance of staff to the community development organizations and activities described above, the bank is actively involved in financial literacy efforts throughout its community. These activities include conducting first time homebuyer seminars; conducting seminars for small business owners focused on business planning, marketing and finance; and conducting financial literacy training sessions for high school students.

The bank's "Community Spirit of Christmas" supported 80 families and 180 children in 2002, an increase from 60 families and 110 children in 2001, with food, clothing and gifts. Staff fund raising programs, some of which are conducted during banking hours, and \$2500 from bank funds made \$11,000 available this year. Funds go for boots for each child; hams, potatoes, apples, and oranges for each family; and a gift for each child. Bank staff purchases all gifts, wraps them, and delivers them to each family.

CNB participates in an Interest On Lawyer's Trust Accounts (IOLTA) program. Through this program, CNB waives fees and pays interest premiums on lawyers' trust accounts. Earnings from these accounts are used to provide legal services to low- and moderate-income individuals. In the evaluation period more than \$210 thousand was contributed, providing legal services to low- and moderate-income individuals throughout Maine.

CNB also participates in the Maine Realtors Foundation. Through this program, CNB waives

fees and pays interest premiums on realtors' escrow accounts. The interest earned is transferred to the Maine Realtors Foundation which uses the money to make grants to service organizations responding to the needs of low- and moderate-income families in Maine. In the evaluation period, more than \$21 thousand was contributed providing additional funds that were used as fuel assistance for low- and moderate- income families.

## Appendix A: Scope of Examination

The following table identifies the time period covered in this evaluation, affiliate activities that were reviewed, and loan products considered. The table also reflects the metropolitan and non-metropolitan areas that received comprehensive examination review (designated by the term “full-scope”) and those that received a less comprehensive review (designated by the term “limited-scope”).

<b>Time Period Reviewed</b>	Lending Test (excludes CD Loans): 07/01/99 to 06//30/02 Investment and Service Tests and CD Loans: 07/01/99 to 08/05/02	
<b>Financial Institution</b>	<b>Products Reviewed</b>	
Camden National Bank (CNB) Camden, Maine	Home purchase, home improvement, and refinance loans reported on the HMDA Loan Application Register and internal bank records, as well as small business/farm loans reported on the CRA register.  Community development loans, investments, and services.  Retail products and services.	
<b>Affiliate(s)</b>	<b>Affiliate Relationship</b>	<b>Products Reviewed</b>
None Included.		
<b>List of Assessment Areas and Type of Examination</b>		
<b>Assessment Area</b>	<b>Type of Exam</b>	<b>Other Information</b>
Non-metropolitan Area	Full-Scope	See “Market Profile” in Appendix B.

# Appendix B: Market Profiles for Full-Scope Areas

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## Table of Contents

### Market Profiles for Areas Receiving Full-Scope Reviews

Non Metropolitan Area.....	B1
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## Non-Metropolitan Area (Non MSA)

Demographic Information for Full-Scope Area: Non Metropolitan Area (Non MSA)						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	28	0	3.57	82.14	3.57	10.71
Population by Geography	89,474	0	4.33	90.02	5.65	0
Owner-Occupied Housing by Geography	27,281	0	4.50	90.07	5.43	0
Businesses by Geography	7,571	0	1.70	90.45	7.85	0
Farms by Geography	333	0	4.50	93.69	1.80	0
Family Distribution by Income Level	24,702	19.13	19.65	25.23	35.98	0
Distribution of Low- and Moderate-Income Families throughout AA Geographies	9,580	0	5.88	90.65	3.48	0
Median Family Income HUD Adjusted Median Family Income for 1998 Households Below the Poverty Level	= \$30,719 = \$39,400 = 13.11%	Median Housing Value Unemployment Rate		= \$92,953 = 3.68 %		

(\*) The NA category consists of geographies that have not been assigned an income classification.  
Source: 1990 U.S. Census, and 2001 HUD updated MFI.

CNB's assessment area is the mid-coastal region of Maine stretching from Boothbay to Bucksport and inland to rural geographies bordering Augusta and Dixmont. It includes parts of Lincoln, Knox and Waldo counties. The area is predominately, 82%, comprised of middle-income tracts. There are three "NA" geographies in the assessment area. A thorough review identifies them as land "slivers" between county lines with no populations. Centers of population are a series of small coastal communities with significantly larger summer than year-round residents. The largest town has a population of about 15 thousand.

CNB has a significant presence with 10 branches and seven ATMs; it ranks first in deposit market share at 30% as of June 30, 2001. Major mortgage loan competitors include First National Bank of Damariscotta, Damariscotta Bank and Trust, Bath Savings Bank, Bangor Savings Bank, Union Trust Company, and Rockland Savings and Loan Association. As well, large nationwide and regional banks, such as Fleet Bank, Key Bank, and Peoples Heritage Bank, compete aggressively. Farm Credit has been a recently strong competitor in lumber company and fish processing loans to small businesses.

The major business focus of the assessment area is tied to the sea. The shell fishing industry is viable. However, ocean pleasure activities dominate local businesses. Boating and related interests include maintenance and storage. Cruises are strong seasonally and vary from four-mast schooners to sea kayaking. As well, the businesses serving those who only want to look at and be near the ocean for vacation periods are strong. Hospitality industry activities are

plentiful; many are seasonal. For some, the draw of the sea has resulted in buying or building second homes or retirement homes. As a result, building trade activities and suppliers are strong. Overall, the economy of this area is stabilized by MBNA and services such as regional school administration districts, regional medical facilities, and community public works departments. The unemployment rate of 3.7% is close to the state's average of 3.5%.

There is no direct comparative population data for the non-MSA AA. However, updated State of Maine data on two major segments of the AA reflect 8.8% population increases in each and evidence that those moving into the area have higher incomes than local residents. Community contacts say local credit needs vary. Affordable housing is becoming critical. There is evidence that community-based service providers such as police, firefighters, and schoolteachers find living in their communities increasingly more difficult. Secondly, small business credit needs are important, and those needs are generally being met.

As the largest depository institution in the area, CNB has initiated a number of programs aimed at addressing community needs. Mortgage financing is difficult due to extremely high land costs. CNB spearheaded community development activities to provide housing on town-owned land or donated land to not-for-profit agencies. Overall, CNB made 10 CD loans totaling \$6.1 million in the non-MSA AA. A prime example of these activities, equaling 11% of Tier 1 Capital, is a purchase and renovation loan for \$120 thousand to provide 12-bed housing for children, age 8 to 13, who are wards of the state.

The level of investment opportunity in the assessment area is moderate in number and dollar volume. At the same time there is competition for these opportunities.

## Appendix C: Tables of Performance Data

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### Content of Standardized Tables

References to the “bank” include activities of any affiliates that the bank provided for consideration (refer to Appendix A: Scope of the Examination). For purposes of reviewing the lending test tables, the following are applicable: purchased loans are treated as originations/purchases and market share is the number of loans originated and purchased by the bank as a percentage of the aggregate number of reportable loans originated and purchased by all lenders in the MA/assessment area. Tables without data are not included in this PE.

The following is a listing and brief description of the tables:

- Table 1. Lending Volume** - Presents the number and dollar amount of reportable loans originated and purchased by the bank over the evaluation period by MA/assessment area. Community development loans to statewide or regional entities or made outside the bank’s assessment area may receive positive CRA consideration. Refer to Interagency Q&As \_\_.12(i) - 5 and - 6 for guidance on when a bank may receive positive CRA consideration for such loans. When such loans exist, insert a line item with the appropriate caption, such as “Statewide/Regional” or “Out of Assessment Area,” in the MA/Assessment Area column and record the corresponding numbers and amounts in the “Community Development Loans” column.
- Table 1. Other Products** - Presents the number and dollar amount of any unreported category of loans originated and purchased by the bank over the evaluation period by MA/assessment area. Examples include consumer loans or other data that a bank may provide, at its option, concerning its lending performance. This is a two-page table that lists specific categories.
- Table 2. Geographic Distribution of Home Purchase Loans** - Compares the percentage distribution of the number of loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of owner-occupied housing units throughout those geographies. The table also presents market share information based on the most recent aggregate market data available.
- Table 3. Geographic Distribution of Home Improvement Loans** - See Table 2.
- Table 4. Geographic Distribution of Home Mortgage Refinance Loans** - See Table 2.
- Table 5. Geographic Distribution of Multifamily Loans** - Compares the percentage distribution of the number of multifamily loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of multifamily housing units throughout those geographies. The table

also presents market share information based on the most recent aggregate market data available.

- Table 6. Geographic Distribution of Small Loans to Businesses** - The percentage distribution of the number of small loans (less than or equal to \$1 million) to businesses originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies compared to the percentage distribution of businesses (regardless of revenue size) throughout those geographies. The table also presents market share information based on the most recent aggregate market data available. Because small business data are not available for geographic areas smaller than counties, it may be necessary to use geographic areas larger than the bank's assessment area.
- Table 7. Geographic Distribution of Small Loans to Farms** - The percentage distribution of the number of small loans (less than or equal to \$500,000) to farms originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies compared to the percentage distribution of farms (regardless of revenue size) throughout those geographies. The table also presents market share information based on the most recent aggregate market data available. Because small farm data are not available for geographic areas smaller than counties, it may be necessary to use geographic areas larger than the bank's assessment area.
- Table 8. Borrower Distribution of Home Purchase Loans** - Compares the percentage distribution of the number of loans originated and purchased by the bank to low-, moderate-, middle-, and upper-income borrowers to the percentage distribution of families by income level in each MA/assessment area. The table also presents market share information based on the most recent aggregate market data available.
- Table 9. Borrower Distribution of Home Improvement Loans** - See Table 8.
- Table 10. Borrower Distribution of Refinance Loans** - See Table 8.
- Table 11. Borrower Distribution of Small Loans to Businesses** - Compares the percentage distribution of the number of small loans (less than or equal to \$1 million) originated and purchased by the bank to businesses with revenues of \$1 million or less to the percentage distribution of businesses with revenues of \$1 million or less. In addition, the table presents the percentage distribution of the number of loans originated and purchased by the bank by loan size, regardless of the revenue size of the business. Market share information is presented based on the most recent aggregate market data available.
- Table 12. Borrower Distribution of Small Loans to Farms** - Compares the percentage distribution of the number of small loans (less than or equal to \$500,000) originated and purchased by the bank to farms with revenues of \$1 million or less to the percentage distribution of farms with revenues of \$1 million or less. In addition, the table presents the percentage distribution of the number of loans originated and purchased by the bank by loan size, regardless of the revenue size of the farm.

Market share information is presented based on the most recent aggregate market data available.

**Table 13. Geographic and Borrower Distribution of Consumer Loans (OPTIONAL)** - For geographic distribution, the table compares the percentage distribution of the number of loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of households within each geography. For borrower distribution, the table compares the percentage distribution of the number of loans originated and purchased by the bank to low-, moderate-, middle-, and upper-income borrowers to the percentage of households by income level in each MA/assessment area.

**Table 14. Qualified Investments** - Presents the number and dollar amount of qualified investments made by the bank in each MA/AA. The table separately presents investments made during prior evaluation periods that are still outstanding and investments made during the current evaluation period. Prior-period investments are reflected at their book value as of the end of the evaluation period. Current period investments are reflected at their original investment amount even if that amount is greater than the current book value of the investment. The table also presents the number and dollar amount of unfunded qualified investment commitments. In order to be included, an unfunded commitment must be legally binding and tracked and recorded by the bank's financial reporting system.

A bank may receive positive consideration for qualified investments in statewide/regional entities or made outside of the bank's assessment area. See Interagency Q&As \_\_.12(i) - 5 and - 6 for guidance on when a bank may receive positive CRA consideration for such investments. When such investments exist, insert a line item with the appropriate caption, such as "Statewide/Regional" or "Out of Assessment Area," in the MA/Assessment Area column and record the corresponding numbers and amounts in the "Qualified Investments" column.

**Table 15. Distribution of Branch Delivery System and Branch Openings/Closings** - Compares the percentage distribution of the number of the bank's branches in low-, moderate-, middle-, and upper-income geographies to the percentage of the population within each geography in each MA/AA. The table also presents data on branch openings and closings in each MA/AA.

**Table 1. Lending Volume**

LENDING VOLUME		Geography: CNB NON MSA AA						Evaluation Period: July 1, 1999 to June 30, 2002				
MA/Assessment Area:	% of Rated Area Loans (#) in MA/AA*	Home Mortgage		Small Loans to Businesses		Small Loans to Farms		Community Development Loans**		Total Reported Loans		% of Rated Area Deposits in MA/AA***
		#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$(000's)	
<b>Full-Review</b>												
Camden 2002 N	100%	1090	125,182	2542	180,483	679	17,450	10	6,060	4,321	329,175	100.00

\* Loan Data as of 6/30/2002. Rated area refers to either the state or multi-state MA rating area.

\*\* The evaluation period for Community Development Loans is July 1, 1999 to August 5, 2002.

\*\*\* Deposit Data as of 6/30/2001. Rated Area refers to either the state, multi-state MA, or institution, as appropriate.

**Table 1. Other Products**

LENDING VOLUME		Geography: CNB NON MSA AA						Evaluation Period: July 1, 1999 to June 30, 2002						
MA/Assessment Area:	% of Rated Area Loans (#) in MA/AA*	Total Optional Loans**		Small Business Real Estate Secured**		Home Equity**		Motor Vehicle		Credit Card**		Other Secured Consumer**		% of Rated Area Deposits in AA***
		#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	
<b>Not Applicable</b>														

**Table 1. Other Products**

LENDING VOLUME		Geography: CNB NON MSA AA		Evaluation Period: July 1, 1999 to June 30, 2002	
		Other Unsecured Consumer Loans*		Other Optional Loans*	
MA/Assessment Area:	#	\$ (000's)	#	\$ (000's)	
<b>Not Applicable</b>					

**Table 2. Geographic Distribution of Home Purchase Loans**

Geographic Distribution: HOME PURCHASE		Geography: CNB NON MSA AA						Evaluation Period: July 1, 1999 to June 30, 2002							
MA/Assessment Area:	Total Home Purchase Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography				
	#	% of Total**	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Over all	Low	Mod	Mid	Upp
<b>Not Applicable</b>															

**Table 3. Geographic Distribution of Home Improvement Loans**

Geographic Distribution: HOME IMPROVEMENT		Geography: CNB NON MSA AA						Evaluation Period: July 1, 1999 to June 30, 2002							
MA/Assessment Area:	Total Home Improvement Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography				
	#	% of Total	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Over all	Low	Mod	Mid	Upp
<b>Not Applicable</b>															

**Table 4. Geographic Distribution of Home Mortgage Refinance Loans**

Geographic Distribution: HOME MORTGAGE REFINANCE											Geography: CNB NON MSA AA					Evaluation Period: July 1, 1999 to June 30, 2002				
MA/Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography									
	#	% of Total**	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Over all	Low	Mod	Mid	Upp					
<b>Not Applicable</b>																				

**Table 5. Geographic Distribution of Multifamily Loans**

Geographic Distribution: MULTIFAMILY											Geography: CNB NON MSA AA					Evaluation Period: July 1, 1999 to June 30, 2002				
MA/Assessment Area:	Total Multifamily Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography									
	#	% of Total**	% of MF Units***	% BANK Loans	% MF Units***	% BANK Loans	% MF Units***	% BANK Loans	% MF Units***	% BANK Loans	Over all	Low	Mod	Mid	Upp					
<b>Not Applicable</b>																				

**Table 6. Geographic Distribution of Small Loans to Businesses**

Geographic Distribution: SMALL LOANS TO BUSINESSES												Geography: CNB NON MSA AA		Evaluation Period: July 1, 1999 to June 30, 2002				
MA/Assessment Area:	Total Small Business Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography							
	#	% of Total**	% of Businesses***	% BANK Loans	% of Businesses***	% BANK Loans	% of Businesses***	% BANK Loans	% of Businesses***	% BANK Loans	Overall	Low	Mod	Mid	Upp			
<b>Not Applicable</b>																		

**Table 7. Geographic Distribution of Small Loans to Farms**

Geographic Distribution: SMALL LOANS TO FARMS												Geography: CNB NON MSA AA		Evaluation Period: July 1, 1999 to June 30, 2002				
MA/Assessment Area:	Total Small Farm Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography							
	#	% of Total**	% of Farms***	% BANK Loans	% of Farms***	% BANK Loans	% of Farms***	% BANK Loans	% of Farms***	% BANK Loans	Overall	Low	Mod	Mid	Upp			
<b>Not Applicable</b>																		

**Table 8. Borrower Distribution of Home Purchase Loans**

Borrower Distribution: HOME PURCHASE		Geography: CNB NON MSA AA						Evaluation Period: July 1, 1999 to June 30, 2002							
MA/Assessment Area:	Total Home Purchase Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share				
	#	% of Total**	% Families***	% BANK Loans****	% Families**	% BANK Loans****	% Families*	% BANK Loans****	% Families**	% BANK Loans****	Over all	Low	Mod	Mid	Upp
<b>Full Review</b>															
Camden 2002 Non-MSA	424	100.0	19.13	3.35	19.65	16.27	25.23	16.27	35.98	64.11	0	0	0	0	0

\* Based on 2001 Peer Mortgage Data: Northeast Region.

\*\* As a percentage of loans with borrower income information available. No information was available for 1.4% of loans originated and purchased by Bank.

\*\*\* Percentage of Families is based on the 1990 Census information.

\*\*\*\* Home purchase loans originated and purchased in the MA/AA as a percentage of all home purchase loans originated and purchased in the rated area.

**Table 9. Borrower Distribution of Home Improvement Loans**

Borrower Distribution: HOME IMPROVEMENT		Geography: CNB NON MSA AA								Evaluation Period: July 1, 1999 to June 30, 2002					
MA/Assessment Area:	Total Home Improvement Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share				
	#	% of Total**	% Families**	% BANK Loans****	% Families* **	% BANK Loans****	% Families* **	% BANK Loans****	% Families* **	% BANK Loans****	Over all	Low	Mod	Mid	Upp
<b>Full Review</b>															
Camden 2002 Non-MSA	114	100.0	19.13	12.61	19.65	25.23	25.23	18.02	35.98	44.14	0	0	0	0	0

\* Based on 2001 Peer Mortgage Data: Northeast Region.

\*\* As a percentage of loans with borrower income information available. No information was available for 2.63% of loans originated and purchased by Bank.

\*\*\* Percentage of Families is based on the 1990 Census information.

\*\*\*\* Home improvement loans originated and purchased in the MA/AA as a percentage of all home improvement loans originated and purchased in the rated area.

**Table 10. Borrower Distribution of Home Mortgage Refinance Loans**

Borrower Distribution: HOME MORTGAGE REFINANCE		Geography: CNB NON MSA AA						Evaluation Period: July 1, 1999 to June 30,, 2002							
MA/Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share				
	#	% of Total**	% Families **	% BANK Loans ****	% Families* **	% BANK Loans****	% Families* **	% BANK Loans****	% Families* **	% BANK Loans****	Over all	Low	Mod	Mid	Upp
<b>Full Review</b>															
Camden 2002 Non-MSA	551	100.00	19.13	2.91	19.65	8.74	25.23	18.94	35.98	69.40	0	0	0	0	0

\* Based on 2001 Peer Mortgage Data: Northeast Region.

\*\* As a percentage of loans with borrower income information available. Information was not available for 0.36% of loans originated and purchased by Bank.

\*\*\* Percentage of Families is based on the 1990 Census information.

\*\*\*\* Home mortgage refinance loans originated and purchased in the MA/AA as a percentage of all home mortgage refinance loans originated and purchased in the rated area.

**Table 11. Borrower Distribution of Small Loans to Businesses**

Borrower Distribution: SMALL LOANS TO BUSINESSES					Geography: CNB NON MSA AA			Evaluation Period: July 1, 1999 to June 30, 2002	
MA/Assessment Area:	Total Small Loans to Businesses		Businesses With Revenues of \$1 million or less		Loans by Original Amount Regardless of Business Size			Market Share	
	#	% of Total**	% of Businesses***	% BANK Loans****	\$100,000 or less	>\$100,000 to \$250,000	>\$250,000 to \$1,000,000	All	Rev \$1 Million or Less
<b>Full Review</b>									
Camden 2002 Non-MSA	2542	100	74.60	79.70	81.24	13.10	5.66	18.00	23.50

\* Based on 2001 Peer Small Business Data: US.

\*\* Small loans to businesses originated and purchased in the MA/AA as a percentage of all small loans to businesses originated and purchased in the rated area.

\*\*\* Businesses with revenues of \$1 million or less as a percentage of all businesses (Source: Dun & Bradstreet – 2002).

\*\*\*\* Small loans to businesses with revenues of \$1 million or less as a percentage of all loans reported as small loans to businesses. No information was available for 0.0 of small loans to businesses originated and purchased by the Bank

**Table 12. Borrower Distribution of Small Loans to Farms**

Borrower Distribution: SMALL LOANS TO FARMS					Geography: CNB NON MSA AA			Evaluation Period: July 1, 1999 to June 30, 2002	
MA/Assessment Area:	Total Small Loans to Farms		Farms With Revenues of \$1 million or less		Loans by Original Amount Regardless of Farm Size			Market Share	
	#	% of Total**	% of Farms***	% BANK Loans****	\$100,000 or less	>\$100,000 to \$250,000	>\$250,000 to \$500,000	All	Rev \$1 Million or Less
<b>Full Review</b>									
Camden 2002 Non-MSA	679	100.00	93.69	98.09	96.32	3.39	0.29	43.70	43.30

\* Based on 2001 Peer Small Business Data: US.

\*\* Small loans to farms originated and purchased in the MA/AA as a percentage of all small loans to farms originated and purchased in the rated area.

\*\*\* Farms with revenues of \$1 million or less as a percentage of all farms (Source: Dun & Bradstreet –2002).

\*\*\*\* Small loans to farms with revenues of \$1 million or less as a percentage of all loans reported as small loans to farms. No information was available for 0.0% of small loans to farms originated and purchased by Bank.

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**Table 13. Geographic and Borrower Distribution of Consumer Loans (Institution's Option)**

Geographic and Borrower Distribution: CONSUMER LOANS																			Geography: CNB NON MSA AA																			Evaluation Period: July 1, 1999 to June 30, 2002																		
MA/Assessment Area:	Geographic Distribution										Borrower Distribution																																													
	Total Consumer Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers																																							
	#	% of Total*	% of Hhlds**	% of BANK Loans	% of Hhlds**	% of BANK Loans	% of Hhlds**	% of BANK Loans	% of Hhlds**	% of BANK Loans	% of Hhlds**	% of BANK Loans	% of Hhlds**	% of BANK Loans	% of Hhlds**	% of BANK Loans	% of Hhlds**	% of BANK Loans																																						
<b>Not Applicable</b>																																																								

**Table 14. Qualified Investments**

QUALIFIED INVESTMENTS										Geography: CNB NON MSA AA										Evaluation Period: July 1, 1999 to June 30, 2002									
MA/Assessment Area:	Prior Period Investments*		Current Period Investments		Total Investments			Unfunded Commitments*																					
	#	\$(000's)	#	\$(000's)	#	\$(000's)	% of Total	#	\$(000's)																				
<b>Full Review</b>																													
Camden 2002 Non-MSA	1	1,047	97	334	98	1,381	100	2	592																				

**Table 15. Distribution of Branch Delivery System and Branch Openings/Closings**

DISTRIBUTION OF BRANCH DELIVERY SYSTEM AND BRANCH OPENINGS/CLOSINGS Geography: CNB NON MSA AA Evaluation Period: July 1, 1999 to June 30, 2002																	
MA/Assessment Area:	Deposits	Branches						Branch Openings/Closings				Population					
	% of Rated Area Deposits in AA	# of BANK Branches	% of Rated Area Branches in AA	Location of Branches by Income of Geographies (%)				# of Branch Openings	# of Branch Closings	Net change in Location of Branches (+ or -)				% of Population within Each Geography			
				Low	Mod	Mid	Upp			Low	Mod	Mid	Upp	Low	Mod	Mid	Upp
<b>Full Review:</b>																	
Camden 2002 Non-MSA	100.00	10	100	0	0	80.0	20.0	0	0	0	0	0	0	0	4.33	90.02	5.65

