UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended March 31, 2024

OR

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Commission File No. 0-28190

CAMDEN NATIONAL CORPORATION
(Exact name of registrant as specified in its charter)

Maine	01-0413282
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
2 ELM STREET CAMDEN ME	04843
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: (207) 236-8821

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, without par value	CAC	The NASDAQ Stock Market LLC

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15 (d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter periods that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes x No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).

Yes x No ☐

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

Large accelerated filer	☐	Accelerated filer	☒
Non-accelerated filer	☐	Smaller reporting company	☐
		Emerging growth company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes ☐ No ☒

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practical date:

Outstanding at April 30, 2024: Common stock (no par value) 14,606,693 shares.

CAMDEN NATIONAL CORPORATION

FORM 10-Q FOR THE QUARTER ENDED MARCH 31, 2024
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PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

CONSOLIDATED STATEMENTS OF CONDITION
(unaudited)

(In thousands, except number of shares)		March 31, 2024		December 31, 2023
ASSETS				
Cash and due from banks	$	68,690	$	77,649
Interest-bearing deposits in other banks (including restricted cash)		108,029		22,155
Total cash, cash equivalents and restricted cash		176,719		99,804
Investments:				
Trading securities		4,847		4,647
Available-for-sale securities, at fair value (amortized cost of $685,263 and $702,937, respectively)		601,576		625,808
Held-to-maturity securities, at amortized cost (fair value of $496,517 and $510,595, respectively)		540,349		544,931
Other investments		16,392		15,394
Total investments		1,163,164		1,190,780
Loans held for sale, at fair value (book value of $9,441 and $10,152, respectively)		9,524		10,320
Loans		4,121,040		4,098,094
Less: allowance for credit losses on loans		(35,613)		(36,935)
Net loans		4,085,427		4,061,159
Goodwill		94,697		94,697
Core deposit intangible assets		832		971
Bank-owned life insurance		102,184		101,501
Premises and equipment, net		34,789		35,049
Deferred tax assets		42,087		42,226
Other assets		85,362		77,999
Total assets	$	5,794,785	$	5,714,506
LIABILITIES AND SHAREHOLDERS' EQUITY				
Liabilities				
Deposits:				
Non-interest checking	$	929,314	$	967,750
Interest checking		1,503,045		1,553,787
Savings and money market		1,379,437		1,364,401
Certificates of deposit		585,786		609,503
Brokered deposits		153,942		101,919
Total deposits		4,551,524		4,597,360
Short-term borrowings		601,499		485,607
Junior subordinated debentures		44,331		44,331
Accrued interest and other liabilities		95,854		92,144
Total liabilities		5,293,208		5,219,442
Commitments and Contingencies (Note 7)				
Shareholders' Equity				
Common stock, no par value: authorized 40,000,000 shares, issued and outstanding 14,593,830 and 14,565,952 on March 31, 2024 and December 31, 2023, respectively		116,449		115,602
Retained earnings		488,143		481,014
Accumulated other comprehensive loss		(103,015)		(101,552)
Total shareholders' equity		501,577		495,064
Total liabilities and shareholders' equity	$	5,794,785	$	5,714,506

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENTS OF INCOME
(unaudited)

(In thousands, except number of shares and per share data)	Three Months Ended March 31, 2024	Three Months Ended March 31, 2023
Interest Income		
Interest and fees on loans	$ 51,709	$ 45,332
Taxable interest on investments	7,027	5,963
Nontaxable interest on investments	465	763
Dividend income	312	219
Other interest income	670	448
Total interest income	60,183	52,725
Interest Expense		
Interest on deposits	23,178	15,832
Interest on borrowings	5,198	2,085
Interest on junior subordinated debentures	534	528
Total interest expense	28,910	18,445
Net interest income	31,273	34,280
(Credit) provision for credit losses	(2,102)	2,002
Net interest income after (credit) provision for credit losses	33,375	32,278
Non-Interest Income		
Debit card income	2,866	2,938
Service charges on deposit accounts	2,027	1,762
Income from fiduciary services	1,749	1,600
Brokerage and insurance commissions	1,239	1,093
Mortgage banking income, net	808	716
Bank-owned life insurance	683	592
Other income	950	1,165
Total non-interest income	10,322	9,866
Non-Interest Expense		
Salaries and employee benefits	15,954	14,573
Furniture, equipment and data processing	3,629	3,211
Net occupancy costs	2,070	2,079
Debit card expense	1,264	1,201
Consulting and professional fees	860	1,055
Regulatory assessments	857	845
Amortization of core deposit intangible assets	139	148
Other real estate owned and collection costs, net	10	5
Other expenses	2,579	3,048
Total non-interest expense	27,362	26,165
Income before income tax expense	16,335	15,979
Income Tax Expense	3,063	3,252
Net Income	$ 13,272	$ 12,727
Per Share Data		
Basic earnings per share	$ 0.91	$ 0.87
Diluted earnings per share	$ 0.91	$ 0.87
Cash dividends declared per share	$ 0.42	$ 0.42
Weighted average number of common shares outstanding	14,572,051	14,573,122
Diluted weighted average number of common shares outstanding	14,625,771	14,631,542

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(unaudited)

	Three Months Ended March 31,	
(In thousands)	2024	2023
Net Income	$ 13,272	$ 12,727
Other comprehensive (loss) income:		
Net change in fair value of debt securities, net of tax	(3,948)	9,094
Net change in fair value of cash flow hedging derivatives, net of tax	2,491	(2,605)
Net change in other comprehensive income for supplemental executive retirement plan and other postretirement benefit plan, net of tax	(6)	(5)
Other comprehensive (loss) income	(1,463)	6,484
Comprehensive Income	$ 11,809	$ 19,211

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(unaudited)

	Three Months Ended								
	Common Stock					Accumulated Other Comprehensive Income (Loss)		Total Shareholders' Equity	
(In thousands, except number of shares and per share data)	Shares Outstanding		Amount		Retained Earnings				
Balance at December 31, 2022	14,567,325	$	115,069	$	462,164	$	(125,955)	$	451,278
Net income	—		—		12,727		—		12,727
Other comprehensive income, net of tax	—		—		—		6,484		6,484
Stock-based compensation expense	—		459		—		—		459
Issuance of vested share awards, net of repurchase for tax withholdings	20,581		62		—		—		62
Cash dividends declared ($0.42 per share)	—		—		(6,136)		—		(6,136)
Balance at March 31, 2023	14,587,906	$	115,590	$	468,755	$	(119,471)	$	464,874
Balance at December 31, 2023	14,565,952	$	115,602	$	481,014	$	(101,552)	$	495,064
Net income	—		—		13,272		—		13,272
Other comprehensive loss, net of tax	—		—		—		(1,463)		(1,463)
Stock-based compensation expense	—		782		—		—		782
Issuance of vested share awards, net of repurchase for tax withholdings	27,878		65		—		—		65
Cash dividends declared ($0.42 per share)	—		—		(6,143)		—		(6,143)
Balance at March 31, 2024	14,593,830	$	116,449	$	488,143	$	(103,015)	$	501,577

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS
(unaudited)

(In thousands)	Three Months Ended March 31, 2024	Three Months Ended March 31, 2023
Operating Activities		
Net Income	$ 13,272	$ 12,727
Adjustments to reconcile net income to net cash provided by operating activities:		
Originations of mortgage loans held for sale	(40,732)	(34,397)
Proceeds from the sale of mortgage loans	41,913	35,501
Gain on sale of mortgage loans, net of origination costs	(470)	(384)
(Credit) provision for credit losses	(2,102)	2,002
Depreciation and amortization expense	815	815
Investment securities amortization and accretion, net	442	605
Stock-based compensation expense	782	459
Amortization of core deposit intangible assets	139	148
Purchase accounting accretion, net	(26)	(34)
Net increase (decrease) in derivative collateral received from counterparties	6,460	(1,370)
Decrease (increase) in other assets	1,429	(189)
Decrease in other liabilities	(4,163)	(1,367)
Net cash provided by operating activities	17,759	14,516
Investing Activities		
Proceeds from sales of available-for-sale debt securities	—	18,888
Proceeds from maturities of available-for-sale debt securities	17,392	—
Proceeds from maturities and recoveries of held-to-maturity securities	6,860	6,216
Net increase in loans	(27,493)	(62,948)
Purchase of Federal Home Loan Bank stock	(4,639)	(13,591)
Proceeds from sale of Federal Home Loan Bank stock	3,641	6,890
Purchase of premises and equipment	(545)	(495)
Net cash used in investing activities	(4,784)	(45,040)
Financing Activities		
Net decrease in deposits	(45,836)	(184,195)
Net proceeds from borrowings less than 90 days	25,892	221,142
Proceeds from the Bank Term Funding Program	90,000	—
Issuance of restricted stock, net of repurchase for tax withholdings	65	62
Cash dividends paid on common stock	(6,137)	(6,135)
Finance lease payments	(44)	(36)
Net cash provided by financing activities	63,940	30,838
Net increase in cash, cash equivalents and restricted cash	76,915	314
Cash, cash equivalents, and restricted cash at beginning of period	99,804	75,427
Cash, cash equivalents and restricted cash at end of period	$ 176,719	$ 75,741
Supplemental information		
Interest paid	$ 28,528	$ 17,840
Income taxes paid	103	146
Cash dividends declared, not paid	6,136	6,135
Change in fair value hedges presented within residential real estate loans and other assets	4,416	—

The accompanying notes are an integral part of these consolidated financial statements.

NOTE 1 – BASIS OF PRESENTATION

The accompanying unaudited consolidated interim financial statements were prepared in accordance with instructions for Form 10-Q and, therefore, do not include all disclosures required by accounting principles generally accepted in the United States of America for complete presentation of financial statements. In the opinion of management, the consolidated financial statements contain all adjustments (consisting only of normal recurring accruals) necessary to present fairly the consolidated statements of condition of Camden National Corporation (the "Company") as of March 31, 2024 and December 31, 2023, the consolidated statements of income for the three months ended March 31, 2024 and 2023, the consolidated statements of comprehensive income (loss) for the three months ended March 31, 2024 and 2023, the consolidated statements of changes in shareholders' equity for the three months ended March 31, 2024 and 2023, and the consolidated statements of cash flows for the three months ended March 31, 2024 and 2023. The consolidated financial statements include the accounts of the Company and Camden National Bank (the "Bank"), a wholly-owned subsidiary of the Company (which includes the consolidated accounts of Healthcare Professional Funding Corporation ("HPFC") and Property A, Inc.). All intercompany accounts and transactions have been eliminated in consolidation. Assets held by the Bank in a fiduciary capacity, through Camden National Wealth Management, a division of the Bank, are not assets of the Company and, therefore, are not included in the consolidated statements of condition. The Company also owns 100% of the common stock of Camden Capital Trust A and Union Bankshares Capital Trust I. These entities are unconsolidated subsidiaries of the Company. Certain reclassifications may have been made to prior period amounts to conform to the current period presentation. Any such reclassifications did not impact net income or shareholders' equity as previously reported. Net income reported for the three months ended March 31, 2024, is not necessarily indicative of the results that may be expected for the full year. The information in this report should be read in conjunction with the consolidated financial statements and accompanying notes included in the Company's Annual Report on Form 10-K for the year ended December 31, 2023.

The acronyms, abbreviations and definitions identified below are used throughout this Form 10-Q, including Part I. "Financial Information" and Part II. "Management's Discussion and Analysis of Financial Condition and Results of Operations." The following is provided to aid the reader and provide a reference page when reviewing these sections of the Form 10-Q.

Acronym	Description	Acronym	Description
AFS:	Available-For-Sale	FRB:	Board of Governors of the Federal Reserve System
ALCO:	Asset/Liability Committee	GAAP:	Generally Accepted Accounting Principles in the United States
ACL:	Allowance for Credit Losses	HTM:	Held-To-Maturity
AOCI:	Accumulated Other Comprehensive Income (Loss)	LIBOR:	London Interbank Offered Rate
ASC:	Accounting Standards Codification	Management ALCO:	Management Asset/Liability Committee
ASU:	Accounting Standards Update	MBS:	Mortgage-Backed Security
Bank:	Camden National Bank, a wholly-owned subsidiary of Camden National Corporation	MSPP:	Management Stock Purchase Plan
BOLI:	Bank-Owned Life Insurance	N/A:	Not Applicable
Board ALCO:	Board of Directors' Asset/Liability Committee	N.M.:	Not Meaningful
BTFP:	Bank Term Funding Program, introduced by the Federal Reserve Bank in March 2023	OCC:	Office of the Comptroller of the Currency
CDs:	Certificate of Deposits	OCI:	Other Comprehensive Income (Loss)
Company:	Camden National Corporation	OREO:	Other Real Estate Owned
CMO:	Collateralized Mortgage Obligation	SBA:	U.S. Small Business Administration
EPS:	Earnings Per Share	SBA PPP:	U.S. Small Business Administration Paycheck Protection Program
FASB:	Financial Accounting Standards Board	SERP:	Supplemental Executive Retirement Plans
FDIC:	Federal Deposit Insurance Corporation	SOFR:	Secured Overnight Financing Rate
FHLB:	Federal Home Loan Bank	TDR:	Troubled-Debt Restructured Loan
FHLBB:	Federal Home Loan Bank of Boston	U.S:	United States of America

NOTE 2 – RECENT ACCOUNTING PRONOUNCEMENTS

The following provides a brief description of recently issued accounting pronouncements that have yet to be adopted by the Company:

ASU No. 2023-09, Income Taxes *(Topic 740)*: *Improvements to Income Tax Disclosures* ("ASU 2023-09"). The FASB issued ASU 2023-09 to address investor requests for more transparency about income tax information through improvements to income tax disclosures primarily related to the rate reconciliation and income taxes paid information. ASU 2023-09 is to be applied on a prospective basis and is effective for annual periods beginning after December 15, 2024 with early adoption permitted. ASU 2023-09 will impact income tax disclosures, and the Company does not expect a material impact to the Company's consolidated financial statements.

NOTE 3 – INVESTMENTS

Trading Securities

Trading securities are reported on the Company's consolidated statements of condition at fair value. As of March 31, 2024 and December 31, 2023, the fair value of the Company's trading securities were $4.8 million and $4.6 million, respectively. These securities are held in a rabbi trust account and invested in mutual funds. The trading securities will be used for future payments associated with the Company's deferred compensation plan for eligible employees and directors.

AFS Debt Securities

AFS debt securities are reported on the Company's consolidated statements of condition at fair value. The following table summarizes the amortized cost, estimated fair value, and unrealized gains (losses) of AFS debt securities, as of the dates indicated:

(In thousands)	Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value
March 31, 2024				
Obligations of states and political subdivisions	$ 5,426	$ 2	$ (58)	$ 5,370
Mortgage-backed securities issued or guaranteed by U.S. government-sponsored enterprises	514,054	333	(72,381)	442,006
Collateralized mortgage obligations issued or guaranteed by U.S. government-sponsored enterprises	144,102	490	(9,795)	134,797
Corporate bonds	21,681	—	(2,278)	19,403
Total AFS debt securities	$ 685,263	$ 825	$ (84,512)	$ 601,576
December 31, 2023				
Obligations of states and political subdivisions	$ 6,429	$ 1	$ (44)	$ 6,386
MBS issued or guaranteed by U.S. government-sponsored enterprises	525,439	630	(65,978)	460,091
CMO issued or guaranteed by U.S. government-sponsored enterprises	149,387	1,161	(9,537)	141,011
Corporate bonds	21,682	1	(3,363)	18,320
Total AFS debt securities	$ 702,937	$ 1,793	$ (78,922)	$ 625,808

As of March 31, 2024 and December 31, 2023, there was no allowance carried on AFS debt securities.

In 2022, the Company transferred securities with a fair value of $ 520.3 million from AFS to HTM. The unrealized losses on the AFS debt securities at the time of transfer were $72.1 million, pre-tax, and were reported within AOCI. These unrealized losses are being amortized over the remaining life of the securities from AOCI into the HTM securities on the consolidated statements of condition. At March 31, 2024, the net unrealized losses on the transferred securities reported within AOCI were $45.7 million, net of a deferred tax asset of $ 12.5 million and at December 31, 2023 were $ 46.9 million, net of a deferred tax asset of $12.8 million.

The net unrealized losses on AFS debt securities reported within AOCI (excluding the aforementioned securities transferred from AFS to HTM) at March 31, 2024 and December 31, 2023, were $65.7 million and $60.5 million, respectively, and were net of a deferred tax asset of $ 18.0 million and $16.6 million, respectively.

The following table presents the Company's AFS debt securities with gross unrealized losses, for which an ACL has not been recorded, segregated by the length of time the securities have been in a continuous loss position, as of the dates indicated:

		Less Than 12 Months		12 Months or More		Total	
(In thousands, except number of holdings)	Number of Holdings	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
March 31, 2024							
Obligations of states and political subdivisions	7	$ 1,434	$ (16)	$ 2,233	$ (42)	$ 3,667	$ (58)
MBS issued or guaranteed by U.S. government-sponsored enterprises	144	27,229	(40)	390,388	(72,341)	417,617	(72,381)
CMO issued or guaranteed by U.S. government-sponsored enterprises	41	9,581	(27)	60,851	(9,768)	70,432	(9,795)
Corporate bonds	12	995	(5)	18,408	(2,273)	19,403	(2,278)
Total AFS debt securities	204	$ 39,239	$ (88)	$ 471,880	$ (84,424)	$ 511,119	$ (84,512)
December 31, 2023							
Obligations of states and political subdivisions	6	$ 2,345	$ (6)	$ 1,437	$ (38)	$ 3,782	$ (44)
MBS issued or guaranteed by U.S. government-sponsored enterprises	145	13,474	(23)	407,200	(65,955)	420,674	(65,978)
CMO issued or guaranteed by U.S. government-sponsored enterprises	43	19,620	(45)	62,869	(9,492)	82,489	(9,537)
Corporate bonds	11	—	—	17,319	(3,363)	17,319	(3,363)
Total AFS debt securities	205	$ 35,439	$ (74)	$ 488,825	$ (78,848)	$ 524,264	$ (78,922)

For the three months ended March 31, 2024 and 2023, the unrealized losses on the Company's AFS debt securities have not been recognized into income because management does not intend to sell, and it is not more-likely-than-not it will be required to sell, any of the AFS debt securities before recovery of its amortized cost basis. Furthermore, the unrealized losses were due to changes in interest rates and other market conditions and were not reflective of credit events. Agency-backed and government-sponsored enterprise securities have a long history of no credit losses, including during times of severe stress. The principal and interest payments on agency guaranteed debt is backed by the U.S. government. Government-sponsored enterprises similarly guarantee principal and interest payments and securities backed by government-sponsored enterprises carry an implicit guarantee from the U.S. Department of the Treasury. Additionally, government-sponsored enterprise securities are exceptionally liquid, readily marketable, and provide a substantial amount of price transparency and price parity, indicating a perception of zero credit losses. AFS municipal debt holdings comprise only high credit quality (rated A- or higher) state and municipal obligations. High credit quality state and municipal obligations have a history of zero to near-zero credit loss. Corporate bonds primarily comprise investment grade senior notes and senior subordinated notes of other financial institutions.

At March 31, 2024 and December 31, 2023, total accrued interest receivable on AFS debt securities, which has been excluded from reported amortized cost basis on AFS debt securities, was $1.7 million at each date, and was reported within other assets on the consolidated statements of condition. An allowance was not carried on the accrued interest receivable at either date.

The amortized cost and estimated fair values of the Company's AFS debt securities by contractual maturity at March 31, 2024, are shown below. Expected maturities will differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties. Mortgage-related securities are shown in total, as their maturities are highly variable.

(In thousands)	**Amortized Cost**	**Fair Value**
Due in one year or less	$ —	$ —
Due after one year through five years	10,833	9,993
Due after five years through ten years	16,274	14,780
Due after ten years	—	—
Subtotal	27,107	24,773
Mortgage-related securities	658,156	576,803
Total	$ 685,263	$ 601,576

HTM Debt Securities

HTM debt securities are reported on the Company's consolidated statements of condition at amortized cost. The following table summarizes the amortized cost, estimated fair value and unrealized gains (losses) of HTM debt securities as of the dates indicated:

(In thousands)	**Amortized Cost(1)**	**Unrealized Gains**	**Unrealized Losses**	**Fair Value**
March 31, 2024				
Obligations of U.S. government-sponsored enterprises	$ 7,627	$ —	$ (641)	$ 6,986
Obligations of states and political subdivisions	56,333	331	(884)	55,780
MBS issued or guaranteed by U.S. government-sponsored enterprises	302,177	—	(28,030)	274,147
CMO issued or guaranteed by U.S. government-sponsored enterprises	155,040	249	(14,156)	141,133
Corporate bonds	19,172	515	(1,216)	18,471
Total HTM debt securities	$ 540,349	$ 1,095	$ (44,927)	$ 496,517
December 31, 2023				
Obligations of U.S. government-sponsored enterprises	$ 7,593	$ —	$ (528)	$ 7,065
Obligations of states and political subdivisions	56,262	1,242	(731)	56,773
MBS issued or guaranteed by U.S. government-sponsored enterprises	304,850	—	(21,623)	283,227
CMO issued or guaranteed by U.S. government-sponsored enterprises	157,118	515	(13,497)	144,136
Corporate bonds	19,108	1,377	(1,091)	19,394
Total HTM debt securities	$ 544,931	$ 3,134	$ (37,470)	$ 510,595

(1) Amortized cost presented above includes unamortized unrealized losses from the aforementioned transfer from AFS to HTM securities as of March 31, 2024 and December 31, 2023, as follows: (1) $958,000 and $992,000 in obligations of U.S. government-sponsored enterprises, (2) $5.5 million and $5.6 million in obligations of state and political subdivisions, (3) $ 33.7 million and $34.6 million in MBS, (4) $17.9 million and $18.4 million in CMO, and (5) $ 78,000 and $85,000 in corporate bonds, respectively.

For the three months ended March 31, 2024 and 2023, the Company recorded a (credit) provision for credit losses on its HTM debt securities portfolio of ($910,000) and $1.8 million, respectively in the consolidated statements of income. The Company sold its Signature Bank corporate bond and recorded a credit for credit losses on HTM debt securities of ($910,000) during the three months ended March 31, 2024. This credit represented the Company's recovery of a portion of the $1.8 million Signature Bank bond that was previously written off as a provision for credit losses on HTM debt securities during the three months ended March 31, 2023. The initial write-down and the subsequent sale of the Signature Bank bond were in response to Signature Bank's failure, which indicated a significant deterioration in its creditworthiness. Prior to the write-off, the Signature Bank bond was designated as HTM and carried no ACL. In addition to the write-off of the Signature Bank corporate bond during the three months ended March 31, 2023, the Company wrote-off accrued interest receivable totaling $8,000 associated with the Signature Bank bond and recorded a reversal of interest income on the consolidated statements of income during the three months ended March 31, 2023.

The Company evaluated its HTM debt securities with an amortized cost as of March 31, 2024 and December 31, 2023, and determined that the expected credit loss on its HTM portfolio was immaterial, and therefore it did not carry an ACL on the HTM portfolio at either date.

The following table presents the activity in the ACL on HTM debt securities for the periods indicated:

	March 31,	
(In thousands)	**2024**	**2023**
Beginning balance	$ —	$ —
HTM debt securities recovered (charged-off)	910	(1,838)
(Credit) provision on HTM debt securities	(910)	1,838
Ending balance	$ —	$ —

The HTM debt securities portfolio is comprised of the same types of securities as the AFS debt securities portfolio. Refer to the discussion above for considerations of credit risk.

As of March 31, 2024 and December 31, 2023, none of the Company's HTM debt securities were past due or on non-accrual status. The Company did not recognize any interest income on non-accrual HTM debt securities during the three months ended March 31, 2024 and 2023. At March 31, 2024 and December 31, 2023, total accrued interest receivable on HTM debt securities was $1.5 million and $1.7 million, respectively, and no allowance was provided for. Accrued interest on HTM debt securities is reported within other assets on the consolidated statements of condition and excluded from reported amortized cost.

The amortized cost and estimated fair values of HTM debt securities by contractual maturity at March 31, 2024 are shown below. Expected maturities will differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties. Mortgage-related securities are shown in total, as their maturities are highly variable.

(In thousands)	**Amortized Cost**	**Fair Value**
Due in one year or less	$ 502	$ 498
Due after one year through five years	1,790	1,798
Due after five years through ten years	37,471	36,110
Due after ten years	43,369	42,831
Subtotal	83,132	81,237
Mortgage-related securities	457,217	415,280
Total	$ 540,349	$ 496,517

AFS and HTM Debt Securities Pledged

At March 31, 2024 and December 31, 2023, AFS and HTM debt securities with an amortized cost of $ 736.8 million and $675.5 million and estimated fair values of $647.0 million and $607.9 million, respectively, were pledged to secure FHLBB advances, FRB advances, public deposits, and securities sold under agreements to repurchase and for other purposes required or permitted by law.

Other Investments

The Company's FHLBB and FRB common stock are reported at cost within other investments on the consolidated statements of condition. The Company evaluates these investments for impairment based on the ultimate recoverability of the par value. The Company did not record any impairment on its FHLBB and FRB stock for the three months ended March 31, 2024 and 2023.

The following table summarizes the Company's investment in FHLBB stock and FRB stock as presented within other investments on the consolidated statements of condition, as of the dates indicated:

(In thousands)	March 31, 2024	December 31, 2023
FHLBB	$ 11,018	$ 10,020
FRB	5,374	5,374
Total other investments	$ 16,392	$ 15,394

NOTE 4 – LOANS AND ALLOWANCE FOR CREDIT LOSSES ON LOANS

Loans

The composition of the Company's loan portfolio, excluding residential loans held for sale, was as follows for the dates indicated:

(In thousands)	March 31, 2024	December 31, 2023
Commercial Loans:		
Commercial real estate - non-owner-occupied	$ 1,402,326	$ 1,370,446
Commercial real estate - owner-occupied	300,626	301,860
Commercial	397,395	403,901
Total commercial loans	2,100,347	2,076,207
Retail Loans:		
Residential real estate	1,762,482	1,763,378
Home equity	240,674	240,341
Consumer	17,537	18,168
Total retail loans	2,020,693	2,021,887
Total loans	$ 4,121,040	$ 4,098,094

The loan balances for each portfolio segment presented above are net of their respective unamortized fair value mark discount on acquired loans and net of unamortized loan origination costs for the dates indicated:

(In thousands)	March 31, 2024	December 31, 2023
Net unamortized loan origination costs	$ 7,070	$ 7,113
Net unamortized fair value mark discount on acquired loans	(142)	(168)
Total	$ 6,928	$ 6,945

The Company's lending activities are primarily conducted in Maine, but also includes loan production offices in New Hampshire. The Company originates single- and multi-family residential loans, commercial real estate loans, business loans, municipal loans and a variety of consumer loans. In addition, the Company makes loans for the construction of residential homes, multi-family properties and commercial real estate properties. The ability and willingness of borrowers to honor their repayment commitments is generally dependent on the level of overall economic activity within the geographic area and the general economy.

Related Party Loans. In the normal course of business, the Bank makes loans to certain officers, directors and their associated companies, under terms that are consistent with the Company's lending policies and regulatory requirements and that do not involve more than the normal risk of collectability or present other unfavorable features. At March 31, 2024 and December 31, 2023, outstanding loans to certain officers, directors and their associated companies were less than 5% of the Company's shareholders' equity.

Loan Sales

For the three months ended March 31, 2024 and 2023, the Company sold $ 41.4 million and $35.1 million, respectively, of residential mortgage loans on the secondary market, which resulted in gains on the sale of loans (net of costs) of $470,000 and $384,000, respectively.

At March 31, 2024 and December 31, 2023, the Company had certain residential mortgage loans with a principal balance of $ 9.4 million and $10.2 million, respectively, designated as held for sale. The Company has elected the fair value option of accounting for its loans held for sale, and at March 31, 2024 and December 31, 2023, recorded unrealized gains of $83,000 and $168,000, respectively. For the three months ended March 31, 2024 and 2023, the Company recorded unrealized (losses) gains on loans held for sale within mortgage banking income, net, on the Company's consolidated statements of income of ($85,000) and $85,000, respectively.

The Company has forward delivery commitments with a secondary market investor on each of its loans held for sale at March 31, 2024 and December 31, 2023. Refer to Note 8 for further discussion of the Company's forward delivery commitments.

ACL on Loans

The Company manages its loan portfolio proactively to effectively identify problem credits and assess trends early, implement effective work-out strategies, and take charge-offs as promptly as practical. In addition, the Company continuously reassesses its underwriting standards in response to credit risk posed by changes in economic conditions. The Company monitors and manages credit risk through the following governance structure:

- The Credit Risk and Special Assets team and the Credit Risk Policy Committee, which is an internal management committee comprised of various executives and senior managers across business lines, including Accounting and Finance, Credit Underwriting, Credit Risk and Special Assets, Compliance, and Commercial and Retail Banking, oversee the Company's systems and procedures to monitor the credit quality of its loan portfolio, conduct a loan review program, and maintain the integrity of the loan rating system.
- The adequacy of the ACL is overseen by the Management Provision Committee, which is an internal management committee comprised of various Company executives and senior managers across business lines, including Accounting and Finance, Credit Underwriting, Credit Risk and Special Assets, Compliance, and Commercial and Retail Banking. The Management Provision Committee supports the oversight efforts of the Audit Committee of the Board of Directors.
- The Directors' Credit Committee of the Board of Directors reviews large credit exposures, monitors external loan review reports, reviews the lending authority for individual loan officers when required, and has approval authority and responsibility for all matters regarding the loan policy and other credit-related policies, including reviewing and monitoring asset quality trends, and concentration levels.
- The Audit Committee of the Board of Directors has approval authority and oversight responsibility for the ACL adequacy and methodology.

Segmentation. For purposes of determining the ACL on loans, the Company disaggregates its loans into portfolio segments. Each portfolio segment possesses unique risk characteristics that are considered when determining the appropriate level of allowance. As of March 31, 2024 and December 31, 2023, the Company's loan portfolio segments, as determined based on the unique risk characteristics of each, include the following:

Commercial Real Estate - Non-Owner-Occupied. Non-owner-occupied commercial real estate loans are, in substance, all commercial real estate loans that are not categorized by the Company as owner-occupied commercial real estate loans. Non-owner-occupied commercial estate loans are investment properties in which the primary source for repayment of the loan by the borrower is derived from rental income associated with the property or the proceeds of the sale, refinancing, or permanent refinancing of the property. Non-owner-occupied commercial real estate loans consist of mortgage loans to finance investments in real property that may include, but are not limited to, multi-family residential, commercial/retail office space, industrial/warehouse space, hotels, assisted living facilities and other specific use properties. Construction projects are also included within the non-owner-occupied commercial real estate loan segment until they are completed. Commercial real estate loans typically are written with amortizing payment structures. Collateral values are determined based upon appraisals and evaluations in accordance with established policy guidelines. Maximum loan-to-value ratios at origination are governed by established policy and regulatory guidelines.

Commercial Real Estate - Owner-Occupied. Generally, owner-occupied commercial real estate loans are properties that are owned and operated by the borrower, and the primary source for repayment is the cash flow from the ongoing operations and activities conducted by the borrower's business. Owner-occupied commercial real estate loans consist of mortgage loans to finance investments in real property that may include, but are not limited to, commercial/retail office space, restaurants, educational and medical practice facilities and other specific use properties. Commercial real estate loans are typically written with amortizing payment structures. Collateral values are determined based upon appraisals and evaluations in accordance with established policy guidelines. Maximum loan-to-value ratios at origination are governed by established policy and regulatory guidelines.

Commercial. Commercial loans consist of revolving and term loan obligations extended to business and corporate enterprises for the purpose of financing working capital and/or capital investment. Collateral generally consists of pledges of business assets including, but not limited to, accounts receivable, inventory, plant and equipment, and/or real estate, if applicable. Commercial loans primarily are paid by the operating cash flow of the borrower. Commercial loans may be secured or unsecured.

Residential Real Estate. Residential real estate loans held in the Company's loan portfolio are made to borrowers who demonstrate the ability to make scheduled payments with full consideration to underwriting factors. Borrower qualifications include favorable credit history combined with supportive income requirements and combined loan-to-value ratios within established policy guidelines. Collateral consists of mortgage liens on one- to four-family residences, including for investment purposes.

Home Equity. Home equity loans and lines of credit are made to qualified individuals and are secured by senior or junior mortgage liens on owner-occupied one- to four-family homes, condominiums, or vacation homes. The home equity loan has a fixed rate and is billed as equal payments comprised of principal and interest. The home equity line of credit has a variable rate and is billed as interest-only payments during the draw period. At the end of the draw period, the home equity line of credit is billed as a percentage of the principal balance plus all accrued interest. Borrower qualifications include favorable credit history combined with supportive income requirements and combined loan-to-value ratios within established policy guidelines.

Consumer. Consumer loan products include personal lines of credit and amortizing loans made to qualified individuals for various purposes such as education, auto loans, debt consolidation, personal expenses or overdraft protection. Borrower qualifications include favorable credit history combined with supportive income and collateral requirements within established policy guidelines, as applicable. Consumer loans may be secured or unsecured.

The following table presents the activity in the ACL on loans for the periods indicated:

	Commercial Real Estate						
(In thousands)	Non-Owner-Occupied	Owner-Occupied	Commercial	Residential Real Estate	Home Equity	Consumer	Total
At or For The Three Months Ended March 31, 2024							
Beginning balance, December 31, 2023	$ 16,581	$ 2,290	$ 4,869	$ 10,254	$ 2,217	$ 724	$ 36,935
Charge-offs	—	—	(309)	—	—	(36)	(345)
Recoveries	7	—	92	6	80	2	187
(Credit) provision for loan losses	(1,294)	(60)	(192)	305	63	14	(1,164)
Ending balance, March 31, 2024	$ 15,294	$ 2,230	$ 4,460	$ 10,565	$ 2,360	$ 704	$ 35,613
At or For The Three Months Ended March 31, 2023							
Beginning balance, December 31, 2022	$ 17,296	$ 2,362	$ 5,446	$ 9,089	$ 2,225	$ 504	$ 36,922
Charge-offs	—	—	(312)	(18)	—	(4)	(334)
Recoveries	1	—	99	4	—	3	107
(Credit) provision for loan losses	(973)	108	(652)	1,737	215	4	439
Ending balance, March 31, 2023	$ 16,324	$ 2,470	$ 4,581	$ 10,812	$ 2,440	$ 507	$ 37,134
At or For The Year Ended December 31, 2023							
Beginning balance, December 31, 2022	$ 17,296	$ 2,362	$ 5,446	$ 9,089	$ 2,225	$ 504	$ 36,922
Charge-offs	—	(58)	(1,560)	(18)	—	(91)	(1,727)
Recoveries	19	—	471	44	1	31	566
(Credit) provision for loan losses	(734)	(14)	512	1,139	(9)	280	1,174
Ending balance, December 31, 2023	$ 16,581	$ 2,290	$ 4,869	$ 10,254	$ 2,217	$ 724	$ 36,935

The ACL on loans decreased $1.3 million during the three months ended March 31, 2024, to $ 35.6 million. The net decrease over this period was primarily driven by a decrease of $1.3 million in the ACL on loans for the commercial real estate loan portfolio, primarily due to the improvement in the economic outlook primarily for the U.S. and Maine gross domestic product forecast over the Company's forecast period, as compared to December 31, 2023.

At March 31, 2024 and December 31, 2023, total accrued interest receivable on loans, which has been excluded from reported amortized cost basis on loans, was $13.0 million and $12.7 million, respectively, and reported within other assets on the consolidated statements of condition. An allowance was not carried on the accrued interest receivable at either date.

Credit Concentrations

The Company focuses on maintaining a well-balanced and diversified loan portfolio. Despite such efforts, it is recognized that credit concentrations may occasionally emerge as a result of economic conditions, changes in local demand, natural loan growth and runoff. To identify credit concentrations effectively, all commercial and commercial real estate loans are assigned Standard Industrial Classification codes, North American Industry Classification System codes, and state and county codes. Shifts in portfolio concentrations are monitored. As of March 31, 2024, the Company's total exposure to the lessors of nonresidential buildings' industry and lessors of residential buildings' industry were 13% and 11% of total loans and 32% and 28% of total commercial real estate loans, respectively. There were no other industry exposures exceeding 10% of the Company's total loan portfolio as of March 31, 2024.

Credit Quality Indicators

To further identify loans with similar risk profiles, the Company categorizes each portfolio segment into classes by credit risk characteristic and applies a credit quality indicator to each portfolio segment. The indicators for commercial real estate - non-owner-occupied and owner-occupied, commercial and residential real estate portfolio segments are represented by Grades 1 through 10 as outlined below. In general, risk ratings are adjusted periodically throughout the year as updated analysis and review warrants. This process may include, but is not limited to, annual credit and loan reviews, periodic reviews of loan performance metrics, such as delinquency rates, and quarterly reviews of adversely risk rated loans. The Company uses the following definitions when assessing grades for the purpose of evaluating the risk and adequacy of the ACL on loans:

- *Grade 1 through 6* — Grades 1 through 6 represent groups of loans that are not subject to adverse criticism as defined in regulatory guidance. Loans in these groups exhibit characteristics that represent low to moderate risks, which is measured using a variety of credit risk criteria, such as cash flow coverage, debt service coverage, balance sheet leverage, liquidity, management experience, industry position, prevailing economic conditions, support from secondary sources of repayment and other credit factors that may be relevant to a specific loan. In general, these loans are supported by properly margined collateral and guarantees of principal parties.
- *Grade 7 — Loans with potential weakness (Special Mention)* . Loans in this category are currently protected based on collateral and repayment capacity and do not constitute undesirable credit risk, but have potential weakness that may result in deterioration of the repayment process at some future date. This classification is used if a negative trend is evident in the obligor's financial situation. Special mention loans do not sufficiently expose the Company to warrant adverse classification.
- *Grade 8 — Loans with definite weakness (Substandard)* . Loans classified as substandard are inadequately protected by the current sound worth and paying capacity of the obligor or by collateral pledged. Borrowers experience difficulty in meeting debt repayment requirements. Deterioration is sufficient to cause the Company to look to the sale of collateral.
- *Grade 9 — Loans with potential loss (Doubtful)* . Loans classified as doubtful have all the weaknesses inherent in the substandard grade with the added characteristic that the weaknesses make collection or liquidation of the loan in full highly questionable and improbable. The possibility of some loss is extremely high, but because of specific pending factors that may work to the advantage and strengthening of the asset, its classification as an estimated loss is deferred until its more exact status may be determined.
- *Grade 10 — Loans with definite loss (Loss)* . Loans classified as loss are considered uncollectible. The loss classification does not mean that the asset has absolutely no recovery or salvage value, but rather that it is not practical or desirable to defer writing off the asset because recovery and collection time may be protracted.

The Company periodically reassesses asset quality indicators to reflect appropriately the risk composition of the Company's loan portfolio. Home equity and consumer loans are not individually risk rated, but rather analyzed as groups taking into account delinquency rates and other economic conditions which may affect the ability of borrowers to meet debt service requirements, including interest rates and energy costs. Performing loans include loans that are current and loans that are past due less than 90 days. Loans that are past due over 90 days and non-accrual loans, including TDRs prior to adoption of ASU 2022-02, are considered non-performing.

Based on the most recent analysis performed, the risk category of loans by portfolio segment by vintage was as follows as of and for the dates indicated:

(In thousands)	2024	2023	2022	2021	2020	Prior	Revolving Loans Amortized Cost Basis	Revolving Loans Converted to Term	Total
As of and for the period ended March 31, 2024									
Commercial real estate - non-owner-occupied									
Risk rating									
Pass (Grades 1-6)	$ 24,940	$ 110,364	$ 373,193	$ 298,334	$ 144,522	$ 428,600	$ —	$ —	$ 1,379,953
Special mention (Grade 7)	—	7,997	—	—	348	3,566	—	—	11,911
Substandard (Grade 8)	539	—	272	—	2,268	7,383	—	—	10,462
Doubtful (Grade 9)	—	—	—	—	—	—	—	—	—
Total commercial real estate - non-owner-occupied	$ 25,479	$ 118,361	$ 373,465	$ 298,334	$ 147,138	$ 439,549	$ —	$ —	$ 1,402,326
Gross charge-offs for the three months ended	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Commercial real estate - owner-occupied									
Risk rating									
Pass (Grades 1-6)	$ 7,549	$ 25,991	$ 51,679	$ 75,480	$ 24,167	$ 101,351	$ —	$ —	$ 286,217
Special mention (Grade 7)	—	545	—	2,242	—	1,869	—	—	4,656
Substandard (Grade 8)	—	—	399	317	—	9,037	—	—	9,753
Doubtful (Grade 9)	—	—	—	—	—	—	—	—	—
Total commercial real estate - owner occupied	$ 7,549	$ 26,536	$ 52,078	$ 78,039	$ 24,167	$ 112,257	$ —	$ —	$ 300,626
Gross charge-offs for the three months ended	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Commercial									
Risk rating									
Pass (Grades 1-6)	$ 6,841	$ 39,680	$ 52,095	$ 53,429	$ 23,017	$ 58,186	$ 121,578	$ 33,102	$ 387,928
Special mention (Grade 7)	—	58	236	—	—	99	538	159	1,090
Substandard (Grade 8)	—	234	484	357	887	2,108	2,471	1,836	8,377
Doubtful (Grade 9)	—	—	—	—	—	—	—	—	—
Total commercial	$ 6,841	$ 39,972	$ 52,815	$ 53,786	$ 23,904	$ 60,393	$ 124,587	$ 35,097	$ 397,395
Gross charge-offs for the three months ended	$ —	$ 2	$ —	$ 14	$ —	$ 218	$ 25	$ 50	$ 309
Residential Real Estate									
Risk rating									
Pass (Grades 1-6)	$ 24,318	$ 165,392	$ 533,172	$ 532,317	$ 217,904	$ 285,193	$ 377	$ 380	$ 1,759,053
Special mention (Grade 7)	—	—	—	—	—	—	—	—	—
Substandard (Grade 8)	—	—	—	664	—	2,765	—	—	3,429
Doubtful (Grade 9)	—	—	—	—	—	—	—	—	—
Total residential real estate	$ 24,318	$ 165,392	$ 533,172	$ 532,981	$ 217,904	$ 287,958	$ 377	$ 380	$ 1,762,482
Gross charge-offs for the three months ended	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Home equity									
Risk rating									
Performing	$ 1,889	$ 15,937	$ 22,054	$ 506	$ 319	$ 15,771	$ 169,846	$ 13,364	$ 239,686
Non-performing	—	—	288	—	—	10	546	144	988
Total home equity	$ 1,889	$ 15,937	$ 22,342	$ 506	$ 319	$ 15,781	$ 170,392	$ 13,508	$ 240,674
Gross charge-offs for the three months ended	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Consumer									
Risk rating									
Performing	$ 1,303	$ 4,867	$ 4,344	$ 1,750	$ 656	$ 2,467	$ 2,144	$ —	$ 17,531

Non-performing	—	—	—	—	—	6	—	—	6
Total consumer	$ 1,303	$ 4,867	$ 4,344	$ 1,750	$ 656	$ 2,473	$ 2,144	$ —	$ 17,537
Gross charge-offs for the three months ended	$ —	$ 15	$ 15	$ 5	$ —	$ —	$ 1	$ —	$ 36

(In thousands)	2023	2022	2021	2020	2019	Prior	Revolving Loans Amortized Cost Basis	Revolving Loans Converted to Term	Total
As of and for the year ended December 31, 2023									
Commercial real estate - non-owner-occupied									
Risk rating:									
Pass (Grades 1-6)	$ 103,012	$ 364,777	$ 296,152	$ 146,707	$ 116,777	$ 320,101	$ —	$ —	$ 1,347,526
Special mention (Grade 7)	7,997	—	—	350	33	3,597	—	—	11,977
Substandard (Grade 8)	747	450	—	2,287	114	7,345	—	—	10,943
Doubtful (Grade 9)	—	—	—	—	—	—	—	—	—
Total commercial real estate - non-owner-occupied	$ 111,756	$ 365,227	$ 296,152	$ 149,344	$ 116,924	$ 331,043	$ —	$ —	$ 1,370,446
Gross charge-offs for the year ended	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Commercial real estate - owner-occupied									
Risk rating:									
Pass (Grades 1-6)	$ 26,902	$ 53,550	$ 76,575	$ 24,608	$ 18,728	$ 89,133	$ —	$ —	$ 289,496
Special mention (Grade 7)	—	—	2,355	—	—	141	—	—	2,496
Substandard (Grade 8)	—	402	320	—	—	9,146	—	—	9,868
Doubtful (Grade 9)	—	—	—	—	—	—	—	—	—
Total commercial real estate - owner-occupied	$ 26,902	$ 53,952	$ 79,250	$ 24,608	$ 18,728	$ 98,420	$ —	$ —	$ 301,860
Gross charge-offs for the year ended	$ —	$ —	$ —	$ —	$ —	$ 58	$ —	$ —	$ 58
Commercial									
Risk rating:									
Pass (Grades 1-6)	$ 41,871	$ 54,323	$ 56,102	$ 24,338	$ 25,620	$ 35,442	$ 119,119	$ 36,895	$ 393,710
Special mention (Grade 7)	45	—	152	195	—	101	660	5	1,158
Substandard (Grade 8)	248	588	296	769	955	1,354	2,415	2,408	9,033
Doubtful (Grade 9)	—	—	—	—	—	—	—	—	—
Total commercial	$ 42,164	$ 54,911	$ 56,550	$ 25,302	$ 26,575	$ 36,897	$ 122,194	$ 39,308	$ 403,901
Gross charge-offs for the year ended	$ —	$ 68	$ 137	$ 31	$ 20	$ 1,075	$ 82	$ 147	$ 1,560
Residential Real Estate									
Risk rating:									
Pass (Grades 1-6)	$ 160,315	$ 539,835	$ 540,980	$ 220,943	$ 70,917	$ 226,126	$ 370	$ 386	$ 1,759,872
Special mention (Grade 7)	—	—	—	—	—	—	—	—	—
Substandard (Grade 8)	—	—	963	—	89	2,454	—	—	3,506
Doubtful (Grade 9)	—	—	—	—	—	—	—	—	—
Total residential real estate	$ 160,315	$ 539,835	$ 541,943	$ 220,943	$ 71,006	$ 228,580	$ 370	$ 386	$ 1,763,378
Gross charge-offs for the year ended	$ —	$ —	$ —	$ —	$ —	$ 18	$ —	$ —	$ 18
Home equity									
Risk rating:									
Performing	$ 15,976	$ 23,104	$ 547	$ 324	$ 4,124	$ 12,686	$ 169,416	$ 13,405	$ 239,582
Non-performing	—	—	—	—	—	11	527	221	759
Total home equity	$ 15,976	$ 23,104	$ 547	$ 324	$ 4,124	$ 12,697	$ 169,943	$ 13,626	$ 240,341
Gross charge-offs for the year ended	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Consumer									
Risk rating:									
Performing	$ 5,525	$ 4,908	$ 2,068	$ 815	$ 345	$ 2,279	$ 2,191	$ —	$ 18,131
Non-performing	—	—	5	—	—	32	—	—	37
Total consumer	$ 5,525	$ 4,908	$ 2,073	$ 815	$ 345	$ 2,311	$ 2,191	$ —	$ 18,168
Gross charge-offs for the year ended	$ 2	$ 19	$ 31	$ 14	$ 8	$ 4	$ 13	$ —	$ 91

Past Due and Non-Accrual Loans

The Company closely monitors the performance of its loan portfolio. A loan is placed on non-accrual status when the financial condition of the borrower is deteriorating, payment in full of both principal and interest is not expected as scheduled, or principal or interest has been in default for 90 days or more. Exceptions may be made if the asset is secured by collateral sufficient to satisfy both the principal and accrued interest in full and collection is reasonably assured. When one loan to a borrower is placed on non-accrual status, all other loans to the borrower are re-evaluated to determine if they should also be placed on non-accrual status. All previously accrued and unpaid interest is reversed at this time. A loan will return to accrual status when collection of principal and interest is assured and the borrower has demonstrated timely payments of principal and interest for a reasonable period, generally at least six months. Unsecured loans, however, are not normally placed on non-accrual status because they are generally charged-off once their collectability is in doubt.

The following is a loan aging analysis by portfolio segment (including loans past due over 90 days and non-accrual loans) and loans past due over 90 days and accruing as of the following dates:

(In thousands)	30-59 Days Past Due	60-89 Days Past Due	90 Days or Greater Past Due	Total Past Due	Current	Total Loans Outstanding	Loans > 90 Days Past Due and Accruing
March 31, 2024							
Commercial real estate - non-owner-occupied	$ —	$ —	$ 7	$ 7	$ 1,402,319	$ 1,402,326	$ —
Commercial real estate - owner-occupied	92	—	—	92	300,534	300,626	
Commercial	346	203	620	1,169	396,226	397,395	—
Residential real estate	834	192	967	1,993	1,760,489	1,762,482	—
Home equity	696	382	164	1,242	239,432	240,674	—
Consumer	50	1	6	57	17,480	17,537	—
Total	$ 2,018	$ 778	$ 1,764	$ 4,560	$ 4,116,480	$ 4,121,040	$ —
December 31, 2023							
Commercial real estate - non-owner-occupied	$ 44	$ 41	$ 184	$ 269	$ 1,370,177	$ 1,370,446	$ —
Commercial real estate - owner-occupied	655	—	—	655	301,205	301,860	—
Commercial	1,153	1,199	1,155	3,507	400,394	403,901	—
Residential real estate	1,317	322	1,094	2,733	1,760,645	1,763,378	—
Home equity	521	451	301	1,273	239,068	240,341	—
Consumer	85	8	5	98	18,070	18,168	—
Total	$ 3,775	$ 2,021	$ 2,739	$ 8,535	$ 4,089,559	$ 4,098,094	$ —

The following table presents the amortized cost basis of loans on non-accrual status by portfolio segment as of the dates indicated:

	March 31, 2024			December 31, 2023		
(In thousands)	**Non-Accrual Loans With an Allowance**	**Non-Accrual Loans Without an Allowance**	**Total Non-Accrual Loans**	**Non-Accrual Loans With an Allowance**	**Non-Accrual Loans Without an Allowance**	**Total Non-Accrual Loans**
Commercial real estate - non-owner-occupied	$ 82	$ —	$ 82	$ 261	$ —	$ 261
Commercial real estate - owner-occupied	123	—	123	125	—	125
Commercial	1,980	—	1,980	1,725	—	1,725
Residential real estate	2,473	—	2,473	2,541	—	2,541
Home equity	994	—	994	759	—	759
Consumer	6	—	6	37	—	37
Total	$ 5,658	$ —	$ 5,658	$ 5,448	$ —	$ 5,448

The following table presents the amortized cost basis of collateral-dependent loans by portfolio segment and collateral type, as of the dates indicated:

	March 31, 2024		December 31, 2023	
	Collateral Type		**Collateral Type**	
(In thousands)	**Real Estate**	**Total Collateral - Dependent Loans**	**Real Estate**	**Total Collateral - Dependent Loans**
Commercial real estate - non-owner occupied	$ 4,493	$ 4,493	$ 4,494	$ 4,494
Commercial	—	—	671	671
Total	$ 4,493	$ 4,493	$ 5,165	$ 5,165

Collateral-dependent loans are loans for which repayment is expected to be provided substantially by the underlying collateral and there are no other available and reliable sources of repayment.

Interest income that would have been recognized if loans on non-accrual status had been current in accordance with their original terms is estimated to have been $43,000 and $25,000 for the three months ended March 31, 2024 and 2023, respectively.

The Company's policy is to reverse previously recorded accrued interest income when a loan is placed on non-accrual. As a result, the Company did not record any interest income on its non-accrual loans for the three months ended March 31, 2024 and 2023.

Loan Modifications for Borrowers Experiencing Financial Difficulty

Effective January 1, 2023, the Company evaluates all loan modifications in accordance with ASU 2022-02. Under ASU 2022-02, a loan is evaluated to consider whether the loan, as modified, represents a new loan or is a continuation of an existing loan.

The Company offers several types of loan and receivables modification programs to borrowers experiencing financial difficulty, primarily interest rate reductions and term extensions. In such instances, the Company may modify loans and receivables with the intention to minimize future losses and improve collectability, while providing customers with temporary or permanent financial relief. There were no loans modified for borrowers experiencing financial difficulty for the three months ended March 31, 2024 and 2023.

The Company closely monitors the performance of loans that are modified to borrowers experiencing financial difficulty to understand the effectiveness of its modification efforts and relevant factors are considered while assessing the adequacy of the ACL. For the three months ended March 31, 2024 and 2023, there were no modified loans to borrowers experiencing financial difficulty that were past due or for which the borrower subsequently defaulted.

In-Process Foreclosure Proceedings

At March 31, 2024 and December 31, 2023, the Company had $ 952,000 and $1.1 million, respectively, of consumer mortgage loans secured by residential real estate properties for which foreclosure proceedings were in process.

FHLB Advances

FHLB advances are those borrowings from the FHLBB greater than 90 days. FHLB advances are collateralized by a blanket lien on qualified collateral consisting primarily of loans with first mortgages secured by one- to four-family properties, certain commercial real estate loans, certain pledged investment securities and other qualified assets. At March 31, 2024 and December 31, 2023, the combined carrying value of residential real estate and commercial loans pledged as collateral was $1.9 billion.

Refer to Notes 3 and 6 of the consolidated financial statements for discussion of securities pledged as collateral.

NOTE 5 – BORROWINGS

The following summarizes the Company's short-term borrowed funds as presented on the consolidated statements of condition as of the dates indicated:

(In thousands)	March 31, 2024	December 31, 2023
Short-Term Borrowings:		
Bank Term Funding Program	$ 225,000	$ 135,000
Customer Repurchase Agreements	201,499	200,657
Overnight Borrowings	—	24,950
FHLBB Borrowings	175,000	125,000
Total Short-Term Borrowings	$ 601,499	$ 485,607

At March 31, 2024, the Company had three tranches of BTFP advances totaling $ 225.0 million, each at a fixed rate of 4.76%, that are scheduled to mature in January of 2025 unless the Company exercises its right to prepayment without penalty. The Company refinanced its $135.0 million of BTFP advances outstanding at December 31, 2023 in January 2024.

The Company has two tranches of junior subordinated debentures in the amount of $ 44.3 million as of March 31, 2024 and December 31, 2023. Refer to Note 10 of the consolidated financial statements for further details. The Company did not have any other long-term borrowings as of the dates indicated.

NOTE 6 – REPURCHASE AGREEMENTS

The Company can raise additional liquidity by entering into repurchase agreements at its discretion. In a security repurchase agreement transaction, the Company will generally sell a security, agreeing to repurchase either the same or a substantially identical security on a specified later date, at a greater price than the original sales price. The difference between the sale price and purchase price is the cost of the proceeds, which is recorded within interest on borrowings on the consolidated statements of income. The securities underlying the agreements are delivered to counterparties as collateral for the repurchase obligations. Because the securities are treated as collateral and the agreement does not qualify for a full transfer of effective control, the transactions do not meet the criteria to be classified as sales, and are therefore considered secured borrowing transactions for accounting purposes. Payments on such borrowings are interest only until the scheduled repurchase date. In a repurchase agreement the Company is subject to the risk that the purchaser may default at maturity and not return the securities underlying the agreements. In order to minimize this potential risk, the Company either deals with established firms when entering into these transactions, or with customers whose agreements stipulate that the securities underlying the agreement are not delivered to the customer and instead are held in segregated safekeeping accounts by the Company's safekeeping agents.

The table below sets forth information regarding the Company's repurchase agreements accounted for as secured borrowings and types of collateral as of the dates indicated:

(In thousands)		March 31, 2024		December 31, 2023
Customer Repurchase Agreements[1][2]:				
Mortgage-backed securities issued or guaranteed by U.S. government-sponsored enterprises	$	179,746	$	179,809
Collateralized mortgage obligations issued or guaranteed by U.S. government-sponsored enterprises		21,753		20,848
Total	$	201,499	$	200,657

(1) Presented within short-term borrowings on the consolidated statements of condition.

(2) All customer repurchase agreements mature continuously or overnight for the dates indicated.

At March 31, 2024 and December 31, 2023, certain customers held CDs totaling $ 330,000 and $396,000, respectively, that were collateralized by CMO and MBS securities that were overnight repurchase agreements.

Certain counterparties monitor collateral, and may request additional collateral to be posted from time to time.

NOTE 7 – COMMITMENTS AND CONTINGENCIES

Commitments

In the normal course of business, the Company is a party to both on- and off-balance sheet financial instruments involving, to varying degrees, elements of credit risk and interest rate risk in addition to the amounts recognized in the consolidated statements of condition.

The following is a summary of the Company's contractual off-balance sheet commitments as of the dates indicated:

(In thousands)		March 31, 2024		December 31, 2023
Commitments to extend credit	$	701,274	$	706,719
Standby letters of credit		5,690		5,998
Total	$	706,964	$	712,717

The Company's commitments to extend credit from its lending activities do not necessarily represent future cash requirements since certain of these instruments may expire without being funded and others may not be fully drawn upon. These commitments are subject to the Company's credit approval process, including an evaluation of the customer's creditworthiness and related collateral requirements. Commitments generally have fixed expiration dates or other termination clauses.

Standby letters of credit are conditional commitments issued to guarantee the performance of a borrower to a third party. In the event of nonperformance by the borrower, the Company would be required to fund the commitment and would be entitled to the underlying collateral, if applicable, which generally consists of pledges of business assets including, but not limited to, accounts receivable, inventory, plant and equipment, and/or real estate. The maximum potential future payments are limited to the contractual amount of the commitment.

The Company establishes an ACL on off-balance sheet credit exposures on its contractual off-balance sheet commitments, except those that are unconditionally cancellable by the Company. As of March 31, 2024 and December 31, 2023, the ACL on off-balance sheet credit exposures was $2.3 million and $2.4 million, respectively. The ACL on off-balance sheet credit exposure was presented within accrued interest and other liabilities on the consolidated statements of condition.

For the three months ended March 31, 2024 and 2023, the (credit) for credit losses on off-balance sheet credit exposures was ($ 27,000) and ($275,000), respectively and was presented within (credit) provision for credit losses on the consolidated statements of income.

Legal Contingencies

In the normal course of business, the Company and its subsidiaries are subject to pending and threatened litigation, claims, investigations and legal and administrative cases and proceedings. Although the Company is not able to predict the outcome of such actions, after reviewing pending and threatened actions with counsel, management believes that, based on the information currently available, the outcome of such actions, individually or in the aggregate, will not have a material adverse effect on the Company's consolidated financial statements.

Reserves are established for legal claims only when losses associated with the claims are judged to be probable, and the loss can be reasonably estimated. Assessments of litigation exposure are difficult because they involve inherently unpredictable factors including, but not limited to: whether the proceeding is in the early stages; whether damages are unspecified, unsupported, or uncertain; whether there is a potential for punitive or other pecuniary damages; whether the matter involves legal uncertainties, including novel issues of law; whether the matter involves multiple parties and/or jurisdictions; whether discovery has begun or is not complete; whether meaningful settlement discussions have commenced; and whether the lawsuit involves class allegations. In many lawsuits and arbitrations, it is not possible to determine whether a liability has been incurred or to estimate the ultimate or minimum amount of that liability until the case is close to resolution, in which case a reserve will not be recognized until that time. Assessments of class action litigation, which is generally more complex than other types of litigation, are particularly difficult, especially in the early stages of the proceeding when it is not known whether a class will be certified or how a potential class, if certified, will be defined. As a result, the Company may be unable to estimate reasonably possible losses with respect to every litigation matter it faces.

The Company did not have any material loss contingencies that were provided for and/or that are required to be disclosed as of March 31, 2024 and December 31, 2023, respectively.

NOTE 8 – DERIVATIVES AND HEDGING

The Company is exposed to certain risk arising from both its business operations and economic conditions. The Company principally manages its exposures to a wide variety of business and operational risks through management of its core business activities. The Company manages economic risks, including interest rate, liquidity, and credit risk primarily by managing the amount, sources, and duration of its assets and liabilities and the use of derivative financial instruments. Specifically, the Company enters into derivative financial instruments to manage exposures that arise from business activities that result in the receipt or payment of future known and uncertain cash amounts, the value of which are determined by interest rates. The Company's credit derivatives result from loan participation arrangements, and therefore are not used to manage interest rate risk in the Company's assets or liabilities.

Derivatives Designated as Hedging Instruments - Hedges of Interest Rate Risk

Interest Rate Contracts - Cash Flow Hedges. The Company's objectives in using interest rate derivatives are to add stability to interest income and expense and to manage its exposure to interest rate movements. To accomplish this objective, the Company primarily uses interest rate swaps as part of its interest rate risk management strategy. Interest rate swaps designated as cash flow hedges involve the receipt of variable amounts from a counterparty in exchange for the Company making fixed rate payments or the receipt of fixed rate amounts from a counterparty in exchange for the Company making variable-rate payments over the life of the agreements without exchange of the underlying notional amount. For the three months ended March 31, 2024 and 2023, such derivatives were used to hedge the variable cash flows associated with existing variable-rate assets or liabilities or forecasted issuances of debt.

For derivatives designated, and that qualify as cash flow hedges of interest rate risk, the gain or loss on the derivative is recorded in AOCI and subsequently is reclassified into interest expense or interest income in the same period(s) during which the hedged transaction affects earnings. Amounts reported in AOCI related to derivatives will be reclassified to interest expense or interest income as interest payments are made or received on the Company's variable-rate liabilities or assets. The Company estimates that an additional $3.3 million will be reclassified as a decrease to interest expense and an additional $720,000 will be reclassified as a decrease to interest income over the next 12 months.

Interest Rate Contracts - Fair Value Hedges. Derivatives designated as fair value hedges are utilized to mitigate the risk of changes in the fair values of recognized assets and liabilities. The Company uses interest rate contracts in this manner to manage its exposure to changes in the fair value of hedged items caused by changes in interest rates.

Changes in the fair value of the derivatives and changes in the fair value of the hedged item due to changes in the hedged risk are recognized in earnings in the same line item. If a hedge is terminated, but the hedged item was not derecognized, all remaining adjustments to the carrying amount of the hedged item are amortized over a period that is consistent with the amortization of other discounts or premiums associated with the hedged item.

Derivatives not Designated as Hedges

Customer Loan Swaps. Derivatives not designated as hedges are not speculative and result from a service the Company provides to certain customers. The Company executes interest rate swaps with commercial banking customers to facilitate their respective risk management strategies. Those interest rate swaps are simultaneously hedged by offsetting derivatives that the Company executes with a third party, such that the Company minimizes its net risk exposure resulting from such transactions. As the interest rate derivatives associated with this program do not meet the strict hedge accounting requirements, changes in the fair value of both the customer derivatives and the offsetting derivatives are recognized directly in earnings.

Fixed Rate Mortgage Interest Rate Lock Commitments. As part of the origination process of a residential loan, the Company may enter into rate lock agreements with its borrower, which is considered an interest rate lock commitment. If the Company intends to sell the loan upon origination, it will account for the interest rate lock commitment as a derivative.

Forward Delivery Commitments. The Company typically enters into a forward delivery commitment with a secondary market investor, which has been approved by the Company within its normal governance process, at the onset of the loan origination process. The Company may enter into these arrangements with the secondary market investors on a "best effort" or "mandatory delivery" basis. The Company's normal practice is typically to enter into these arrangements on a "best effort" basis. The Company enters into these arrangements with the secondary market investors to manage its interest rate exposure. The Company accounts for the forward delivery commitment as a derivative upon origination of a loan identified as held for sale.

Risk Participation Agreements. The Company’s existing credit derivatives result from participations in or out of interest rate swaps provided by or to external lenders as part of loan participation arrangements, therefore, are not used to manage interest rate risk in the Company’s assets or liabilities. Derivatives not designated as hedges are not speculative and result from a service the Company provides to certain lenders which participate in loans.

The following table presents the fair value of the Company's derivative financial instruments as well as their classification on the consolidated statements of condition as of the dates indicated:

	Derivative Assets			Derivative Liabilities		
(Dollars in thousands)	Notional Amount	Location	Fair Value	Notional Amount	Location	Fair Value
March 31, 2024						
Derivatives designated as hedging instruments:						
Interest rate contracts[(1)]	$ 568,000	Other Assets	$ 17,636	$ 125,000	Accrued interest and other liabilities	$ 1,239
Total derivatives designated as hedging instruments			$ 17,636			$ 1,239
Derivatives not designated as hedging instruments:						
Customer loan swaps[(1)]	$ 295,892	Other assets	$ 14,343	$ 295,892	Accrued interest and other liabilities	$ 14,373
Risk participation agreements	27,951	Other assets	—	61,310	Accrued interest and other liabilities	—
Fixed rate mortgage interest rate lock commitments	17,354	Other assets	331	2,011	Accrued interest and other liabilities	29
Forward delivery commitments	3,355	Other assets	76	6,086	Accrued interest and other liabilities	72
Total derivatives not designated as hedging instruments			$ 14,750			$ 14,474
December 31, 2023						
Derivatives designated as hedging instruments:						
Interest rate contracts[(1)]	$ 435,000	Other assets	$ 12,206	$ 258,000	Accrued interest and other liabilities	$ 3,387
Total derivatives designated as hedging instruments			$ 12,206			$ 3,387
Derivatives not designated as hedging instruments:						
Customer loan swaps[(1)]	$ 298,143	Other assets	$ 10,699	$ 298,143	Accrued interest and other liabilities	$ 10,748
Risk participation agreements	28,077	Other assets	—	52,193	Accrued interest and other liabilities	—
Fixed rate mortgage interest rate lock commitments	10,924	Other assets	215	2,092	Accrued interest and other liabilities	11
Forward delivery commitments	3,445	Other assets	51	6,706	Accrued interest and other liabilities	132
Total derivatives not designated as hedging instruments			$ 10,965			$ 10,891

(1) Reported fair values include accrued interest receivable and payable.

The following table shows the carrying amount and associated cumulative basis adjustments related to the application of hedge accounting that is included in the carrying amount of hedged assets and liabilities in fair value hedging relationships:

Location in Consolidated Statements of Condition	**Carrying Amount of Hedged Assets/(Liabilities)**		**Cumulative Fair Value Hedging Adjustment in the Carrying Amount of the Hedged Assets/(Liabilities)**	
(Dollars in thousands)	**March 31, 2024**	**December 31, 2024**	**March 31, 2024**	**December 31, 2023**
Loans[(1)]	$ 369,616	$ 374,032	$ (5,384)	$ (968)
Total	$ 369,616	$ 374,032	$ (5,384)	$ (968)

(1) These amounts include the amortized cost basis of residential real estate loans that were used to designate hedging relationships in which the hedged item is the stated amount of assets in the closed portfolio anticipated to be outstanding for the designated hedged period. At March 31, 2024 and December 31, 2023, the amortized cost basis of the residential real estate loans used in these hedging relationships was $795.4 million and $806.5 million, respectively, and the amount of the designated hedged residential loans was $ 375.0 million.

The table below presents the effect of cash flow hedge accounting, before tax, on AOCI for the periods indicated:

(Dollars in thousands)	Amount of Gain (Loss) Recognized in OCI on Derivative	Amount of Gain (Loss) Recognized in OCI Included Component	Amount of Gain (Loss) Recognized in OCI Excluded Component	Location of Gain (Loss) Recognized from AOCI into Income	Amount of Gain (Loss) Reclassified from AOCI into Income	Amount of Gain (Loss) Reclassified from AOCI into Income Included Component	Amount of Gain (Loss) Reclassified from AOCI into Income Excluded Component
For the Three Months Ended March 31, 2024							
Interest rate contracts	$ (88)	$ (88)	$ —	Interest and fees on loans	$ (936)	$ (936)	$ —
Interest rate contracts	1,989	1,989	—	Interest on borrowings	678	678	—
Interest rate contracts	1,265	1,265	—	Interest on junior subordinated debentures	227	227	—
Total	$ 3,166	$ 3,166	$ —		$ (31)	$ (31)	$ —
For the Three Months Ended March 31, 2023							
Interest rate contracts	$ 182	$ 182	$ —	Interest and fees on loans	$ (717)	$ (717)	$ —
Interest rate contracts	(1)	(1)	—	Interest on deposits	306	306	—
Interest rate contracts	(796)	(796)	—	Interest on borrowings	487	487	—
Interest rate contracts	(934)	(934)	—	Interest on junior subordinated debentures	133	133	—
Total	$ (1,549)	$ (1,549)	$ —		$ 209	$ 209	$ —

The table below presents the effect of fair value and cash flow hedge accounting on the consolidated statements of income for the periods indicated:

	Location and Amount of Gain (Loss) Recognized in Income						
	Three Months Ended March 31,						
	2024			2023			
(Dollars in thousands)	Interest and fees on loans	Interest on borrowings	Interest on junior subordinated debentures	Interest and fees on loans	Interest on deposits	Interest on borrowings	Interest on junior subordinated debentures
Total presented on the consolidated statements of income in which the effects of cash flow hedges are recorded	$ 51,709	$ 5,198	$ 534	$ 45,332	$ 15,832	$ 2,085	$ 528
Gain (loss) on fair value hedging relationships							
Interest rate contracts:							
Hedged items	$ (4,416)	$ —	$ —	$ 1,552	$ —	$ —	$ —
Derivatives designated as hedging instruments	$ 5,961	$ —	$ —	$ (1,077)	$ —	$ —	$ —
Gain (loss) on cash flow hedging relationships							
Interest rate contracts:							
Amount of gain (loss) reclassified from AOCI into income	$ (936)	$ 678	$ 227	$ (717)	$ 306	$ 487	$ 133
Amount of gain (loss) reclassified from AOCI into income - included component	$ (936)	$ 678	$ 227	$ (717)	$ 306	$ 487	$ 133
Amount of gain (loss) reclassified from AOCI into income - excluded component	$ —	$ —	$ —	$ —	$ —	$ —	$ —

The table below presents the effect of the Company's derivative financial instruments that are not designated as hedging instruments on the consolidated statements of income for the periods indicated:

		Amount of Gain (Loss) Recognized in Income	
		Three Months Ended March 31,	
(Dollars in thousands)	Location of Gain (Loss) Recognized in Income	2024	2023
Customer loan swaps	Other expense	$ 19	$ (27)
Fixed rate mortgage interest rate lock commitments	Mortgage banking income, net	85	84
Forward delivery commitments	Mortgage banking income, net	98	(96)
Total		$ 202	$ (39)

Credit Risk-Related Contingent Features

By using derivatives, the Company is exposed to credit risk to the extent that counterparties to the derivative contracts do not perform as required. Should a counterparty fail to perform under the terms of a derivative contract, the Company’s credit exposure on interest rate swaps is limited to the net positive fair value and accrued interest of all swaps with each counterparty. The Company seeks to minimize counterparty credit risk through credit approvals, limits, monitoring procedures, and obtaining collateral, where appropriate. As such, management believes the risk of incurring credit losses on derivative contracts with institutional counterparties is remote.

The Company has agreements with its derivative counterparties that contain a provision where if the Company defaults on any of its indebtedness, including default where repayment of the indebtedness has not been accelerated by the lender, then the Company could also be declared in default on its derivative obligations. In addition, the Company also has agreements with certain of its derivative counterparties that contain a provision where if the Company fails to maintain its status as a well- capitalized institution, then the counterparty could terminate the derivative position(s) and the Company could be required to settle its obligations under the agreements.

As of March 31, 2024 and December 31, 2023, the fair value of derivatives in a net liability position, which includes accrued interest but excludes any adjustment for non-performance risk, related to these agreements was $14.4 million and $10.8 million, respectively. As of March 31, 2024 and December 31, 2023, the Company has minimum collateral posting thresholds with certain of its derivative counterparties and has posted cash collateral of $0 and $0, respectively. If the Company had breached any of these provisions at March 31, 2024 or December 31, 2023, it could have been required to settle its obligations under the agreements at their termination value of $14.4 million and $10.8 million, respectively.

NOTE 9 – BALANCE SHEET OFFSETTING

The Company does not offset the carrying value for derivative instruments or repurchase agreements on the consolidated statements of condition. The Company nets the amount recognized for the right to reclaim cash collateral against the obligation to return cash collateral arising from instruments executed with the same counterparty under a master netting arrangement. Collateral legally required to be pledged or received is monitored and adjusted as necessary. Refer to Note 6 for further discussion of repurchase agreements and Note 8 for further discussion of derivative instruments.

The following table presents the Company's derivative positions and repurchase agreements, and the potential effect of netting arrangements on its financial position, as of the dates indicated:

				Gross Amount Not Offset in the Consolidated Statements of Condition		
(Dollars in thousands)	**Gross Amount Recognized in the Consolidated Statements of Condition**	**Gross Amount Offset in the Consolidated Statements of Condition**	**Net Amount Presented in the Consolidated Statements of Condition**	**Financial Instruments Pledged (Received)(1)**	**Cash Collateral Pledged (Received)(1)**	**Net Amount**
March 31, 2024						
Derivative assets:						
Customer loan swaps - dealer bank(2)	$ 13,340	$ —	$ 13,340	$ —	$ (8,800)	$ 4,540
Customer loan swaps - commercial customer(3)	1,003	—	1,003	—	—	1,003
Interest rate contracts(2)	17,636	—	17,636	—	(14,339)	3,297
Total	$ 31,979	$ —	$ 31,979	$ —	$ (23,139)	$ 8,840
Derivative liabilities:						
Customer loan swaps - commercial customer(3)	$ 14,373	$ —	$ 14,373	$ —	$ —	$ 14,373
Interest rate contracts(2)	1,239	—	1,239	—	1,239	—
Total	$ 15,612	$ —	$ 15,612	$ —	$ 1,239	$ 14,373
Customer repurchase agreements	$ 201,499	$ —	$ 201,499	$ —	$ —	$ 201,499
December 31, 2023						
Derivative assets:						
Customer loan swaps - dealer bank(2)	$ 9,168	$ —	$ 9,168	$ —	$ (8,800)	$ 368
Customer loan swaps - commercial customer(3)	1,531	—	1,531	—	—	1,531
Interest rate contracts(2)	12,206	—	12,206	—	(10,071)	2,135
Total	$ 22,905	$ —	$ 22,905	$ —	$ (18,871)	$ 4,034
Derivative liabilities:						
Customer loan swaps - commercial customer(3)	$ 10,748	$ —	10,748	$ —	$ —	$ 10,748
Interest rate contracts(2)	3,387	—	3,387	—	3,387	—
Total	$ 14,135	$ —	$ 14,135	$ —	$ 3,387	$ 10,748
Customer repurchase agreements	$ 200,657	$ —	$ 200,657	$ 200,657	$ —	$ —

(1) The amount presented was the lesser of the amount pledged (received) or the net amount presented in the consolidated statements of condition.

(2) The Company maintains master netting arrangements with each counterparty and settles collateral on a net basis for all contracts.

(3) The Company manages its net exposure on its commercial customer loan swaps by obtaining collateral as part of the normal loan policy and underwriting practices. The Company does not post collateral to its commercial customers as part of its contract.

NOTE 10 – REGULATORY CAPITAL REQUIREMENTS

The Company and Bank are subject to various regulatory capital requirements administered by the FRB and the OCC. Failure to meet minimum capital requirements can result in mandatory and possible additional discretionary actions by regulators that, if undertaken, could have a direct material effect on the Company's consolidated financial statements.

The Company and Bank are required to maintain certain levels of capital based on risk-adjusted assets. These capital requirements represent quantitative measures of their assets, liabilities and certain off-balance sheet items as calculated under regulatory accounting practices. The Company and Bank's capital classification is also subject to qualitative judgments by our regulators about components, risk weightings and other factors. The quantitative measures established to ensure capital adequacy require the Company and Bank to maintain minimum amounts and ratios of total capital, Tier 1 capital, and common equity Tier 1 capital to risk-weighted assets, and of Tier 1 capital to average assets, or the leverage ratio. These requirements apply to the Company on a consolidated basis.

Under the current requirements, banking organizations must have a minimum total risk-based capital ratio of 8.0%, a minimum Tier 1 risk-based capital ratio of 6.0%, a minimum common equity Tier 1 risk-based capital ratio of 4.5%, and a minimum leverage ratio of 4.0% in order to be "adequately capitalized." In addition to these requirements, banking organizations must maintain a capital conservation buffer consisting of common Tier 1 equity in an amount above the minimum risk-based capital requirements for "adequately capitalized" institutions equal to 2.5% of total risk-weighted assets, resulting in a requirement for the Company and the Bank effectively to maintain common equity Tier 1, Tier 1 and total capital ratios of 7.0%, 8.5% and 10.5%, respectively. The Company and the Bank must maintain the capital conservation buffer to avoid restrictions on the ability to pay dividends, pay discretionary bonuses and to engage in share repurchases based on the amount of the shortfall and the institution's "eligible retained income" (that is, the greater of (i) net income for the preceding four quarters, net of distributions and associated tax effects not reflected in net income and (ii) average net income over the preceding four quarters).

The Company and Bank's risk-based capital ratios exceeded regulatory requirements, including the capital conservation buffer, at March 31, 2024 and December 31, 2023, and the Bank's capital ratios met the requirements for it to be considered "well capitalized" under prompt corrective action provisions for each period. There were no changes to the Company or Bank's capital ratios that occurred subsequent to March 31, 2024 that would change the Company or Bank's regulatory capital categorization. The following table presents the Company and Bank's regulatory capital ratios at the periods indicated:

	March 31, 2024		Minimum Regulatory Capital Required for Capital Adequacy plus Capital Conservation Buffer	Minimum Regulatory Provision to Be "Well Capitalized"	December 31, 2023		Minimum Regulatory Capital Required for Capital Adequacy plus Capital Conservation Buffer	Minimum Regulatory Provision to Be "Well Capitalized"
(Dollars in thousands)	**Amount**	**Ratio**			**Amount**	**Ratio**		
Camden National Corporation:								
Total risk-based capital ratio	$ 584,405	14.52 %	10.50 %	10.00 %	$ 577,440	14.36 %	10.50 %	10.00 %
Tier 1 risk-based capital ratio	546,468	13.58 %	8.50 %	6.00 %	538,153	13.38 %	8.50 %	6.00 %
Common equity Tier 1 risk-based capital ratio(1)	503,468	12.51 %	7.00 %	N/A	495,153	12.31 %	7.00 %	N/A
Tier 1 leverage capital ratio(1)	546,468	9.59 %	4.00 %	N/A	538,153	9.40 %	4.00 %	N/A
Camden National Bank:								
Total risk-based capital ratio	$ 556,066	13.85 %	10.50 %	10.00 %	$ 549,221	13.70 %	10.50 %	10.00 %
Tier 1 risk-based capital ratio	518,129	12.90 %	8.50 %	8.00 %	509,934	12.72 %	8.50 %	8.00 %
Common equity Tier 1 risk-based capital ratio	518,129	12.90 %	7.00 %	6.50 %	509,934	12.72 %	7.00 %	6.50 %
Tier 1 leverage capital ratio	518,129	9.10 %	4.00 %	5.00 %	509,934	8.91 %	4.00 %	5.00 %

(1) “Minimum Regulatory Provisions to Be ‘Well Capitalized’” are not formally defined under applicable banking regulations for bank holding companies.

In 2006 and 2008, the Company issued $ 43.0 million of junior subordinated debentures in connection with the issuance of trust preferred securities. Although the junior subordinated debentures are recorded as liabilities on the Company's consolidated statements of condition, the Company is permitted, in accordance with applicable regulation, to include the debentures within its calculation of risk-based capital, subject to certain limits. At March 31, 2024 and December 31, 2023, $43.0 million of the junior subordinated debentures were included in Tier 1 and total risk-based capital for the Company.

The Company and Bank's regulatory capital and risk-weighted assets fluctuate due to normal business, including profits and losses generated by the Company and Bank as well as changes to their asset mix. Of particular significance are changes within the Company and Bank's loan portfolio mix due to the differences in regulatory risk-weighting between retail and commercial loans. Furthermore, the Company and Bank's regulatory capital and risk-weighted assets are subject to change due to changes in GAAP and regulatory capital standards. The Company and Bank proactively monitor their regulatory capital and risk-weighted assets, and the impact of changes to their asset mix, and the impact of proposed and pending changes as a result of new and/or amended GAAP standards and regulatory changes.

NOTE 11 – OTHER COMPREHENSIVE INCOME (LOSS)

The following tables present a reconciliation of the changes in the components of other comprehensive income and loss for the periods indicated, including the amount of tax (expense) benefit allocated to each component:

(In thousands)	March 31, 2024 Pre-Tax Amount	March 31, 2024 Tax (Expense) Benefit	March 31, 2024 After-Tax Amount	March 31, 2023 Pre-Tax Amount	March 31, 2023 Tax (Expense) Benefit	March 31, 2023 After-Tax Amount
	For the Three Months Ended					
Debt Securities:						
Change in fair value	$ (6,557)	$ 1,409	$ (5,148)	$ 9,885	$ (2,125)	$ 7,760
Less: reclassification adjustment for amortization of securities transferred from AFS to HTM	(1,528)	328	(1,200)	(1,699)	365	(1,334)
Net change in fair value	(5,029)	1,081	(3,948)	11,584	(2,490)	9,094
Cash Flow Hedges:						
Change in fair value	3,142	(675)	2,467	(3,109)	668	(2,441)
Less: reclassified AOCI gain into interest expense [(1)]	905	(194)	711	926	(199)	727
Less: reclassified AOCI (loss) gain into interest income [(2)]	(936)	201	(735)	(717)	154	(563)
Net change in fair value	3,173	(682)	2,491	(3,318)	713	(2,605)
Postretirement Plans:						
Amortization of settlement recognition of net loss and prior service credit[(3)]	(8)	2	(6)	(6)	1	(5)
Other comprehensive (loss) gain	$ (1,864)	$ 401	$ (1,463)	$ 8,260	$ (1,776)	$ 6,484

(1) Reclassified into interest on deposits, borrowings and/or junior subordinated debentures on the consolidated statements of income. Refer to Note 8 of the consolidated financial statements for further details.

(2) Reclassified into interest and fees on loans on the consolidated statements of income. Refer to Note 8 of the consolidated financial statements for further details.

(3) Reclassified into other expenses on the consolidated statements of income. Refer to Note 13 of the consolidated financial statements for further details.

The following table presents the changes in each component of AOCI, after tax, for the periods indicated:

(In thousands)	Net Unrealized Gains (Losses) on Debt Securities[(1)]	Net Unrealized (Losses) Gains on Cash Flow Hedges[(1)]	Defined Benefit Postretirement Plans[(1)]	AOCI[(1)]
Balance at December 31, 2023	$ (107,409)	$ 6,096	$ (239)	$ (101,552)
Other comprehensive (loss) income before reclassifications	(5,148)	2,467	—	(2,681)
Less: Amounts reclassified from AOCI	(1,200)	(24)	6	(1,218)
Other comprehensive (loss) income	(3,948)	2,491	(6)	(1,463)
Balance at March 31, 2024	$ (111,357)	$ 8,587	$ (245)	$ (103,015)
Balance at December 31, 2022	$ (131,539)	$ 5,891	$ (307)	$ (125,955)
Other comprehensive income (loss) before reclassifications	7,760	(2,441)	—	5,319
Less: Amounts reclassified from AOCI	(1,334)	164	5	(1,165)
Other comprehensive income (loss)	9,094	(2,605)	(5)	6,484
Balance at March 31, 2023	$ (122,445)	$ 3,286	$ (312)	$ (119,471)

(1) All amounts are net of tax.

NOTE 12 – REVENUE FROM CONTRACTS WITH CUSTOMERS

A portion of the Company's non-interest income is derived from contracts with customers, and, as such, the revenue recognized depicts the transfer of promised goods or services to its customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The Company considers the terms of the contract and all relevant facts and circumstances when applying this guidance.

The Company has disaggregated its revenue from contracts with customers into categories based on the nature of the revenue. The categorization of revenues from contracts with customers that are within the scope of ASC 606 closely aligns with the presentation of revenue categories presented within non-interest income on the consolidated statements of income. The following table presents the revenue streams within the scope of ASC 606 for the periods indicated:

(In thousands)	Location on Consolidated Statements of Income	Three Months Ended March 31, 2024	Three Months Ended March 31, 2023
Debit card interchange income	Debit card income	$ 2,866	$ 2,938
Services charges on deposit accounts	Service charges on deposit accounts	2,027	1,762
Fiduciary services income	Income from fiduciary services	1,749	1,600
Investment program income	Brokerage and insurance commissions	1,239	1,093
Other non-interest income	Other income	428	422
Total non-interest income within the scope of ASC 606		8,309	7,815
Total non-interest income not in scope of ASC 606		2,013	2,051
Total non-interest income		$ 10,322	$ 9,866

In each of the revenue streams identified above, there were no significant judgments made in determining or allocating the transaction price, as the consideration and services are generally explicitly identified in the associated contracts.

NOTE 13 – EMPLOYEE BENEFIT PLANS

The Company sponsors unfunded, non-qualified SERPs for certain officers and provides medical and life insurance to certain eligible retired employees.

The components of net periodic pension and postretirement benefit costs were as follows for the following periods:

Supplemental Executive Retirement Plan:

(In thousands) Net periodic pension cost	Location on Consolidated Statements of Income	Three Months Ended March 31, 2024	Three Months Ended March 31, 2023
Service cost [(1)]	Salaries and employee benefits	$ —	$ 70
Interest cost	Other expenses	181	189
Total		$ 181	$ 259

(1) As of December 31, 2023, there are no active participants in the SERP.

Other Postretirement Benefit Plan:

(In thousands) Net periodic postretirement benefit cost	Location on Consolidated Statements of Income	Three Months Ended March 31, 2024	Three Months Ended March 31, 2023
Service cost	Salaries and employee benefits	$ 2	$ 3
Interest cost	Other expenses	38	40
Recognized net actuarial gain	Other expenses	(1)	(1)
Amortization of prior service credit	Other expenses	(6)	(6)
Total		$ 33	$ 36

NOTE 14 – EPS

The following is an analysis of basic and diluted EPS, reflecting the application of the two-class method, as described below:

(In thousands, except number of shares and per share data)	Three Months Ended March 31, 2024	Three Months Ended March 31, 2023
Net income	$ 13,272	$ 12,727
Dividends and undistributed earnings allocated to participating securities [1]	(11)	(25)
Net income available to common shareholders	$ 13,261	$ 12,702
Weighted-average common shares outstanding for basic EPS	14,572,051	14,573,122
Dilutive effect of stock-based awards [2]	53,720	58,420
Weighted-average common and potential common shares for diluted EPS	14,625,771	14,631,542
Earnings per common share:		
Basic EPS	$ 0.91	$ 0.87
Diluted EPS	$ 0.91	$ 0.87
Awards excluded from the calculation of diluted EPS [3]:		
Performance-based awards	—	1,141

(1) Represents dividends paid and undistributed earnings allocated to non-vested stock-based awards that contain non-forfeitable rights to dividends.

(2) Represents the assumed dilutive effect of unexercised and/or unvested stock options, restricted shares, restricted share units and contingently issuable performance-based awards utilizing the treasury stock method.

(3) Represents stock-based awards not included in the computation of potential common shares for purposes of calculating diluted EPS as the exercise prices were greater than the average market price of the Company's common stock, and, therefore, are considered anti-dilutive.

Non-vested stock-based payment awards that contain non-forfeitable rights to dividends are participating securities and are included in the computation of EPS pursuant to the two-class method. The two-class method is an earnings allocation formula that determines EPS for each class of common stock and participating security according to dividends declared (or accumulated) and participation rights in undistributed earnings. Certain of the Company’s non-vested stock-based awards qualify as participating securities.

Net income is allocated between the common stock and participating securities pursuant to the two-class method. Basic EPS is computed by dividing net income available to common shareholders by the weighted average number of common shares outstanding during the period, excluding participating non-vested stock-based awards. Diluted EPS is computed in a similar manner, except that the denominator includes the number of additional common shares that would have been outstanding if potentially dilutive common shares were issued using the treasury stock method.

NOTE 15 – FAIR VALUE MEASUREMENT AND DISCLOSURE

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is best determined using quoted market prices. However, in many instances, quoted market prices are not available. In such instances, fair values are determined using various valuation techniques. Various assumptions and observable inputs must be relied upon in applying these techniques. GAAP establishes a fair value hierarchy for valuation inputs that gives the highest priority to quoted prices in active markets for identical assets or liabilities and the lowest priority to unobservable inputs.

GAAP permits an entity to choose to measure eligible financial instruments and other items at fair value. The Company has elected the fair value option for its loans held for sale. Electing the fair value option for loans held for sale enables the Company’s financial position to align more clearly with the economic value of the actively traded asset.

The fair value hierarchy for valuation of an asset or liability is as follows:

Level 1*:* Valuation is based upon unadjusted quoted prices in active markets for identical assets and liabilities that the entity has the ability to access as of the measurement date.

Level 2*:* Valuation is determined from quoted prices for similar assets or liabilities in active markets, from quoted prices for identical or similar instruments in markets that are not active or by model-based techniques in which all significant inputs are observable in the market.

Level 3*:* Valuation is derived from model-based and other techniques in which at least one significant input is unobservable and which may be based on the Company’s own estimates about the assumptions that market participants would use to value the asset or liability.

In general, fair value is based upon quoted market prices, where available. If such quoted market prices are not available, fair value is based upon model-based techniques incorporating various assumptions including, but not limited to, interest rates, prepayment speeds and credit losses. Assets and liabilities valued using model-based techniques are classified as either Level 2 or Level 3, depending on the lowest level classification of an input that is considered significant to the overall valuation. A description of the valuation methodologies used for instruments measured at fair value, as well as the general classification of such instruments pursuant to the valuation hierarchy, is set forth below.

Financial Instruments Recorded at Fair Value on a Recurring Basis

Trading Securities and Deferred Compensation*:* The fair value of trading securities and deferred compensation is reported using market quoted prices and has been classified as Level 1 as such securities and underlying securities are actively traded and no valuation adjustments have been applied.

Debt Securitie*s*: The fair value of investments in debt securities is reported utilizing prices provided by an independent pricing service based on recent trading activity and other observable information including, but not limited to, dealer quotes, market spreads, cash flows, market interest rate curves, market consensus prepayment speeds, credit information, and the bond’s terms and conditions. The fair value of debt securities is classified as Level 2.

Loans Held For Sale*:* The fair value of loans held for sale is determined on an individual loan basis using quoted secondary market prices and is classified as Level 2.

Derivatives: The fair value of interest rate swaps is determined using inputs that are observable in the market place obtained from third parties including yield curves, publicly available volatilities, and floating indexes and, accordingly, are classified as Level 2 inputs. The credit value adjustments associated with derivatives utilize Level 3 inputs, such as estimates of current credit spreads to evaluate the likelihood of default. As of March 31, 2024 and December 31, 2023, the credit valuation adjustment on the overall valuation of its derivative positions was not significant to the overall valuation of its derivatives, and, thus, the Company's interest rate swaps were classified as Level 2.

The fair value of the Company's fixed rate interest rate lock commitments were determined using secondary market pricing for loans with similar structures, including term, rate and borrower credit quality, adjusted for the Company's pull-through rate estimate (i.e. estimate of loans within its loan pipeline that will ultimately complete the origination process and be funded). The Company has classified its fixed rate interest rate lock commitments as Level 2, as the quoted secondary market prices are the more significant input, and, although the Company's internal pull-through rate estimate is a Level 3 estimate, it is less significant to the ultimate valuation.

The fair value of the Company's forward delivery commitments is determined using secondary market pricing for loans with similar structures, including term, rate and borrower credit quality, and the locked and agreed to price with the secondary market investor. The Company has classified its fixed rate interest rate lock commitments as Level 2.

The following table summarizes financial assets and financial liabilities measured at fair value on a recurring basis, segregated by the level of the valuation inputs within the fair value hierarchy utilized to measure fair value, for the dates indicated:

(In thousands)	Fair Value	Readily Available Market Prices (Level 1)	Observable Market Data (Level 2)	Company Determined Fair Value (Level 3)
March 31, 2024				
Financial assets:				
Trading securities	$ 4,847	$ 4,847	$ —	$ —
AFS debt securities:				
Obligations of states and political subdivisions	5,370	—	5,370	—
MBS issued or guaranteed by U.S. government-sponsored enterprises	442,006	—	442,006	—
CMO issued or guaranteed by U.S. government-sponsored enterprises	134,797	—	134,797	—
Corporate bonds	19,403	—	19,403	—
Loans held for sale	9,524	—	9,524	—
Customer loan swaps	14,343	—	14,343	—
Interest rate contracts	17,636	—	17,636	—
Fixed rate mortgage interest rate lock commitments	331	—	331	—
Forward delivery commitments	76	—	76	—
Financial liabilities:				
Deferred compensation	$ 4,847	$ 4,847	$ —	$ —
Customer loan swaps	14,373	—	14,373	—
Interest rate contracts	1,239	—	1,239	—
Fixed rate mortgage interest rate lock commitments	29	—	29	—
Forward delivery commitments	72	—	72	—
December 31, 2023				
Financial assets:				
Trading securities	$ 4,647	$ 4,647	$ —	$ —
AFS debt securities:				
Obligations of states and political subdivisions	6,386	—	6,386	—
MBS issued or guaranteed by U.S. government-sponsored enterprises	460,091	—	460,091	—
CMO issued or guaranteed by U.S. government-sponsored enterprises	141,011	—	141,011	—
Subordinated corporate bonds	18,320	—	18,320	—
Loans held for sale	10,320	—	10,320	—
Customer loan swaps	10,699	—	10,699	—
Interest rate contracts	12,206	—	12,206	—
Fixed rate mortgage interest rate lock commitments	215	—	215	—
Forward delivery commitments	51	—	51	—
Financial liabilities:				
Deferred compensation	$ 4,647	$ 4,647	$ —	$ —
Customer loan swaps	10,748	—	10,748	—
Interest rate contracts	3,387	—	3,387	—
Fixed rate mortgage interest rate lock commitments	11	—	11	—
Forward delivery commitments	132	—	132	—

The Company did not have any transfers between Level 1 and Level 2 of the fair value hierarchy during the three months ended March 31, 2024. The Company's policy for determining transfers between levels occurs at the end of the reporting period when circumstances in the underlying valuation criteria change and result in transfer between levels.

Financial Instruments Recorded at Fair Value on a Nonrecurring Basis

The Company may be required, from time to time, to measure certain financial assets and financial liabilities at fair value on a nonrecurring basis in accordance with GAAP, which may consist of collateral-dependent loans and servicing assets. These include assets that are measured at the lower of cost or market value that were recognized at fair value below cost at the end of the period.

Collateral-Dependent Loans: Expected credit losses on individually assessed loans deemed to be collateral dependent are valued based upon the lower of amortized cost or fair value of the underlying collateral less costs to sell. Management estimates the fair values of these assets using Level 2 inputs, such as the fair value of collateral based on independent third-party market approach appraisals for collateral-dependent loans, and Level 3 inputs where circumstances warrant an adjustment to the appraised value based on the age of the appraisal and/or comparable sales, condition of the collateral, and market conditions.

Servicing Assets: The Company accounts for mortgage servicing assets at cost, subject to impairment testing. When the carrying value of a tranche exceeds fair value, a valuation allowance is established to reduce the carrying cost to fair value. Fair value is based on a valuation model that calculates the present value of estimated net servicing income. The Company obtains a third-party valuation based upon loan level data including note rate, type and term of the underlying loans. The model utilizes two significant unobservable inputs, namely loan prepayment assumptions and the discount rate used, to calculate the fair value of each tranche, and, as such, the Company has classified the model within Level 3 of the fair value hierarchy.

The table below highlights financial assets measured and reported at fair value on a non-recurring basis for the dates indicated:

(In thousands)	Fair Value	Readily Available Market Prices (Level 1)	Observable Market Data (Level 2)	Company Determined Fair Value (Level 3)
March 31, 2024				
Financial assets:				
Collateral-dependent loans	$ 4,159	$ —	$ —	$ 4,159
December 31, 2023				
Financial assets:				
Collateral-dependent loans	$ 4,768	$ —	$ —	$ 4,768

The following table presents the valuation methodology and unobservable inputs for Level 3 assets measured at fair value on a non-recurring basis for the dates indicated:

(Dollars in thousands)	Fair Value	Valuation Methodology	Unobservable input	Discount
March 31, 2024				
Collateral-dependent loans:				
Specifically reserved	$ 4,159	Market approach appraisal of collateral	Estimated selling costs	7%
December 31, 2023				
Collateral-dependent loans:				
Specifically reserved	$ 4,768	Market approach appraisal of collateral	Estimated selling costs	7%

Non-Financial Instruments Recorded at Fair Value on a Non-Recurring Basis

Non-financial assets measured at fair value on a nonrecurring basis may consist of OREO, goodwill and core deposit intangible assets. As of March 31, 2024 and December 31, 2023, the Company did not have any material non-financial instruments measured and reported at fair value.

OREO: OREO properties acquired through foreclosure or deed in lieu of foreclosure are recorded at net realizable value, which is the fair value of the real estate, less estimated costs to sell. Any write-down of the recorded investment in the related loan is charged to the ACL upon transfer to OREO. Upon acquisition of a property, a current appraisal is used or an internal valuation is prepared to substantiate fair value of the property. After foreclosure, management periodically, but at least annually, obtains updated valuations of the OREO properties and, if additional impairments are deemed necessary, the subsequent write-downs for declines in value are recorded through a valuation allowance and a provision for credit losses charged to other non-interest expense within the consolidated statements of income. As management considers appropriate, adjustments are made to the appraisal obtained for the OREO property to account for recent sales activity of comparable properties, changes in the condition of the property, and changes in market conditions. These adjustments are not observable in an active market and are classified as Level 3. At March 31, 2024 and December 31, 2023, the Company did not have any OREO properties.

Goodwill: Goodwill represents the excess cost of an acquisition over the fair value of the net assets acquired. The fair value of goodwill is estimated by utilizing several standard valuation techniques, including discounted cash flow analyses, bank merger multiples, and/or an estimation of the impact of business conditions and investor activities on the long-term value of the goodwill. Should an impairment occur, the associated goodwill is written-down to fair value and the impairment charge is recorded within non-interest expense in the consolidated statements of income. The Company conducts an annual impairment test of goodwill in the fourth quarter each year, or more frequently as necessary. There have been no indications or triggering events during the three months ended March 31, 2024, for which management believes it is more likely than not that goodwill is impaired.

Core Deposit Intangible Assets: The Company's core deposit intangible assets represent the estimated value of acquired customer relationships and are amortized over the estimated life of those relationships. Core deposit intangibles are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. There were no events or changes in circumstances for the three months ended March 31, 2024, that indicated the carrying amount may not be recoverable.

The estimated fair values and related carrying amounts for assets and liabilities for which fair value is only disclosed are shown below as of the dates indicated:

(In thousands)	Carrying Amount	Fair Value	Readily Available Market Prices (Level 1)	Observable Market Prices (Level 2)	Company Determined Market Prices (Level 3)
March 31, 2024					
Financial assets:					
HTM debt securities	$ 540,349	$ 496,517	$ —	$ 496,517	$ —
Commercial real estate loans (1)(2)	1,685,428	1,573,769	—	—	1,573,769
Commercial loans (2)	392,935	379,350	—	—	379,350
Residential real estate loans (2)	1,751,917	1,496,942	—	—	1,496,942
Home equity loans (2)	238,314	233,924	—	—	233,924
Consumer loans (2)	16,833	14,774	—	—	14,774
Servicing assets	2,236	4,285	—	—	4,285
Financial liabilities:					
Time deposits	$ 660,786	$ 654,668	$ —	$ 654,668	$ —
Short-term borrowings	601,499	600,628	—	600,628	—
Junior subordinated debentures	44,331	32,029	—	32,029	—
December 31, 2023					
Financial assets:					
HTM debt securities	$ 544,931	$ 510,595	$ —	$ 510,595	$ —
Commercial real estate loans (1)(2)	1,653,435	1,540,327	—	—	1,540,327
Commercial loans (2)	399,032	385,585	—	—	385,585
Residential real estate loans (2)	1,753,124	1,488,248	—	—	1,488,248
Home equity loans (2)	238,124	233,025	—	—	233,025
Consumer loans (2)	17,444	15,279	—	—	15,279
Servicing assets	2,274	4,124	—	—	4,124
Financial liabilities:					
Time deposits	$ 640,539	$ 634,856	$ —	$ 634,856	$ —
Short-term borrowings	485,607	484,849	—	484,849	—
Junior subordinated debentures	44,331	31,918	—	31,918	—

(1) Commercial real estate loan includes non-owner-occupied and owner-occupied properties.

(2) The presented carrying amount is net of the allocated ACL on loans.

Excluded from the summary were financial instruments measured at fair value on a recurring and nonrecurring basis, as previously described.

The Company considers its financial instruments' current use to be the highest and best use of the instruments.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

FORWARD-LOOKING STATEMENTS

The discussions set forth below and in the documents we incorporate by reference herein contain certain statements that may be considered forward-looking statements under the Private Securities Litigation Reform Act of 1995, as amended, including certain plans, exceptions, goals, projections, and statements, which are subject to numerous risks, assumptions, and uncertainties. Forward-looking statements can be identified by the use of the words “believe,” “expect,” “anticipate,” “intend,” “estimate,” “assume,” “plan,” “target,” “potential” or “goal” or future or conditional verbs such as “will,” “may,” “might,” “should,” “could” and other expressions which predict or indicate future events or trends and which do not relate to historical matters. Forward-looking statements are not guarantees of future performance and involve risks, uncertainties and assumptions that are difficult for the Company to predict. The actual results, performance or achievements of the Company may differ materially from what is reflected in such forward-looking statements

Forward-looking statements should not be relied on, because they involve known and unknown risks, uncertainties and other factors, some of which are beyond the control of the Company. These risks, uncertainties and other factors may cause the actual results, performance or achievements of the Company to be materially different from the anticipated future results, performance or achievements expressed or implied by the forward-looking statements.

The following factors, among others, could cause the Company’s financial performance to differ materially from the Company’s goals, plans, objectives, intentions, expectations and other forward-looking statements:

- weakness in the United States economy in general and the regional and local economies within the New England region and Maine, which could result in a deterioration of credit quality, an increase in the allowance for credit losses or a reduced demand for the Company’s credit or fee-based products and services;
- changes in trade, monetary, and fiscal policies and laws, including interest rate policies of the Board of Governors of the Federal Reserve System;
- inflation, interest rate, market, and monetary fluctuations;
- ongoing competition in the labor markets and increased employee turnover;
- the adequacy of succession planning for key executives or other personnel, and the Company’s ability to transition effectively to new members of the senior executive team;
- competitive pressures, including continued industry consolidation and the increased financial services provided by non-banks;
- deterioration in the value of the Company's investment securities;
- commercial real estate vacancies and their impact on the ability of borrowers to repay their loans;
- volatility in the securities markets that could adversely affect the value or credit quality of the Company’s assets, impairment of goodwill, or the availability and terms of funding necessary to meet the Company’s liquidity needs;
- changes in information technology and other operational risks, including cybersecurity, that require increased capital spending;
- changes in consumer spending and savings habits;
- changes in tax, banking, securities and insurance laws and regulations;
- the outcome of pending and future litigation and governmental proceedings, including tax-related examinations and other matters;
- changes in accounting policies, practices and standards, as may be adopted by the regulatory agencies as well as the Financial Accounting Standards Board ("FASB"), and other accounting standard setters;
- the effects of climate change on the Company and its customers, borrowers or service providers;
- the effects of civil unrest, international hostilities, including the war in Ukraine and conflict in the Middle East, or other geopolitical events;
- the effects of epidemics and pandemics;

- turmoil and volatility in the financial services industry, including failures or rumors of failures of other depository institutions, which could affect the ability of depository institutions, including Camden National Bank, to attract and retain depositors, and could affect the ability of financial services providers, including the Company, to borrow or raise capital;
- actions taken by governmental agencies to stabilize the financial system and the effectiveness of such actions;
- increases in deposit insurance assessments due to bank failures;
- changes to regulatory capital requirements in response to recent development affecting the banking sector; and
- questions about the soundness of one or more financial institutions with which the Company does business.

In addition, statements regarding the potential effects of notable national and global current events on the Company’s business, financial condition, liquidity and results of operations may constitute forward-looking statements and are subject to the risk that the actual effects may differ, possibly materially, from what is reflected in those forward-looking statements due to factors and future developments that are uncertain, unpredictable and in many cases beyond the Company's control.

You should carefully review all of these factors, and be aware that there may be other factors that could cause differences, including the risk factors listed in our Annual Report on Form 10-K for the year ended December 31, 2023, as updated by the Company's quarterly reports on Form 10-Q, including this report, and other filings with the Securities and Exchange Commission. Readers should carefully review the risk factors described therein and should not place undue reliance on our forward-looking statements.

These forward-looking statements were based on information, plans and estimates at the date of this report, and we undertake no obligation to update any forward-looking statements to reflect changes in underlying assumptions or factors, new information, future events or other changes, except to the extent required by applicable law or regulation.

NON-GAAP FINANCIAL MEASURES AND RECONCILIATION TO GAAP

In addition to evaluating the Company's results of operations in accordance with GAAP, management supplements this evaluation with an analysis of certain non-GAAP financial measures such as: adjusted net income; adjusted diluted earnings per share; adjusted return on average assets; adjusted return on average equity; pre-tax, pre-provision income; adjusted pre-tax, pre-provision income; return on average tangible equity and adjusted return on average tangible equity; the efficiency and tangible common equity ratios; net interest income (fully-taxable equivalent); tangible book value per share; core deposits and average core deposits. We utilize these non-GAAP financial measures for purposes of measuring performance against the Company's peer group and other financial institutions, as well as for analyzing its internal performance. The Company also believes these non-GAAP financial measures help investors better understand the Company's operating performance and trends and allows for better performance comparisons to other banks. In addition, these non-GAAP financial measures remove the impact of unusual items that may obscure trends in the Company's underlying performance. These disclosures should not be viewed as a substitute for GAAP operating results, nor are they necessarily comparable to non-GAAP performance measures that may be presented by other financial institutions.

Adjusted Net Income; Adjusted Diluted Earnings per Share; Adjusted Return on Average Assets; and Adjusted Return on Average Equity. The following table provides a reconciliation of net income, diluted EPS, return on average assets and return on average equity to adjusted net income, adjusted diluted EPS, adjusted return on average assets and adjusted return on average equity. Certain transactions have been excluded to calculate adjusted net income, adjusted diluted EPS, adjusted return on average assets and adjusted return on average equity. We believe the following adjusted financial metrics assist users of our financial statements with their financial analysis period-over-period as it adjusts for certain non-recurring items.

	For the Three Months Ended	
(In thousands, except number of shares, per share data and ratios)	**March 31, 2024**	**March 31, 2023**
Adjusted Net Income:		
Net income, as presented	$ 13,272	$ 12,727
Adjustment for Signature Bank bond (recovery) write-off	(910)	1,838
Tax impact of above adjustments (1)	191	(386)
Adjusted net income	$ 12,553	$ 14,179
Adjusted Diluted Earnings per Share:		
Diluted earnings per share, as presented	$ 0.91	$ 0.87
Adjustment for Signature Bank bond (recovery) write-off	(0.06)	0.13
Tax impact of above adjustments (1)	0.01	(0.03)
Adjusted diluted earnings per share	$ 0.86	$ 0.97
Adjusted Return on Average Assets:		
Return on average assets, as presented	0.93 %	0.91 %
Adjustment for Signature Bank bond (recovery) write-off	(0.06) %	0.13 %
Tax impact of above adjustments (1)	0.01 %	(0.03) %
Adjusted return on average assets	0.88 %	1.01 %
Adjusted Return on Average Equity:		
Return on average equity, as presented	10.77 %	11.16 %
Adjustment for Signature Bank bond (recovery) write-off	(0.74) %	1.61 %
Tax impact of above adjustments (1)	0.16 %	(0.34) %
Adjusted return on average equity	10.19 %	12.43 %

(1) Assumed a 21% tax rate.

Pre-Tax, Pre-Provision Income and Adjusted Pre-Tax, Pre-Provision Income. Pre-tax, pre-provision income and adjusted pre-tax, pre-provision income are each a supplemental measure of operating earnings and performance. Pre-tax, pre-provision income is calculated as net income before provision for credit losses and income tax expense, and adjusted pre-tax, pre-provision income is calculated as net income before provision for credit losses, income tax expense, and adjusted for certain other items, as applicable. These supplemental measures became more widely used by financial institutions as a measure of financial performance for comparability across financial institutions.

	Three Months Ended March 31,	
(Dollars in thousands)	**2024**	**2023**
Net income, as presented	$ 13,272	$ 12,727
Adjustment for (credit) provision for credit losses	(2,102)	2,002
Adjustment for income tax expense	3,063	3,252
Adjusted pre-tax, pre-provision income	$ 14,233	$ 17,981

Efficiency Ratio. The efficiency ratio represents an approximate measure of the cost required for the Company to generate a dollar of revenue. This is a common measure within the financial services industry and is a key ratio for evaluating Company performance. The efficiency ratio is calculated as the ratio of (i) total non-interest expense, adjusted for certain operating expenses, as necessary, to (ii) net interest income on a tax equivalent basis plus total non-interest income, adjusted for certain other income items, as necessary.

	Three Months Ended March 31,	
(Dollars in thousands)	**2024**	**2023**
Non-interest expense, as presented	$ 27,362	$ 26,165
Net interest income, as presented	$ 31,273	$ 34,280
Adjustment for the effect of tax-exempt income (1)	150	229
Non-interest income, as presented	10,322	9,866
Adjusted net interest income plus non-interest income	$ 41,745	$ 44,375
Ratio of non-interest expense to total revenues (2)	65.78 %	59.27 %
Efficiency ratio	65.55 %	58.96 %

(1) Assumed a 21% tax rate.

(2) Revenue is the sum of net interest income and non-interest income.

Return on Average Tangible Equity: Return on average tangible equity is the ratio of (i) net income, adjusted for (a) amortization of core deposit intangible assets and the tax impact of the adjustment and (b) goodwill impairment, as necessary, to (ii) average shareholders' equity, adjusted for average goodwill and core deposit intangible assets. This adjusted financial ratio reflects a shareholder's return on tangible capital deployed in our business and is a common measure within the financial services industry.

Adjusted Return on Average Tangible Equity: Adjusted return on average tangible equity is the ratio of (i) adjusted net income (as defined in the table above) adjusted for (a) amortization of core deposit intangible assets and the tax impact of the adjustment and (b) goodwill impairment, as necessary, to (ii) average shareholders' equity, adjusted for average goodwill and core deposit intangible assets.

	Three Months Ended March 31,	
(Dollars in thousands)	**2024**	**2023**
Return on Average Tangible Equity:		
Net income, as presented	$ 13,272	$ 12,727
Adjustment for amortization of core deposit intangible assets	139	148
Tax impact of above adjustment [1]	(29)	(31)
Net income, adjusted for amortization of core deposit intangible assets	$ 13,382	$ 12,844
Average equity, as presented	$ 495,513	$ 462,651
Adjustment for average goodwill and core deposit intangible assets	(95,604)	(96,191)
Average tangible equity	$ 399,909	$ 366,460
Return on average equity	10.77 %	11.16 %
Return on average tangible equity	13.46 %	14.21 %
Adjusted Return on Average Tangible Equity:		
Adjusted net income (see "Adjusted Net Income" table above)	$ 12,553	$ 14,179
Adjustment for amortization of core deposit intangible assets	139	148
Tax impact of above adjustment [1]	(29)	(31)
Adjusted net income, adjusted for amortization of core deposit intangible assets	$ 12,663	$ 14,296
Adjusted return on average tangible equity	12.74 %	15.82 %

(1) Assumed a 21% tax rate.

***Tangible Book Value per Share*.** Tangible book value per share is the ratio of (i) shareholders' equity less goodwill and other intangibles to (ii) total common shares outstanding at period end. Tangible book value per share is a common measure within the financial services industry to assess the value of a company, as it removes goodwill and other intangible assets generated within purchase accounting upon a business combination.

Tangible Common Equity Ratio. Tangible common equity is the ratio of (i) shareholders' equity less goodwill and other intangible assets to (ii) total assets less goodwill and other intangible assets. This ratio is a measure used within the financial services industry to assess a company's capital adequacy.

(Dollars in thousands, except number of shares, per share data and ratios)	**March 31, 2024**	**December 31, 2023**
Tangible Book Value Per Share:		
Shareholders' equity, as presented	$ 501,577	$ 495,064
Adjustment for goodwill and core deposit intangible assets	(95,529)	(95,668)
Tangible shareholders' equity	$ 406,048	$ 399,396
Shares outstanding at period end	14,593,830	14,565,952
Book value per share	$ 34.37	$ 33.99
Tangible book value per share	$ 27.82	$ 27.42
Tangible Common Equity Ratio:		
Total assets	$ 5,794,785	$ 5,714,506
Adjustment for goodwill and core deposit intangible assets	(95,529)	(95,668)
Tangible assets	$ 5,699,256	$ 5,618,838
Common equity ratio	8.66 %	8.66 %
Tangible common equity ratio	7.12 %	7.11 %

Core Deposits. Core deposits are used by management to measure the portion of the Company's total deposits that management believes to be more stable and at a lower interest rate cost. The Company calculates core deposits as total deposits (as reported on the consolidated statements of condition) less certificates of deposit and brokered deposits. Management believes core deposits is a useful measure to assess the Company's deposit base, including its potential volatility.

(Dollars in thousands)	**March 31, 2024**	**December 31, 2023**
Total deposits	$ 4,551,524	$ 4,597,360
Adjustment for certificates of deposit	(585,786)	(609,503)
Adjustment for brokered deposits	(153,942)	(101,919)
Core deposits	$ 3,811,796	$ 3,885,938

Average Core Deposits. Average core deposits are used by management to measure the portion of the Company's total deposits that management believes to be more stable and at a lower interest rate cost. The Company calculates average core deposits as total average deposits (excluding average brokered deposits, as disclosed on the Average Balance, Interest and Yield/Rate Analysis tables) less average certificates of deposit. Management believes core deposits is a useful measure to assess the Company's deposit base, including its potential volatility.

	Three Months Ended March 31,	
(Dollars in thousands)	**2024**	**2023**
Total average deposits[(1)]	$ 4,370,688	$ 4,520,424
Adjustment average certificates of deposit	(582,806)	(320,209)
Average core deposits	$ 3,787,882	$ 4,200,215

(1) Brokered deposits are excluded from total average deposits, as presented on the Average Balance, Interest and Yield/Rate analysis table.

CRITICAL ACCOUNTING POLICIES

Critical accounting policies are defined as those that are reflective of significant judgments and uncertainties, and could potentially result in materially different results under different assumptions and conditions. In preparing the Company’s consolidated financial statements, management is required to make significant estimates and assumptions that affect assets, liabilities, revenues, and expenses reported. Actual results could differ materially from our current estimates as a result of changing conditions and future events. Several estimates are particularly critical and are susceptible to significant near-term change, including (i) the ACL, including the ACL on loans, off-balance sheet credit exposures and investments; (ii) accounting for acquisitions and the subsequent review of goodwill and intangible assets generated in an acquisition for impairment; (iii) income taxes; and (iv) accounting for defined benefit and postretirement plans.

There have been no material changes to the Company's critical accounting policies from those disclosed within its Annual Report on Form 10-K for the year ended December 31, 2023. Refer to the Company's Annual Report on Form 10-K for the year ended December 31, 2023, for discussion of the Company's critical accounting policies.

Refer to Note 2 of the consolidated financial statements for discussion of accounting pronouncements issued but yet to be adopted and implemented.

GENERAL OVERVIEW

Camden National Corporation (hereafter referred to as “we,” “our,” “us,” or the “Company”) is a publicly-held bank holding company, with approximately $5.8 billion in assets at March 31, 2024, incorporated under the laws of the State of Maine and headquartered in Camden, Maine. Camden National Bank (the "Bank"), a wholly-owned subsidiary of the Company, was founded in 1875. The Company was founded in 1984, went public in 1997 and is registered with NASDAQ Global Market (“NASDAQ”) under the ticker symbol "CAC."

The primary business of the Company and the Bank is to attract deposits from, and to extend loans to, consumer, institutional, municipal, non-profit and commercial customers. The Company, through the Bank, provides a broad array of banking and other financial services, including wealth management and trust services, brokerage, investment advisory and insurance services, to consumer, business, non-profit and municipal customers.

The Company operates throughout Maine, with its primary markets and presence being throughout coastal and central Maine, and select areas of New Hampshire and Massachusetts. The Company and the Bank generally have effectively competed with other financial institutions by emphasizing customer service, highlighted by local decision-making, establishing long-term customer relationships, building customer loyalty and providing products and services designed to meet the needs of customers.

EXECUTIVE OVERVIEW

Net income for the first quarter of 2024 was $13.3 million, an increase of $545,000, or 4%, compared to the first quarter of 2023, and diluted EPS increased $0.04 or 5%, to $0.91 for the first quarter of 2024 compared to the same period last year. The Company's operating results for the first quarter of 2024 included a $910,000 partial recovery from the sale of a Signature Bank corporate bond that we had written off in the first quarter of 2023 upon notice of Signature Bank failing. Excluding the sale of the corporate bond, adjusted net income (non-GAAP) for the first quarter of 2024 was $12.6 million and adjusted EPS was $0.86, each a decrease of 11% from the first quarter of 2023.

Like many others across the banking industry, the Company's earnings continue to be affected by the inverted yield curve. Through the first quarter of 2024, our funding costs continued to rise at a faster pace than our earning asset yields, which resulted in further net interest margin compression period-over-period. The Company's net interest margin for the first quarter of 2024 was 2.30%, compared to 2.54% for the same period of 2023.

Our asset quality continues to be a strength of the Company, and we continue to monitor the portfolio actively for potential risks. In light of the current macroeconomic environment and developments in the banking industry, we have and continue to monitor our commercial real estate portfolio. Through these reviews, there have been no significant signs of distress within the portfolios, which speaks to our disciplined and consistent underwriting of loans in all economic environments and cycles. On March 31, 2024, loans 30-89 days past due to total loans decreased to 0.05% of total loans, from 0.12% at December 31, 2023, and annualized net charge-offs continue to be very strong at 0.02% of average loans for the first quarter of 2024, compared to 0.03% for the fourth quarter of 2023. Due to these strong credit quality metrics, combined with a more favorable macroeconomic forecast between periods, the Company's allowance for credit losses ("ACL") on loans decreased to 0.86% as of March 31, 2024, compared to 0.90% at December 31, 2023.

The following table outlines other key financial metrics for the periods indicated:

	At or for the Three Months Ended				
(In thousands, except per share data and ratios)	March 31, 2024	December 31, 2023	March 31, 2023	% Change Mar 2024 vs. Dec 2023	% Change Mar 2024 vs. Mar 2023
Earnings and Profitability					
Net income	$ 13,272	$ 8,480	$ 12,727	57 %	4 %
Diluted EPS	$ 0.91	$ 0.58	$ 0.87	57 %	5 %
Adjusted net income (non-GAAP)	$ 12,553	$ 12,410	$ 14,179	1 %	(11)%
Adjusted diluted EPS (non-GAAP)	$ 0.86	$ 0.85	$ 0.97	1 %	(11)%
Return on average assets	0.93 %	0.59 %	0.91 %	0.34 %	0.02 %
Adjusted return on average assets (non-GAAP)	0.88 %	0.87 %	1.01 %	0.01 %	(0.13)%
Return on average equity	10.77 %	7.20 %	11.16 %	3.57 %	(0.39)%
Adjusted return on average equity (non-GAAP)	10.19 %	10.53 %	12.43 %	(0.34)%	(2.24)%
Return on average tangible equity (non-GAAP)	13.46 %	9.18 %	14.21 %	4.28 %	(0.75)%
Adjusted return on average tangible equity (non-GAAP)	12.74 %	13.38 %	15.82 %	(0.64)%	(3.08)%
Efficiency ratio (non-GAAP)	65.55 %	63.48 %	58.96 %	2.07 %	6.59 %
Balance Sheet and Liquidity					
Loans	$ 4,121,040	$ 4,098,094	$ 4,073,108	1 %	1 %
Deposits	$ 4,551,524	$ 4,597,360	$ 4,642,734	(1)%	(2)%
Cash dividends declared per share	$ 0.42	$ 0.42	$ 0.42	— %	— %
Uninsured and uncollateralized deposits to total deposits	14.80 %	14.60 %	14.90 %	0.20 %	(0.10)%
Available liquidity sources to uninsured and uncollateralized deposits	207.86 %	201.67 %	187.70 %	6.19 %	20.16 %
Credit Quality and Capital					
Non-performing assets to total assets	0.13 %	0.13 %	0.09 %	— %	0.04 %
Loans 30-89 days past due to total loans	0.05 %	0.12 %	0.05 %	(0.07)%	— %
Allowance for credit losses on loans to total loans	0.86 %	0.90 %	0.91 %	(0.04)%	(0.05)%
Total risk-based capital ratio	14.52 %	14.36 %	13.95 %	0.16 %	0.57 %
Tangible common equity ratio (non-GAAP)	7.12 %	7.11 %	6.56 %	0.01 %	0.56 %

RESULTS OF OPERATIONS

Net Interest Income and Net Interest Margin

Net interest income is the interest earned on loans, securities, and other interest-earning assets, adjusted for net loan fees, origination costs, and accretion or amortization of fair value marks on loans and/or CDs created in purchase accounting, less the interest paid on interest-bearing deposits and borrowings. Net interest income is our largest source of revenue ("revenue" is defined as the sum of net interest income and non-interest income). For the quarter ended March 31, 2024, net interest income was 75% of total revenues, compared to 78% for the quarter ended March 31, 2023. Net interest income is affected by factors including, but not limited to, changes in interest rates, loan and deposit pricing strategies and competitive conditions, loan prepayment speeds, the volume and mix of interest-earning assets and interest-bearing liabilities, and the level of non-performing assets.

Net interest margin is calculated as net interest income on a fully-taxable equivalent basis (non-GAAP) as a percentage of average interest-earning assets.

Net Interest Income. Net interest income on a fully-taxable equivalent basis for the quarter ended March 31, 2024 was $31.4 million, a decrease of $3.1 million, or 9%, compared to the first quarter of 2023. The decrease consisted of a $10.5 million increase in interest expense, partially offset by an increase in interest income on a fully-taxable equivalent basis of $7.4 million between periods.

- The increase in interest expense between periods was primarily the result of an 82 basis point increase in our average cost of funds to 2.27% for the first quarter of 2024. Our deposit and borrowing costs increased throughout the past year and in the first quarter of 2024 as the Federal Funds Rate target range was 5.25% - 5.50% in the first quarter of 2024, compared to 4.75% - 5.00% as of March 31, 2023. The increase in short-term interest rates between periods has resulted in rising funding costs between periods and we remain in a higher interest rate environment.

  The Company's average deposit costs for the quarter ended March 31, 2024 were 1.97%, compared to 1.22% for the same period in 2023. Deposit costs have continued to be pressured throughout the first quarter of 2024 due to the higher short-term rates. Other drivers of deposit costs included strong deposit competition within our markets, and more broadly across depository institutions, including changes in the deposit mix as depositors moved deposits into higher interest-earning deposit accounts. Customers continued to deploy excess cash into higher interest-earning deposit accounts to obtain the best rates, and this change in deposit mix drove a significant increase in money market and CD balances over the past year and a significant decrease in low-cost savings and checking accounts.

  The Company's average cost of borrowings for the three months ended March 31, 2024 increased to 3.96%, up from 3.13% for the three months ended March 31, 2023. The increase was driven by the continued increase in short-term interest between years, but also was due to the increase in average borrowings of $139.0 million, or 22%, which were used to offset the decreases in deposits of $149.7 million, or 3%, over the past year.

- The increase in interest income on a fully-taxable equivalent basis was also primarily driven by the higher interest rate environment between years. For the first quarter of 2024, the Company's yield on average interest-earning assets was 4.44%, compared to 3.92% for the same period in 2023.

  The Company's average loan yield was 5.00% for the first three months of 2024, an increase of 50 basis points over the first three months of 2023. We continue to reinvest loan and investment cash flows primarily back into loans at current market rates to support yield expansion.

  The Company's average investment yield was 2.59% for the first quarter of 2024, an increase of 40 basis points over the same period in 2023. The increase between periods is the result of the continued cash flow from lower-yielding investments combined with the sale of investments in the second half of 2023 to reposition the Company's balance sheet. The increase in our investment yield was able to drive an increase in interest income on investments year-over-year and fully offset the impact of a decrease in average investment balances of 7% between periods.

Net Interest Margin. Net interest margin on a fully-taxable equivalent basis for the three months ended March 31, 2024 and 2023 was 2.30% and 2.54%, respectively.

Quarterly Average Balance, Interest and Yield/Rate Analysis

	Three Months Ended					
	March 31, 2024			March 31, 2023		
(Dollars in thousands)	Average Balance	Interest	Yield/Rate	Average Balance	Interest	Yield/Rate
Assets						
Interest-earning assets:						
Interest-bearing deposits in other banks and other interest-earning assets	$ 44,487	$ 488	4.34 %	$ 26,018	$ 253	3.89 %
Investments - taxable	1,187,699	7,521	2.53 %	1,237,351	6,377	2.06 %
Investments - nontaxable(1)	62,385	589	3.78 %	105,502	966	3.66 %
Loans(2):						
Commercial real estate	1,682,599	21,007	4.94 %	1,646,005	18,959	4.61 %
Commercial(1)	389,695	5,960	6.05 %	409,112	5,615	5.49 %
SBA PPP	324	4	4.46 %	594	4	2.55 %
Municipal(1)	14,653	160	4.40 %	15,997	140	3.56 %
Residential real estate	1,773,077	19,557	4.41 %	1,715,192	16,200	3.78 %
Consumer and home equity	257,305	5,047	7.89 %	253,760	4,440	7.10 %
Total loans	4,117,653	51,735	5.00 %	4,040,660	45,358	4.50 %
Total interest-earning assets	**5,412,224**	**60,333**	**4.44 %**	**5,409,531**	**52,954**	**3.92 %**
Cash and due from banks	65,763			46,713		
Other assets	276,937			268,550		
Less: ACL	(36,944)			(37,127)		
Total assets	**$ 5,717,980**			**$ 5,687,667**		
Liabilities & Shareholders' Equity						
Deposits:						
Non-interest checking	$ 933,321	$ —	— %	$ 1,076,469	$ —	— %
Interest checking	1,490,185	9,381	2.53 %	1,689,862	8,341	2.00 %
Savings	599,791	305	0.20 %	734,804	137	0.08 %
Money market	764,585	6,260	3.29 %	699,080	3,785	2.20 %
Certificates of deposit	582,806	5,470	3.77 %	320,209	1,368	1.73 %
Total deposits	**4,370,688**	**21,416**	**1.97 %**	**4,520,424**	**13,631**	**1.22 %**
Borrowings:						
Brokered deposits	133,385	1,762	5.31 %	220,559	2,201	4.05 %
Customer repurchase agreements	182,487	728	1.60 %	182,754	481	1.07 %
Junior subordinated debentures	44,331	534	4.85 %	44,331	528	4.83 %
Other borrowings	401,683	4,470	4.40 %	175,223	1,604	3.71 %
Total borrowings	761,886	7,494	3.96 %	622,867	4,814	3.13 %
Total funding liabilities	**5,132,574**	**28,910**	**2.27 %**	**5,143,291**	**18,445**	**1.45 %**
Other liabilities	89,893			81,725		
Shareholders' equity	495,513			462,651		
Total liabilities & shareholders' equity	**$ 5,717,980**			**$ 5,687,667**		
Net interest income (fully-taxable equivalent)		31,423			34,509	
Less: fully-taxable equivalent adjustment		(150)			(229)	
Net interest income		$ 31,273			$ 34,280	
Net interest rate spread (fully-taxable equivalent)			**2.17 %**			**2.47 %**
Net interest margin (fully-taxable equivalent)			**2.30 %**			**2.54 %**

(1) Reported on tax-equivalent basis calculated using a 21% tax rate, including certain commercial loans.

(2) Non-accrual loans and loans held for sale are included in total average loans.

The following table presents certain information on a fully-taxable equivalent basis regarding changes in interest income and interest expense for the periods indicated. For each category of interest-earning assets and interest-bearing liabilities, information is provided with respect to changes attributable to rate and volume. The (a) changes in volume (change in volume multiplied by prior period's rate), (b) changes in rates (change in rate multiplied prior period's volume), and (c) changes in rate/volume (change in rate multiplied by the change in volume), which is allocated to the change due to rate column.

	Three Months Ended March 31, 2024 vs. March 31, 2023		
	Increase (Decrease) Due to:		Net Increase
(In thousands)	Volume	Rate	(Decrease)
Interest-earning assets:			
Interest-bearing deposits in other banks and other interest-earning assets	$ 315	$ (80)	$ 235
Investments – taxable	(256)	1,400	1,144
Investments – nontaxable	(395)	18	(377)
Commercial real estate	422	1,626	2,048
Commercial	(268)	613	345
Municipal	(12)	32	20
Residential real estate	547	2,810	3,357
Consumer and home equity	62	545	607
Total interest income (fully-taxable equivalent)	415	6,964	7,379
Interest-bearing liabilities:			
Interest checking	(985)	2,025	1,040
Savings	(27)	195	168
Money market	355	2,120	2,475
Certificates of deposit	1,120	2,982	4,102
Brokered deposits	(871)	432	(439)
Customer repurchase agreements	(1)	248	247
Junior subordinated debentures	—	6	6
Other borrowings	2,073	793	2,866
Total interest expense	1,664	8,801	10,465
Net interest income (fully-taxable equivalent)	$ (1,249)	$ (1,837)	$ (3,086)

Net interest income on a fully-taxable equivalent basis included the following for the periods indicated:

		Three Months Ended March 31,	
(In thousands)	Income Statement Location	2024	2023
Interest income from residential real estate derivatives	Interest income	$ 1,519	$ 479
Loan fees (costs)	Interest income	326	(467)
Net fair value mark accretion from purchase accounting	Interest income and Interest expense	23	34
Recoveries on previously charged-off acquired loans	Interest income	98	26
Total		$ 1,966	$ 72

Provision for Credit Losses

The provision for credit losses was made up of the following components for the periods indicated:

(Dollars in thousands)	Three Months Ended March 31, 2024	Three Months Ended March 31, 2023	Change $	Change %
(Credit) provision for loan losses [1]	$ (1,164)	$ 439	$ (1,603)	(365)%
Credit for credit losses on off-balance sheet credit exposures [2]	(28)	(276)	248	(90)%
(Credit) provision for HTM debt securities [3]	(910)	1,839	(2,749)	— %
Provision for credit losses	$ (2,102)	$ 2,002	$ (4,104)	(205)%

(1) **(Credit) provision for loan losses:** Negative provision expense (i.e., credit for credit losses) of $1.2 million was recorded for the first quarter of 2024 and was driven by strong asset quality and an improved macroeconomic forecast between periods.

(2) **Credit for credit losses on off-balance sheet credit exposures:** At March 31, 2024, the ACL on off-balance sheet credit exposures was $2.3 million, as compared to $3.0 million as of March 31, 2023. The decrease was driven by the decrease in unfunded commitments of $76.1 million between periods and the improvement of the macroeconomic forecast between periods.

(3) **Provision for HTM debt securities:** In the first quarter of 2024, the Company sold a Signature Bank corporate bond and recovered proceeds of $910,000. In the first quarter of 2023, the Company had written-off the Signature Bank corporate bond upon receiving notice of its failure.

Non-Interest Income

The following table presents the components of non-interest income for the periods indicated:

(Dollars in thousands)	Three Months Ended March 31, 2024	Three Months Ended March 31, 2023	Change $	Change %
Debit card income	$ 2,866	$ 2,938	$ (72)	(2)%
Service charges on deposit accounts [1]	2,027	1,762	265	15 %
Income from fiduciary services	1,749	1,600	149	9 %
Brokerage and insurance commissions	1,239	1,093	146	13 %
Mortgage banking income, net	808	716	92	13 %
Bank-owned life insurance	683	592	91	15 %
Other income [2]	950	1,165	(215)	(18)%
Total non-interest income	$ 10,322	$ 9,866	$ 456	5 %
Non-interest income as a percentage of total revenues	25 %	22 %		

(1) **Service charges on deposit accounts:** The increase was driven by the increase in overdraft income of $199,000 between periods.

(2) **Other income**: The decrease was driven by a decrease in customer loan swap fees of $238,000 between periods.

Non-Interest Expense

The following table presents the components of non-interest expense for the periods indicated:

	Three Months Ended March 31,		Change	
(Dollars in thousands)	2024	2023	$	%
Salaries and employee benefits[1]	$ 15,954	$ 14,573	$ 1,381	9 %
Furniture, equipment and data processing [2]	3,629	3,211	418	13 %
Net occupancy costs	2,070	2,079	(9)	N.M.
Debit card expense	1,264	1,201	63	5 %
Consulting and professional fees	860	1,055	(195)	(18)%
Regulatory assessments	857	845	12	1 %
Amortization of core deposit intangible assets	139	148	(9)	(6)%
OREO and collection costs, net	10	5	5	100 %
Other expenses[3]	2,579	3,048	(469)	(15)%
Total non-interest expense	$ 27,362	$ 26,165	$ 1,197	5 %
Ratio of non-interest expense to total revenues	65.78%	59.27 %		
Efficiency ratio (non-GAAP)	65.55%	58.96 %		

(1) **Salaries and employee benefits:** The increase between periods was primarily driven by higher incentive accruals due to better company performance in the first quarter 2024 compared to the same period of 2023.

(2) **Furniture, equipment and data processing:** The increase between periods reflects the continued investments in customer-facing technology platforms, internal systems and production platforms to drive increased productivity and efficiencies, and updates to various information security and resiliency-related systems and enhancements.

(3) **Other expense:** The decrease between periods was driven by the decrease in external hiring costs of $237,000 due to CEO transition costs incurred in the first quarter of 2023 and the decrease in donations of $118,000.

FINANCIAL CONDITION

Cash and Cash Equivalents

Total cash and cash equivalents at March 31, 2024, was $176.7 million, compared to $99.8 million at December 31, 2023. The increase in cash of $76.9 million, or 77%, between periods was driven by the increase in timing of loan and deposit cash flows. Subsequent to quarter end cash levels have decreased to our historical normal levels and management continually monitors our cash levels as part of our liquidity risk management practices. Refer to the "—Liquidity" section for additional details.

Investments

The Company utilizes the investment portfolio to manage liquidity, interest rate risk, and regulatory capital, as well as to take advantage of market conditions to generate returns without undue risk. At March 31, 2024 and December 31, 2023, our investment portfolio consisted of MBS, CMO, municipal and corporate debt securities, FHLBB and FRB common stock, and mutual funds held in a rabbi trust for the executive and director nonqualified retirement plans. We designate our debt securities as AFS or HTM based on our intent and investment strategy and they are carried at fair value and amortized cost, respectively. Our FHLBB and FRB common stock is carried at cost, and our mutual funds are designated as trading securities and are carried at fair value.

In 2022, we transferred securities from AFS to HTM to help manage our capital position in a rising interest rate environment. The securities were reclassified at fair value at the time of the transfer, which was a non-cash transaction. At March 31, 2024, the net unrealized losses on the transferred securities reported within AOCI were $45.7 million, net of a deferred tax asset of $12.5 million, and the weighted-average life on these securities was 8.4 years. At December 31, 2023, the net unrealized losses on the transferred securities reported within AOCI were $46.9 million, net of a deferred tax asset of $12.8 million and the weighted-average life of these securities was 8.5 years.

At March 31, 2024, the reported value of the Company's total investments portfolio was $1.2 billion, a decrease of $27.6 million, or 2.3%, since December 31, 2023. This was driven by changes within our debt securities portfolio, including:

- Paydowns, calls and maturities of $23.3 million.

- A net decrease in the fair value of the AFS debt securities portfolio of $6.6 million due to interest rate movements during the quarter.

Our AFS debt securities portfolio, which comprised 52% and 53% of our investment portfolio at March 31, 2024 and December 31, 2023, respectively, was carried at fair value using Level 2 valuation techniques. Refer to Note 15 of the consolidated financial statements for further details on the Company's fair value techniques. Our HTM debt securities portfolio comprised 46% of our investment portfolio at both March 31, 2024 and December 31, 2023.

The book value of our debt securities as of both March 31, 2024 and December 31, 2023, was $1.2 billion. Our debt securities portfolio has limited credit risk due to its composition, which includes securities backed by the U.S. government and government-sponsored agencies, and highly rated corporate and municipal bonds by nationally recognized rating agencies. The following table provides the make-up of the Company's investment portfolio as of March 31, 2024 and December 31, 2023, based on the book value of each security type as a percentage of total book value of the Company's debt securities:

(Dollars in thousands)	**March 31, 2024**	**Percent of Total at March 31, 2024**	**December 31, 2023**	**Percent of Total at December 31, 2023**
MBS - Agency-backed	$ 816,230	67 %	$ 830,288	67 %
CMO - Agency-backed	299,141	24 %	306,505	25 %
Municipal	61,759	5 %	62,691	5 %
Corporate	40,853	3 %	40,790	3 %
Other - Agency-backed	7,627	1 %	7,593	1 %
Total	**$ 1,225,610**	**100 %**	**$ 1,247,867**	**100 %**

We continually monitor and evaluate our investment portfolio to identify and assess risks within our portfolio, including but not limited to, the impact of the current interest rate environment and the related prepayment risk, and the review of credit ratings. The overall mix of debt securities at March 31, 2024, compared to December 31, 2023, remains relatively unchanged and the Company expects the portfolio will continue to be well positioned to provide a stable source of cash flow. At March 31, 2024 and December 31, 2023, the duration of our debt investment securities portfolio, adjusting for calls when appropriate and consensus prepayment speeds, was 5.5 years and 5.7 years, respectively.

We completed a review of our HTM and AFS investment portfolio as of March 31, 2024, and concluded that no ACL was warranted on any of the remaining bonds at this time. The fair value and book value of the Company's corporate bonds and municipal securities as of March 31, 2024 and December 31, 2023 was as follows:

	March 31, 2024				**December 31, 2023**			
(Dollars in thousands)	**# of Securities**	**Fair Value**	**Book Value**	**Net Unrealized (Loss) Gain**	**# of Securities**	**Fair Value**	**Book Value**	**Net Unrealized (Loss) Gain**
Municipal bonds	54	$ 61,151	$ 61,759	$ (608)	55	$ 63,159	$ 62,691	$ 468
Corporate bonds	20	37,874	40,853	(2,979)	20	37,714	40,790	(3,076)
Total	74	$ 99,025	$ 102,612	$ (3,587)	75	$ 100,873	$ 103,481	$ (2,608)

At March 31, 2024 and December 31, 2023, municipal bonds were 5% of the book value of the total bond portfolio and all carried an investment-grade credit rating.

At March 31, 2024 and December 31, 2023, corporate bonds were 3% of the book value of the total bond portfolio and 77% of these corporate bonds carried an investment-grade credit rating. The remaining 23% of corporate bonds were non-rated corporate bonds of community banks within our markets. As of March 31, 2024, the corporate bond portfolio was made up of 18 different companies, which included 16 different banks. The banks in the portfolio range from the largest U.S. banks to community banks, with 32% of our exposure as of March 31, 2024, being to global systemically important banks, or "G-SIBs".

At March 31, 2024 and December 31, 2023, the Company did not carry an ACL on any of its corporate or municipal bonds.

Our other investments on the consolidated statements of condition consist of FHLBB and FRB common stock. These investments are carried at cost. We are required to maintain a certain level of investment in FHLBB stock based on our level of FHLBB advances, and maintain a certain level of investment in FRB common stock based on the Bank's capital levels. As of March 31, 2024 and December 31, 2023, our investment in FHLBB stock totaled $11.0 million and $10.0 million, respectively, and our investment in FRB stock was $5.4 million at each date.

Our investments in mutual funds are designated as trading securities and carried at fair value. These investments are held within a rabbi trust and will be used for future payments associated with the Company’s Executive and Director Deferred Compensation Plan. These investments are carried at fair value using Level 1 valuation techniques. Refer to Note 15 of the consolidated financial statements for further details on fair value.

Loans

The following table sets forth the composition of our loan portfolio as of the dates indicated:

			Change	
(Dollars in thousands)	**March 31, 2024**	**December 31, 2023**	**($)**	**(%)**
Commercial real estate - non-owner-occupied	$ 1,402,326	$ 1,370,446	$ 31,880	2 %
Commercial real estate - owner-occupied	300,626	301,860	(1,234)	— %
Commercial	397,395	403,901	(6,506)	(2)%
Residential real estate	1,762,482	1,763,378	(896)	— %
Consumer and home equity	258,211	258,509	(298)	— %
Total loans	$ 4,121,040	$ 4,098,094	$ 22,946	1 %
Commercial Loan Portfolio	$ 2,100,347	$ 2,076,207	$ 24,140	1 %
Retail Loan Portfolio	$ 2,020,693	$ 2,021,887	$ (1,194)	— %
Commercial Portfolio Mix	51 %	51 %		
Retail Portfolio Mix	49 %	49 %		

Portfolio Concentrations

Our primary market continues to be Maine, making up 68% of the loan portfolio as of both March 31, 2024 and December 31, 2023. Massachusetts and New Hampshire are our second and third largest markets that we serve, making up 15% and 10%, of our total loan portfolio as of March 31, 2024, respectively, and 16% and 10% as of December 31, 2023, respectively. As of March 31, 2024, our distribution channels included 55 branches within Maine, two locations in New Hampshire, including a branch in Portsmouth and a commercial loan production office in Manchester, a mortgage loan production office in Braintree, Massachusetts, and an online residential mortgage and small business digital loan platform.

At March 31, 2024, the non-residential building operators' industry (operators of commercial and industrial buildings, retail establishments, theaters, banks and insurance buildings) and lessors of residential buildings industry (lessors of buildings used as residences, such as single-family homes, apartments and town houses) concentrations were 32% and 28% of our total commercial real estate portfolio and 13% and 11% of total loans, respectively. At December 31, 2023, the non-residential building operators’ industry and lessors of residential building industry concentrations were 33% and 28%, respectively, of total commercial real estate portfolio and 14% and 11% of total loans. At March 31, 2024, there were no other industry concentrations within our loan portfolio that exceeded 10% of total loans.

The table below summarizes the industry concentrations of the commercial loan portfolio at the dates indicated:

	March 31, 2024		December 31, 2023		Change	
(Dollars in thousands)	$	% of Commercial Loan Portfolio	$	% of Commercial Loan Portfolio	$	%
Real estate investment[1]	$ 1,056,849	50 %	$ 1,057,148	51 %	$ (299)	— %
Lodging	242,536	12 %	229,017	11 %	13,519	6 %
Retail trade	118,395	6 %	116,623	6 %	1,772	2 %
Health care	97,906	5 %	95,801	5 %	2,105	2 %
Manufacturing	72,494	3 %	74,089	4 %	(1,595)	(2)%
Construction	71,753	3 %	73,936	4 %	(2,183)	(3)%
Wholesale trade	68,338	3 %	67,512	3 %	826	1 %
Finance and insurance	64,511	3 %	66,038	3 %	(1,527)	(2)%
Other (each < 3%)	307,565	15 %	296,043	14 %	11,522	4 %
Total	**$ 2,100,347**	**100 %**	**$ 2,076,207**	**100 %**	**$ 24,140**	**1 %**
Commercial loan portfolio mix:						
Commercial real estate - non-owner-occupied	$ 1,402,326	67 %	$ 1,370,446	66 %	31,880	2 %
Commercial real estate - owner-occupied	300,626	14 %	301,860	15 %	(1,234)	— %
Commercial	397,395	19 %	403,901	19 %	(6,506)	(2)%
Total	**$ 2,100,347**	**100 %**	**$ 2,076,207**	**100 %**	**$ 24,140**	**1 %**

(1) The following table summarizes the real estate investment loan portfolio, by property type as of the dates indicated:

	March 31, 2024			December 31, 2023			Change	
(Dollars in thousands)	$	% of Real Estate Investment Portfolio	% of Total Loan Portfolio	$	% of Real Estate Investment Portfolio	% of Total Loan Portfolio	$	%
Multi-family (5+ units)[a]	$ 272,752	26 %	7 %	$ 274,181	26 %	7 %	$ (1,429)	(1)%
Office[b]	169,729	16 %	4 %	169,904	16 %	4 %	(175)	— %
Multi-family (1-4 units)[c]	168,395	16 %	4 %	153,166	14 %	4 %	15,229	10 %
Industrial	165,154	16 %	4 %	164,021	16 %	4 %	1,133	1 %
Retail	163,691	15 %	4 %	167,865	16 %	4 %	(4,174)	(2)%
Other[d]	117,128	11 %	3 %	128,011	12 %	3 %	(10,883)	(9)%
Total	**$ 1,056,849**	**100 %**	**26 %**	**$ 1,057,148**	**100 %**	**26 %**	**$ (299)**	**— %**

(a) Multi-family (5+ units) loans are primarily located in non-urban locations, including 79% in Maine, 11% in Massachusetts, 8% in New Hampshire, and 2% in other states at March 31, 2024 and December 31, 2023, respectively.

(b) Office loans are located in non-urban locations, including 52% in Maine, 26% in New Hampshire, and 22% in Massachusetts at March 31, 2024. and December 31, 2023, respectively.

(c) Represents multi-family (1-4 units) that are used for commercial purposes.

(d) Other includes multiple property types that individually are less than 5% of the real estate investment portfolio and individually are 1% or less of the total loan portfolio.

Related Party Transactions

The Bank is permitted, in its normal course of business, to make loans to certain officers and directors of the Company and Bank under terms that are consistent with the Bank’s lending policies and regulatory requirements. In addition to extending loans to certain officers and directors of the Company and Bank on terms consistent with the Bank’s lending policies, federal banking regulations also require training, audit and examination of the adherence to this policy (also known as “Regulation O” requirements). Note 3 and Note 8 of the consolidated financial statements provide information on related party lending and deposit transactions, respectively. We have not entered into significant related party transactions.

Asset Quality

Our practice is to manage the Company's loan portfolio proactively so that we are able to effectively identify problem credits and trends early, assess and implement effective work-out strategies, and take charge-offs as promptly as practical. In addition, the Company continually reassesses its underwriting standards in response to credit risk posed by changes in economic conditions. The Company continues to dedicate significant resources to monitor and manage credit risk throughout our loan portfolio and includes management and board-level oversight as follows:

- The Credit Risk and Special Assets team and the Credit Risk Policy Committee, which is an internal management committee comprised of various executives and senior managers across business lines, including Accounting and Finance, Credit Underwriting, Credit Risk and Special Assets, Risk, and Commercial and Retail Banking, oversee the Company's systems and procedures to monitor the credit quality of its loan portfolio, conduct a loan review program, and maintain the integrity of the loan ratings system.
- The adequacy of the ACL is overseen by the Management Provision Committee, which is an internal management committee comprised of various Company executives and senior managers across business lines, including Accounting and Finance, Credit Underwriting, Credit Risk and Special Assets, Compliance, and Commercial and Retail Banking. The Management Provision Committee supports the oversight efforts of the Audit Committee of the Board of Directors.
- The Directors Credit Committee of the Board of Directors reviews large credit exposures, monitors external loan review reports, reviews the lending authority for individual loan officers when required, and has approval authority and responsibility for all matters regarding the loan policy and other credit-related policies, including reviewing and monitoring asset quality trends, and concentration levels.
- The Audit Committee of the Board of Directors has approval authority and oversight responsibility for the ACL adequacy and methodology.

Non-Performing Assets. Non-performing assets include non-accrual loans, accruing loans 90 days or more past due, accruing TDRs prior to the Company's adoption ASU 2022-02, and property acquired through foreclosure or repossession. The following table sets forth the composition and amounts of our non-performing loans as of the dates indicated:

(Dollars in thousands)	**March 31, 2024**		**December 31, 2023**	
Non-accrual loans:				
Commercial real estate - non-owner-occupied	$ 82		$ 262	
Commercial real estate - owner-occupied	123		124	
Commercial	1,980		1,725	
Residential real estate	2,473		2,539	
Consumer and home equity	1,000		798	
Total non-accrual loans	**5,658**		**5,448**	
Accruing TDRs prior to ASU 2022-02 adoption not included above	1,973		1,990	
Total non-performing loans	**7,631**		**7,438**	
Other real estate owned	—		—	
Total non-performing assets	**$ 7,631**		**$ 7,438**	
Total loans, excluding loans held for sale	$ 4,121,040		$ 4,098,094	
Total assets	5,794,785		5,714,506	
ACL on loans	35,613		36,935	
ACL on loans to non-accrual loans	629.43	%	677.96	%
Non-accrual loans to total loans	0.14	%	0.13	%
Non-performing loans to total loans	0.19	%	0.18	%
Non-performing assets to total assets	0.13	%	0.13	%

Potential Problem Loans. Potential problem loans consist of classified accruing commercial and commercial real estate loans that were 30-89 days past due. Such loans are characterized by weaknesses in the financial condition of borrowers or collateral deficiencies. Based on historical experience, the credit quality of some of these loans may improve due to changes in collateral values or the financial condition of the borrowers, while the credit quality of other loans may deteriorate, resulting in a loss. These loans are not included in the above analysis of non-accrual loans. At March 31, 2024 and December 31, 2023, loans classified as potential problem loans totaled $173,000 and $1.2 million, respectively.

Past Due Loans. Past due loans consist of accruing loans that were 30-89 days past due. The following table presents the recorded investment of past due loans as of the dates indicated:

(Dollars in thousands)	**March 31, 2024**	**December 31, 2023**
Accruing loans 30-89 days past due:		
Commercial real estate - non-owner-occupied	$ —	$ 84
Commercial real estate - owner-occupied	92	656
Commercial	537	2,007
Residential real estate	797	1,290
Consumer and home equity	618	922
Total	$ 2,044	$ 4,959
Total loans	$ 4,121,040	$ 4,098,094
Accruing loans 30-89 days past due to total loans	0.05 %	0.12 %

ACL. The following table sets forth information concerning the components of our ACL for the periods indicated:

(Dollars in thousands)	At or For The Three Months Ended March 31, 2024	At or For The Three Months Ended March 31, 2023	At or For The Year Ended December 31, 2023
ACL on loans at the beginning of the period	$ 36,935	$ 36,922	$ 36,922
(Credit) provision for loan losses	(1,164)	439	1,174
Net charge-offs (recoveries) [1]			
Commercial real estate	(7)	(1)	39
Commercial	217	213	1,089
Residential real estate	(6)	14	(26)
Consumer and home equity	(46)	1	59
Total net charge-offs	**158**	**227**	**1,161**
ACL on loans at the end of the period	**$ 35,613**	**$ 37,134**	**$ 36,935**
Components of ACL:			
ACL on loans	$ 35,613	$ 37,134	$ 36,935
ACL on off-balance sheet credit exposures	2,325	2,990	2,353
ACL at end of the period	**$ 37,938**	**$ 40,124**	**$ 39,288**
Total loans, excluding loans held for sale	$ 4,121,040	$ 4,073,108	$ 4,098,094
Average Loans	$ 4,117,653	$ 4,040,660	$ 4,076,681
Net charge-offs to average loans (annualized)	0.02 %	0.02 %	0.03 %
(Credit) provision for loan losses (annualized) to average loans	(0.11)%	0.04 %	0.03 %
ACL on loans to total loans	0.86 %	0.91 %	0.90 %

(1) Additional information related to net charge-offs (recoveries) is presented in the following table for the periods indicated:

(Dollars in thousands)	Total Charge-offs	Total Recoveries	Net Charge-Offs (Recoveries)	Average Loans	Ratio of Net Charge-Offs (Recoveries) to Average Loans
	For The Three Months Ended March 31,				
2024:					
Commercial real estate	$ —	$ 7	$ (7)	$ 1,682,599	— %
Commercial	309	92	217	404,672	0.05 %
Residential real estate	—	6	(6)	1,773,077	— %
Consumer and home equity	36	82	(46)	257,305	(0.02) %
Total	**$ 345**	**$ 187**	**$ 158**	**$ 4,117,653**	**0.02 %**
2023:					
Commercial real estate	$ —	$ 1	$ (1)	$ 1,646,005	— %
Commercial	312	99	213	425,703	0.05 %
Residential real estate	18	4	14	1,715,192	— %
Consumer and home equity	4	3	1	253,760	— %
Total	**$ 334**	**$ 107**	**$ 227**	**$ 4,040,660**	**0.02 %**
	For the Year Ended December 31,				
2023:					
Commercial real estate	$ 58	$ 19	$ 39	$ 1,659,078	— %
Commercial	1,560	471	1,089	415,650	0.26 %
Residential real estate	18	44	(26)	1,748,076	— %
Consumer and home equity	91	32	59	253,877	0.02 %
Total	**$ 1,727**	**$ 566**	**$ 1,161**	**$ 4,076,681**	**0.03 %**

ACL on Loans. There were no significant changes in our modeling methodology to determine the ACL on loans during the three months ended March 31, 2024. The significant key assumptions used with the ACL on loans calculation at March 31, 2024 and December 31, 2023, included: (i) Company-specific macroeconomic factors (i.e., loss drivers), (ii) our forecast period and reversion speed, (iii) prepayment speeds, and (iv) various qualitative factors.

As of March 31, 2024 and December 31, 2023, the recorded ACL on loans was $35.6 million, or 0.86% to total loans, and $36.9 million, or 0.90% of total loans, respectively, and represented our best estimate. Our ACL on loans estimate as of each date incorporated the ongoing risk of a recession over the next 12 to 24 months using multiple scenarios and probability weighting each scenario. The ACL on loans as of March 31, 2024 incorporated a lower weighting for the probability of a recession over the next 12 to 24 months based on management's forecasted macroeconomic outlook as of that date. The improved macroeconomic outlook, combined with the Company's strong asset quality at both March 31, 2024 and December 31, 2023, which included proactive stress testing by management on certain loan segments, resulted in a decrease in the ACL on loans.

The overall global and national markets continue to be volatile and carry a high degree of uncertainty, and any changes to our forecast or qualitative factors subject our ACL estimate to a higher risk of fluctuation between periods.

We may adjust our assumptions to account for differences between expected and actual losses from period to period. A future change of our assumptions likely will alter the level of allowance required and may have a material impact on future results of operations and financial condition. The ACL on loans is reviewed periodically within a calendar quarter to assess trends in CECL ("Current Expected Credit Losses") key assumptions and asset quality, and their effects on the Company's financial condition.

ACL on Off-Balance Sheet Credit Exposures. There were no significant changes in our modeling methodology to determine the ACL on off-balance sheet credit exposures during the three months ended March 31, 2024. The model uses the credit loss factors for each segment calculated within the ACL on loans model described above. The ACL on off-balance sheet credit exposures as of March 31, 2024 and December 31, 2023, was $2.3 million and $2.4 million, respectively.

The ACL on off-balance sheet credit exposures was presented within accrued interest and other liabilities on the consolidated statements of condition. Increases (decreases) to the ACL on off-balance sheet credit exposures were presented within (credit) provision for credit losses on the consolidated statements of income.

We may adjust our assumptions to account for differences between expected and actual losses from period to period. A future change to our assumptions will likely alter the level of allowance required and may have a material impact on future results of operations and financial condition.

ACL on HTM Securities. As of March 31, 2024, we have evaluated our HTM debt securities and we have not identified any credit concerns. As of March 31, 2024 and December 31, 2023, there was no ACL recorded on HTM investments. Refer to *"—Investments"* and Note 3 of the consolidated financial statements for further discussion.

Liabilities

Deposits. At March 31, 2024 and December 31, 2023, deposits totaled $4.6 billion. The deposit landscape continues to be highly competitive across our markets due to the interest rate environment as depositors look to deploy excess liquidity into higher yielding, interest-bearing deposit accounts. We continue to manage our deposits closely with a focus on maintaining and enhancing existing depositor relationships and developing new ones, while balancing the Company's overall funding cost and liquidity position.

The decrease of 1% in deposits in the first quarter of 2024, was driven by a decrease in checking account balances, which were lower by $89.2 million, or 4%, due to: (1) normal seasonality; (2) continued remix from low-cost deposits, such as checking and savings accounts, to money market and CDs; and (3) we managed out a single higher-cost municipal deposit relationship totaling $72.0 million at December 31, 2023. From time-to-time, we will move in and out of this municipal deposit relationship based on funding needs and opportunities to optimize our funding costs. CD balances decreased $23.7 million, or 4%, in the first quarter of 2024, as the Company opted to not renew a single higher-cost municipal CD totaling $50.0 million as we were able to utilize other funding means that were more cost effective, including the BTFP, brokered deposits and derivatives.

The Company's loan-to-deposit ratio was 91% at March 31, 2024, compared to 89% at December 31, 2023.

At March 31, 2024, the Company had no customer relationships that exceeded 10% of total deposits.

Uninsured and Uncollateralized Deposits. Total deposits that exceeded the FDIC deposit insurance limit of $250,000 were $935 million, or 21% of total deposits, as of March 31, 2024, and $1.1 billion, or 23% of total deposits, as of December 31, 2023.

Total uninsured and uncollateralized deposits that exceeded the FDIC deposit insurance limit of $250,000 and were not secured by pledged assets or any other guarantee of the Company totaled $674.4 million, or 15% of total deposits, as of March 31, 2024 and $669.5 million, or 15% of total deposits, as of December 31, 2023.

The balance of CDs that exceeded the FDIC deposit insurance limit of $250,000 was $117.1 million, or 20% of CD balances, as of March 31, 2024, and $167.2 million, or 27% of CD balances, as of December 31, 2023. The total uninsured portion of these CDs was $41.6 million, or 7% and $93.7 million, or 15% as of March 31, 2024 and December 31, 2023, respectively.

Borrowings. At March 31, 2024, total borrowings were $645.8 million, an increase of $115.9 million, or 22%, since December 31, 2023. In the first quarter of 2024, we took several actions to optimize our funding costs and improve net interest income and net interest margin. This included refinancing our existing BTFP and increasing our advances by $90.0 million and increasing our FHLBB advances by $50.0 million as part of an interest rate swap. The Company’s borrowings at March 31, 2024, consisted of:

- Borrowings from the BTFP totaling $225.0 million that are at a fixed rate of 4.76% and scheduled to mature in January 2025. The Company may prepay the BTFP borrowing at any time without penalty.
- Customer repurchase agreements totaling $201.5 million, an increase of $842,000, since December 31, 2023.
- Short-term FHLBB advances of $175.0 million, an increase of $50.0 million since December 31, 2023.

Shareholders' Equity

Shareholders' equity at March 31, 2024, totaled $501.6 million, an increase of $6.5 million, or 1%, since December 31, 2023. The increase was driven by net income of $13.3 million for the three months ended March 31, 2024, offset by regular quarterly cash dividends of $6.1 million, and a decrease to AOCI of $1.5 million.

On March 26, 2024, the Company announced a quarterly cash dividend to shareholders of $0.42 per share, payable on April 30, 2024 to shareholders of record as of April 15, 2024. As of March 31, 2024, the Company's annualized dividend yield was 5.01% based on Camden National's closing share price of $33.52, as reported by NASDAQ on March 28, 2024, the last trading day of the first quarter of 2024.

In January 2024, the Company's Board of Directors authorized the repurchase of up to 750,000 shares of the Company's common stock, representing approximately 5% of the Company's issued and outstanding shares of common stock as of December 31, 2023. We did not repurchase any shares of the Company's common stock during the first quarter of 2024.

The following table presents certain information regarding shareholders' equity as of and for the periods indicated:

	At or For The Three Months Ended March 31, 2024	At or For The Three Months Ended March 31, 2023	At or For The Year Ended December 31, 2023
Financial Ratios			
Average equity to average assets	8.67 %	8.13 %	8.18 %
Common equity ratio	8.66 %	8.13 %	8.66 %
Tangible common equity ratio (non-GAAP)	7.12 %	6.56 %	7.11 %
Dividend payout ratio	46.15 %	48.28 %	56.38 %
Per Share Data			
Book value per share	$ 34.37	$ 31.87	$ 33.99
Tangible book value per share (non-GAAP)	$ 27.82	$ 25.28	$ 27.42
Dividends declared per share	$ 0.42	$ 0.42	$ 1.68

Refer to *"—Capital Resources"* and Note 10 of the consolidated financial statements for further discussion of the Company and Bank's capital resources and regulatory capital requirements.

LIQUIDITY

Our liquidity needs require the availability of cash to meet the withdrawal demands of depositors and credit commitments to borrowers. Liquidity is defined as our ability to maintain availability of funds to meet customer needs, as well as to support our asset base. The primary objective of liquidity management is to maintain a balance between sources and uses of funds to meet our cash flow needs in the most economical and expedient manner. Due to the potential for unexpected fluctuations in both deposits and loans, active management of liquidity is necessary. We maintain various sources of funding and levels of liquid assets and monitor liquidity in accordance with internal guidelines and all applicable regulatory requirements. Sources of funds that we utilize consist of deposits; borrowings from the FHLBB and other sources; cash flows from loans and investments; and cash flows from operations, including other contractual obligations and commitments.

As of March 31, 2024, our primary liquidity sources available were as follows:

(In thousands)	**Amount**
Available primary liquidity:	
Excess cash[1]	$ 101,978
Unpledged investment securities	412,146
Over collateralized securities pledging position	62,561
FHLBB	683,235
Fed Discount Window	46,126
Unsecured borrowing lines	94,872
Total available primary liquidity	**$ 1,400,918**

(1) Excess cash represents cash held at the FRB that is above the minimum reserve requirement. At March 31, 2024, the minimum reserve requirement remains at zero.

Total available primary liquidity of $1.4 billion was 2.1 times uninsured and uncollateralized deposits as of March 31, 2024. Refer to " *—Financial Condition—Liabilities—Uninsured and Uncollateralized Deposits*" for further details.

In addition to the available primarily liquidity noted above, as of March 31, 2024, we may access additional funding through brokered deposits.

Although we believe that our level of liquidity is sufficient to meet current and future funding requirements, changes in current economic conditions, including consumer saving habits and the availability or access to the brokered deposit and wholesale repurchase markets, could significantly affect our liquidity position.

Deposits. Deposits continue to represent our primary source of funds. As of March 31, 2024 and December 31, 2023, total deposits, including brokered deposits, were $4.6 billion at each date. The slight decrease in the first quarter of 2024 was driven by the decrease in core deposits (which exclude CDs and brokered deposits) (non-GAAP) of $74.1 million, or 2%, due to the decrease from a single higher-cost deposit relationship we manage. Additionally, CDs decreased $23.7 million, or 4%, in the first quarter.

The following is a summary of the scheduled maturities of CDs (not including brokered CDs) as of March 31, 2024:

(In thousands)	**CDs**
1 year or less	$ 545,998
> 1 year	39,788
Total	**$ 585,786**

The decrease in retail deposits was offset by the increase in brokered deposits of $52.0 million, or 51%, to $153.9 million at March 31, 2024. Brokered deposits consisted of $75.0 million of brokered CDs and $78.9 million of brokered money market accounts. As of March 31, 2024, all brokered CDs were scheduled to mature within 12 months.

Borrowings. Borrowings are used to supplement deposits as a source of liquidity. Our primary sources of borrowings are the FHLBB, FRB and other federal funds and customer repurchase agreements. As of March 31, 2024, total borrowings were $645.8 million, compared to $529.9 million as of December 31, 2023. We secure borrowings from the FHLBB with qualified residential real estate loans, certain investment securities and certain other assets available to be pledged.

As of March 31, 2024, the Company had $683.2 million in borrowing capacity from the FHLBB. At March 31, 2024, the Company has $225.0 million in borrowings under the BTFP at a rate of 4.76%, which are secured by the Company's investment securities at par. The BTFP loan is scheduled to mature in January 2025 and may be prepaid at any time without penalty. The BTFP is no longer a source for additional liquidity as new advances can no longer be issued under the program.

Customer repurchase agreements are secured by mortgage-backed securities and government-sponsored enterprises. Through the Bank, as of March 31, 2024, we have available lines of credit of $9.9 million with the FHLBB, of $95.0 million with three correspondent banks, and of $38.1 million with the FRB Discount Window. We also have access to the brokered deposit market and wholesale reverse repurchase transactions market. These sources are considered as liquidity alternatives in our contingent liquidity plan.

The following is a summary of the scheduled maturities of borrowings as of March 31, 2024:

(In thousands)	**FHLBB Advances**	**BTFP**	**Customer Repurchase Agreements**	**Junior Subordinated Debentures**	**Total**
1 year or less	$ 175,000	$ 225,000	$ 201,499	$ —	$ 601,499
> 1 year	—	—	—	44,331	44,331
Total	**$ 175,000**	**$ 225,000**	**$ 201,499**	**$ 44,331**	**$ 645,830**

Loans. Contractual loan repayments also affect our liquidity position. Actual speed and timing of repayment may differ materially from contract terms due to prepayments or nonpayment.

The Company's unpledged residential mortgage loan portfolio is also a source of contingent liquidity as it could be sold in a reasonable time period, at fair value, on the secondary market. As of March 31, 2024, qualifying residential mortgage loans with a b ook value of $1.7 billion wer e pledged as collateral to the FHLBB.

The following table presents the contractual maturities of loans at the date indicated:

	March 31, 2024					
(Dollars in thousands)	Due in 1 Year or Less	Due after 1 Year Through 5 Years	Due After 5 Years Through 15 Years	Due in More than 15 Years	Total	Percent of Total Loans
Maturity Distribution[(1)]:						
Fixed Rate:						
Commercial real estate[(2)]	$ 19,501	$ 255,973	$ 539,493	$ 2,576	$ 817,543	20 %
Commercial	5,449	102,719	66,709	368	175,245	4 %
Residential real estate	181	10,479	145,352	1,235,229	1,391,241	34 %
Consumer and home equity	1,548	11,774	19,101	169,389	201,812	5 %
Total fixed rate	26,679	380,945	770,655	1,407,562	2,585,841	63 %
Adjustable/Variable Rate:						
Commercial real estate[(2)]	21,130	285,155	341,275	237,849	885,409	21 %
Commercial	62,040	113,466	38,034	8,610	222,150	5 %
Residential real estate	20	928	38,837	331,456	371,241	9 %
Consumer and home equity	140	2,297	13,918	40,044	56,399	1 %
Total adjustable/variable rate	83,330	401,846	432,064	617,959	1,535,199	37 %
Total loans	**$ 110,009**	**$ 782,791**	**$ 1,202,719**	**$ 2,025,521**	**$ 4,121,040**	**100 %**

(1) Scheduled repayments are reported in the maturity category in which payment is due. Demand loans, loans having no stated schedule of repayments and no stated maturity, and overdrafts are reported as due in one year or less.

(2) Commercial real estate loans includes non-owner-occupied and owner-occupied properties.

Additionally, we have active relationships with various secondary market investors that purchase residential mortgage loans we originate. In addition to managing our interest rate risk position and earnings through the sale of these loans, we are also able to manage our liquidity position through timely sales of residential mortgage loans to the secondary market.

Investments. We generally invest in amortizing MBS and CMO debt securities that return cash flow at an accelerated rate in comparison to other types of debt securities that are of a bullet structure. MBS and CMO debt security cash flow will vary depending on the interest rate environment because borrowers may have the right to call or prepay obligations with or without prepayment penalties. The rise in interest rates during 2022 and 2023 resulted in slowing cash flows. As of March 31, 2024 and December 31, 2023, the Company's MBS and CMO debt securities portfolio totaled 91% of book value for both periods, respectively, of the Company's investment portfolio.

The Company's unpledged AFS investment portfolio is also a source of contingent liquidity, as it could be sold in a reasonable time period on the secondary market, at fair value, which was $267.5 million at March 31, 2024.

The following is a summary of the scheduled cash flows from our debt securities portfolio, including investments designated as AFS and HTM, as of March 31, 2024:

(In thousands)	Contractual Cash Flows (1)
1 year or less	$ 100,730
> 1 year	1,041,195
Total	**$ 1,141,925**

(1) Expected contractual cash flows could differ as borrowers may have the right to call or prepay obligations with or without call or prepayment penalties.

Other Liquidity Requirements. The Company generates cash flows from earnings through its normal course of business from earnings and, although not contractual, the Company has a history of paying a quarterly cash dividend to its shareholders and repurchasing its shares of common stock. For the three months ended March 31, 2024, the Company reported net income of $13.3 million and paid cash dividends of $6.1 million to shareholders.

In addition, in the course of its normal operations the Company is party to several other contractual obligations not previously discussed, such as various lease agreements on a number of its branches. Renewal options within the various lease contracts, as applicable, were considered to determine the lease term and estimate the contractual obligation and commitment for the Company's operating and finance leases. Furthermore, certain lease contracts of the Company contain language that subject its rent payment to variability, such as those tied to an index or change in an index. As a result, the future contractual obligation and commitment may materially differ from that estimated and disclosed within the table below. At March 31, 2024, we had the following lease and other contractual obligations to make future payments under each of these contracts as follows:

(In thousands)	Total Amount	Payments Due per Period	
Contractual obligations and commitments	**Committed**	**1 Year or Less**	**> 1 Year**
Operating leases	$ 12,299	$ 1,027	$ 11,272
Finance leases	7,532	396	7,136
Other contractual obligations	10,400	10,400	—
Total	$ 30,231	$ 11,823	$ 18,408

The Company's estimated lease liability for its various operating and finance leases was reported within other liabilities on our consolidated statements of condition.

In the normal course of business, we are a party to credit related financial instruments with off-balance sheet risk, which are not reflected in the consolidated statements of condition. These financial instruments include commitments to extend credit and standby letters of credit. Many of the commitments will expire without being drawn upon, and thus, the total amount does not necessarily represent future cash requirements. Refer to Note 7 of the consolidated financial statements for additional details.

We use derivative financial instruments for risk management purposes (primarily interest rate risk) and not for trading or speculative purposes. These contracts with our various counterparties may subject the Company to various cash flow requirements, which may include posting of cash as collateral (or other assets) for arrangements that the Company is in a liability position (*i.e*. “underwater”). Refer to Note 8 of the consolidated financial statements for further discussion of our derivatives and hedge instruments.

CAPITAL RESOURCES

As part of our goal to operate a safe, sound and profitable financial organization, we are committed to maintaining a strong capital base. Shareholders’ equity totaled $501.6 million and $495.1 million at March 31, 2024 and December 31, 2023, respectively, which amounted to 9% of total assets for both periods. Refer to "*—Financial Condition—Shareholders' Equity*" for further discussion on shareholders' equity for the three months ended March 31, 2024.

Our principal cash requirement is the payment of dividends on our common stock, as and when declared by the Company's Board of Directors. We declared dividends to shareholders in the aggregate amount of $6.1 million for each of the three months ended March 31, 2024 and 2023. The Company's Board of Directors approves cash dividends on a quarterly basis after careful analysis and consideration of various factors, including the following: (i) capital position relative to total assets, (ii) risk-based assets, (iii) total classified assets, (iv) economic conditions, (v) growth rates for total assets and total liabilities, (vi) earnings performance and projections and (vii) strategic initiatives and related capital requirements. All dividends declared and distributed by the Company will be in compliance with applicable state corporate law and regulatory requirements.

We are primarily dependent upon the payment of cash dividends by the Bank, our wholly-owned subsidiary, to service our commitments. We, as the sole shareholder of the Bank, are entitled to dividends, when and as declared by the Bank's Board of Directors from legally available funds. For the three months ended March 31, 2024 and 2023, the Bank declared dividends payable to the Company in the amount of $6.0 million and $6.3 million, respectively. Under regulations prescribed by the OCC, the Bank may not declare dividends in excess of the Bank’s net income for the current year plus its retained net income for the prior two years without prior approval from the OCC. If we are required to use dividends from the Bank to service unforeseen commitments in the future, we may be required to reduce the dividends paid to our shareholders going forward.

Please refer to Note 10 of the consolidated financial statements for discussion and details of the Company and Bank's regulatory capital requirements. At March 31, 2024 and December 31, 2023, the Company and Bank exceeded all regulatory capital requirements, and the Bank continues to meet the capital requirements to be classified as "well capitalized" under applicable prompt corrective action provisions.

RISK MANAGEMENT

The Company’s Board of Directors and management have identified significant risk categories which affect the Company. The risk categories include: credit; liquidity; market; interest rate; capital; operational; technology, including cybersecurity; vendor and third party; people and compensation; compliance and legal; strategic alignment; and reputation. The Board of Directors has approved an Enterprise Risk Management ("ERM") Policy that addresses each category of risk. The direct oversight and responsibility for the Company's risk management program has been delegated to the Company's Executive Vice President, Chief Risk Officer, who is a member of the Executive Committee and reports directly to the Chief Executive Officer.

There have been no material changes to the Company's risk categories and risk management policies as described in Item 7 of the Company's Annual Report on Form 10-K for the year ended December 31, 2023. Please refer to Item 7 of the Company's Annual Report on Form 10-K for the year ended December 31, 2023 for further details regarding the Company's risk management.

Interest rate risk

Interest rate risk represents the sensitivity of earnings to changes in market interest rates. As interest rates change, the interest income and expense streams associated with our financial instruments also change, thereby impacting net interest income, the primary component of our earnings. Board ALCO and Management ALCO utilize the results of a detailed and dynamic simulation model to quantify the estimated exposure of net interest income to sustained interest rate changes. While Board ALCO and Management ALCO routinely monitor simulated net interest income sensitivity over a rolling two-year horizon, they also utilize additional tools to monitor potential longer-term interest rate risk.

The simulation model captures the impact of changing interest rates on the interest income received and interest expense paid on all interest-earning assets and interest-bearing liabilities reflected on our consolidated statements of condition, as well as for derivative financial instruments. This sensitivity analysis is compared to ALCO policy limits, which specify a maximum tolerance level for net interest income exposure over a one- and two-year horizon, assuming a static balance sheet, given a 200 basis point upward and downward shift in interest rates. A parallel and pro rata shift in rates over a 12-month period is assumed. Using this approach, we are able to produce simulation results that illustrate the effect that both a gradual change of rates and a “rate shock” have on earnings expectations. In the down 200 basis points scenario, Federal Funds and Treasury yields are floored at 0.01% while Prime is floored at 3.00%. All other market rates are floored at the lesser of current levels or 0.25%.

The sensitivity analysis below does not represent a forecast and should not be relied upon as being indicative of expected operating results. These hypothetical estimates are based upon numerous assumptions including, among others, the nature and timing of interest rate levels, yield curve shape, prepayments on loans and securities, deposit decay rates, pricing decisions on loans and deposits and reinvestment/replacement of asset and liability cash flows. While assumptions are developed based upon current economic and local market conditions, we cannot make any assurances as to the predictive nature of these assumptions, including how customer preferences or competitor influences might change.

As of March 31, 2024 and 2023, our net interest income sensitivity analysis reflected the following changes to net interest income, as compared to our modeled Year 1 Base net interest income, assuming no balance sheet growth and a parallel shift in interest rates. All rate changes were “ramped” over the first 12-month period and then maintained at those levels over the remainder of the ALCO simulation horizon.

	Estimated Changes In Net Interest Income	
Rate Change from Year 1 — Base	**March 31, 2024**	**March 31, 2023**
Year 1		
+200 basis points	(1.9)%	(2.2)%
-200 basis points	3.5 %	1.9 %
Year 2		
+200 basis points	6.1 %	13.5 %
-200 basis points	20.0 %	11.0 %

If rates remain at or near current levels, net interest income is projected to increase in year two of the simulation. Asset cash flows reprice and replace into the current higher rate environment at rates above current portfolio averages more than offsetting the pressure from funding costs replacing into higher rates, causing balance sheet spread to expand.

If rates increase 200 basis points, net interest income is projected to decrease slightly in the first year of the simulation as the funding base adjusts into the higher rate environment to a greater degree than asset yields increase. In the second year, net interest income is projected to increase as loan and investment yields continue to reprice/reset into higher yields and funding cost increases slow.

If rates decrease 200 basis points, net interest income is projected to increase slightly in the first year of the simulation as reductions in funding costs are able to more than offset near-term asset yield deterioration. In the second year, net interest income is projected to increase as asset yields are supported by fixed rates and floors while cost of funds reductions continue.

In addition to using our investments portfolio to manage liquidity risk, we also use it to manage our interest rate risk and provide a natural hedge to our interest risk exposure created by loans, deposits and borrowings. Refer to "*—Financial Condition—Investments*" for further details of the Company's investment portfolio, including the duration of the bond portfolio as of March 31, 2024 and December 31, 2023.

Periodically, if deemed appropriate, we use back-to-back loan swaps, interest rate swaps, floors and caps, which are common derivative financial instruments, to hedge our interest rate risk position. The Board of Directors has approved hedging policy statements governing the use of these instruments. The Board and Management ALCO monitor derivative activities relative to their expectations and our hedging policies. Refer Note 8 of the consolidated financial statements for further discussion of these derivative instruments.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK

Information required by this Item 3 is included in Item 2. *"Management's Discussion and Analysis of Financial Condition and Results of Operations - Risk Management"* and such information is incorporated into this Item 3 by reference.

ITEM 4. CONTROLS AND PROCEDURES

As required by Rule 13a-15 under the Securities Exchange Act of 1934, as amended (the “Exchange Act”), the Company’s management conducted an evaluation with the participation of the Company’s Chief Executive Officer and Chief Operating Officer and Chief Financial Officer & Principal Financial and Accounting Officer, regarding the effectiveness of the Company’s disclosure controls and procedures, as of the end of the last fiscal year. In designing and evaluating the Company’s disclosure controls and procedures, the Company and its management recognize that any controls and procedures, no matter how well designed and operated, can provide only a reasonable assurance of achieving the desired control objectives, and management necessarily was required to apply its judgment in evaluating and implementing possible controls and procedures. Based upon that evaluation, the Chief Executive Officer and Chief Operating Officer and Chief Financial Officer & Principal Financial and Accounting Officer concluded that they believe the Company’s disclosure controls and procedures are effective to ensure that information required to be disclosed by the Company in the reports it files or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC’s rules and forms. We intend to continue to review and document our disclosure controls and procedures, including our internal controls and procedures for financial reporting, and we may from time to time make changes to the disclosure controls and procedures to enhance their effectiveness and to ensure that our systems evolve with our business.

There was no change in our internal control over financial reporting that occurred during the period covered by this Quarterly Report on Form 10-Q that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

In the normal course of business, the Company and its subsidiaries are subject to pending and threatened legal actions. Although the Company is not able to predict the outcome of such actions, after reviewing pending and threatened actions with counsel, management believes that based on the information currently available the outcome of such actions, individually or in the aggregate, will not have a material adverse effect on the Company's consolidated financial position as a whole.

ITEM 1A. RISK FACTORS

There are a number of factors that may adversely affect the Company's business, financial results or stock price. Refer to "Risk Factors" in the Company's Annual Report on Form 10-K for the year ended December 31, 2023, for discussion of these risks.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

(a) None

(b) None

(c) The Company's did not repurchase any of its stock during the three months ended March, 31, 2024:

Issuer Purchases of Equity Securities

Period	Total number of shares (or units) purchased	Average price paid per share (or unit)	Total number of shares (or units) purchased as part of publicly announced plans or programs	Maximum number (or appropriate dollar value) of shares (or units) that may yet be purchased under the plans or programs (1)
January 1-31, 2024	—	$ —	—	750,000
February 1-29, 2024	—	—	—	750,000
March 1-31, 2024	—	—	—	750,000
Total	—	$ —	—	750,000

(1) In January 2024, the Company announced that the Board of Directors had authorized a common stock repurchase program for management to repurchase up to 750,000 shares. This program replaced the 2023 repurchase program and will terminate upon the earlier of (i) reaching the authorized share repurchase amount, (ii) vote by the Board of Directors to terminate the plan, or (iii) January 5, 2025.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS

Exhibit No.	Definition
10.1†*	Release of Claims, dated April 1, 2024, by Gregory A. Dufour, pursuant to the Transition Employment and Retention Agreement between Gregory A. Dufour, Camden National Corporation and Camden National Bank dated August 16, 2023.
31.1*	Certification of Chief Executive Officer pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934.
31.2*	Certification of Chief Financial Officer, Principal Financial & Accounting Officer pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934.
32.1**	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2**	Certification of Chief Financial Officer, Principal Financial & Accounting Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101*	iXBRL (Inline eXtensible Business Reporting Language). The following materials from Camden National Corporation's Quarterly Report on Form 10-Q for the period ended March 31, 2024, formatted in iXBRL: (i) Consolidated Statements of Condition - March 31, 2024 and December 31, 2023; (ii) Consolidated Statements of Income - Three Months Ended March 31, 2024 and 2023; (iii) Consolidated Statements of Comprehensive (Loss) Income - Three Months Ended March 31, 2024 and 2023; (iv) Consolidated Statements of Changes in Shareholders' Equity - Three Months Ended March 31, 2024 and 2023; (v) Consolidated Statements of Cash Flows - Three Months Ended March 31, 2024 and 2023; and (vi) Notes to the Unaudited Consolidated Financial Statements.
104*	Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibit 101).
*	Filed herewith.
**	Furnished herewith.
†	Management contract or a compensatory plan or arrangement.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

CAMDEN NATIONAL CORPORATION

(Registrant)

/s/ Simon R. Griffiths	May 8, 2024
Simon R. Griffiths	Date
President and Chief Executive Officer (Principal Executive Officer)	
/s/ Michael R. Archer	May 8, 2024
Michael R. Archer	Date
Chief Financial Officer and Principal Financial & Accounting Officer	

GENERAL RELEASE AND WAIVER OF CLAIMS (this "Release"), by Gregory A. Dufour ("Employee") in favor of Camden National Bank, Camden National Corporation and their respective subsidiaries (collectively, the "Company"), affiliates, stockholders, beneficial owners of its stock, its current or former officers, directors, employees, members, attorneys and agents, and their predecessors, successors and assigns, individually and in their official capacities (together, the "Released Parties").

WHEREAS, Employee has been employed as President and Chief Executive Officer;

WHEREAS, Employee's employment with the Company terminated, effective as of March 31, 2024 (the "Termination Date"); and

WHEREAS, the vesting of certain performance share units and restricted share awards under that certain Transition Employment and Retention Agreement entered into by the Company and Employee, dated August 16, 2023 (the "Transition Agreement"), is conditioned on the execution and non-revocation of this Release.

NOW, THEREFORE, in consideration of the covenants and agreements hereinafter set forth, the parties agree as follows:

1. General Release. Employee knowingly and voluntarily waives, terminates, cancels, releases and discharges forever the Released Parties from any and all suits, actions, causes of action, claims, allegations, rights, obligations, liabilities, demands, entitlements or charges (collectively, "Claims") that Employee (or Employee's heirs, executors, administrators, successors and assigns) has or may have, whether known, unknown or unforeseen, vested or contingent, by reason of any matter, cause or thing occurring at any time before and including the date Employee signs this Release (the "Execution Date"), including all claims arising under or in connection with Employee's employment or termination of employment with the Company, including, without limitation: Claims under United States federal, state or local law and the national or local law of any foreign country (statutory or decisional), for wrongful, abusive, constructive or unlawful discharge or dismissal, for breach of any contract, or for discrimination based upon race, color, ethnicity, sex, age, national origin, religion, disability, sexual orientation, or any other unlawful criterion or circumstance, including rights or Claims under the Age Discrimination in Employment Act of 1967, the Older Workers Benefit Protection Act of 1990 ("OWBPA"), violations of the Equal Pay Act, Title VII of the Civil Rights Act of 1964, the Civil Rights Act of 1991, the Civil Rights Act of 1866 (42 U.S.C. §1981), the Maine Human Rights Act, the Americans with Disabilities Act of 1991, the Employee Retirement Income Security Act of 1974 ("ERISA"), the Rehabilitation Act of 1973, the Fair Labor Standards Act, the National Labor Relations Act, the Immigration Reform and Control Act, the False Claims Act, the Occupational Safety and Health Act, the Maine Wage Payment Law, the Maine Whistleblowers' Protection Act, the Family and Medical Leave Act, Maine Family and Medical Leave Requirements, Executive Order 11246, the Worker Adjustment Retraining and Notification Act, including all amendments to any of the aforementioned acts; and violations of any other federal, state, or municipal fair employment statutes or laws, including, without limitation, violations of any other law, rule, regulation, or ordinance pertaining to employment, wages, overtime pay, compensation, hours worked, or any other Claims for compensation or bonuses, whether or not paid under any compensation plan or arrangement; breach of contract; invasion of privacy; tort

and other common law Claims; defamation; libel; slander; compelled self-publication defamation or other injury resulting from any oral or written statement or action made or taken by any of the Released Parties; impairment of economic opportunity; defamation; sexual harassment; retaliation; attorneys' fees; emotional distress; intentional infliction of emotional distress or other personal injury; assault; battery, pain and suffering; punitive or exemplary damages; and life insurance, group medical insurance or other fringe benefits of any kind whatsoever (the "Released Matters").

Employee further agrees to waive any and all rights under the laws of any jurisdiction in the United States, or any other country, that limit a general release to those claims that are known or suspected to exist in Employee's favor as of the Effective Date (as defined below). For the purpose of implementing a full and complete release, Employee expressly acknowledges and agrees that this Release releases all claims existing or arising prior to Employee signing this Release which Employee has or may have against the Released Parties, whether such claims are known or unknown and suspected or unsuspected by Employee and Employee forever waives all inquiries and investigations into any and all such claims.

2. Surviving Claims. Notwithstanding anything herein to the contrary, this Release shall not:

(i) release any Claims for the vesting of certain performance share units and restricted share awards under Section 3(c) of the Transition Agreement;

(ii) release any Claim for employee benefits under plans covered by ERISA to the extent any such Claim may not lawfully be waived or for any payments or benefits under any Company plans that have vested according to the terms of those plans;

(iii) release any Claims for payment of amounts payable under any applicable workers' compensation or unemployment compensation law;

(iv) release any Claim that Employee may wish to file with any state human rights agency or commission, or federal Equal Employment Opportunity Commission ("EEOC") or the Maine Human Rights Commission ("MHRC"); provided, that Employee may not receive monetary damages in connection with any proceeding concerning the Released Matters;

(v) release any Claim for indemnification from the Company with respect to Employee's activities on behalf of the Company prior to the Termination Date under the Company's Amended and Restated Bylaws and coverage under the Company's directors' and officers' liability insurance policy;

(vi) release any Claim relating to any matter, cause or thing occurring after the Execution Date; or

(vii) release any Claim that may not lawfully be waived.

3. Protected Activity. Notwithstanding anything herein to the contrary, this Release shall not:

(i) preclude Employee from disclosing or discussing information lawfully acquired about wages, hours or other terms and conditions of employment if used for purposes protected by Section 7 of the National Labor Relations Act such as joining or forming a union, engaging in collective bargaining or engaging in other concerted activity for the mutual aid or protection of employees; or

(ii) limit Employee’s rights under applicable law to provide information to any governmental entity or to file a charge with or participate in an investigation conducted by any governmental entity (including, for the avoidance of doubt, any investigation or proceeding conducted by any state human rights agency or commission, or federal EEOC or the MHRC), and Employee does not need any Released Party’s permission to do so. In addition, it is understood that this Release shall not require Employee to notify any Released Party of a request for information from any governmental entity or of Employee’s decision to file a charge with or participate in an investigation conducted by any governmental entity. Notwithstanding the foregoing, Employee recognizes that, in connection with the provision of information to any governmental entity, Employee must inform such governmental entity that the information Employee is providing is confidential. Despite the foregoing, Employee is not permitted to reveal to any third party, including any governmental entity, information Employee came to learn during Employee’s service to the Company that is protected from disclosure by any applicable privilege, including but not limited to the attorney-client privilege or attorney work product doctrine. The Company does not waive any applicable privileges or the right to continue to protect its privileged attorney- client information, attorney work product, and other privileged information. In addition, Employee agrees to waive Employee’s right to recover monetary damages in connection with any charge, complaint or lawsuit pertaining to the Released Matters filed by Employee or anyone else on Employee’s behalf (whether involving a governmental entity or not); provided that Employee is not agreeing to waive, and this Release shall not be read as requiring Employee to waive, any right Employee may have to receive an award for information provided to any governmental entity.

4. Additional Representations. Employee further represents and warrants that Employee has not filed any civil action, suit, arbitration, or legal proceeding pertaining to private claims against any Released Party nor, has Employee assigned, pledged, or hypothecated as of the Execution Date any Claim to any person and no other person has an interest in the Claims that Employee is releasing.

5. Acknowledgements by Employee. Employee acknowledges and agrees that Employee has read this Release in its entirety and that this Release is a general release of all known and unknown Claims, including claims under the Age Discrimination in Employment Act. Employee further acknowledges and agrees that:

(i) this Release does not release, waive or discharge any rights or Claims that may arise for actions or omissions after the Execution Date of this Release and Employee acknowledges that Employee is not releasing, waiving or discharging any Age Discrimination in Employment Act Claims that may arise after the Execution Date of this Release;

(ii) Employee is entering into this Release and releasing, waiving and discharging rights or Claims only in exchange for consideration which Employee is not already entitled to receive;

(iii) Employee has been advised, and is being advised by the Release, to consult with an attorney before executing this Release; Employee acknowledges that Employee has consulted with counsel of Employee's choice concerning the terms and conditions of this Release;

(iv) this Release includes a release of claims under the Age Discrimination in Employment Act. Employee has been advised, and is being advised by this Release, that Employee has been given at least twenty-one (21) days within which to consider the Release, but Employee can execute this Release at any time prior to the expiration of such review period. Any changes to this Release will not restart the twenty-one (21) day review period; and

(v) Employee may revoke this Release at any time during such seven-day period by delivering (or causing to be delivered) written notice of his revocation of this Release to Carolyn Crosby at ccrosby2@camdennational.bank or 2 Elm Street, Camden, Maine 04843 no later than 5:00 p.m. Eastern time on the seventh (7th) full day following the Execution Date of this Release (the "Effective Date"). Employee agrees and acknowledges that a letter of revocation that is not received by such time on the Effective Date will be invalid and will not revoke this Release. Employee is aware that this Release shall become null and void if Employee revokes Employee's agreement to this Release within seven (7) days following the Execution Date of this Release.

6. Cooperation with Investigations and Litigation. Employee agrees, upon the Company's request, to reasonably cooperate with the Company in any investigation, litigation, arbitration or regulatory proceeding regarding events that occurred during Employee's tenure with the Company or its affiliate, including making himself reasonably available to consult with Company's counsel, to provide information and to give testimony. Company will reimburse Employee for reasonable out-of-pocket expenses Employee incurs in extending such cooperation, so long as Employee provides advance written notice of Employee's request for reimbursement and provides satisfactory documentation of the expenses. Nothing in this section is intended to, and shall not, restrict or limit Employee from exercising Employee's protected rights in Section 3 hereof or restrict or limit Employee from providing information in response to a subpoena, other legal process or valid governmental inquiry. The term "cooperation" does not mean that Employee must provide information that is favorable to the Company; it means only that Employee will provide information within Employee's knowledge and possession upon the Company's request.

7. Confidentiality. In connection with Employee’s employment with the Company, Employee has had access to non-public information and materials concerning the business affairs of the Company, and/or its present or former partners, managing directors, shareholders, employees, agents, directors, officers, clients, or other third parties or the personal affairs of such individuals (“Confidential Information and Materials”), as well as other information and materials relating to the Company or its people that Employee is expected to handle discreetly. Employee agrees to hold all Confidential Information and Materials in strict confidence and to not give, disclose, copy, reproduce, sell, assign, license, market or transfer Confidential Information and Materials to any person, firm or corporation, nor allow anyone to do so on Employee’s behalf. Employee’s signature below will confirm that Employee has returned to the Company all originals and copies of documents and other materials (in hard or electronic form) relating to the Company or containing or derived from Confidential Information and Materials which are in Employee’s possession or control. Employee undertakes to immediately return to the Company any property belonging to it (or any affiliate) that subsequently comes into Employee’s possession, custody or control. Employee is hereby notified that the immunity provisions in Section 1833 of title 18 of the United States Code provide that an individual cannot be held criminally or civilly liable under any federal or state trade secret law for any disclosure of a trade secret that is made (1) in confidence to federal, state or local government officials, either directly or indirectly, or to an attorney, and is solely for the purpose of reporting or investigating a suspected violation of the law, (2) under seal in a complaint or other document filed in a lawsuit or other proceeding, or (3) to Employee’s attorney in connection with a lawsuit for retaliation for reporting a suspected violation of law (and the trade secret may be used in the court proceedings for such lawsuit) as long as any document containing the trade secret is filed under seal and the trade secret is not disclosed except pursuant to court order. Nothing in this section is intended to, and shall not, restrict or limit Employee from exercising Employee’s protected rights under Section 3 hereof or restrict or limit Employee from providing information in response to a subpoena, other legal process or to a governmental or regulatory body or in the event of litigation between Employee and the Company or its affiliates, or prohibit Employee from making statements or engaging in any other activities or conduct protected by the National Labor Relations Act. For the avoidance of doubt, nothing herein shall be construed to prevent or limit Employee from recovering a bounty or award for providing information to any governmental authority concerning any suspected violation of law.

8. Non-Disparagement. To the fullest extent permitted by law, Employee agrees not to make any defamatory or disparaging statements concerning the Company or any of its affiliates or predecessors and their respective directors, officers and employees. Nothing in this section is intended to, and shall not, restrict or limit Employee from exercising Employee’s protected rights under Section 3 hereof or restrict or limit Employee from providing information in response to a subpoena, other legal process or to a governmental or regulatory body or in the event of litigation between Employee and the Company or its affiliates, or prohibit Employee from making statements or engaging in any other activities or conduct protected by the National Labor Relations Act. For the avoidance of doubt, nothing herein shall be construed to prevent or limit Employee from recovering a bounty or award for providing information to any governmental authority concerning any suspected violation of law.

9. Governing Law. To the extent not subject to federal law, this Release will be governed by and construed in accordance with the law of the State of Maine applicable to contracts made and to be performed entirely within that state.

10. Severability. If any provision of this Release should be declared to be unenforceable by any administrative agency or court of law, then remainder of the Release shall remain in full force and effect.

11. Captions; Section Headings. Captions and section headings used herein are for convenience only and are not a part of this Release and shall not be used in construing it.

12. Counterparts; Facsimile Signatures. This Release may be executed in any number of counterparts, each of which when so executed and delivered shall be deemed an original instrument without the production of any other counterpart. Any signature on this Release, delivered by either party by photographic, facsimile or PDF shall be deemed to be an original signature thereto.

IN WITNESS WHEREOF, Employee has signed this Release on April 1, 2024.

/s/ Gregory A. Dufour
Gregory A. Dufour

Exhibit #31.1

CERTIFICATION

I, Simon R. Griffiths, certify that:

I have reviewed this quarterly report on Form 10-Q of Camden National Corporation;

Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 8, 2024

/s/ Simon R. Griffiths

Simon R. Griffiths

President and Chief Executive Officer

Exhibit #31.2

CERTIFICATION

I, Michael R. Archer, certify that:

I have reviewed this quarterly report on Form 10-Q of Camden National Corporation;

Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 8, 2024

/s/ Michael R. Archer

Michael R. Archer

Chief Financial Officer and Principal Financial & Accounting Officer

Exhibit #32.1

Certification of Periodic Financial Report
Pursuant to 18 U.S.C. Section 1350

The undersigned officer of Camden National Corporation (the “Company”) hereby certifies that the Company's quarterly report on Form 10-Q for the period ended March 31, 2024 to which this certification is being furnished as an exhibit (the “Report”), as filed with the Securities and Exchange Commission on the date hereof, fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), and that the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company. This certification is provided pursuant to 18 U.S.C. Section 1350 and Item 601(b)(32) of Regulation S-K (“Item 601(b)(32)”) promulgated under the Securities Act of 1933, as amended (the “Securities Act”), and the Exchange Act. In accordance with clause (ii) of Item 601(b)(32), this certification (a) shall not be deemed “filed” for purposes of Section 18 of the Exchange Act, or otherwise subject to liability of this section, and (b) shall not be deemed to be incorporated by reference into any filing under the Securities Act of the Exchange Act, except to the extent that the Company specifically incorporates it by reference.

/s/ Simon R. Griffiths	May 8, 2024
Simon R. Griffiths	Date
President and Chief Executive Officer	

Exhibit #32.2

Certification of Periodic Financial Report
Pursuant to 18 U.S.C. Section 1350

The undersigned officer of Camden National Corporation (the “Company”) hereby certifies that the Company's quarterly report on Form 10-Q for the period ended March 31, 2024 to which this certification is being furnished as an exhibit (the “Report”), as filed with the Securities and Exchange Commission on the date hereof, fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), and that the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company. This certification is provided pursuant to 18 U.S.C. Section 1350 and Item 601(b)(32) of Regulation S-K (“Item 601(b)(32)”) promulgated under the Securities Act of 1933, as amended (the “Securities Act”), and the Exchange Act. In accordance with clause (ii) of Item 601(b)(32), this certification (a) shall not be deemed “filed” for purposes of Section 18 of the Exchange Act, or otherwise subject to liability of this section, and (b) shall not be deemed to be incorporated by reference into any filing under the Securities Act of the Exchange Act, except to the extent that the Company specifically incorporates it by reference.

/s/ Michael R. Archer	May 8, 2024
Michael R. Archer	Date
Chief Financial Officer and Principal Financial & Accounting Officer	