AMERICA MOVIL SAB DE CV/
Form 6-K
April 30, 2010
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United States

Securities and Exchange Commission

Washington, D.C. 20549

FORM 6-K

Report of Foreign Private Issuer

Pursuant To Rule 13a-16 or 15d-16

of the Securities Exchange Act of 1934

For the month of April 2010

Commission File Number: 1-16269

AMÉRICA MÓVIL, S.A.B. DE C.V.

(Exact Name of the Registrant as Specified in the Charter)

America Mobile

(Translation of Registrant s Name into English)

Lago Alberto 366,

Colonia Anahuac

11320 México, D.F., México

(Address of principal executive offices)

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F.

(Check One) Form 20-F x Form 40-F ¨

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1): ¨

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7): ¨

Indicate by check mark whether the registrant by furnishing the information contained in this Form is also thereby furnishing information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

(Check One) Yes ¨ No x

(If Yes is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b). 82- .)

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Below is an English translation of the draft preliminary disclosure statement that América Móvil, S.A.B. de C.V. filed with the Comisión Nacional Bancaria y de Valores (CNBV) in Mexico in connection with its previously announced offer to acquire all shares of Carso Global Telecom, S.A.B. de C.V. América Móvil is submitting this information solely because this information has been made public in Mexico. The information in this preliminary disclosure statement is not complete and may be changed. This document does not constitute an offer to sell any securities in the United States, Mexico or elsewhere. América Móvil has not yet commenced the Offer and the terms of and the disclosure with respect to the Offer when it is commenced may differ from the information set forth below. No securities may be offered or sold in the United States, Mexico or any other jurisdiction, unless registered or exempted from registration therein.

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[THIS ENGLISH TRANSLATION IS PROVIDED FOR CONVENIENCE PURPOSES ONLY. IN THE EVENT OF CONFLICT BETWEEN THE ENGLISH AND SPANISH VERSIONS OF THIS DISCLOSURE STATEMENT, THE SPANISH VERSION WILL PREVAIL.]

Preliminary Disclosure Statement

Dated April 29, 2010

The information contained in this preliminary disclosure statement is subject to modification, amendment, supplement, clarification or substitution.

An updated version of this preliminary disclosure statement, including any modification, amendment, supplement, clarification or substitution made hereto between the date hereof and the date of the offer described herein, will be available for consultation at the world wide web addresses of the Mexican Stock Exchange and Mexico s National Banking and Securities Commission,

www.bmv.com.mx, and

www.cnbv.gob.mx,

respectively. In addition, any such change in this preliminary disclosure statement shall be disclosed to the public through the Securities Issuers Electronic Communications System *(Sistema Electrónico de Comunicación con Emisoras de Valores,* or EMISNET), at

http://emisnet.bmv.com.mx.

The purchase offer subject matter of this preliminary disclosure statement may not be consummated until such time as Mexico s National Banking and Securities Commission shall have granted its approval therefor pursuant to Mexico s Securities Market Law. This preliminary disclosure statement does not constitute an offer to purchase the securities described herein.

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Preliminary Disclosure Statement

Dated April 29, 2010

PUBLIC OFFER TO PURCHASE UP TO ALL OF THE 3,481,765,200 OUTSTANDING SERIES A-1 FULL-VOTING SHARES OF COMMON STOCK, NO PAR VALUE, ISSUED IN REGISTERED FORM, REPRESENTING 100% OF THE CAPITAL STOCK OF CARSO GLOBAL TELECOM, S.A.B. DE C.V. (TELECOM OR THE ISSUER) AS OF THE DATE HEREOF,

IN EXCHANGE FOR THE CONCURRENT SUBSCRIPTION OF UP TO 7,128,566,070 SERIES L LIMITED-VOTING SHARES, NO PAR VALUE, ISSUED IN REGISTERED FORM, REPRESENTING APPROXIMATELY [22]% OF THE OUTSTANDING CAPITAL STOCK OF AMÉRICA MÓVIL, S.A.B. DE C.V. (AMX) AS OF THE DATE HEREOF.

AMX is offering to purchase up to 100% of the outstanding shares of stock of TELECOM, consisting of [3,481,765,200] Series A-1 full-voting shares of common stock, no par value, issued in registered form, subject to the condition that TELECOM s shareholders will use the proceeds thereof to concurrently purchase and subscribe certain Series L limited-voting shares, no par value, issued in registered form, of the capital stock of AMX. Accordingly, this purchase and exchange offer (the Offer) constitutes a single transaction that may only be accepted in its entirety. The exchange ratio will be 2.0474:1 and, as a result, TELECOM s shareholders may subscribe up to 2.0474 Series L shares of AMX as part of the Offer, in exchange for each Series A-1 share of TELECOM tendered by them.

Issuer:	Carso Global Telecom, S.A.B. de C.V.	América Móvil, S.A.B. de C.V.
Trading symbol:	TELECOM	AMX
Number of shares outstanding prior to the Offer:	3,481,765,200 shares	32,108,530,456 shares
Number of shares included in the Offer and the U.S. Offer:	Up to [3,481,765,200 Series A-1 shares	Up to 2,638,509,332 Series L AMX shares, to be subscribed as part of the Offer.
Number of shares outstanding upon completion of the Offer (including the TELINT Offer):	3,481,765,200 shares	41,875,605,858 shares
Purchase price:	2.0474 Series L shares of AMX for each TELECOM share tendered in connection with the Offer.	
Exchange ratio:	The aggregate price will depend on the number of shares subscribed in connection with the Offer, subject to a maximum of 7,128,566,070 Series L shares available in AMX s treasury. The aggregate reference price is approximately Ps.222,839,357,592.00	
Aggregate price in the Offer and the U.S. Offer:	Ps.64.0018337802	
Offering period:	April [ ], 2010, through May [ ], 2010.	
Date of registration with the BMV:	May [ ], 2010.	
Settlement date:	May [ ], 2010.	
Announcement of the outcome of the Offer:	[ ], 2010	

Date of publication of notice of the Offer:	A notice with respect to the Offer will be published in a national newspaper upon commencement of the Offer and every three days throughout the Offering Period.
AMX s capital structure:	
Authorized, paid-in capital as of the date hereof:	Ps.267,571,086.89
Authorized, paid-in capital following the Offer:	Ps.348,963,381.83
Aggregate number of authorized, paid-for shares as of the date hereof:	32,108,530,456 shares
Authorized Series AA shares outstanding immediately prior to and following completion of the Offer:	11,712,316,330 shares
Authorized Series A shares outstanding immediately prior to and following completion of the Offer:	445,330,920 shares
Authorized, paid-for Series L shares as of the date hereof:	19,950,883,216 shares
Maximum number of authorized Series L shares outstanding upon completion of the Offer (including the TELECOM Offer):	27,079,449,276 shares
Maximum aggregate number of authorized shares outstanding upon completion of the Offer (including the TELECOM Offer):	41,875,605,858 shares

For additional information regarding AMX s capital structure following the Offer, see Section 14 of this Disclosure Statement, Consequences of the Offer.

Exchange Procedure: (1) Any TELECOM shareholder who may wish to participate in the Offer and who may be holding his/her TELECOM shares through a Custodian (as such term is defined in Glossary of Defined Terms in this Disclosure Statement) with an account at S.D. Indeval, Institución para el Depósito de Valores, S.A. de C.V. (Indeval), must within the offering period give to such Custodian written notice of his/her decision to accept the Offer and instruct such Custodian to sell his/her Series A-1 TELECOM shares and allocate the proceeds thereof to purchase and subscribe Series L shares of AMX. In order to participate in the Offer and implement the exchange, each Custodian will consolidate all the instructions received from their clients and deliver to Inversora Bursátil, S.A. de C.V., Casa de Bolsa, Grupo Financiero Inbursa (Inbursa or the Underwriter), a duly completed Acceptance Letter (as such term is defined in Glossary of Defined Terms in this Disclosure Statement) identifying the Series A-1 TELECOM shares being tendered by each of them, in the manner prescribed in the following paragraph. All Acceptance Letters must be duly completed, signed and delivered via courier, return receipt requested, to Inbursa s offices located at Paseo de las Palmas 736, Colonia Lomas de Chapultepec, Delegación Miguel Hidalgo, 11000 Mexico D.F., Att.: Mr. Gilberto Pérez Jiménez, telephone +(5255) 5625-4900 ext. 1547, fax +(5255) 5259-2167. Business hours for purposes of such delivery shall be from 9:00 a.m. to 2:00 p.m., and from 4:00 p.m. to 6:00 p.m., Mexico City time, during all business days of the Offering Period, except for the Expiration Date, in which business hours shall be from 9:00 a.m. to 4:00 pm., Mexico City time; (2) Custodians must transfer all relevant TELECOM Series A-1 shares to account No. 2501, maintained by Inbursa at Indeval, not later than by 4:00 p.m. (Mexico City time) on May 5, 2010. Any shares transferred or delivered to such account after such time shall be excluded from the Offer; (3) any TELECOM shareholder who may be holding his/her TELECOM shares in the form of physical certificates must make arrangements with the Custodian of his/her choice for purposes of participating in the Offer, or surrender his/her duly endorsed stock certificates at Inbursa s offices located at Paseo de las Palmas 736, Colonia Lomas de Chapultepec, Delegación Miguel Hidalgo, 11000 Mexico D.F., Att.: Gilberto Pérez Jiménez, during the hours set forth in the paragraph 1 above and not later than by 4:00 p.m. (Mexico City time) on May 5, 2010; and (4) on May 11, 2010, Inbursa will transfer to each Custodian s account at Indeval, the number of Series L shares of AMX issued in exchange for the Series A-1 TELECOM shares received from or transferred by them as set forth hereinabove. The acceptance of the Offer as evidenced by the transfer of any Series A-1 TELECOM shares to account No. 2501 at Indeval as described above, shall for all applicable purposes become irrevocable as of May 5, 2010 after 4:00 p.m., Mexico City time. As a result, no such shares may be withdrawn from such account subsequent to their transfer thereto. See section 5(k) of this Disclosure Statement, The Offer Exchange Procedure.

Additional Payments: AMX hereby represents, under penalty of perjury, that it has made no payment arrangements other than for the consideration payable in connection with this Offer, including the exchange factor and reference price described in this Disclosure Statement.

Conditions: The Offer is subject to various conditions, as described in Section 8, Conditions for the Offer, of this Disclosure Statement. Such conditions include, among others, the receipt of certain corporate and regulatory approvals, some of which have been heretofore obtained by AMX and/or TELECOM. Among other things, the Offer is conditioned upon the absence of any legal or other restriction precluding

TELECOM s shareholders ability to participate in the Offer and/or AMX capacity to process, execute, consummate and/or settle the Offer. In the event that the conditions set forth in this Disclosure Statement are not met and/or waived by AMX, the Offer shall have no legal effect whatsoever. In such event, AMX will disclose the corresponding relevant events through the *Emisnet* system operated by the Mexican Stock Exchange *(Bolsa Mexicana de Valores, S.A.B. de C.V.)* (BMV),

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Extension of the Offering Period: Pursuant to the applicable laws, the offering period is subject to extension in accordance with Section 5(k) of this Disclosure Statement, The Offer Exchange Procedure Extension of the Offering Period, at AMX s sole discretion and/or in the event of any material change in the terms of the Offer; provided, that the period of any extension as a result of any such change shall be not less than five (5) business days. In addition, the Offer may be extended by resolution of Mexico s National Banking and Securities Commission *(Comisión Nacional Bancaria y de Valores)* (the CNBV) pursuant to the last paragraph of Article 101 of Mexico s Securities Market Law *(Ley del Mercado de Valores)* (the LMV).

Right to Withdraw: Any shareholder who may have accepted the Offer will have the right to withdraw his/her acceptance at any time prior to 4:00 p.m., Mexico City time on the Expiration Date (as such term is defined in Glossary of Defined Terms in this Disclosure Statement), including as a result of any relevant change in the terms of the Offer or upon receipt of one or more competitive offers (the Withdrawal Right). To such effect, the relevant Custodian shall give the Underwriter, prior to the Expiration Date, written notice of the exercise of the Withdrawal Right by such shareholder. The relevant acceptance will be deemed withdrawn upon receipt of such notice by the Underwriter. Notices of exercise of the Withdrawal Rights are not subject to revocation and, accordingly, the shares so withdrawn will not be included in the Offer. Notwithstanding the above, any TELECOM shares so withdrawn may be subsequently retendered in connection with the Offer at any time prior to the Expiration Date, subject to the satisfaction of the conditions set forth in Section 5(k)(ii) of this Disclosure Statement, The Offer Exchange Procedure Conditions for the Acceptance of the Shares. Any question as to the form and validity (including the time of receipt) of any withdrawal notice will be decided by AMX through the Underwriter, and such decision will be final and binding. AMX may waive any right, defect or irregularity in connection with the withdrawal of any acceptance by any TELECOM shareholder, depending upon its significance. The exercise of the Withdrawal Rights will not be subject to any penalty. Any TELECOM shareholder may exercise his/her Withdrawal Right in the manner prescribed in this Disclosure Statement and, particularly, in Section 5(n) hereof, Withdrawal Rights.

Opinion of TELECOM s Board of Directors: As disclosed by TELECOM on March 19, 2010, its Board of Directors, taking into consideration the independent expert opinion of Banco Santander (México), S.A., Institución de Banca Múltiple, Grupo Financiero Santander (Santander), who was engaged by TELECOM s Board of Directors, and the opinion of TELECOM s Audit and Corporate Governance Committee, determined that the exchange ratio for purposes of the Offer is fair and reasonable from a financial standpoint. For additional information, see Section 18 of this Disclosure Statement, Opinion of the Board of Directors and the Independent Expert.

Opinion of TELECOM s Independent Expert Advisor: As disclosed by TELECOM on March 19, 2010, TELECOM s Audit and Corporate Governance Committee confirmed Santander s appointment as independent expert advisor engaged by TELECOM s Board of Directors for purposes of the issuance of an opinion as to the financial fairness of the exchange ratio proposed in connection with the Offer. Based upon the facts disclosed thereto, and the other considerations described in its opinion, a copy of which is attached hereto as Exhibit 25(b), Santander advised TELECOM s Board of Directors that the exchange ratio offered to TELECOM s shareholders is fair from a financial standpoint. Recipients of this Disclosure Statement are advised to review Exhibit 25(b) hereto to fully understand such opinion, including the facts upon which it is based and any qualifications thereto.

Opinion of AMX s Financial Advisor and Independent Expert for Mexican Law Purposes: On January 13, 2010, AMX s Board of Directors issued a favorable opinion with respect to the commencement of the Offer by AMX, and resolved, among other things, to authorize AMX to retain a financial advisor as independent expert for purposes of the Offer (and also to act as independent expert fur purposes of, and in accordance with, Mexican law). On February 9, 2010, AMX s Audit and Corporate Governance Committee issued a favorable opinion with respect to the commencement of the Offer by AMX. Likewise, it resolved, among other things, to ratify the appointment of Credit Suisse Securities (USA) LLC (Credit Suisse). Said appointment was approved by AMX s Board of Directors on January 13, 2010. In connection with the Offer, Credit Suisse was requested (in its capacity as independent expert advisor engaged by AMX s Board of Directors, in accordance with, and for purposes of, Mexican law) to issue for the information of AMX s Board of Directors its opinion, from a financial standpoint, as to the financial fairness of the exchange ratio offered to TELECOM s shareholders in connection with the Offer. On March 9, 2010, Credit Suisse issued its opinion to AMX Board of Director s, stating that, as of the date thereto and, based upon the facts disclosed therein, and on other considerations included therein, a copy of which is attached hereto as Exhibit 24(a), the exchange ratio offered to TELECOM s shareholders is reasonable from a financial standpoint to AMX. The opinion was issued solely for the information of AMX s Board of Directors for purposes of evaluating the Offer from a financial standpoint and not for the benefit of shareholders and is subject to several presumptions, qualifications,

limitations and considerations. The opinion does not deal in any way with other aspects of the Offer, and does not purport to be a recommendation, and shall not be understood as a recommendation to the shareholders in connection with their participation in the Offer or any other matter.

Cancellation of Registration: Assuming that TELECOM s shareholders will elect to tender their shares in connection with the Offer, AMX intends to purchase up to 100% (one hundred percent) of the Series A-1 shares of stock of TELECOM and may file a petition to cancel the registration of such shares with Mexico s National Securities Registry *(RNV Nacional de Valores)* (RNV) and their registration for trading on the BMV, subject to the consent of at least 95% (ninety five percent) of TELECOM s shareholders. Contingent upon the outcome of the Offer, following the consummation thereof and subject to the satisfaction of all the conditions set forth in the applicable laws to ensure the protection of the public s interests, and the approval of the requisite corporate actions, AMX intends to file with the CNBV a petition to cancel the registration of the Series A-1TELECOM Shares with the RNV and the BMV, so that such shares will no longer trade therein. Upon satisfaction of the conditions set forth in the applicable laws to obtain the cancellation of the registration of the Series A-1 TELECOM Shares, if a petition to obtain such cancellation is filed with and approved by the CNBV, AMX will establish a trust or conduct a subsequent offer in accordance with the applicable laws. THERE CAN BE NO ASSURANCE TO THE EFFECT THAT EITHER SUCH ACTION WILL BE TAKEN OR, IF SO, AS TO THE DATE THEREOF. For additional information, see Section 17 of this Disclosure Statement, Maintenance or Cancellation of Registration.

Tax Considerations: The sale of the Series A-1 shares of stock of TELECOM to AMX, and the concurrent subscription of the Series L shares of stock of AMX, are subject to the provisions contained in Articles 60, 109(XXVI) and 190 of Mexico s Income Tax Law and other applicable tax laws. In addition, the reference price may vary for those shareholders who may secure the resolution referred to in Article 26 of Mexico s Income Tax Law. The summary of tax considerations included in this Disclosure Statement does not purport to contain a complete or detailed description of the Mexican tax provisions applicable to TELECOM s shareholders. In addition, such summary may not be applicable to certain shareholders in light of their particular circumstances. Accordingly, TELECOM s shareholders are advised to consult with their own independent tax experts as to the tax consequences associated with their participation in the Offer, including those arising as a result of their particular circumstances.

Prospective Participants: The Offer is extensive to all holders of TELECOM s Series A-1 shares as of May [ ], 2010, the last day of the Offering Period. Section 5(k) of this Disclosure Statement, The Offer Exchange Procedure, sets forth the procedure in accordance with which the holders of TELINT s Series AA shares will be able to participate in the Offer.

Use of Proceeds: Not applicable. AMX will not receive any of the proceeds of the Offer and will allocate such proceeds to purchase 100% (one hundred percent) of the outstanding shares of stock of TELECOM as of the date hereof.

Depositary: Indeval.

Over-allotment Options: None.

Other Transactions: Concurrently with the Offer, AMX intends to commence a tender offer to purchase all of the outstanding Series A shares of common stock and Series L limited-voting shares, no par value, issued in registered form, of TELMEX Internacional, S.A.B. de C.V., in exchange for certain AMX Shares, based upon an exchange ratio of 0.373 AMX Shares or Ps.11.66 in cash per share of TELMEX Internacional, S.A.B. de C.V. tendered in connection with such offer. Such offer is conditioned upon the successful acquisition by AMX of at least 51% (fifty one percent) of TELECOM s shares in connection with the Offer; provided, that AMX will only invoke such condition upon TELECOM s shareholders becoming subject to any regulatory or other restriction precluding their participation in the Offer; and provided, further, that the satisfaction of such condition will not be subject to the sole discretion of TELECOM s shareholders.

AMX Shares: The shares being offered by AMX in exchange for the TELECOM Shares in connection with the Offer consist of Series L limited-voting shares of the capital stock AMX. Accordingly, holders of AMX s Series L shares will not have the same rights as holders of other series of stock of AMX and may be deemed to be at disadvantage. For additional information regarding AMX s Series L shares, see Section 15, Risk Factors and Section 16, Rights of the Shareholders , in this Disclosure Statement.

UNDERWRITER

Inversora Bursátil, S.A. de C.V., Casa de Bolsa

Grupo Financiero Inbursa

TELECOM s Series A-1 shares are registered with the RNV and are listed for trading on the BMV.

The AMX Series L shares to be subscribed as part of the Offer in accordance with this Disclosure Statement are registered with the RNV under registration number 2723-1.00-1.00-2010-003. and are listed for trading on the BMV.

Registration with the RNV does not imply any certification as to the quality of the securities, the solvency of the issuer, or the accuracy or truthfulness of the information contained in this Disclosure Statement, nor does it validate any act carried out in violation of the law.

Mexico City, [ ], 2010. CNBV Aut. No. [ ], dated [ ], 2010.

This Disclosure Statement is available for consultation at the web addresses of the BMV and AMX, www.bmv.com.mx and www.americamovil.com, respectively.

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Notice to Investors

No intermediary, person authorized to engage in transactions with the public, or any other person, has been authorized to provide information or make any representation not contained in this Disclosure Statement. Accordingly, any information or representation not contained herein must be construed as not authorized by AMX and/or the Underwriter.

The Offer contains forward-looking statements. Such statements are contained throughout this Disclosure Statement and include statements with respect to the current intentions, considerations or expectations of AMX and its management, including statements with respect to its strategy following the consummation of the Offer and its plans with respect to the acquisition of all of the Series A-1 shares of stock of TELECOM. Such forward-looking statements involve risks and uncertainties that could materially affect us and cause our actual results to significantly differ from those described in our forward-looking statements as a result of various factors. Such factors include, without limitation, the condition of the economy, the political situation, the rates of inflation, the exchange rates, and any change in the existing laws and governmental policies of Mexico and other relevant markets. In this Disclosure Statement, such forward-looking statements may be identified in some instances by the use of words such as believe, anticipate, plan, expect, intend, target, estimate, project, predict, forecast, guideline, should expressions, but they are not the only way used to identify such statements.

Forward-looking statements are based on the facts known as of the date on which they are made, and AMX and/or the Issuer do not undertake any obligation to update such statements in light of new information or future developments, other than the obligation to disclose the occurrence of any relevant event. Neither AMX nor the Issuer can guarantee that the Offer will be consummated in the terms described in this Disclosure Statement or at all. Similarly, no guarantee can be given as to the results, levels of activity, performance or future success of AMX, TELECOM and/or their respective subsidiaries and affiliates.

You will not be subject to any brokerage fees and/or commissions whatsoever as a result of your participation in the Offer, other than for any commission payable under any arrangement between you and your Custodian. We advise you to consult in advance with your Custodian as to the applicability of any commission and/or charge by reason of any transaction and/or service performed by your Custodian in connection with the acceptance of the Offer.

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GLOSSARY OF DEFINED TERMS

Unless otherwise defined in the cover page of this Disclosure Statement or as the context may otherwise require, the following terms shall have the following meanings, which shall be applicable to both the singular and plural forms thereof:

Term	Definition
Acceptance Letter	The document to be completed by each Custodian and delivered to the Underwriter, substantially in the form of the document attached hereto as Exhibit 25(c), containing the relevant Custodian s decision to participate in the Offer in the name and on behalf of its clients.
Adverse Governmental Action	The issuance, enactment, promulgation or execution by any public authority of any law, rule, provision, norm, decree, resolution or order (a) preventing or prohibiting the conduction and/or consummation of the Offer, (b) which may have a material adverse effect on the terms and/or conditions of the Offer, (c) imposing material restrictions on the ability of AMX (or any of its affiliates) to successfully acquire, preserve or exercise in full its ownership rights in respect of the TELECOM Shares purchased thereby in connection with the Offer, including, without limitation, the voting rights pertaining to the TELECOM Shares, (d) prohibiting, restricting, rendering or seeking to render unlawful any payment in exchange for or the purchase of the TELECOM Shares, or the concurrent subscription of the Series L shares of stock of AMX in the terms contemplated by the Offer, or imposing material liabilities for any damages and/or losses as a result thereof, (e) restricting or limiting TELECOM s business operations, (f) imposing or seeking to impose any material condition for the Offer in addition to those set forth in this Disclosure Statement, or giving rise to the commencement of any action, proceeding, claim or complaint seeking to achieve any of the above, or (g) limiting the participation of any shareholder in the Offer.
AMX Shares	All or any of the up to 7,128,566,060 Series L limited-voting shares, no par value, issued in registered form, representing approximately 22% (twenty two percent) of the outstanding capital stock of AMX as of the date hereof, to be subscribed by the participants in the Offer; provided, that the AMX Shares are not and shall not be deemed to be included in the Offer but shall be deemed to constitute an integral element of the Offer.
AMX s Additional Reports	(i) The additional report containing AMX s selected financial information and discussion and analysis of its financial condition, results of operations and prospects, together with AMX s audited consolidated financial statements as of and for the year ended December 31, 2009, prepared in accordance with Mexican financial reporting principles, released by AMX through the BMV on March 22, 2010, which report is available for inspection at AMX s Internet page, www.americamovil.com. For ease of reference, a copy of such report is attached hereto as Exhibit 25(f); and

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	(ii) The additional report containing AMX s selected financial information and discussion and analysis of its financial condition, results of operations and prospects, together with AMX s audited consolidated financial statements as of and for the year ended December 31, 2009, prepared in accordance with Mexican financial reporting principles, released by AMX through the BMV on April 2, 2010, which report is available for inspection at AMX s Internet page, www.americamovil.com. For ease of reference, a copy of such report is attached hereto as Exhibit 25(g).
AMX s Annual Report	AMX s annual report for the year ended December 31, 2008, as filed with the CNBV and the BMV on June 30, 2009, in accordance with the General Rules.
AMX s Quarterly Report	AMX s report for the fourth quarter of 2009, as filed with the CNBV and the BMV on February 2, 2010, in accordance with the General Rules.
Commencement Date	April [ ], 2010.
Custodian	Any brokerage firm, credit institution or other depositary institution authorized to maintain direct deposits with Indeval, entrusted with the safe-keeping and custody of securities in the name and on behalf of the recipients of the Offer.
Disclosure Statement	This information statement and offering memorandum for the purchase and subscription offer described herein.
Expiration Date	May [ ], 2010, unless extended upon exercise of the rights described in Section 5(k)(iii) of this Disclosure Statement, The Offer Exchange Procedure Extension of the Offering Period.
General Rules	The General Provisions Applicable to Issuers and Other Participants in the Securities Market, issued by the CNBV and published in Mexico s Official Gazette on March 19, 2003 (as amended by any subsequent publication therein.)
Global Account	Account No. 2501, maintained by the Underwriter with Indeval.
Mexico	The United Mexican States.
Offer	The purchase and subscription offer described in this Disclosure Statement.
Offering Period	The 20 (twenty) business-day period beginning on the Commencement Date, unless extended upon exercise of the rights described in Section 5(k)(iii) of this Disclosure Statement, The Offer Exchange Procedure Extension of the Offering Period.
Other Reports	(i) The Recent Developments Report containing TELINT s audited consolidated financial statements as of and for the year ended December 31, 2009, released by TELINT through the BMV on March 24, 2010, which report is available for inspection at TELINT s Internet page, www.telmexinternacional.com. For ease of reference, a copy of such report is attached hereto as Exhibit 25(h); and

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	(ii) The Recent Developments Report containing TELMEX s audited consolidated financial statements as of and for the year ended December 31, 2009, released by TELMEX on March 23, 2010,which report is available for inspection at TELMEX s Internet page, www.telmex.com. For ease of reference, a copy of such report is attached hereto as Exhibit 25(i).
Pesos or Ps.	Pesos, legal tender of Mexico.
Registration Date	May 6, 2010.
SEC	The U.S. Securities and Exchange Commission.
Settlement Date	May 11, 2010.
Slim Family	Mr. Carlos Slim Helú and his immediate family members.
TELECOM Shares	All or any of the approximately 3,481,765,200 Series A-1 full-voting shares, no par value, issued in registered form, representing 100% (one hundred percent) of the outstanding capital stock of TELECOM as of the date hereof, which are the subject matter of the Offer.
TELECOM s Annual Report	TELECOM s annual report for the year ended December 31, 2008, as filed with the CNBV and the BMV on June 30, 2009, in accordance with the General Rules.
TELECOM s Quarterly Report	TELECOM s report for the fourth quarter of 2009, as filed with the CNBV and the BMV on February 18, 2010, resubmitted on February 19, 2010, in accordance with the General Rules.
TELINT	TELMEX Internacional, S.A.B. de C.V.
TELINT Offer	The purchase and subscription offer to be commenced by AMX concurrently with the Offer, by means of which AMX intends to purchase up to all of the Series A-1 shares and the Series L limited-voting shares, no par value, issued in registered form, of the outstanding capital stock of TELINT, based upon an exchange ratio of 0.373:1 AMX Shares, or Ps.11.66 in cash, in exchange for each TELINT share tendered in connection therewith. The TELINT Offer is conditioned upon the successful acquisition by AMX of at least 51% (fifty one percent) of the TELECOM Shares in connection with the Offer; provided, that AMX will only invoke such condition upon TELECOM s shareholders becoming subject to any regulatory or other restriction precluding their participation in the Offer; and provided, further, that the satisfaction of such condition will not be subject to the sole discretion of

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	TELECOM s shareholders. As disclosed on March 19, 2010, TELECOM has indicated that it will not participate in the TELINT Offer.
TELMEX	Teléfonos de México, S.A.B. de C.V.

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1. FREQUENT Q&A

Included below are the answers to some of the more frequent questions that a holder of TELECOM Shares may have in connection with the Offer. We advise you to carefully read this Disclosure Statement in its entirety given that the information contained in this section is not complete and there may be additional material information in other sections of this Disclosure Statement.

A. Who is offering to purchase my securities?

América Móvil, S.A.B. de C.V., a limited liability, variable capital public corporation *(sociedad anónima bursátil de capital variable)* organized under the laws of Mexico, whose principal offices are located at Lago Alberto 366, Edificio Telcel I, Colonia Anáhuac, Delegación Miguel Hidalgo, 11320, México, Distrito Federal, Mexico. AMX s telephone number at such location is +(5255) 2581-4719. For additional information regarding AMX, see Section 3 of this Disclosure Statement, Information Concerning AMX.

B. What are the Series and number of shares included in the Offer?

By means of the Offer, AMX intends to purchase up to 3,481,765,200 TELECOM Shares, in exchange for up to 7,128,566,070 Series L limited-voting shares, no par value, issued in registered form, of its capital stock, which are not part of the Offer, based upon an exchange ratio of 2.0474 Series L shares of stock of AMX for each TELECOM Share.

C. Why is the Offer a concurrent offer?

AMX is offering to purchase up to 3,481,765,200 TELECOM Shares from TELECOM s shareholders, on the condition that such shareholders concurrently purchase Series L shares of the capital stock of AMX based upon a 2.0474:1 exchange ratio, which means that those TELECOM s shareholders participating in the Offer would be entitled to subscribe 2.0474 Series L shares of AMX in exchange for each TELECOM share tendered by them; it being understood, that AMX s Series L shares are not included and shall not be deemed to be included in the Offer.

D. Can I sell my TELECOM Shares as part of the Offer, without purchasing any AMX Shares?

No. The Offer is a concurrent purchase and subscription offer. The purchase of the TELECOM Shares by AMX is conditioned upon the concurrent subscription of the AMX Series L shares.

E. Who is eligible to participate in the Offer?

Any individual and/or entity holding any TELECOM Shares, subject to the procedure described in this Disclosure Statement. For additional information, see Section 5(k) of this Disclosure Statement, The Offer Exchange Procedure.

F. How much am I being offered for my securities and what are the applicable payment terms?

AMX s offer to purchase the TELECOM Shares is subject to the condition that TELECOM s shareholder will allocate the proceeds thereof to concurrently purchase and subscribe Series L shares of AMX. Accordingly, the purchase and subscription offer constitutes a single transaction

that can only be accepted as a whole.

The applicable exchange ratio is 2.0474:1, which means that those TELECOM s shareholders participating in the Offer would be entitled to subscribe 2.0474 Series L shares of AMX in exchange for each TELECOM share tendered by them; it being understood, that AMX s Series L shares are not included and shall not be deemed to be included in the Offer.

To such end, AMX intends to use the Series L shares currently held by it as treasury shares.

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G. Will I be subject to any brokerage fees?

You will not be subject to any brokerage fees and/or commissions whatsoever as a result of your participation in the Offer, other than for any commission payable under any arrangement between you and your Custodian. You should consult with your Custodian as to the applicability of any commission and/or charge by reason of any transaction and/or service performed by your Custodian in connection with the acceptance of the Offer.

H. Does AMX have sufficient resources to pay for all the costs associated with the Offer?

The source of payment will be the up to 7,128,566,070 Series L shares of AMX currently held in AMX s treasury. AMX has sufficient resources to pay for all the costs associated with the Offer and, accordingly, the Offer is not conditioned upon the availability of any external source of financing.

I. Is AMX s financial condition relevant to my decision to participate in the Offer?

Yes. If you decide to participate in the Offer, you will receive Series L shares of AMX and, accordingly, you must assess and/or take into consideration AMX s financial condition before making any decision to become a shareholder of AMX. To assess AMX s financial condition, we encourage you to carefully review all the documents included or incorporated by reference in this Disclosure Statement, which contain detailed information on AMX s business, financial condition and other matters.

J. Has AMX obtained all the requisite approvals to conduct the Offer?

Yes. The Offer was approved by the CNBV on [ ], 2010. In addition, on February 11, 2010, the Federal Competition Commission issued a favorable resolution in connection therewith. In addition, the Offer was approved by AMX s shareholders meeting on March 17, 2010. For additional information on the conditions applicable to the Offer, see Section 8 of this Disclosure Statement, Conditions for the Offer.

K. What is AMX s interest in TELECOM?

As of the date of this Disclosure Statement, AMX did not have any equity interest in TELECOM. AMX and the Issuer are engaged in the related party transactions described in Section 4 of this Disclosure Statement, Relationship Between AMX and the Issuer.

L. How much time do I have to decide whether or not to participate in the Offer?

You will have from April [ ], 2010, or the Commencement Date, through 4:00 p.m. on May [ ], 2010, or the Expiration Date; provided, that such period may be extended pursuant to Section 5(k)(iii) of this Disclosure Statement, The Offer Exchange Procedure Extension of the Offering Period.

M. What is the deadline for the surrender of my TELECOM Shares?

The TELECOM Shares can be surrendered at any time prior to the Expiration Date. If such shares are held through a Custodian, the Custodian will be required to execute an Acceptance Letter prior to the Expiration Date.

N. Can the Offer be extended and, if so, under what circumstances?

Pursuant to the applicable laws, the offering period is subject to extension on one or more occasions at AMX s sole discretion and/or in the event of any material change in the terms of the Offer; provided, that the period of any extension as a result of any such change shall be not less than five (5) business days.

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In addition, the Offer may be extended by resolution of the CNBV pursuant to the last paragraph of Article 101 of the LMV. Any shareholder who may have accepted the Offer and tendered his/shares will be entitled to withdraw such acceptance if the Offer is extended for any reason beyond 4:00 p.m., Mexico City time, of the last day of any such extension. All extensions will be announced through the BMV s EMISNET system and through publication in a national newspaper.

O. How will I be notified of any extension?

AMX will give notice of any extension of the Offering Period to the Underwriter and will disclose such extension to the public through EMISNET and through publication in a national newspaper, not later than by 9:00 a.m., Mexico City time, on the business day immediately succeeding the Expiration Date.

P. Is AMX paying any premium above market price?

No. The exchange ratio was determined based upon the closing price of the AMX Shares, the TELMEX Shares and the TELINT Shares during the 10 (ten) day trading period immediately preceding the announcement of the Offer by AMX s Board of Directors, which period ended January 12, 2010, taking into consideration, also, TELECOM s net debt, which as December 31, 2009, amounted to approximately Ps.22,017 million. For additional information, see Section 5(e) of this Disclosure Statement, The Offer Purchase Price and Basis for the Determination Thereof.

In addition, the payment of any controlling premium would be in violation of the applicable Mexican laws as currently in effect, and the price/net income ratio represented by the Purchase Price for the TELINT Shares is higher than the price/net income of the AMX Shares. AMX represents that it will not make any payment other than the consideration described in this Disclosure Statement, and that it has not undertaken any commitment or affirmative or negative covenant pursuant to Article 100 of the LMV, for the benefit of either the Issuer or the holders of the securities it intends to purchase in connection with the Offer.

Q. Is there any agreement regarding the participation of TELECOM s controlling shareholders in the Offer?

No. AMX did not enter into any arrangement or agreement with TELECOM s controlling shareholders prior to the announcement of the Offer.

In addition, the beneficiaries of approximately 82.69% (eighty two point sixty nine percent) of the TELECOM Shares, have indicated that they intend to tender all of their shares in connection with the Offer.

Based upon Santander s opinion as independent expert advisor engaged by TELECOM s Board of Directors, and the opinion of the Audit and Corporate Practices Committee, both to the effect that the exchange ratio offered by AMX in connection with the Offer is justified from a financial standpoint and, accordingly, is fair to TELECOM s shareholders, the Board of Directors determined that such financial ratio is reasonable from a financial standpoint.

In addition, pursuant to Article 101 of the LMV, all members of TELECOM s Board of Directors holding TELECOM Shares, and TELECOM s Chief Executive Officer, Mr. Jaime Chico Pardo, have informed AMX that they and their related parties intend to participate in the Offer in the terms proposed by AMX, assuming that the economic situation and market conditions remain stable.

For additional information regarding the opinion of TELECOM s Board of Directors, see Section 18 of this Disclosure Statement, Opinions of the Board of Directors and the Independent Experts.

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R. If I property tender my TELECOM Shares within the Offering Period, will they all be accepted?
Yes.

S. Will the Offer be consummated if AMX acquires only a small portion of the TELECOM Shares?
Yes. The Offer will be consummated regardless of the number of TELECOM Shares acquired by AMX.

T. Who is the Underwriter, and what is the Indeval account number where my TELECOM Shares must be deposited?
The Underwriter is Inversora Bursátil, S.A. de C.V., Casa de Bolsa, Grupo Financiero Inbursa. Its account number at Indeval is 2501, which is referred to herein as the Global Account.

U. How can I participate in the Offer if my TELECOM Shares are held through a Custodian?
You must instruct your Custodian, in writing within the Offering Period, to transfer your TELECOM Shares to the Global Account not later than by 4:00 p.m., Mexico City time, on the Expiration Date. For additional information, see Section 5(k) of this Disclosure Statement, The Offer Exchange Procedure.

V. What should I do if I wish to sell a portion but not all of my TELECOM Shares in connection with the Offer?
If you wish to participate in the Offer with only a portion of your TELECOM interest, you must inform your Custodian of the number of TELECOM Shares to be transferred to the Global Account in accordance with the procedure described in Section 5(k) of this Disclosure Statement, The Offer Exchange Procedure. You will remain the owner of any TELECOM Shares not tendered in connection with the Offer.

W. Can I withdraw any TELECOM Shares previously tendered and, if so, until when?
Yes. Any shareholder who may have accepted the Offer will have the right to withdraw his/her acceptance at any time prior to the Expiration Date, including as a result of any relevant change in the terms of the Offer. For additional information thereon, see Section 5(n) of this Disclosure Statement, The Offer Withdrawal Rights.

X. How can I withdraw any TELECOM Shares previously tendered?
To withdraw any TELECOM Shares previously tendered, you will be required to give written notice of such withdrawal to your Custodian prior to 4:00 p.m., Mexico City time, on the Expiration Date.

Y. Is the consummation of the Offer subject to any condition?

Yes. The Offer is subject to various conditions, as described in Section 8 of this Disclosure Statement, Conditions for the Offer. Such conditions include, among others, the receipt of certain corporate and regulatory approvals, some of which have been heretofore obtained by AMX and/or TELECOM. Among other things, the Offer is conditioned upon the absence of any legal or other restriction precluding TELECOM s shareholders ability to participate in the Offer and/or its capacity to process, execute, consummate and/ or settle the Offer. AMX intends to structure the Offers as efficiently as practicable, taking into consideration, among other things, various corporate, tax and regulatory considerations. In the event that the conditions set forth in this Disclosure Statement are not met and/or waived by AMX, the Offer shall have no legal effect whatsoever.

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Z. Will TELECOM remain a public company following the consummation of the Offer?

Assuming that TELECOM s shareholders will elect to tender their shares in connection with the Offer, AMX intends purchase up to 100% (one hundred percent) of the TELECOM Shares and may file a petition to cancel the registration of such shares with the RNV and the BMV, subject to the consent of at least 95% (ninety five percent) of TELECOM s shareholders. Contingent upon the outcome of the Offer, and subject to the satisfaction of all the conditions set forth in the applicable laws to ensure the protection of the public s interests, and the approval of the requisite corporate actions, AMX intends to file with the CNBV a petition to cancel the registration of the TELECOM Shares with the RNV and the BMV, so that such shares will no longer trade therein.

If upon consummation of the Offer there remain any publicly-held TELECOM Shares, one or more trusts pursuant to Article 108(I)(c) of the LMV may be established.

In any event, AMX will observe all applicable legal provisions to ensure the protection of the public s interests and the market generally, as required by the LMV.

AMX cannot determine at this time whether the TELECOM Shares will remain registered with the RNV and listed for trading on the BMV, as such determination is contingent upon, among other things, the outcome of the Offer. For additional information, see sections 17 and 19 of this Disclosure Statement, Maintenance or Cancellation of the Registration and Trust for the Acquisition of Shares Subsequent to the Cancellation of the Registration , respectively.

AA. How has the market price of the TELECOM Shares performed recently?

On January 13, 2010, the last full trading day prior to the public disclosure of AMX s intent to conduct the Offer, the closing price of the TELECOM Shares on the BMV was Ps.62.73 per share, and the closing price of AMX s Series L shares was Ps.31.79 per share. For additional information, see Section 7, Market Information, of this Disclosure Statement.

BB. Who can I speak with if I have any question in connection with the Offer?

If you have any question in connection with the Offer, you may contact Mr. Gilberto Pérez Jiménez, at +(5255) 5625-4900, ext. 1547, or your Custodian.

CC. Who is the independent expert retained by TELECOM s Audit and Corporate Governance Committee?

In observance of sound corporate governance practices and to provide increased transparency and objectivity, TELECOM s Audit and Corporate Governance Committee resolved to retain Santander as independent expert advisor engaged by TELECOM s Board of Directors, to issue an opinion with respect to the exchange ratio proposed in connection with the Offer from a financial standpoint, as required by Mexican law. A copy of Santander s letter opinion to the Board of Directors is attached to this Disclosure Statement as Exhibit 25(b). Recipients of this Disclosure Statement are advised to review Exhibit 25(b) hereto to fully understand such opinion, including the facts upon which it is based and any qualifications thereto.

In addition, AMX s Audit and Corporate Governance Committee resolved to retain Credit Suisse as independent expert advisor engaged by AMX s Board of Directors (for purposes of, and in accordance with, Mexican law), as described further in Section 9, Arrangements Predating the Offer , of this Disclosure Statement.

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DD. Has TELECOM s Board of Directors issued any opinion in connection with the Offer?

As disclosed by TELECOM on March 19, 2010, based upon Santander s opinion as independent expert advisor to TELECOM s Board of Directors, and the opinion of TELECOM s Audit and Corporate Practices Committee, both to the effect that the exchange ratio offered by AMX in connection with the Offer is justified from a financial standpoint and, accordingly, is fair to TELECOM s shareholders, TELECOM s Board of Directors determined that such financial ratio is fair from a financial standpoint.

In addition, pursuant to Article 101 of the LMV, all members of TELECOM s Board of Directors and its Chief Executive Officer have informed AMX that they and their related parties intend to tender their TELECOM Shares in connection with the Offer. For additional information, see Section 18 of this Disclosure Statement, Opinions of the Board of Directors and the Independent Experts.

EE. Should I participate in the Offer, or would I be better off holding on to my TELECOM Shares?

Each investor must make his/her own decision as to how to his/her TELECOM Shares in light of his/her particular situation and publicly available information.

FF. Will TELECOM create a trust to subsequently purchase any TELECOM Shares not acquired in connection with the Offer?

As announced by AMX, subject to the satisfaction of the applicable requirements AMX intends to cancel the registration of the TELECOM Shares and the TELINT Shares with the RNV. Such cancellation is subordinated to the primary purpose of the Offer and the TELINT Offer, which is for AMX to acquire up to 100% (one hundred percent) of the outstanding shares of TELECOM and TELINT. In other words, in conducting the Offer and the TELINT Offer, AMX does not primarily seek to obtain the cancellation of the registration of the TELECOM Shares and the TELINT Shares with the RNV, and such cancellation will be a consequence of the acquisition of the TELECOM Shares and the TELINT Shares by AMX and will be subject to the satisfaction of all applicable legal requirements and the receipt of all the requisite corporate approvals.

The above, on the understanding that unless otherwise approved by the CNBV, if the cancellation of the registration of the TELECOM Shares is approved by the affirmative vote of the holders of 95% (ninety five percent) of the TELECOM Shares, but the other requirements set forth in Article 8 of the General Rules are not satisfied, including the requirement to the effect that the purchase price payable in respect of the remaining TELECOM Shares be less than 300,000 UDIs, TELECOM would be required to establish a trust to purchase such shares in accordance with the applicable law.

The creation of the Trust (as such term is defined in this Disclosure Statement) referred to in Article 108(I)(c) of the LMV and Section 19 of this Disclosure Statement, Trust for the Acquisition of Shares Subsequent to the Cancellation of the Registration , and the transfer thereto of a number of Series L shares of AMX sufficient to exchange any TELECOM Shares not purchased by AMX in connection with the Offer, is contingent upon, among other things, the outcome of the Offer. Accordingly, AMX cannot guarantee that such a trust will be established. For additional information, see sections 17 and 19 of this Disclosure Statement, Maintenance or Cancellation of Registration and Trust for the Acquisition of Shares Subsequent to the Cancellation of the Registration , respectively.

GG. If a trust is established, would the exchange ratio remain the same as in the Offer?

Yes. If the Trust is established, AMX will transfer thereto a number of Series L shares sufficient to acquire the TELECOM shares, based upon the same exchange ratio used in connection with the Offer, or 2.0474 Series L shares of AMX for each TELECOM share.

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HH. What consequences will I suffer if I forget or decide not to participate in the Offer, or if my Custodian does not transfer my TELECOM Shares to the Global Account prior to the Expiration Date?

You will retain your TELECOM Shares. The market for the TELECOM Shares not tendered in connection with the Offer may be less liquid than the market for such shares prior to the Offer, and the market value of such shares could be significantly lower than their value prior to the Expiration Date, particularly if the TELECOM Shares are effectively cancelled with the RNV and delisted from the BMV.

II. What are the tax implications of the sale of my TELECOM Shares in connection with the Offer?

The sale of the TELECOM shares to AMX and the concurrent subscription of the Series L shares of stock of AMX, are subject to the provisions contained in Articles 60, 109(XXVI) and 190 of Mexico s Income Tax Law and other applicable tax laws. The summary tax considerations included in this Disclosure Statement does not purport to contain a complete or detailed description of the Mexican tax provisions applicable to TELECOM s shareholders. In addition, such summary may not be applicable to certain shareholders in light of their particular circumstances. For additional information, see Section 20 of this Disclosure Statement, Tax Considerations.

TELECOM s shareholders are advised to consult with their own independent tax experts as to the tax consequences associated with their participation in the Offer, including those arising as a result of their particular circumstances.

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2. NAME AND ADDRESS OF AMX AND THE ISSUER

AMX s legal name is América Móvil, S.A.B. de C.V., a limited liability, variable capital public corporation *(sociedad anónima bursátil de capital variable)* organized under the laws of Mexico, whose principal offices are located at Lago Alberto 366, Edificio Telcel I, Colonia Anáhuac, Delegación Miguel Hidalgo, 11320 México, D.F., Mexico. AMX s telephone number at such location is +(5255) 2581-4719.

As a publicly traded corporation whose shares are registered with the RNV, AMX s information is available for consultation by the public through the BMV, at www.bmv.com.mx, as well as through AMX s own Internet page, www.americamovil.com. AMX s trading symbol on the BMV is AMX .

In addition, as an issuer whose securities are registered with the SEC, since November 2002 AMX has electronically filed information that is available for consultation by the public at the SEC s Internet page, www.sec.gov.

For additional information concerning AMX, see AMX s Annual Report, AMX s Quarterly Report and AMX s Additional Reports, which are available for consultation at the Internet pages of AMX and the BMV, and the Other Reports, which contain the audited consolidated financial statements of TELINT and TELMEX as of and for the year ended December 31, 2009, together with any recent developments and a detailed analysis and discussion of their respective financial condition, pending their annual reports for 2009. See also Exhibit 25(k) hereto, which contains AMX s audited consolidated financial statements as of and for the year ended December 31, 2009.

The legal name of the Issuer is Carso Global Telecom, S.A.B. de C.V., a limited liability, variable capital public corporation *(sociedad anónima bursátil de capital variable)* organized under the laws of Mexico, whose principal offices are located at Insurgentes Sur 3500, Colonia Peña Pobre, Delegación Tlalpan, 14060 México, D.F., Mexico. TELECOM s telephone number at such location is +(5255) 5223-3200.

According to TELECOM s Annual Report, the Issuer was organized on June 24, 1996, as a result of a spin-off of Grupo Carso, S.A.B. de C.V., approved by resolution of the general extraordinary shareholders meeting held April 30, 1996. As of December 31, 2008, its principal assets consisted of its equity interests in TELMEX and its subsidiaries, TELINT and its subsidiaries, and other companies engaged in the telecommunications industry.

Through its subsidiary TELINT, TELECOM provides telecommunication services, including voice, data and video transmission services and Internet access; integrated telecommunications solutions through its subsidiaries in Argentina, Brazil, Chile, Colombia, Ecuador and Peru; and is engaged in the publication of yellow page directories in Mexico, the United States, Argentina and Peru.

According to TELECOM s Annual Report, the Issuer is a holding company and, as a result, it has no employees and receives administrative services from an affiliate. As of December 31, 2008, TELECOM owned, directly and indirectly, 71.48% of the shares of stock of TELMEX and 71.42% of the voting shares of TELINT.

According to TELECOM s Annual Report, as of December 31, 2008, TELECOM held (i) 10,750 million shares of TELMEX, representing 57.93% of the outstanding shares of stock thereof (including its non-voting shares), and (ii) 10,877.6 million shares of TELINT, representing 59.36% of the outstanding shares of stock thereof (including its non-voting shares).

According to information available through the BMV s web page, as of the date hereof TELECOM s capital stock consists of 3,481,765,200 Series A-1 full-voting shares of common stock, no par value, issued in registered form.

As of March 31, 2010, TELECOM held 50.9% (fifty point nine percent) of the outstanding Series L shares of TELINT, 23.3% (twenty three percent) of the outstanding Series A shares of TELINT, and 73.9% (seventy three point nine percent) of the outstanding Series AA shares of TELINT, all of which shares represented, in the aggregate, 60.7% (sixty point seven percent) of the outstanding capital stock of TELINT.

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For additional information concerning the Issuer, see TELECOM s Annual Report and TELECOM s Quarterly Report. Such reports are available for consultation through the BMV at www.bmv.com.mx, and through TELECOM s own Internet page, www.cgtelecom.com.mx. TELECOM s trading symbol on the BMV is TELECOM.

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3. INFORMATION CONCERNING AMX

AMX is the largest provider of wireless communications services in Latin America based on subscribers. As of December 31, 2009, AMX had 201 million wireless subscribers in 18 countries, compared to 182.7 million at year-end 2008. Because AMX s focus is on Latin America and the Caribbean, a substantial majority of its wireless subscribers are prepaid customers. In addition, as of December 31, 2008, AMX had an aggregate of approximately 3.8 million fixed lines in Central America and the Caribbean as of December 31, 2009, making it the largest fixed-line operator in those regions based on the number of subscribers.

AMX s principal operations are:

Mexico. Through Radiomóvil Dipsa, S.A. de C.V. (Telcel), AMX provides mobile telecommunications service in all nine regions in Mexico. As of December 31, 2009, AMX had 59.2 million subscribers in Mexico. AMX is the largest provider of mobile telecommunications services in Mexico

Brazil. AMX operates in Brazil through its subsidiaries, Claro S.A. and Americel S.A., under the unified brand name Claro. With approximately 44.4 million subscribers as of December 31, 2009, AMX is one of the three largest providers of wireless telecommunications services in Brazil based on the number of subscribers. AMX s network covers the main cities in Brazil, including São Paulo and Rio de Janeiro.

Southern Cone. AMX provides wireless services in Argentina, Paraguay, Uruguay and Chile, under the Claro brand. As of December 31, 2009, AMX 21.8 million subscribers in the Southern Cone.

Colombia and Panama. Through Comcel, AMX provides wireless services in Colombia. As of December 31, 2009, AMX had 27.7 million wireless subscribers in Colombia and Panama, and was the largest wireless provider in Colombia. In March 2009, AMX began offering wireless services in Panama.

Andean Region. AMX provides wireless services in Peru under the Claro brand and in Ecuador under the Porta brand. As of December 31, 2009, AMX had 17.8 million subscribers in the Andean region.

Central America. AMX provides fixed-line and wireless services in Guatemala, El Salvador, Honduras, Nicaragua and Panama, under the Claro brand. As of December 31, 2009, AMX s Central American subsidiaries had 9.7 million wireless subscribers, over 2.3 million fixed-line subscribers, and 0.3 million broadband subscribers in Central America.

United States. TracFone Wireless Inc. (TracFone) is engaged in the sale and distribution of prepaid wireless services and wireless phones throughout the United States, Puerto Rico and the U.S. Virgin Islands. TracFone had approximately 14.4 million subscribers as of December 31, 2009.

Caribbean. Compañía Dominicana de Teléfonos, C. por A., or Codetel, is the largest provider of telecommunication services in the Dominican Republic. Codetel provides fixed-line and broadband services in the Dominican Republic under the Codetel brand and wireless services under the Claro brand. Codetel had over 4.8 million wireless subscribers, 0.8 million fixed-line subscribers and 0.2 million broadband subscribers as of December 31, 2009. Through its subsidiaries, Telecomunicaciones de Puerto Rico, Inc. is the largest telecommunications service provider in Puerto Rico, with approximately 0.8 million fixed-line subscribers, 0.8 million wireless subscribers and 0.2 million broadband subscribers as of December 31, 2009. Telecomunicaciones de Puerto Rico, Inc. provides fixed-line and broadband services under the PRT brand and wireless services under the Claro brand. Oceanic Digital Jamaica Limited provides wireless and value added services in Jamaica. As of December 31, 2009, Oceanic Digital Jamaica Limited had 0.4 million wireless subscribers.

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For additional information concerning AMX, see AMX s Annual Report and the reports and other information released by AMX pursuant to Articles 104, 105 and 106 of the LMV and Article 33 and other related provisions of the General Rules, including AMX s Quarterly Report, all of which are available for consultation through AMX and the BMV at www.americamovil.com and www.bmv.com.mx, respectively.

See also AMX s Additional Reports, which are available for consultation at www.americamovil.com. For ease of reference, copies of such reports are attached hereto as Exhibits 25(f) and 25(g).

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4. RELATIONSHIP BETWEEN AMX AND THE ISSUER

AMX was organized in September 2000, as a result of a spin-off of TELMEX.

According to TELECOM s Annual Report, as of December 31, 2008, TELECOM held (i) 10,750 million shares of TELMEX, representing 57.93% of TELMEX s total capital or 71.48% of its voting capital, and (ii) 10,877.6 million shares of TELINT, representing 59.36% of TELINT s total capital or 71.42% or its voting capital.

In the normal course of business, AMX enters into a number of contractual relationships with TELMEX, TELINT and their respective subsidiaries, including some foreign subsidiaries.

According to stock ownership reports filed with the SEC, TELMEX, TELINT and AMX may for certain purposes be deemed to be under common control.

TELMEX provides fixed-line telephony services throughout Mexico. TELINT provides voice, data and Internet services in Brazil, Chile, Argentina, Peru, Colombia and Ecuador, pay cable and satellite TV in some of those countries, and print and Internet-based yellow-page directory services in Mexico, the United States, Argentina and Peru.

Given that AMX and TELINT provide telecommunication services in some of the same regions, they maintain close business relations with each other. These relations include network interconnections, facility sharing arrangements, private circuit usage, the provision of long-distance services to AMX s subscribers, and the provision of various services to AMX. These relations are governed by a vast number and array of contracts, the most important of which relate to the relations between EMBRATEL (a TELINT subsidiary engaged in the provision of fixed-line telephony services) and AMX s subsidiaries in Brazil. Many of these contracts are also subject to telecommunications industry-specific laws. The terms of these contracts are similar to those governing each such company s relations with unrelated third parties. All these relations are of material significance to AMX s financial performance.

In addition, AMX and TELMEX have entered into various telecommunications joint ventures.

For additional information concerning AMX s and TELECOM s operations, see (i) Section 7 of AMX s Annual Report, Principal Shareholders and Related Party Transactions, and (ii) Section 4(b) of TELECOM s Annual Report, Management Related Party Transactions and Conflicts of Interests.

As of the date hereof, AMX does not have any equity interest in TELECOM.

AMX and TELECOM have certain common directors, including (i) Mr. Patrick Slim Domit, who is the Chairman of AMX s Board of Directors and a member of its Executive Committee, a member of TELECOM s Board of Directors, and an alternate director of TELMEX, and (ii) Mr. Daniel Hajj Aboumrad, who is a director, the Chief Executive Officer, a member of the Executive Committee and a member of the Operating Committee for Puerto Rico and the U.S. at AMX, and an alternate director of TELECOM.

AMX and TELECOM have not entered into any agreement or arrangement in connection with the Offer. However, on January 13, 2010, AMX informed TELECOM s Board of Directors of its decision to commence the procedure towards the completion of the Offer and requested TELECOM s authorization in connection therewith pursuant to Article Thirteen of TELECOM s bylaws.

In addition, on January 14, 2010, the secretary of TELECOM s Board of Directors informed AMX that all of TELECOM s directors had acknowledge receipt of AMX s notice of its decision to commence the procedure towards the completion of the Offer and had resolved to authorize the Offer in accordance with Article Thirteen of TELECOM s bylaws.

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AMX believes that none of TELECOM s shareholders will fall within the criteria set forth in Article 98 of the LMV concerning tender offers.

For additional information concerning other actions taken in anticipation of the Offer, see Section 9 of this Disclosure Statement.

For additional information concerning TELECOM and TELMEX, see Exhibits 25(h) and 25(i) of this Disclosure Statement.

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5. THE OFFER

a. Summary

The Purchase Offer

Buyer:	América Móvil, S.A.B. de C.V.
Shares to be purchased:	Up to 3,481,765,200 Series A-1 full-voting shares, no par value, issued in registered form, representing 100% (one hundred percent) of TELECOM s capital stock, which are the subject matter of the Offer.
% of the capital stock:	Up to 100% (one hundred percent) of the shares of stock of TELECOM; provided, that if the condition set forth in Article 89(I) of the General Corporations Law is not satisfied, then a subsidiary of AMX will purchase one (1) TELECOM Share. The percentage of AMX s capital to be subscribed in connection with the Offer is approximately 22% (twenty two percent) of the 32,108,530,456 shares outstanding as of the date hereof.
Exchange ratio:	2.0474 AMX Shares for each TELECOM Share.
Trading symbol:	TELECOM.
Offering Period:	April [ ], 2010, through May [ ], 2010.

The Subscription Offer

Issuer:	América Móvil, S.A.B. de C.V.
Shares to be subscribed:	Up to 7,128,566,070 Series L shares of stock of AMX, which are currently held by AMX as treasury shares, based upon an exchange ratio of 2.0474 Series L shares of AMX for each Series A-1 TELECOM Share.
% of the capital stock:	The percentage of AMX s capital to be subscribed in connection with the Offer is approximately 22% (twenty two per cent) of its outstanding shares as of the date hereof.
Subscription factor:	2.0474 AMX Shares for each TELECOM Share.
Aggregate amount in Mexico and the U.S.:	Depending on the number of shares acquired, subject to the maximum 7,128,566,070 shares currently held by AMX as treasury shares.
Offering Period:	April [ ], 2010, through May [ ], 2010.
Trading symbol:	AMX.
Potential buyers:	Mexican and non-Mexican individuals or entities.

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b. Number and Characteristics of the Shares to be Purchased

Up to 3,481,765,200 Series A-1 full-voting shares, no par value, issued in registered form, representing 100% (one hundred percent) of TELECOM s outstanding capital, which are included in the Offer, and 7,128,566,070 Series L treasury shares of AMX, which will be subscribed concurrently with the purchase of the TELECOM Shares based upon an exchange ratio of 2.0474 Series L AMX Shares for each Series A-1 TELECOM Share.

c. Percentage of the Issuer s Capital Represented by the Shares Included in the Offer

Up to 100% (one hundred percent) of TELECOM s outstanding capital; provided, that if the condition set forth in Article 89(I) of the General Corporations Law is not satisfied, then a subsidiary of AMX will purchase one (1) TELECOM Share. The percentage of AMX s capital to be subscribed in connection with the Offer is approximately 22% (twenty two percent) of the shares outstanding as of the date hereof.

d. Number of Shares and Over-allotment Options

Up to 100% (one hundred percent) of TELECOM s outstanding capital; provided, that if the condition set forth in Article 89(I) of the General Corporations Law is not satisfied, then a subsidiary of AMX will purchase one (1) TELECOM Share. The percentage of AMX s capital to be subscribed in connection with the Offer is approximately 22% (twenty two percent) of the shares outstanding as of the date hereof. The Offer does not include an over-allotment option.

e. Purchase Price and Basis for its Determination

Basis for Determination

The purchase price was determined based upon market prices. AMX is offering to purchase up to 100% (one hundred percent) of the outstanding shares of TELECOM, subject to the condition that TELECOM s shareholders will use the proceeds thereof to concurrently purchase and subscribe Series L shares of AMX. Accordingly, this purchase and exchange Offer constitutes a single transaction that may only be accepted in its entirety.

The exchange ratio will be 2.0474:1 and, as a result, TELECOM s shareholders may subscribe up to 2.0474 Series L AMX Shares in exchange for each TELECOM Share tendered by them.

The financial terms for the Offer were determined based upon the average closing price of the AMX Shares, the Series L TELINT Shares and the Series L TELMEX Shares (the TMX Shares) during the 10 (ten) trading-day period immediately preceding AMX s announcement of its intent to commence the procedure towards the completion of the Offer, which period ended January 12, 2010 (the Valuation Period). The price per share so determined is referred to herein the Average Price for the Valuation Period.

In particular, in the TELINT Offer (1) the price per share is equal to the Average Price for the Valuation Period of each Series L TELINT Share, and (2) the price of the shares to be subscribed is equal to the Average Price for the Valuation Period of each Series L TELINT Share, divided by the Average Price for the Valuation Period of each AMX Share.

The price of the TELECOM Shares for purposes of the Offer was determined based upon the value of TELECOM s primary assets, which consist of the TMX Shares and the TELINT Shares, and its net debt, as of December 31, 2009.

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The aggregate reference price is approximately Ps.222,839,357,592, which assumes a reference price of Ps.64.0018337802 per TELECOM Share and a subscription price of Ps.31.2600536193 per AMX Share, based upon the exchange ratio of 2.0474 AMX Shares per TELECOM Share in connection with the Offer. The reference price per TELECOM Share, taking into consideration their exchange price and the exchange ratio, was determined as follows:

Purchase Price in the TELINT Offer = Ps.11.66

divided by

Exchange ratio in the TELINT Offer = 0.373

equals

AMX reference price = Ps.31.2600536193

multiplied by

Exchange ratio in the Offer = 2.0474

equals

Reference price for the TELECOM Shares = Ps.64.0018337802

Premium

There is no premium payable on either the purchase price of the TELECOM Shares or the subscription price of the AMX Shares in connection with the Offer. Payment of any such premium would be in violation of the applicable Mexican laws.

AMX represents under penalty of perjury that it will not make any payment other than the consideration described in this Disclosure Statement, and that it has not undertaken any commitment or affirmative or negative covenant pursuant to Article 100 of the LMV, for the benefit of either the Issuer or the holders of the securities it intends to purchase in connection with the Offer.

Cancellation of Registration

Subject to the satisfaction of the applicable legal requirements, AMX intends to cancel the registration of the TELECOM Shares and the TELINT Shares with the RNV. See Section 17 Maintenance or Cancellation of the Registration.

Pursuant to the procedure set forth to such effect in Article 108(I)(b) of the LMV, the reference price for purposes of the cancellation of the registration will be the highest of the weighted average price per share during the 30 trading-day period immediately preceding the Offer, and the book value per TELECOM Share or TELINT Share, as the case may be.

Although Mexican law does not permit price distinctions among the different series of stock of an issuer, AMX has only taken into consideration the price of the Series L shares of each of TELMEX and TELINT, with the exclusion of any other series of stock thereof, because the Series L shares of each of TELMEX and TELINT are the most liquid among all the series of stock thereof. In addition, TELINT s Series AA shares are not publicly traded, and its Series A shares account for less than 2% of the aggregate number of shares outstanding, are traded infrequently, and

have limited or no liquidity as with respect to its Series L shares. As a matter of fact, the BMV s Price and Quotations Index includes only the Series L shares and not the shares of any other series of stock.

The exchange ratio for purposes of the Offer and the TELINT Offer has been determined by AMX based upon the above methodology and not pursuant to Article 108(I)(b) of the LMV, considering:

The Public Interest: The basis for the determination of the exchange ratio in the Offer and the TELINT Offer fully ensures the protection of the public s interest;

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Liquidity Factors: the exchange ratio is justified by the fact that it takes into consideration the price of the more liquid Series L shares of each of TELMEX and TELINT;

Corporate Approvals: The exchange ratio has been approved by the boards of directors of AMX, TELECOM and TELINT. The Purchase Price was approved by the boards of directors of TELECOM and TELINT based upon a recommendation issued by their respective audit and corporate governance committees in reliance upon an independent expert opinion as to the fairness of the Purchase Price from a financial standpoint;

Confirmation: The exchange ratio will be ratified by TELECOM s Board of Directors and Audit and Corporate Governance Committee, and by TELECOM s shareholders upon approval of the cancellation of the registration of the TELECOM Shares subject to its authorization by the CNBV;

Improvement Over the Statutory Ratio: The exchange ratio, as determined by AMX taking into consideration the date of announcement of its intention to commence the Offer, is higher than the product obtained from the application of the methodology set forth in the LMV. The two benchmarks referred to in Article 108 of the LMV, i.e., the book value per share according to the financial statements published prior to the Offer, and the average trading price prior to the announcement of the Offer by AMX s Board of Directors, are both lower than the exchange ratio. In addition, the Purchase Price has been approved as described in Corporate Approvals above;

Uncertainty: The commencement of the exclusion offer, as the case may be, is uncertain. See Section 17 of this Disclosure Statement, Maintenance or Cancellation of the Registration .

As announced by AMX, subject to the satisfaction of the applicable requirements AMX intends to cancel the registration of the TELECOM Shares and the TELINT Shares with the RNV. Such cancellation is subordinated to the primary purpose of the Offer and the TELINT Offer, which is for AMX to acquire up to 100% (one hundred percent) of the outstanding shares of TELECOM and TELINT. In other words, in conducting the Offer and the TELINT Offer AMX does not primarily seek to obtain the cancellation of the registration of the TELECOM Shares and the TELINT Shares with the RNV, and such cancellation will be a consequence of the acquisition of the TELECOM Shares and the TELINT Shares by AMX and will be subject to the satisfaction of all applicable legal requirements and the receipt of all the requisite corporate approvals.

The above, on the understanding that unless otherwise approved by the CNBV, if the cancellation of the registration of the TELINT Shares is approved by the affirmative vote of the holders of 95% (ninety five percent) of the TELINT Shares, but the other requirements set forth in Article 8 of the General Rules are not satisfied, including the requirement to the effect that the purchase price payable in respect of the remaining TELINT Shares be less than 300,000 UDIs, TELINT would be required to establish a trust to purchase such shares in accordance with the applicable law.

By way of example, if the cancellation of the registration of the TELECOM Shares is approved by the affirmative vote of the holders of 95% (ninety five percent) of the TELECOM Shares but the purchase price payable in respect of the remaining TELECOM Shares is less than 300,000 UDIs, TELECOM would be required to establish a trust to purchase such shares in accordance with the applicable law.

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f. Aggregate Amount of the Offer in Mexico and Outside of Mexico

The Offer is for up to 3,481,765,200 Series A-1 full-voting shares, no par value, issued in registered form representing 100% (one hundred percent) of TELECOM s outstanding capital, and to concurrently offer for their subscription up to 7,128,566,070 AMX s Series L limited-voting shares, no par value, issued in registered form, based upon an exchange ratio of 2.0474 Series L AMX Shares for each TELECOM Share.

The aggregate reference price is approximately Ps.222,839,357,592, assuming a reference price of Ps.64.0018337802 per TELECOM Share and a subscription price of Ps.31.2600536193 per AMX Share, and the exchange ratio of 2.0474:1 determined for purposes of the Offer.

g. Recent Price/Book Value Multiples

The Offering Price is equal to 3.274x the Issuer s book value per share, or its majority stockholders equity as of December 31, 2009.

h. Recent Price/Net Income Multiples

The Offering Price is equal to 13.92x TELECOM s majority net income per share according to its income statement as of December 31, 2009.

i. AMX Multiples

The offering price is equal to 1.02x the closing price of Ps.62.73 per TELECOM Share on the BMV on January 13, 2010.

j. Other Multiples

Multiples Prior to the Offer	AMX
Price/profit multiple	13.10
Price/book value	6.59
Price/EBITDA	5.45

AMX s multiples following the Offer will be included in the disclosure statement to be filed with the CNBV upon completion of the Offer.

k. Offering Period

The Offering Period will be 20 (twenty) days beginning as of the Commencement Date, unless extended pursuant to Section 5(k)(iii) of this Disclosure Statement, The Offer Exchange Procedure Extension of the Offering Period.

l. Exchange Procedure

(1) Any TELECOM shareholder who may wish to participate in the Offer and who may be holding his/her TELECOM shares through a Custodian with an account at Indeval, must within the Offering Period give to such Custodian written notice of his/her decision to accept the Offer and instruct such Custodian to sell his/her Series A-1 TELECOM shares and allocate the proceeds thereof to purchase and subscribe Series L shares of AMX. In order to participate in the Offer and implement the exchange, each Custodian will consolidate all the instructions received from their clients and deliver to Inbursa a duly completed Acceptance Letter identifying the Series A-1 TELECOM shares being tendered by each of them, in the manner prescribed in the following paragraph. All Acceptance Letters must be duly completed, signed and delivered via courier, return receipt requested, to Inbursa s offices located at Paseo de las Palmas 736, Colonia Lomas de Chapultepec, Delegación Miguel Hidalgo, 11000 Mexico D.F., Att.: Mr. Gilberto Pérez Jiménez, telephone

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+(5255) 5625-4900 ext. 1547, fax +(5255) 5259-2167. Business hours for purposes of such delivery shall be from 9:00 a.m. to 2:00 p.m., and from 4:00 p.m. to 6:00 p.m., Mexico City time during all business days of the Offering Period, except for the Expiration Date, in which business hours shall be from 9:00 a.m. to 4:00 pm., Mexico City time.

(2) Custodians must transfer all relevant TELECOM Series A-1 shares to account No. 2501, maintained by Inbursa at Indeval, not later than by 4:00 p.m. (Mexico City time) on May [ ], 2010. Any shares transferred or delivered to such account after such time shall be excluded from the Offer.

(3) Any TELECOM shareholder who may be holding his/her TELECOM shares in the form of physical certificates must make arrangements with the Custodian of his/her choice for purposes of participating in the Offer, or surrender his/her duly endorsed stock certificates at Inbursa s offices located at Paseo de las Palmas 736, Colonia Lomas de Chapultepec, Delegación Miguel Hidalgo, 11000 Mexico D.F., Att.: Mr. Gilberto Pérez Jiménez, during the hours set forth in the paragraph 1 above and not later than by 11:00 a.m. (Mexico City time) on May [ ], 2010.

(4) On May [ ], 2010, Inbursa will transfer to each Custodian s account at Indeval, the number of Series L shares of AMX issued in exchange for the Series A-1 TELECOM shares received from or transferred by them as set forth hereinabove.

The acceptance of the Offer as evidenced by the transfer of any Series A-1 TELECOM Shares to account No. 2501 at Indeval as described above, shall for all applicable purposes become irrevocable as of May [ ], 2010, after 4:00 p.m., Mexico City time. As a result, no such shares may be withdrawn from such account subsequent to their transfer thereto.

m. Transfer Period and Acceptance Letter Delivery Period

April [ ], 2010, through 4:00 p.m. on May [ ], 2010

n. Conditions for the Acceptance of the Shares

(1) Any TELECOM shareholder who may wish to participate in the Offer and who may be holding his/her TELECOM shares through a Custodian with an account at Indeval, must within the Offering Period give to such Custodian written notice of his/her decision to accept the Offer and instruct such Custodian to sell his/her Series A-1 TELECOM shares and allocate the proceeds thereof to purchase and subscribe Series L shares of AMX. In order to participate in the Offer and implement the exchange, each Custodian will consolidate all the instructions received from their clients and deliver to Inbursa a duly completed Acceptance Letter identifying the Series A-1 TELECOM shares being tendered by each of them, in the manner prescribed in the following paragraph. All Acceptance Letters must be duly completed, signed and delivered via courier, return receipt requested, to Inbursa s offices located at Paseo de las Palmas 736, Colonia Lomas de Chapultepec, Delegación Miguel Hidalgo, 11000 Mexico D.F., Att.: Gilberto Pérez Jiménez, telephone +(5255) 5625-4900 ext. 1547, fax +(5255) 5259-2167. Business hours for purposes of such delivery shall be from 9:00 a.m. to 2:00 p.m., and from 4:00 p.m. to 6:00 p.m., Mexico City time during all business days of the Offering Period, except for the Expiration Date of the Offer, in which business hours will be from 9:00 a.m. to 4:00 p.m., Mexico City time.

(2) Custodians must transfer all relevant TELECOM Series A-1 shares to account No. 2501, maintained by Inbursa at Indeval, not later than by 4:00 p.m. (Mexico City time) on May [ ], 2010. Any shares transferred or delivered to such account after such time shall be excluded from the Offer.

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(3) Any TELECOM shareholder who may be holding his/her TELECOM shares in the form of physical certificates must make arrangements with the Custodian of his/her choice for purposes of participating in the Offer, or surrender his/her duly endorsed stock certificates at Inbursa s offices located at Paseo de las Palmas 736, Colonia Lomas de Chapultepec, Delegación Miguel Hidalgo, 11000 Mexico D.F., Att.: Gilberto Pérez Jiménez, during the hours set forth in the paragraph 1 above and not later than by 11:00 a.m. (Mexico City time) on May [ ], 2010.

(4) On May [ ], 2010, Inbursa will transfer to each Custodian s account at Indeval, the number of Series L shares of AMX issued in exchange for the Series A-1 TELECOM shares received from or transferred by them as set forth hereinabove.

The acceptance of the Offer as evidenced by the transfer of any Series A-1 TELECOM Shares to account No. 2501 at Indeval as described above, shall for all applicable purposes become irrevocable as of May [ ], 2010 after 4:00 p.m., Mexico City time. As a result, no such shares may be withdrawn from such account subsequent to their transfer thereto.

o. Extension of the Offering Period

Pursuant to the applicable laws, the offering period is subject to extension on one or more occasions at AMX s sole discretion and/or in the event of any material change in the terms of the Offer; provided, that the period of any extension as a result of any such change shall be not less than five (5) business days. In addition, the Offer may be extended by resolution of the CNBV pursuant to the last paragraph of Article 101 of the LMV.

Any shareholder who may have accepted the Offer and tendered his/shares will be entitled to withdraw such acceptance if the Offer is extended for any reason beyond 4:00 p.m., Mexico City time, of the last day of any such extension. All extensions will be announced through the BMV s EMISNET system and through a publication in a national newspaper.

The acceptance procedure is described in the section pertaining to the conditions for the acceptance of securities. There is no pro-ration or over-allotment procedure given that the Offer is for 100% (one hundred percent) of the TELECOM Shares.

p. Settlement Date

The settlement will occur three (3) business days following the date of registration with the BMV; provided that, subject to the successful completion of both the Offer and the TELINT Offer, AMX intends to settle both transactions concurrently in Mexico and the United States.

q. Summary Resolutions of the Board of Directors of AMX in Connection with the Commencement of the Offer

On January 13, 2010, all members of the Board of Directors of AMX, with the exception of Messrs. Patrick Slim Domit and Daniel Hajj Aboumrad, who abstained from voting thereon but accepted the outcome of the voting proceedings, adopted, among others, the following resolutions:

...It is hereby resolved to commence the procedures towards the potential completion of two voluntary, simultaneous and conditional public purchase and concurrent subscription offers, the first such offer for up to all of the shares of stock of Carso Global Telecom, S.A.B. de C.V., and the second such offer for up to all of the outstanding shares of stock of TELMEX Internacional, S.A.B. de C.V. not presently held by Carso Global Telecom, S.A.B. de C.V., and to approve Mr. García Moreno s proposal to retain a recognized investment banking institution as independent expert advisor for

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purposes of the issuance of an opinion as to the fairness of the proposed exchange ratio for the purchase and concurrent subscription of shares in connection with the aforementioned offers. The above, in order to provide the shareholders of the aforementioned entities with additional elements based upon which to make a decision with respect to such offers.

It is hereby acknowledged that the aforementioned public offers will be subject to various conditions customary for these types of transactions, and to certain special conditions given the nature of such transactions. Among other things, both offers will be conditioned upon the receipt of all the requisite governmental, corporate and third-party approvals, and to their concurrent closing and settlement. In addition, the voluntary purchase of the shares of stock of TELMEX Internacional, S.A.B. de C.V. will be conditioned upon the successful acquisition of not less than 51% of the shares of stock of Carso Global Telecom, S.A.B. de C.V. The aforementioned transactions will be structured as efficiently as practicable, taking into consideration, among other things, various corporate, tax and regulatory considerations.

...It is hereby resolved to authorize the secretary of the Board of Directors to call one or more shareholders meetings to approve all the necessary procedures and amendments to the bylaws so as to implement the exchange and/or conversion of shares entailed by the offers described in the immediately preceding resolution, and to publish any and all necessary notices to such effect. The above, on the understanding that such shareholders meetings will consider, among other things, the confirmation of the transactions hereby approved, and any necessary amendments to the bylaws, including, among others, the amendment of the Company s nationality clause.

...It is hereby resolved to authorize the Company, through its officers and/or legal representatives and/or the secretary of the Board of Directors, to give notice of its intent to purchase the aforementioned shares through a public purchase and concurrent subscription offer, in the terms set forth herein, to the shareholders and/or boards of directors of Carso Global Telecom, S.A.B. de C.V. and TELMEX Internacional, S.A.B. de C.V., respectively.

...It is hereby resolved to authorize Messrs. Daniel Hajj Aboumrad, Carlos José García Moreno and Alejandro Cantú Jiménez, to exercise the authority heretofore granted to them by the Company, to execute all the agreements, contracts and other documents pertaining to the transactions hereby approved, and to carry out any such acts and give to any domestic and/or foreign authorities any such notices as they may deem necessary or appropriate for purposes of the transactions hereby approved. It is further resolved to authorize the Company, through its officers and/or legal representatives, to commence such procedures as they may deem necessary or appropriate for the consummation of the public purchase offers hereby approved, including, among other things, to prepare such information memorandums and other documents and information required pursuant to the Securities Market Law and the General Provisions Applicable to Issuers and Other Participants in the Securities Market.

...It is expressly resolved to ratify each and all acts heretofore carried out by the aforementioned legal representatives in connection with the matters approved pursuant to the preceding resolutions.

...It is expressly resolved that the Company will hold each of the principal and alternate members of its Board of Directors, its Chief Executive Officer, Secretary and Alternate Secretary, each of its executive officers, employees and legal representatives, and each of the delegates appointed pursuant to the foregoing resolutions, free and harmless from any claim by or liability to any person or authority as a result of the performance and enforcement of the resolutions contained hereinabove. The Company expressly assumes any and all liabilities arising as a result of any claim or action of any nature whatsoever, and to reimburse each such person for any and all of the expenses incurred thereby in connection therewith, including attorneys fees and other expenses.

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r. Withdrawal Rights

Any shareholder who may have accepted the Offer will have the right to withdraw his/her acceptance at any time prior to 4:00 p.m., Mexico City time, on the Expiration Date (without being subject to any penalty), including as a result of any material change in the terms of the Offer or the existence of a competing offer (i) providing for the payment of a cash and/or in-kind consideration to the holders of the TELECOM Shares, higher than the consideration contemplated by the Offer, and (ii) which is reasonably determined by TELECOM s Board of Directors, acting in good faith after due consideration of the terms and conditions thereof, to provide for better conditions than the Offer. To implement such withdrawal, the relevant Custodian shall give the Underwriter, prior to the Expiration Date, written notice of the exercise of the Withdrawal Right by such shareholder. The relevant acceptance will be deemed withdrawn upon receipt of such notice by the Underwriter. Notices of exercise of the Withdrawal Rights are not subject to revocation and, accordingly, the shares so withdrawn will not be included in the Offer.

Notwithstanding the above, any TELECOM shares so withdrawn may be subsequently retendered in connection with the Offer at any time prior to the Expiration Date, subject to the satisfaction of the conditions set forth in Section 5(k)(ii) of this Disclosure Statement, The Offer Exchange Procedure Conditions for the Acceptance of the Shares.

Any question as to the form and validity (including the time of receipt) of any withdrawal notice will be decided by AMX through the Underwriter, and such decision will be final and binding. AMX may waive any right, defect or irregularity in connection with the withdrawal of any acceptance by any TELECOM shareholder, depending upon its significance.

There is no penalty for the transfer of any TELECOM Shares in connection with a competing offer, or for the exercise of the Withdrawal Rights afforded to TELECOM s shareholders hereunder. Any TELECOM shareholder may exercise his/her Withdrawal Right in the manner prescribed in this Disclosure Statement.

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6. UNDERWRITER

Inversora Bursátil, S.A. de C.V. Casa de Bolsa, Grupo Financiero Inbursa.

7. MARKET INFORMATION

The Issuer is a limited liability, variable capital public corporation *(sociedad anónima bursátil de capital variable)* whose shares are listed for trading on the BMV under the trading symbol TELECOM.

On January 13, 2010, the date of announcement of the commencement of the procedure towards the completion of the Offer, the closing price of the TELECOM Shares on the BMV was Ps.62.73 per share.

The following table shows the high and low trading prices of the TELECOM Shares during each quarter in 2008 and 2009:

	BMV	
	High	**Low**
Financial Quarter		
2008:		
1Q	Ps. 56.59	Ps. 43.66
2Q	61.43	51.73
3Q	58.96	48.25
4Q	61.30	39.37
2009:		
1Q	Ps. 56.89	Ps. 36.28
2Q	54.38	45.47
3Q	63.07	45.75
4Q	63.74	51.07

Source: Bloomberg.

AMX is a limited liability, variable capital public corporation *(sociedad anónima bursátil de capital variable)* whose shares are listed for trading on the BMV under the trading symbol AMX.

On January 13, 2010, the date of announcement of the commencement of the procedure towards the completion of the Offer, the closing price of the Series L AMX Shares on the BMV was Ps.31.79 per share.

The following table shows the high and low trading prices of the Series L AMX Shares during each quarter in 2008 and 2009:

	BMV	
	High	**Low**

Financial Quarter		
2008:		
1Q	Ps. 33.80	Ps. 26.23
2Q	34.52	26.46
3Q	26.82	23.07
4Q	25.13	16.03
2009:		
1Q	Ps. 22.53	Ps. 18.02
2Q	25.36	19.20
3Q	30.65	24.55
4Q	31.47	28.66

Source: Bloomberg.

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The market information derived from Bloomberg, contained in this Section, has not been reviewed by the CNBV.

8. CONDITIONS FOR THE OFFER

The Offer is conditioned upon the receipt of various corporate and legal approvals, consents and or implicit authorizations. As a result, the Offer is conditioned upon the satisfaction of the conditions described below, or the waiver of such conditions by AMX. AMX may in its sole discretion, at any time prior to the Expiration Date or, in the event of any condition consisting in the receipt and continuing validity and effect of any regulatory approval, the Settlement Date,

(1) rescind and terminate the Offer, and immediately return to TELECOM s shareholders any TELECOM Shares tendered thereby, without any consideration in exchange therefor, and/or

(2) modify the terms and conditions of the Offer,

if AMX determines in good faith and in its sole discretion, for purposes of either (1) or (2) above, that any of the following conditions has occurred:

Adverse Governmental Action: The commencement of an Adverse Governmental Action.

Consents: AMX s or TELECOM s failure to obtain from any public, governmental, judicial, legislative or regulatory authority, of from any individual or entity, any waiver, consent or approval necessary to consummate the Offer and the other transactions envisioned by AMX, or to enable any shareholder to participate in the Offer or the other transactions envisioned by AMX, or if the terms and conditions of any such waiver, consent or approval are not acceptable to AMX in its reasonable discretion.

Adverse Changes in the Issuer s Condition: Any change or potential change (or any condition, event or circumstance that could be expected to result in a change) in the business activities, properties, assets, liabilities, obligations, capitalization, equity interests, financial or other condition, operations, licenses, concessions, permits, permit applications, operating results, cash flows or prospects of TELECOM or any of its subsidiaries and affiliates, which in AMX s discretion has had or could be expected to have a material adverse effect on TELECOM or any of its subsidiaries or affiliates, or if AMX has acquired knowledge of any fact which in its sole discretion has had or could be expected to have a material adverse effect on the value of TELECOM or any of its subsidiaries, or the TELECOM Shares.

Adverse Changes in the Market Conditions: An actual or threatened (i) suspension of trading in or the imposition of any restriction on the trading price of any securities on any stock exchange, secondary or over-the-counter market, or any decrease in the Dow Jones Industrial Average, the Standard & Poor s Index of 500 Industrial Companies, Mexico s National Consumer Price Index or the Mexico Index, in excess of 10%, since the closing of business on the last trading day prior to the Commencement Date, or material adverse change in the price of the securities listed on the BMV or the New York Stock Exchange (NYSE), (ii) declaration of default or

banking moratorium by the local or federal authorities of Mexico or the United States, whether or not mandatory, (iii) event or restriction (whether or not mandatory) imposed by any authority, entity or agency, which in AMX s discretion could affect the availability of credit or financing from the banking system, (iv) commencement or escalation of any war, hostilities, threats, terrorist acts or other national or international crisis directly or indirectly affecting Mexico or the United States, (v) material change in the exchange rate of the Mexican peso in the United States, or in any other exchange rate, or any suspension or restriction in the relevant foreign exchange, financial or securities markets (whether or not mandatory), or (vi) if any such act or event is ongoing as of the Commencement Date, any escalation or deterioration in any such act or event.

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The occurrence of any of the events upon which the Offer is conditioned will be determined by AMX in its sole and reasonable discretion. Such conditions have been established for AMX s exclusive benefit and may be invoked, exercised or decided upon by AMX regardless of the circumstances giving rise thereto. Such conditions may be waived by AMX (to the extent permitted by law) in whole or in part, from time to time, at AMX s sole discretion. AMX failure to exercise any such right will not be construed as a waiver thereof. No waiver of any such right in respect of any particular event or circumstance will constitute or be deemed to constitute a waiver with respect of any other particular fact or circumstance. Each such right shall constitute a continuing right that may be exercised or invoked at any time and from time to time. Any determination by AMX based upon any of the events described in this Section 8, Conditions for the Offer, of this Disclosure Statement, shall be final and binding upon all parties.

AMX reserves the right to rescind and terminate the Offer upon the verification of any of the aforementioned conditions. In such event, AMX will publicly announce such event or waive the relevant condition. Upon termination of the Offer, those TELECOM shareholders who may have tendered their shares will not have any right or claim against AMX as a result of such termination. The foregoing right may be exercised by AMX at any time prior to its acceptance of any TELECOM Shares tendered in connection with the Offer.

Following the commencement of the Offering Period, the Offer will not be subject to any condition other than those described in this section. The receipt by the Underwriter of any TELECOM Shares validly tendered in connection with the Offer shall not be construed as a waiver of any of the aforementioned conditions by AMX.

No waiver by AMX of its right to rescind and terminate the Offer at any time upon the occurrence of any of the conditions described herein shall constitute or be deemed to constitute a permanent waiver of AMX s right to invoke such condition at any future time.

On the first business day after the Expiration Date, AMX, taking into consideration the satisfaction or absence of the conditions described in this section, will disclose to the public, through a press release, whether or not it intends to accept the TELECOM Shares tendered in connection with the Offer and, as the case may be, the aggregate number of shares so tendered and accepted. Any such announcement shall constitute an acknowledgment on the part of AMX to the effect that the Offer has been consummated and that AMX will proceed to settle the Offer in the terms and in accordance with the procedure described herein. Any such announcement will also be released through EMISNET.

For purposes of the conditions referred to in this Section 8 of this Disclosure Statement, Conditions for the Offer, (i) on February 11, 2010, the CNBV resolved by a majority of votes to unconditionally approve the foregoing transaction, and (ii) the Offer was approved by AMX s shareholders meeting on March 17, 2010.

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9. ARRANGEMENTS PREDATING THE OFFER

a. Preliminary Discussions and Analysis

In November 2009, the chief executive officers of AMX and TELINT, Messrs. Daniel Hajj and Oscar Von Hauske, respectively, began discussing a potential arrangement for the joint provision of telecommunications services to their customers in Brazil in order to match the offerings available from their competitors in the integrated fixed-line and wireless telephony sector. Subsequent discussions between Messrs. Hajj and Von Hauske expanded to include other potential synergies or business opportunities, not only in Brazil but in some of the other countries in which both companies operate.

The preliminary discussions led to a series of meetings in late December 2009. Such meetings were held as part of the ongoing quest for business opportunities to maximize the use of the 3G technology developed by AMX in the region, and to provide converging services based upon the technologies implemented by both AMX and TELINT. These meetings in turn led to a more comprehensive approach towards the integration of services, including through the potential merger or overall reorganization of some of their operating companies in the region, including those in Brazil and Colombia.

In early January 2010, Mr. Daniel Hajj began discussing with the Slim Family and TELECOM s directors the possibility of combining the operations of AMX, TELECOM and TELINT, in lieu of a more limited merger or combination of some of AMX s and TELINT s operating subsidiaries. These discussions led to the conclusion that such a combination would provide the shareholders of both companies not only with an integrated service but also with significant long-term synergies among AMX s and TELINT s business operations, licenses, infrastructure and managements in various Latin American countries. They developed a proposal pursuant to which AMX would offer shares of its capital stock as consideration in connection with any such operation, based upon an exchange ratio that would take into consideration the relative market prices of each of AMX s and TELINT s Series L shares, given their high market liquidity. As with respect to TELECOM, they discussed the possibility of using the market price of the Series L shares of each of AMX, TELINT and TELMEX, and TELECOM s net debt.

Following the aforementioned discussions, in early January 2010, Messrs. Hajj and Von Hauske, together with certain members of the Slim Family and TELECOM directors, concluded that the proposed combination should be analyzed from a corporate and regulatory standpoint in order to submit a formal proposal for its consideration by AMX s Board of Directors in accordance with Mexican applicable procedures. Such conclusion was based, among other things, on (i) the fact that the evolution in the telecommunications industry has led to the existence of concurrent technological platforms for voice, data and video streaming services, (ii) the recent development in terms of applications, functionalities and equipment, (iii) the increased demand for services in Latin America, (iv) the advantages derived from offering integrated communication services in the region, regardless of the platform of origin of such services, and (v) the opportunity to create long-term synergies.

Over the weekend of January 9 and 10, 2010, Mr. Hajj contacted several of AMX s executive officers, principal shareholders and outside counsel, and the Slim Family, to discuss the viability and potential structure of such a business combination. He also contacted certain representatives of AT&T, which is one of TELINT s and AMX s principal shareholders, to inform such shareholder of AMX s plans in connection with the proposed transaction. Over the same weekend, the General Counsel and Secretary of the Board of Directors of AMX, Mr. Alejandro Cantú Jiménez, and the company s outside counsel, discussed and devised a preliminary structure for the proposed combination. On January 11, 2010, a working group comprised by various executive offices and advisors informed Mr. Hajj that the preferred structure for such combination would be a concurrent purchase and subscription offer targeted towards TELECOM s and TELINT s shareholders, given that any merger or other alternatives to achieve such combination would under Mexican law give rise to adverse tax consequences and involve cumbersome regulatory approval processes in Mexico and the rest of Latin America.

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Over the course of the following week, AMX s Executive Director of Administration and Finance, Mr. Carlos García Moreno, and Mr. Cantú, held numerous telephone conferences and meetings with AMX s outside counsel and tax advisors, and with its financial advisor, Grupo Financiero Inbursa, S.A.B. de C.V. They further met and held several discussions with various representatives of AT&T, Inc., regarding the proposed combination.

The meeting of the Board of Directors took place as scheduled, on January 13. In attendance thereat were Messrs. García Moreno, Cantú Jiménez, as well as various representatives of Grupo Financiero Inbursa, S.A.B. de C.V., its financial advisor. Mr. Hajj submitted the proposed combination to the Board of Directors for its approval, which moved to authorize the company s executive officers to initiate the processes leading to the possible completion of the transaction in the proposed terms. The Board of Directors decision was unanimous, except that Messrs. Hajj and Patrick Slim Domit abstained from voting thereon to avoid any appearance of a conflict of interests, but were nevertheless in agreement with the resolution adopted by the remaining directors.

Immediately after the board meeting, AMX issued a notice of disclosure of the occurrence of a relevant event and announced its intention to conduct the Offer and the TELINT Offer. On the same date, AMX delivered a letter to each member of TELECOM s and TELINT s boards, requesting their authorization for AMX to commence the process towards the consummation of the Offer and the TELINT Offer, as required by Article Twelve of TELINT s bylaws and Article Thirteen of TELECOM s bylaws. Such letters contained all the additional information required to be disclosed to any person interested in the acquisition of 10% (ten percent) or more of the issued and outstanding shares of stock of TELECOM and TELINT, in accordance with their respective bylaws.

b. Approval by AMX s Board of Directors

As mentioned in subsection (a) above, on January 13, 2010, the members of AMX s Board of Directors resolved, by unanimous consent, to commence the process towards the consummation of the Offer in the terms set forth below, which terms were disclosed to the public and the Board of Directors of TELECOM:

América Móvil s Tender Offer for Carso Global Telecom and TELMEX Internacional

Mexico City, January 13, 2010. América Móvil, S.A.B. de C.V. (América Móvil) [BMV: AMX] [NYSE: AMX] [NASDAQ: AMOV] [LATIBEX: XAMXL] *announced today that it will launch an exchange offer to the shareholders of Carso Global Telecom, S.A.B. de C.V. (Telecom), pursuant to which, the shares of this entity would be exchanged for shares issued by América Móvil. The exchange ratio will be 2.0474 to 1, and thus, the shareholders of Telecom would receive 2.0474 shares of América Móvil per each Telecom share.*

If Telecom s shareholders tender all their Telecom shares, America Móvil would beneficially own 59.4% of the outstanding shares of Teléfonos de México, S.A.B. de C.V. (TELMEX), and 60.7% of the outstanding shares of TELMEX Internacional, S.A.B. de C.V. (TELMEX Internacional). Telecom s net indebtedness at the end of 2009 was approximately 22,017 million pesos.

América Móvil also announced that it will launch an offer for the exchange or purchase of all of the TELMEX Internacional s shares that are not already owned by Telecom (39.3%). The exchange ratio will be 0.373 shares of America Móvil per each TELMEX Internacional share or, if in cash, the purchase price would be 11.66 pesos per share.

In the event that, at completion of the processes described above, a sufficient number of shares are obtained, it is intended to delist both Telecom and TELMEX Internacional in the various securities markets in which their shares are registered.

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These transactions have been approved today by América Móvil s board of directors.

The evolution of the telecommunications industry has led to the development of technological platforms capable of providing combined voice, data and video transmission services. This circumstance, coupled with the most recent advances in applications, functionalities and equipment, points towards an imminent, exponential growth in the demand for data services in Latin America and the Caribbean. The business combination described herein will enable América Móvil to offer integrated communication services throughout the region, regardless of their platform of origin.

In addition, the business combination will enable América Móvil to create significant synergies, improve its marketing efforts and more efficiently use its networks and information systems and processes, which will in turn enable it to offer more integrated and universal services in increasingly attractive conditions to its customers. América Móvil also believes that the combined businesses will place it in a better position to focus on research and development in the telecommunications and information technology industries. Overall, the business combination will strengthen América Móvil s position as a world class company with nearly 250 million customers in 18 countries.

As a strong and competitive Mexican corporation, América Móvil will be well positioned to offer to its customers and investors the benefits of the significant technological changes occurring worldwide, which will be of particular relevance in Latin America.

The Offers will be conditioned upon the issuance of the requisite approvals.

About AMX

América Móvil is the leading provider of wireless services in Latin America. As of September 30, 2009, it had 194.3 million cellular and 3.8 million fixed-line subscribers in the American continent.

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Limitation of Liability

This document does not constitute an offer to sell any securities in the United States, Mexico, or elsewhere. No securities may be offered or sold in the United States, Mexico or any other jurisdiction, unless registered or exempted from registration therein. Any public offering of securities in the United States or Mexico must be made pursuant to a prospectus or Disclosure Statement available from América Móvil, containing detailed information with respect to América Móvil, Carso Global Telecom, S.A.B. de C.V. and/or TELMEX Internacional, S.A.B. de C.V., and their respective managements, financial information and other relevant data.

This document contains forward-looking statements, which reflect the current views or future expectations of América Móvil and its management with respect to its performance, business operations and future developments. We use words such as believe, anticipate, plan, expect, intend, target, estimate, project, predict, forecast, guideline, should and other similar expressions to identify forward-looking statements, but they are not the only way we identify such statements. Forward-looking statements involve inherent risks and uncertainties. We caution you that a number of important factors could cause actual results to differ materially from the plans, objectives, expectations, estimates and intentions expressed in such forward-looking statements. América Móvil does not undertake and expressly disclaims any obligation to update such statements in light of new information, future developments, or otherwise.

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c. Receipt of Notice and Approval by TELECOM s Board of Directors

As mentioned in subsection (a) above, on January 13, 2010, América Móvil informed TELECOM s board of directors of its intention to commence the process towards the completion of the Offer, and requested that it authorize the necessary actions for purposes of Article Thirteen of TELECOM s bylaws.

On January 14, 2010, TELECOM issued a public release with respect to the events described in the following excerpt thereof:

Mexico City, Federal District, January 14, 2010; Carso Global Telecom, S.A.B. de C.V. (BMV: TELECOM), hereby announces that it has received notice of the intent of América Móvil, S.A.B de C.V. (BMV and NYSE: AMX ; NASDAQ: AMOV) to conduct an exchange offer in respect of up to all of the registered shares of common stock of TELECOM, which notice is reproduced below:

AMÉRICA MÓVIL S TENDER OFFER FOR CARSO GLOBAL TELECOM AND TELMEX INTERNACIONAL

MEXICO CITY, JANUARY 13, 2010. AMÉRICA MÓVIL, S.A.B. DE C.V. (AMÉRICA MÓVIL) [BMV: AMX] [NYSE: AMX] [NASDAQ: AMOV] [LATIBEX: XAMXL] ANNOUNCED TODAY THAT IT WILL LAUNCH AN EXCHANGE OFFER TO THE SHAREHOLDERS OF CARSO GLOBAL TELECOM, S.A.B. DE C.V. (TELECOM), PURSUANT TO WHICH, THE SHARES OF THIS ENTITY WOULD BE EXCHANGED FOR SHARES ISSUED BY AMÉRICA MÓVIL. THE EXCHANGE RATIO WILL BE 2.0474 TO 1, AND THUS, THE SHAREHOLDERS OF TELECOM WOULD RECEIVE 2.0474 SHARES OF AMÉRICA MOVIL PER EACH TELECOM SHARE.

IF TELECOM S SHAREHOLDERS TENDER ALL THEIR TELECOM SHARES, AMERICA MOVIL WOULD BENEFICIALLY OWN 59.4% OF THE OUTSTANDING SHARES OF TELÉFONOS DE MÉXICO, S.A.B. DE C.V. (TELMEX), AND 60.7% OF THE OUTSTANDING SHARES OF TELMEX INTERNACIONAL, S.A.B. DE C.V. (TELMEX INTERNACIONAL). TELECOM S NET INDEBTEDNESS AT THE END OF 2009 WAS APPROXIMATELY 22,017 MILLION PESOS.

AMÉRICA MOVIL ALSO ANNOUNCED THAT IT WILL LAUNCH AN OFFER FOR THE EXCHANGE OR PURCHASE OF ALL OF THE TELMEX INTERNACIONAL S SHARES THAT ARE NOT ALREADY OWNED BY TELECOM (39.3%). THE EXCHANGE RATIO WILL BE 0.373 SHARES OF AMERICA MOVIL PER EACH TELMEX INTERNACIONAL SHARE OR, IF IN CASH, THE PURCHASE PRICE WOULD BE 11.66 PESOS PER SHARE.

IN THE EVENT THAT, AT COMPLETION OF THE PROCESSES DESCRIBED ABOVE, A SUFFICIENT NUMBER OF SHARES ARE OBTAINED, IT IS INTENDED TO DELIST BOTH TELECOM AND TELMEX INTERNACIONAL IN THE VARIOUS SECURITIES MARKETS IN WHICH THEIR SHARES ARE REGISTERED.

THESE TRANSACTIONS HAVE BEEN APPROVED TODAY BY AMÉRICA MÓVIL S BOARD OF DIRECTORS.

THE EVOLUTION OF THE TELECOMMUNICATIONS INDUSTRY HAS LED TO THE DEVELOPMENT OF TECHNOLOGICAL PLATFORMS CAPABLE OF PROVIDING COMBINED VOICE, DATA AND VIDEO TRANSMISSION SERVICES. THIS CIRCUMSTANCE, COUPLED WITH THE MOST RECENT ADVANCES IN APPLICATIONS, FUNCTIONALITIES AND EQUIPMENT, POINTS TOWARDS AN IMMINENT, EXPONENTIAL GROWTH IN THE DEMAND FOR DATA SERVICES IN LATIN AMERICA AND THE CARIBBEAN. THE BUSINESS COMBINATION DESCRIBED HEREIN WILL ENABLE AMÉRICA MÓVIL TO OFFER

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INTEGRATED COMMUNICATION SERVICES THROUGHOUT THE REGION, REGARDLESS OF THEIR PLATFORM OF ORIGIN. IN ADDITION, THE BUSINESS COMBINATION WILL ENABLE AMÉRICA MÓVIL TO CREATE SIGNIFICANT SYNERGIES, IMPROVE ITS MARKETING EFFORTS AND MORE EFFICIENTLY USE ITS NETWORKS AND INFORMATION SYSTEMS AND PROCESSES, WHICH WILL IN TURN ENABLE IT TO OFFER MORE INTEGRATED AND UNIVERSAL SERVICES IN INCREASINGLY ATTRACTIVE CONDITIONS TO ITS CUSTOMERS. AMÉRICA MÓVIL ALSO BELIEVES THAT THE COMBINED BUSINESSES WILL PLACE IT IN A BETTER POSITION TO FOCUS ON RESEARCH AND DEVELOPMENT IN THE TELECOMMUNICATIONS AND INFORMATION TECHNOLOGY INDUSTRIES. OVERALL, THE BUSINESS COMBINATION WILL STRENGTHEN AMÉRICA MÓVIL S POSITION AS A WORLD CLASS COMPANY WITH NEARLY 250 MILLION CUSTOMERS IN 18 COUNTRIES.

AS A STRONG AND COMPETITIVE MEXICAN CORPORATION, AMÉRICA MÓVIL WILL BE WELL POSITIONED TO OFFER TO ITS CUSTOMERS AND INVESTORS THE BENEFITS OF THE SIGNIFICANT TECHNOLOGICAL CHANGES OCCURRING WORLDWIDE, WHICH WILL BE OF PARTICULAR RELEVANCE IN LATIN AMERICA.

THE OFFERS WILL BE CONDITIONED UPON THE ISSUANCE OF THE REQUISITE APPROVALS.

ABOUT AMX

AMÉRICA MÓVIL IS THE LEADING PROVIDER OF WIRELESS SERVICES IN LATIN AMERICA. AS OF SEPTEMBER 30, 2009, IT HAD 194.3 MILLION CELLULAR AND 3.8 MILLION FIXED-LINE SUBSCRIBERS IN THE AMERICAN CONTINENT.

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LIMITATION OF LIABILITY

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THIS DOCUMENT CONTAINS FORWARD-LOOKING STATEMENTS, WHICH REFLECT THE CURRENT VIEWS OR FUTURE EXPECTATIONS OF AMÉRICA MÓVIL AND ITS MANAGEMENT WITH RESPECT TO ITS PERFORMANCE, BUSINESS OPERATIONS AND FUTURE DEVELOPMENTS. WE USE WORDS SUCH AS BELIEVE, ANTICIPATE, PLAN, EXPECT, INTEND, TARGET, ESTIMATE, PROJECT, PREDICT, FORECAST, GUIDELINE, SHOULD AND OTHER SIMILAR EXPRESSIONS TO IDENTIFY FORWARD-LOOKING STATEMENTS, BUT THEY ARE NOT THE ONLY WAY WE IDENTIFY SUCH STATEMENTS. FORWARD-LOOKING STATEMENTS INVOLVE INHERENT RISKS AND UNCERTAINTIES. WE CAUTION YOU THAT A NUMBER OF IMPORTANT FACTORS COULD CAUSE ACTUAL RESULTS TO DIFFER MATERIALLY FROM THE PLANS, OBJECTIVES, EXPECTATIONS, ESTIMATES AND INTENTIONS EXPRESSED IN SUCH FORWARD-LOOKING STATEMENTS. AMÉRICA MÓVIL DOES NOT UNDERTAKE AND EXPRESSLY

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Preliminary Disclosure Statement

Dated April 29, 2010

DISCLAIMS ANY OBLIGATION TO UPDATE SUCH STATEMENTS IN LIGHT OF NEW INFORMATION, FUTURE DEVELOPMENTS, OR OTHERWISE.

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ABOUT AMX

AMÉRICA MÓVIL IS THE LEADING PROVIDER OF WIRELESS SERVICES IN LATIN AMERICA. AS OF SEPTEMBER 30, 2009, IT HAD 194.3 MILLION CELLULAR AND 3.8 MILLION FIXED-LINE SUBSCRIBERS IN THE AMERICAN CONTINENT.

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THE SHARES SUBJECT MATTER OF THE EXCHANGE OFFER WILL REPRESENT UP TO 100% OF THE CAPITAL STOCK OF TELECOM. THE OFFER IS CONDITIONED UPON THE RECEIPT OF ALL THE REQUISITE APPROVALS, INCLUDING THE APPROVAL OF THE NATIONAL BANKING AND SECURITIES COMMISSION.

TELECOM S BOARD OF DIRECTORS EXPRESSED ITS INTEREST IN THE PROPOSAL AND RESOLVED TO AUTHORIZE ITS AUDIT AND CORPORATE GOVERNANCE COMMITTEE TO TAKE ALL THE ACTIONS MANDATED BY THE APPLICABLE LAWS, INCLUDING THE PREPARATION OF THE RELEVANT OPINIONS AND THE APPOINTMENT OF EXPERTS AND ADVISORS TO ANALYZE SUCH PROPOSAL, SO AS TO FACILITATE THE SUCCESSFUL COMPLETION OF THE OFFER.

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BASED UPON ARTICLE THIRTEEN OF TELECOM S BYLAWS, THE BOARD OF DIRECTORS OF TELECOM AUTHORIZED AMÉRICA MÓVIL TO LAUNCH THE PROPOSED OFFER.

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THIS NOTICE DOES NOT CONSTITUTE AN OFFER IN RESPECT OF ANY TYPE OF SHARES. NO SECURITIES MAY BE PUBLICLY OFFERED UNTIL AFTER THE RELEVANT OFFER HAS BEEN APPROVED BY THE NATIONAL BANKING AND SECURITIES COMMISSION IN ACCORDANCE WITH THE SECURITIES MARKET LAW.

LIMITATION OF LIABILITY: THIS DOCUMENT MAY CONTAIN FORWARD-LOOKING STATEMENTS, WHICH REFLECT OUR CURRENT VIEWS OR FUTURE EXPECTATIONS WITH RESPECT TO OUR PERFORMANCE, BUSINESS OPERATIONS AND FUTURE DEVELOPMENTS. SUCH FORECASTS INCLUDE, WITHOUT LIMITATION, CERTAIN STATEMENTS THAT MAY PREDICT, INDICATE OR IMPLY FUTURE RESULTS, PERFORMANCE OR ACHIEVEMENTS, AND MAY CONTAIN WORDS SUCH AS BELIEVE, ANTICIPATE, EXPECT, IN OUR OPINION, MAY RESULT, AND OTHER WORDS OF SIMILAR IMPORT. FORWARD-LOOKING STATEMENTS INVOLVE INHERENT RISKS AND UNCERTAINTIES. WE CAUTION YOU THAT A NUMBER OF IMPORTANT FACTORS COULD CAUSE ACTUAL RESULTS TO DIFFER MATERIALLY FROM THE PLANS, OBJECTIVES, EXPECTATIONS, ESTIMATES AND INTENTIONS EXPRESSED HEREIN. NEITHER WE NOR OUR SUBSIDIARIES, AFFILIATES, DIRECTORS, EXECUTIVE OFICERS, AGENTS OR EMPLOYEES ASSUME ANY RESPONSIBILITY WHATSOEVER TO ANY THIRD PARTY (INCLUDING ANY INVESTOR) FOR ANY INVESTMENT, DECISION OR ACTION TAKEN IN CONNECTION WITH THE OFFER CONTAINED IN THIS DOCUMENT OR FOR ANY CONSEQUENTIAL, SPECIAL OR OTHER SIMILAR DAMAGES SUFFEREDTHEREBY.

Pursuant to Article 48 of the LMV and Article 130 of the General Corporations Law, Article Thirteen of TELECOM s bylaws incorporates protections against the acquisition, directly or indirectly, of a controlling ownership position in TELECOM by any shareholder, group of related shareholders acting in concert, or third party. Pursuant to such provisions, any acquisition of TELECOM s shares or other securities the underlying instruments of which are TELECOM Shares or any rights thereto, representing 10% (ten percent) or more of TELECOM s voting capital, in a single transaction or a series of successive transactions, is subject to the prior approval of TELECOM s Board of Directors.

Any person or group of persons intending to acquire 10% (ten percent) or more of the outstanding voting shares of TELECOM, must request in writing the aforementioned authorization to the Chairman and the Secretary of TELECOM s Board of Directors.

If the Board of Directors declines such request, it must designate one or more buyers, and such buyers will be required to pay to the seller the most recent price reported by the BMV. The price for any shares not registered with the RNV will be determined in accordance with the procedure set forth in Article 130 of the General Corporations Law.

The Board of Directors will issue its decision to that effect within three months from the receipt of the request, or the date of receipt of any additional information requested by it, as the case may be, taking into consideration (i) such criteria as may best conform to the interests, business operations and long term prospects of TELECOM and its subsidiaries, (ii) the economic benefits resulting from the observance of Article Twelve of TELECOM s bylaws, which must not be exclusive of any one or more TELECOM shareholders other than the person intending to acquire its control, and (iii) not to complete preclude the acquisition of TELECOM s control.

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In addition, TELECOM s bylaws provide that for so long as TELECOM s shares are registered with the RNV, any such transaction carried out through the BMV will be subject, in addition, to the provisions contained in the LMV or any resolution issued by the CNBV.

TELECOM s bylaws further provide that in the event of any acquisition required to be made through a tender offer in terms of the LMV, the prospective buyer must (i) satisfy all applicable legal requirements, (ii) obtain all the requisite regulatory approvals, and (iii) secure the Board of Director s authorization prior to the commencement of the applicable offering period. In any event, any person intending to acquire 10% (ten percent) or more of TELECOM s capital stock must disclose any action taken thereby to secure the authorization of the Board of Directors in accordance with TELECOM s bylaws.

d. Receipt of Notice and Approval by TELINT s Board of Directors

As mentioned in subsection (a) above, on January 13, 2010, América Móvil informed TELINT s board of directors of its intention to commence the process towards the completion of the TELINT Offer, and requested that it authorize the necessary actions for purposes of Article Twelve of TELINT s bylaws.

On January 14, 2010, TELINT issued a public release with respect to the events described in the following excerpt thereof:

Mexico City, Federal District, January 14, 2010; TELMEX Internacional, S.A.B. de C.V. (BMV: TELINT , NYSE: TII , LATIBEX: XTII), hereby announces that it has received notice of the intent of América Móvil, S.A.B de C.V. (BMV and NYSE: AMX ; NASDAQ: AMOV) to conduct an exchange offer in respect of up to all of the registered shares of common stock of TELINT other than those owned by Carso Global Telecom, S.A.B. de C.V., which notice is reproduced below:

AMÉRICA MÓVIL S TENDER OFFER FOR CARSO GLOBAL TELECOM AND TELMEX INTERNACIONAL

MEXICO CITY, JANUARY 13, 2010. AMÉRICA MÓVIL, S.A.B. DE C.V. (AMÉRICA MÓVIL) [BMV: AMX] [NYSE: AMX] [NASDAQ: AMOV] [LATIBEX: XAMXL] ANNOUNCED TODAY THAT IT WILL LAUNCH AN EXCHANGE OFFER TO THE SHAREHOLDERS OF CARSO GLOBAL TELECOM, S.A.B. DE C.V. (TELECOM), PURSUANT TO WHICH, THE SHARES OF THIS ENTITY WOULD BE EXCHANGED FOR SHARES ISSUED BY AMÉRICA MÓVIL. THE EXCHANGE RATIO WILL BE 2.0474 TO 1, AND THUS, THE SHAREHOLDERS OF TELECOM WOULD RECEIVE 2.0474 SHARES OF AMÉRICA MOVIL PER EACH TELECOM SHARE.

IF TELECOM S SHAREHOLDERS TENDER ALL THEIR TELECOM SHARES, AMERICA MOVIL WOULD BENEFICIALLY OWN 59.4% OF THE OUTSTANDING SHARES OF TELÉFONOS DE MÉXICO, S.A.B. DE C.V. (TELMEX), AND 60.7% OF THE OUTSTANDING SHARES OF TELMEX INTERNACIONAL, S.A.B. DE C.V. (TELMEX INTERNACIONAL). TELECOM S NET INDEBTEDNESS AT THE END OF 2009 WAS APPROXIMATELY 22,017 MILLION PESOS.

AMÉRICA MOVIL ALSO ANNOUNCED THAT IT WILL LAUNCH AN OFFER FOR THE EXCHANGE OR PURCHASE OF ALL OF THE TELMEX INTERNACIONAL S SHARES THAT ARE NOT ALREADY OWNED BY TELECOM (39.3%). THE EXCHANGE RATIO WILL BE 0.373 SHARES OF AMERICA MOVIL PER EACH TELMEX INTERNACIONAL SHARE OR, IF IN CASH, THE PURCHASE PRICE WOULD BE 11.66 PESOS PER SHARE.

IN THE EVENT THAT, AT COMPLETION OF THE PROCESSES DESCRIBED ABOVE, A SUFFICIENT NUMBER OF SHARES ARE OBTAINED, IT IS INTENDED TO DELIST BOTH

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TELECOM AND TELMEX INTERNACIONAL IN THE VARIOUS SECURITIES MARKETS IN WHICH THEIR SHARES ARE REGISTERED.

THESE TRANSACTIONS HAVE BEEN APPROVED TODAY BY AMÉRICA MÓVIL S BOARD OF DIRECTORS.

THE EVOLUTION OF THE TELECOMMUNICATIONS INDUSTRY HAS LED TO THE DEVELOPMENT OF TECHNOLOGICAL PLATFORMS CAPABLE OF PROVIDING COMBINED VOICE, DATA AND VIDEO TRANSMISSION SERVICES. THIS CIRCUMSTANCE, COUPLED WITH THE MOST RECENT ADVANCES IN APPLICATIONS, FUNCTIONALITIES AND EQUIPMENT, POINTS TOWARDS AN IMMINENT, EXPONENTIAL GROWTH IN THE DEMAND FOR DATA SERVICES IN LATIN AMERICA AND THE CARIBBEAN. THE BUSINESS COMBINATION DESCRIBED HEREIN WILL ENABLE AMÉRICA MÓVIL TO OFFER INTEGRATED COMMUNICATION SERVICES THROUGHOUT THE REGION, REGARDLESS OF THEIR PLATFORM OF ORIGIN.

IN ADDITION, THE BUSINESS COMBINATION WILL ENABLE AMÉRICA MÓVIL TO CREATE SIGNIFICANT SYNERGIES, IMPROVE ITS MARKETING EFFORTS AND MORE EFFICIENTLY USE ITS NETWORKS AND INFORMATION SYSTEMS AND PROCESSES, WHICH WILL IN TURN ENABLE IT TO OFFER MORE INTEGRATED AND UNIVERSAL SERVICES IN INCREASINGLY ATTRACTIVE CONDITIONS TO ITS CUSTOMERS. AMÉRICA MÓVIL ALSO BELIEVES THAT THE COMBINED BUSINESSES WILL PLACE IT IN A BETTER POSITION TO FOCUS ON RESEARCH AND DEVELOPMENT IN THE TELECOMMUNICATIONS AND INFORMATION TECHNOLOGY INDUSTRIES. OVERALL, THE BUSINESS COMBINATION WILL STRENGTHEN AMÉRICA MÓVIL S POSITION AS A WORLD CLASS COMPANY WITH NEARLY 250 MILLION CUSTOMERS IN 18 COUNTRIES.

AS A STRONG AND COMPETITIVE MEXICAN CORPORATION, AMÉRICA MÓVIL WILL BE WELL POSITIONED TO OFFER TO ITS CUSTOMERS AND INVESTORS THE BENEFITS OF THE SIGNIFICANT TECHNOLOGICAL CHANGES OCCURRING WORLDWIDE, WHICH WILL BE OF PARTICULAR RELEVANCE IN LATIN AMERICA.

THE OFFERS WILL BE CONDITIONED UPON THE ISSUANCE OF THE REQUISITE APPROVALS.

ABOUT AMX

AMÉRICA MÓVIL IS THE LEADING PROVIDER OF WIRELESS SERVICES IN LATIN AMERICA. AS OF SEPTEMBER 30, 2009, IT HAD 194.3 MILLION CELLULAR AND 3.8 MILLION FIXED-LINE SUBSCRIBERS IN THE AMERICAN CONTINENT.

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Dated April 29, 2010

DE C.V. AND/OR TELMEX INTERNACIONAL, S.A.B. DE C.V., AND THEIR RESPECTIVE MANAGEMENTS, FINANCIAL INFORMATION AND OTHER RELEVANT DATA.

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THE SHARES SUBJECT MATTER OF THE PURCHASE OR EXCHANGE OFFER WILL REPRESENT UP TO 39.3% OF THE CAPITAL STOCK OF TELINT AND CONSIST OF THE SHARES OF TELINT OTHER THAN THOSE CURRENTLY OWNED BY CARSO GLOBAL TELECOM, S.A.B. DE C.V. THE OFFER IS CONDITIONED UPON THE RECEIPT OF ALL THE REQUISITE APPROVALS, INCLUDING THE APPROVAL OF THE NATIONAL BANKING AND SECURITIES COMMISSION.

TELINT S BOARD OF DIRECTORS EXPRESSED ITS INTEREST IN THE PROPOSAL AND RESOLVED TO AUTHORIZE ITS AUDIT AND CORPORATE GOVERNANCE COMMITTEE TO TAKE ALL THE ACTIONS MANDATED BY THE APPLICABLE LAWS, INCLUDING THE PREPARATION OF THE RELEVANT OPINIONS AND THE APPOINTMENT OF EXPERTS AND ADVISORS TO ANALYZE SUCH PROPOSAL, SO AS TO FACILITATE THE SUCCESSFUL COMPLETION OF THE OFFER.

BASED UPON ARTICLE TWELVE OF TELINT S BYLAWS, THE BOARD OF DIRECTORS OF TELINT AUTHORIZED AMÉRICA MÓVIL TO LAUNCH THE PROPOSED OFFER.

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HEREIN. NEITHER WE NOR OUR SUBSIDIARIES, AFFILIATES, DIRECTORS, EXECUTIVE OFICERS, AGENTS OR EMPLOYEES ASSUME ANY RESPONSIBILITY WHATSOEVER TO ANY THIRTY PARTY (INCLUDING ANY INVESTOR) FOR ANY INVESTMENT, DECISION OR ACTION TAKEN IN CONNECTION WITH THE OFFER CONTAINED IN THIS DOCUMENT OR FOR ANY CONSEQUENTIAL, SPECIAL OR OTHER SIMILAR DAMAGES SUFFEREDTHEREBY.

e. Financial Advisor and Independent Expert Retained by AMX s Audit and Corporate Governance Committee, in accordance with Mexican law

On February 9, 2010, AMX s Audit and Corporate Governance Committee issued a favorable opinion with respect to the commencement of the Offer by AMX. Likewise, it resolved, among other things, to ratify the appointment of Credit Suisse. Said appointment was approved by AMX s Board of Directors on January 13, 2010. In connection with the Offers, Credit Suisse was requested (in its capacity as independent expert advisor engaged by AMX s Board of Directors, in accordance with, and for purposes of, Mexican law) to issue for the information of AMX s Board of Directors its opinion, from a financial standpoint, as to the fairness for AMX of the cash consideration or the exchange for AMX Shares offered to TELECOM s shareholders in connection with the Offer.

f. Opinion of AMX s Financial Advisor and Independent Expert, for Mexican Law Purposes

During the meeting of the Board of Directors of AMX held March 9, 2010, Credit Suisse (in its capacity as the independent expert retained by AMX s Board of Directors, exclusively for purposes of and in accordance with Mexican law) stated its verbal opinion, later confirmed in writing, to the effect that as of the date thereof and based upon the facts and conditions disclosed therein, a copy of which is attached hereto as Exhibit 25(a), the consideration in cash or in AMX Shares offered to TELECOM s shareholders is reasonable from a financial standpoint to AMX. The opinion was issued solely for the information of AMX s Board of Directors (solely in its capacity as such) for purposes of evaluating the Offer from a financial standpoint and not for the benefit of shareholders, and is subject to several presumptions, qualifications, limitations and considerations. The opinion does not deal in any way with other aspects of the Offer, and does not purport to be a recommendation, and shall not be understood as a recommendation to the shareholders in connection with their participation in the Offer or any other matter.

g. Independent Expert Retained by TELECOM s Audit and Corporate Governance Committee

As disclosed by TELECOM on March 19, 2010, TELECOM s Audit and Corporate Governance Committee confirmed Santander s appointment as independent expert advisor engaged by TELECOM s Board of Directors for purposes of the issuance of an opinion as to the financial fairness of the exchange ratio proposed in connection with the Offer. Based upon the facts disclosed thereto, and the other considerations described in its opinion, a copy of which is attached hereto as Exhibit 25(b), Santander advised TELECOM s Board of Directors that the exchange ratio offered to TELECOM s shareholders is fair from a financial standpoint. Recipients of this Disclosure Statement are advised to review Exhibit 25(b) hereto to fully understand such opinion, including the facts upon which it is based and any qualifications thereto.

h. Approval by TELECOM s Board of Directors

As disclosed by TELECOM on March 19, 2010, pursuant to Article 101 of the LMV its Board of Directors, taking into consideration Santander s independent expert opinion and the opinion of TELECOM s Audit and Corporate Governance Committee, both to the effect that the exchange ratio offered by AMX in connection with the Offer is justified from a financial standpoint and, accordingly, is fair to TELECOM s shareholders, determined that the exchange ratio for purposes of the Offer is fair and reasonable from a financial standpoint.

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In addition, pursuant to Article 101 of the LMV, all members of TELECOM s Board of Directors holding TELECOM Shares, and TELECOM s Chief Executive Officer, Mr. Jaime Chico Pardo, have informed AMX that they and their related parties intend to participate in the Offer in the terms proposed by AMX, assuming that the economic situation and market conditions remain stable.

Finally, the members of TELECOM s Board of Directors indicated that, notwithstanding the fact that in their opinion they have no conflicts of interests in connection with the Offer, in order to avoid any potential perception as to the existence of any such conflict Messrs. Arturo Elías Ayub, Daniel Hajj Aboumrad, Carlos Slim Domit, Marco Antonio Slim Domit, Patrick Slim Domit, and Héctor Slim Seade, who are either directors or alternate directors of TELECOM, decided to abstain from participating in any discussion with respect to the Offer, but were nevertheless in agreement with the resolution adopted by the remaining directors.

i. Approval by AMX s General Ordinary Shareholders Meeting

As part of the process associated with the Offer, the Offer was approved by AMX s general shareholders meeting on March 17, 2010.

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10. INTENT

AMX intends to purchase up to 3,481,765,200 Series A-1 full-voting shares, no par value, issued in registered form representing 100% (one hundred percent) of TELECOM s outstanding capital, and to concurrently offer for their subscription up to 7,128,566,070 of its Series L limited-voting shares, no par value, issued in registered form, based upon an exchange ratio of 2.0474 Series L AMX Shares for each TELECOM Share.

For additional information concerning AMX plans and prospects, see Section 11 of this Disclosure Statement, Purpose and Future Plans.

As announced by AMX, subject to the satisfaction of the applicable requirements AMX intends to cancel the registration of the TELECOM Shares and the TELINT Shares with the RNV. Such cancellation is subordinated to the primary purpose of the Offer and the TELINT Offer, which is for AMX to acquire up to 100% (one hundred percent) of the outstanding shares of TELECOM and TELINT. In other words, in conducting the Offer and the TELINT Offer, AMX does not primarily seek to obtain the cancellation of the registration of the TELECOM Shares and the TELINT Shares with the RNV, and such cancellation will be a consequence of the acquisition of the TELECOM Shares and the TELINT Shares by AMX and will be subject to the satisfaction of all applicable legal requirements and the receipt of all the requisite corporate approvals.

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11. PURPOSE AND FUTURE PLANS

The primary purpose of the Offer is for AMX to acquire all of the outstanding shares of stock of TELECOM available in the open market, and for TELECOM s participating shareholders to subscribe AMX Shares.

Consolidation of Operations and Creation of Synergies between AMX and TELINT

The purpose of the Offer and the TELINT Offer is for AMX to acquire, directly or indirectly, substantially all of the outstanding shares of stock of TELECOM and TELINT, so as to integrate AMX s wireless communication services with TELINT s voice, data and video transmission, Internet access and other telecommunications services in Brazil, Colombia and certain Latin American countries where both AMX and TELINT currently operate. AMX believes that the evolution of the telecommunications industry in the past few years has resulted in the development of integrated technological platforms capable of providing combined voice, data and video transmission services. This circumstance, coupled with the most recent advances in applications, functionalities and equipment, points towards an exponential increase in the demand for data services throughout Latin America. AMX believes that the proposed business combination would enable it to provide integrated communication services to its customers in the two companies operating regions, regardless of their platform of origin at any given time.

AMX and TELINT have significant operations in seven countries. AMX provides wireless voice and data services in each such country. The following table contains a description of the services offered by TELINT in each such country:

Country	TELINT
Brazil	National and international long-distance telephony
	Internet access
	DTH TV
	VPN data solutions
	Managed voice, data and video transmission
	Data Center
	Call Center
	Satellite TV
Chile	National and international long-distance telephony
	Internet access
	DTH-HFC TV
	VPN data solutions

	Managed voice, data and video transmission
	Data Center
	Satellite TV
Argentina	National and international long-distance telephony
	Internet access
	VPN data solutions
	Managed voice, data and video transmission
	Data Center
	Print and Internet-based yellow-page directories
Colombia	National and international long-distance telephony
	Internet access
	VPN data solutions
	Managed voice, data and video transmission
	Data Center
	Print and Internet-based yellow-page directories

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Country	TELINT
Peru	National and international long-distance telephony
	Public telephony
	Internet access
	DTH-HFC TV
	VPN data solutions
	Managed voice, data and video transmission
	Satellite TV
	Print and Internet-based yellow-page directories
Ecuador	National and international long-distance telephony
	Public telephony
	Internet access
	VPN data solutions
	Data Center
	HFC Pay TV
Uruguay	National and international long-distance telephony
	Internet access
	VPN data solutions
	International managed voice, data and video transmission
	Data Center

* Through its subsidiaries, TELINT offers double- and triple-play services in Brazil, Chile, Colombia, Peru and Ecuador. TELINT also offers double-play services in Argentina.

AMX anticipates that upon completion of the Offer and the TELINT Offer it will be able to create synergies and opportunities for growth throughout Latin America and, particularly, in these seven countries. The proposed business combination will facilitate the use of the operating companies networks, information systems, management and personnel, and will enable them to provide more universally integrated services to their customers. AMX expects that the combined entity will enjoy of a strengthened position towards the major suppliers and will be better able

to implement new technologies.

AMX has identified several areas where it may develop specific plans in terms of its consolidation and the creation of synergies: (1) operations, networking and IT; (2) legal, taxation and finance; (3) marketing and distribution; and (4) organization. Upon consummation of the Offer and the TELINT Offer, AMX expects to work closely with TELINT towards the achievement of results in these four primary areas. AMX has not prepared any estimates as to the specific financial effects of any of these measures.

AMX has not committed any disposition, liquidation or restructuring of the business assets of either TELECOM or TELINT. AMX does not currently anticipate being required to make any such disposition of assets by the competent regulatory or antitrust authorities as a result of the Offer and/or the TELINT Offer. Depending on the business structure it may implement in each particular country, AMX may be required to obtain certain authorizations or consents from the competent regulatory or antitrust authorities thereof. Consistent with its past practice, AMX will continue to explore potential acquisition opportunities that may enhance the value of its business portfolio, and may decide to carry out any such acquisition directly, through TELINT and/or through any of their respective subsidiaries.

AMX provides services in many of the same countries where TELINT has significant business operations, including wireless telecommunication services in Paraguay and Uruguay, fixed-line and wireless telecommunication services in Guatemala, El Salvador, Honduras, Nicaragua and Panama, fixed-line, wireless and broadband services in the Dominican Republic and Puerto Rico, and wireless telecommunication and value added services in Jamaica.

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Plans with Respect to TELINT

Upon completion of the Offer and the TELINT Offer, and assuming that AMX will successfully acquire a substantial majority of the TELINT Shares (other than the TELINT Shares currently owned by TELECOM), AMX will hold a controlling interest in TELINT. AMX s immediate priority will be to ensure that both companies can continue providing high-quality services to their subscribers and working efficiently to achieve the generation of synergies and opportunities for growth throughout Latin America.

Contingent upon the outcome of the Offer and the TELINT Offer, and upon the development of AMX s business plan as with respect to the combined entity, AMX could decide to implement certain changes in the organizational structure of TELINT and its subsidiaries. For instance, while it currently has no specific plans to that effect, AMX could cause TELINT to restructure or merge some of its subsidiaries in certain markets.

AMX may decide to change the capital structure and financing practices of TELINT and its subsidiaries. In particular, AMX or its subsidiaries may decide, at any time prior to, during and after the Offer, to supply financing to TELINT, TELECOM and TELMEX or their respective subsidiaries.

In addition, following the consummation of the Offer and the TELINT Offer, AMX expects to review TELINT s past dividend and share repurchase practices and its capitalization and leverage ratios. AMX has yet to develop any specific plans in that regard and believes that TELINT can continue to operate successfully as an independently capitalized and funded group.

AMX does not anticipate making any material change in TELINT s management following the Offer and the TELINT Offer. However, if the TELINT Shares are delisted in both Mexico and the U.S., AMX would implement certain changes in the composition of TELINT s board of directors, including removing those directors who were appointed by the public.

Because the consummation of the TELINT Offer is not conditioned upon the acquisition of a minimum number of TELINT Shares, AMX could complete the Offer but hold less than 100% (one hundred percent) of the TELINT Shares. The existence of minority shareholders at TELINT may generate additional expenses and result in administrative inefficiencies. For example, AMX may be precluded from cancelling the registration of the TELINT Shares or from conducting certain types of reorganizations involving TELINT and its subsidiaries that would result in significant benefits to the combined entity.

Plans with Respect to TELECOM

Contingent upon the outcome of the Offer, AMX may decide to implement certain changes in the organizational structure of TELECOM and its subsidiaries. For instance, although AMX does not currently have any plans to such effect, AMX could decide to restructure or merge TELECOM or any of its subsidiaries with or into other entities within AMX s group.

AMX or its subsidiaries may decide, at any time prior to, during and after the Offer, to supply financing to TELINT, TELECOM and TELMEX or their respective subsidiaries.

In addition, following the consummation of the Offer, AMX expects to make a decision with respect to the ongoing registration of the TELECOM Shares in the various markets in which such shares are listed for trading, and to review TELECOM s past dividend and share repurchase practices and its capitalization and leverage ratios. AMX may also decide to modify TELECOM S capital structure and financing practices, although it currently has no specific plans to that effect.

Cancellation of the Registration of the TELECOM Shares

For additional information concerning the maintenance or cancellation of the registration of the TELECOM Shares with the RNV, see Section 17 of this Disclosure Statement, Maintenance or Cancellation of the Registration.

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Plans with Respect to TELMEX

Although the acquisition of TELECOM will result in AMX holding an indirect controlling interest in TELMEX, AMX does not plan to integrate its operations with the business operations of TELMEX, although it may consider potential synergies. AMX or its subsidiaries may decide, at any time prior to, during and after the Offer and/or the TELINT Offer, to supply financing to TELINT, TELECOM and TELMEX or their respective subsidiaries.

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12. CAPITAL RESOURCES

Up to 7,128,566,070 Series L shares of AMX, which are currently held by AMX as treasury shares. In addition, to the extent necessary AMX will use its own resources.

AMX will pay for all the estimated expenses incurred in connection with the legal structuring of the Offer. The aggregate amount of expenses to be incurred in connection with the Offer and the TELINT Offer is expected to be approximately Ps.89 million. For additional information regarding the source of the capital resources to available to pay for such expenses, see the immediately preceding section of this Disclosure Statement.

The principal expenses associated with the Offer include, among others:

Application review and processing fees in the amount of Ps.15,708;

Underwriting and exchange fees and commissions in the amount of Ps.10,000,000;

Financial advisors fees in the amount of Ps.20,500,000;

Legal fees in the amount of Ps.10,000,000;

Auditors fees in the amount of Ps.3,477,000;

Printing costs in the amount of Ps.100,000; and

Publication costs in the amount of Ps.75,000.

The above does not include the costs and expenses, other than legal expenses, incurred in connection with the U.S. Offer.

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13. CAPITAL STRUCTURE

As of the Commencement Date, AMX did not own, whether directly or indirectly, any TELECOM Shares.

Assuming that AMX will acquire all of the TELECOM Shares in connection with the Offer, AMX will own 100% (one hundred percent) of the shares of stock of TELECOM; provided, that if the condition set forth in Article 89(I) of the General Corporations Law is not satisfied, then a subsidiary of AMX will purchase one (1) TELECOM Share.

Upon consummation of the Offer and without giving effect to the TELINT Offer, AMX s organizational structure will be as follows:

* For additional information concerning AMX s subsidiaries, see AMX s Annual Report and AMX s Quarterly Report.

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14. CONSEQUENCES OF THE OFFER

The consummation of the Offer will cause the number of TELECOM shareholders to decrease significantly and, as a result, there may be no active secondary market for the TELECOM Shares after the Expiration Date.

Until such time as the registration of the TELECOM Shares with the RNV and the BMV shall have been cancelled, TELECOM will remain subject to the provisions contained in the LMV, the General Rules and other applicable provisions, including those governing the periodic disclosure of information and the supervision and surveillance powers of the CNBV.

As announced by AMX, subject to the satisfaction of the applicable requirements AMX intends to cancel the registration of the TELECOM Shares and the TELINT Shares with the RNV. Such cancellation is subordinated to the primary purpose of the Offer and the TELINT Offer, which is for AMX to acquire up to 100% (one hundred percent) of the outstanding shares of TELECOM and TELINT. In other words, in conducting the Offer and the TELINT Offer, AMX does not primarily seek to obtain the cancellation of the registration of the TELECOM Shares and the TELINT Shares with the RNV, and such cancellation will be a consequence of the acquisition of the TELECOM Shares and the TELINT Shares by AMX and will be subject to the satisfaction of all applicable legal requirements and the receipt of all the requisite corporate approvals.

As described in sections 17 and 19 of this Disclosure Statement, Maintenance or Cancellation of the Registration and Trust for the Acquisition of Shares Subsequent to the Cancellation of the Registration, respectively, if upon completion of the Offer the CNBV approves the cancellation of the TELECOM Shares with the RNV and the BMV, but there are still any TELECOM Shares held by the public, pursuant to Article 108(I)(c) of the LMV the Issuer will establish an irrevocable management trust (the Trust) and transfer thereto, for a term of not less than six (6) months from the date of cancellation of the registration of the TELECOM Shares with the RNV, a number of Series L AMX Shares sufficient to enable the holders of any TELECOM Shares not tendered in connection with the Offer, to subscribe such Series L shares based upon the same exchange ratio as in the Offer. Any TELECOM shareholder that elects not to tender his/her TELECOM Shares in connection with the Offer, or to subsequently transfer such shares to the aforementioned Trust, will become a shareholder of a privately held company. The TELECOM Shares will lose their liquidity, which will in turn have a material adverse effect their market price.

In any event, AMX will observe all applicable legal provisions to ensure the protection of the public s interests and the market generally, as required by the LMV.

The Series L of AMX to be subscribed by the holders of the TELECOM Shares in connection with the Offer are limited-voting shares, no par value, issued in registered form. For additional information, see sections 15 and 16 of this Disclosure Statement, Risk Factors and Rights of the Shareholders, respectively.

AMX does not expect the consummation of the Offer to result in any material violation of the applicable laws and regulations, or the regulatory requirements imposed by the applicable antitrust laws.

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If consummated, the Offer and the TELINT Offer will have the following effect on AMX s capital:

	Prior to the Offers			**Following the Offers (w/o cash at the TELINT level(**)**			**Following the Offers (all cash at the TELINT Level)(*)**		
Series	***Number of Shares Outstanding***	***% of Capital Stock***	***Outstanding Capital***	***Number of Shares Outstanding***	***% of Capital Stock***	***Outstanding Capital***	***Number of Shares Outstanding***	***% of Capital Stock***	***Outstanding Capital***
A	445,330,920	1.39%	$ 3,711,091.00	445,330,920	1.06%	$ 3,711,091.00	445,330,920	1.13%	$ 3,711,091.00
AA	11,712,316,330	36.48%	$ 97,602,635.99	11,712,316,330	27.97%	$ 97,602,635.99	11,712,316,330	29.85%	$ 97,602,635.99
L	19,950,883,206	62.14%	$ 166,257,359.90	29,717,958,608	70.97%	$ 247,649,654.84	27,079,449,276	69.01%	$ 225,662,077.10
Total	**32,108,530,456**	**100.00%**	**$ 267,571,086.89**	**41,875,605,858**	**100.00%**	**$ 348,963,381.83**	**39,237,096,526**	**100.00%**	**$ 326,975,804.09**

(*) Assuming that none of the TELINT shareholders participating in the TELINT Offer will elect the cash option.
(**) Assuming that all of the TELINT shareholders participating in the TELINT Offer will elect the cash option.
For additional information concerning AMX s pro forma financial information, see the pro forma financial statements included in Exhibit 25(d) of this Disclosure Statement.

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15. RISK FACTORS

The Offer involves various material risks and consequences. As a result, TELECOM s shareholders should consider such risks, including, without limitation, those described below, before making any decision as to whether or not to participate in the Offer.

The offering price is fixed and will not be adjusted in response to market fluctuations

AMX is offering to purchase the TELECOM Shares based upon an exchange ratio of 2.0474:1 and, as a result, TELECOM s shareholders will receive 2.0474 Series L shares of AMX for each TELECOM Share tendered by them in connection with the Offer. We will not adjust the exchange ratio in response to any fluctuation in the market price of the securities subject matter of the Offer. The market price of the TELECOM Shares may vary significantly between the date of this Disclosure Statement and throughout the Offering Period.

The liquidity of any TELECOM Shares not tendered in connection with the Offer may be adversely affected

AMX intends to acquire up to 100% (one hundred percent) of the shares of stock of TELECOM in connection with the Offer, and to promote the cancellation of the registration of the TELECOM Shares with the RNV and the BMV. The market for any remaining TELECOM Shares may be less liquid than the market for such shares prior to the Offer, and the market value of such shares could decrease significantly with respect to their value prior to the Expiration Date, particularly if the TELECOM Shares are effectively cancelled with the RNV and delisted from the BMV.

If you do not tender your TELECOM Shares in connection with the Offer, you will remain a minority shareholder of TELECOM and there may be no liquid marked for the TELECOM Shares

If you do not tender your TELECOM Shares in connection with the Offer, upon completion of the Offer you will become a minority shareholder in TELECOM and will have limited rights, if any, to influence the outcome of any decision requiring shareholder approval, including the election of directors, the acquisition or transfer of material assets, the issuance of shares or other securities, and the payment of dividends on the TELECOM Shares. Mexican law affords limited rights to minority shareholders. Under Mexican law, AMX may be required to conduct a subsequent offer to purchase any remaining TELECOM Shares, or to establish a trust for the acquisition of any publicly held TELECOM Shares. However, AMX cannot predict whether the conditions that would trigger such obligation will occur. In addition, upon completion of the Offer the market for the TELECOM Shares may become less liquid. As a result, the price for any future transfer of TELECOM Shares could be significantly lower than the price per share reflected by the exchange ratio applicable to the Offer.

In addition, unless the CNBV approves the cancellation of the TELECOM Shares with the RNV, such shares will continue to trade on the BMV. Pursuant to Article 108 of the LMV, the CNBV may cancel the registration of any securities with the RNV in any of the events set forth in such provision, if it determines that the protection of the public s interests has been ensured and the conditions set forth in such Article 108 have been satisfied.

Following the consummation of the Offer, the market liquidity of the TELECOM Shares will be materially and adversely affected as a result of the cancellation of the registration of such shares with the RNV and the BMV, given that in all likelihood there will be no further active trading market in which to sell such shares. As a result, the purchase price of such TELECOM Shares would be substantially lower than the price offered in connection with the Offer.

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As announced by AMX, subject to the satisfaction of the applicable requirements AMX intends to cancel the registration of the TELECOM Shares and the TELINT Shares with the RNV. Such cancellation is subordinated to the primary purpose of the Offer and the TELINT Offer, which is for AMX to acquire up to 100% (one hundred percent) of the outstanding shares of TELECOM and TELINT. In other words, in conducting the Offer and the TELINT Offer, AMX does not primarily seek to obtain the cancellation of the registration of the TELECOM Shares and the TELINT Shares with the RNV, and such cancellation will be a consequence of the acquisition of the TELECOM Shares and the TELINT Shares by AMX and will be subject to the satisfaction of all applicable legal requirements and the receipt of all the requisite corporate approvals.

AMX s failure to acquire a substantial majority of the outstanding capital stock of TELECOM could affect its ability to complete any post-closing changes in the organizational structure of the combined company, which could reduce or delay the cost savings or revenue benefits to the combined company

The Offer is not conditioned upon the acquisition of a minimum number of TELINT Shares. In addition, under Mexican law, AMX will only be permitted to apply for the cancellation of the registration of the TELECOM Shares with the RNV and to delist such shares on the BMV if at least 95% (ninety five percent) of the holders of TELECOM Shares vote favorably (it is the applicable threshold required by Mexican Law to request cancelation of the registration of shares with the RNV and its subsequent delisting from the BMV). As a result, AMX could complete the Offer but hold less than 100% (one hundred percent) of the TELECOM Shares. The existence of minority shareholders at TELECOM and the non-cancellation of the registration of the TELECOM Shares with the RNV and the fact that TELECOM Shares remain listed on the BMV, may generate additional expenses and result in administrative inefficiencies. For example, AMX may be precluded from conducting certain types of changes in the organizational structure of TELECOM and its subsidiaries that would result in significant benefits to the combined entity. In addition, AMX may be required to maintain separate committees at the AMX and TELECOM boards of directors, and may be subject to separate reporting requirements with the BMV. In addition, all transactions between AMX and TELECOM would be required under Mexican law to be on an arm s length basis, which may limit AMX s ability to achieve certain savings and to conduct the joint operations as a single business unit in order to achieve its strategic objectives. As a result, it may take longer and be more difficult to effect any post-closing change in organizational structure and the full amount of the cost synergies and revenue benefits for the combined company may not be obtained or may only be obtained over a longer period of time. This may adversely affect AMX s ability to achieve the expected amount of cost synergies and revenue benefits after the Offer is completed.

If you do not tender your TELECOM Shares in connection with the Offer, you may in the future cease to receive dividend payments from TELECOM

TELECOM paid dividends in each of 2007, 2008 y 2009. Following the consummation of the Offer, TELECOM could or AMX could cause TELECOM to reduce or discontinue the payment of dividends and allocate the relevant resources to make business acquisitions or meet its payment obligations, including, without limitation, its obligations under any financing arrangement that AMX and TELECOM or its subsidiaries may enter into from time to time. As a result, you should not assume that TELECOM will continue to pay dividends on the TELECOM Shares if you elect not to tender your TELECOM Shares in connection with the Offer.

In case of consummation of the Offer, AMX may fail to realize the business growth opportunities, revenue benefits, cost savings and other benefits anticipated from, or may incur unanticipated costs associated with the Offer

Acquisition of TELECOM Shares by AMX may not achieve the business growth opportunities, revenue benefits, cost savings and other benefits that AMX anticipates. AMX believes the consideration for the

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Offers is justified by the benefits it expects to achieve by combining its operations with TELECOM and TELINT. However, these expected business growth opportunities, revenue benefits, cost savings and other benefits may not develop and other assumptions upon which the offer consideration was determined may prove to be incorrect, as, among other things, such assumptions were based on publicly available information.

AMX may be unable to fully implement its business plans and strategies for the combined businesses due to regulatory restrictions. Each of AMX and TELINT is subject to extensive government regulation, and AMX may face regulatory restrictions in the provision of combined services in some of the countries in which it operates. For example, in Brazil, AMX s and TELINT s businesses are regulated by the Brazilian National Telecommunications Agency, or Anatel . Upcoming regulations by Anatel, which focus on economic groups with significant market powers, would impose new cost-based methodologies for determining interconnection fees charged by operators in Brazil. AMX cannot predict whether Anatel will impose specific regulations that would affect its combined operations more adversely than they would affect its individual operations. In Mexico, Telcel is part of an industry-wide investigation by the Federal Competition Commission to determine whether any operators possess substantial market power or are engaged in monopolistic practices in certain segments of the Mexican telecommunications market. TELECOM is the direct holder of approximately 59.4% (fifty nine point four percent) of the outstanding capital stock of TELMEX, and AMX will be acquiring part of TELMEX through the Offer. AMX cannot predict whether the Federal Competition Commission or other governmental entities would renew or revise its investigations to take into account the combined businesses.

Under any of these circumstances, the business growth opportunities, revenue benefits, cost savings and other benefits anticipated by AMX to result from the reorganization may not be achieved as expected, or at all, or may be delayed. To the extent that AMX incurs higher integration costs or achieve lower revenue benefits or fewer cost savings than expected, its results of operations, financial condition and the price of its shares may suffer.

If you elect to participate in the Offer, you will receive limited-voting shares of AMX

Holders of TELECOM Shares who may elect to participate in the Offer will be entitled to subscribe Series L shares of the capital stock of AMX, which shares are not subject to and are not included in the Offer.

Holders of AMX L Shares are not permitted to vote except on such limited matters as, among others, the transformation or merger of AMX, the transformation of AMX from one type of company to another, any merger involving AMX, the extension of the corporate life or the voluntary dissolution of AMX, any change in its corporate purpose, any change of nationality, the cancellation of registration of AMX s shares with the BMV, and any other matter affecting the rights of the holders of the AMX L Shares. Accordingly, those persons who may acquire Series L shares of AMX in connection with the Offer will have different rights as with respect to the holders of shares of other series of stock of AMX.

For additional information regarding the AMX L Shares and a comparison between such shares and the A-1 TELECOM Shares, see Section 16 of this Disclosure Statement, Rights of the Shareholders.

AMX s shareholders will experience dilution as a result of the Offer

The issuance of shares at a price over book value results in an immediate dilution in the stockholders equity per share for any buyer who may subscribe such shares at the pre-established price in connection with the Offer. As a result, the book value per share for any investor who may elect to subscribe shares in connection with the Offer will differ from his initial contribution and will experience dilution in the net profit per share.

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The fact that the AMX Shares may trade at a discount over book value is separate and different from the risk that AMX s stockholders equity per share may decrease. AMX cannot predict whether its shares of stock will trade at above or below its it book value per share. Pursuant to AMX s financial statements as of December 31, 2009, the subscription or reference price in the Offer is higher than the book value per AMX Share. See Section 23.2(h) of this Disclosure Statement, The Offer Dilution and Exhibit 25(k) hereto, which contains AMX s audited consolidated financial statements as of and for the year ended December 31, 2009.

See also Section 3, Critical Information Risk Factors, in AMX s Annual Report (pages 7 to 18), which is incorporated herein by reference.

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16. RIGHTS OF THE SHAREHOLDERS

a. The TELECOM Shares

According to TELECOM s Annual Report, TELECOM s capital is represented by Series A-1 shares of common stock, no par value, issued in registered form, representing to the minimum fixed portion of such capital. The issuance of any new shares on account of the minimum fixed portion of the capital stock requires the amendment of the Issuer s bylaws and is subject to approval by the general extraordinary shareholders meeting. As a limited liability, variable capital corporation, TELECOM s capital consists of a minimum fixed portion and may include a variable portion. As of the date hereof, TELECOM has not issued any shares on account of the variable portion of its capital.

The Series A-1 shares may only be held by Mexican nationals. Mexican corporations whose bylaws permit the participation of foreign capital therein, and foreign nationals, may only acquire such shares in the form of ordinary participation certificates issued by Banco Inbursa, S.A., Institución de Banca Múltiple, Grupo Financiero Inbursa.

Each TELECOM Share entitles its holder to cast one vote at any shareholders meeting of TELECOM. The TELECOM Shares carry full voting rights.

The holders of the TELECOM Shares are entitled to appoint the members of the Board of Directors of TELECOM. TELECOM s Board of Directors currently consists of seven directors and seven alternates. Any shareholder or group of shareholders representing, individually or in the aggregate, 10% (ten percent) or more of TELECOM s voting stock, including its limited voting stock, are entitled to appoint a director during the company s general shareholders meeting, and to revoke such appointment. In the event of any such appointment, such shareholder or group of shareholders will not be entitled to vote on the election of the directors and alternates designated by the majority. The directors appointed by the minority shareholders may be removed by the majority only if all of the remaining directors are concurrently removed, unless such removal is for cause under the LMV.

The TELECOM Shares carry equal rights to participate in any dividend or other distribution, including upon TELECOM s liquidation. Partly paid shares will participate in any such distribution only if the balance outstanding thereon is paid as of the date of such distribution or, otherwise, to the extent of or in proportion to the amount paid as of such date.

No TELECOM Shares confer to their holders any right to vote during the company s general shareholders meetings, other than as described above. In addition, to the best of the Issuer s knowledge, there is no agreement in place that could delay, prevent, differ or impose additional requirements for a change in TELECOM s control. The corporate rights conferred to their holders by the TELECOM Shares are not limited by reason of the existence of any trust or other arrangement in effect as of the date hereof.

b. The AMX Shares

As of the date hereof, AMX s capital stock comprises Series AA shares, Series A shares, and Series L shares. All of the outstanding shares of AMX are fully subscribed and paid-in. Any TELECOM shareholder who may elect to participate in the Offer will be entitled to subscribe Series L shares of AMX, which shares are not included in the Offer.

Holders of the Series L shares are entitled to vote only in limited circumstances, including the transformation of AMX from one type of corporation to another, any merger involving AMX, the extension of its corporate life, its voluntary dissolution, any change in its corporate purpose, any change of nationality, the removal of AMX s shares from listing on the BMV or any foreign stock exchange, and any other matter that may affect the rights of the holders of the Series L shares.

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The Series AA shares, which must represent at all times at least 51% of the aggregate number of Series AA and Series A shares, may only be held by investors who qualify as Mexican pursuant to Mexico s Foreign Investment Law *(Ley de Inversión Extranjera)* and the bylaws of AMX. Each Series AA and Series A share may be exchanged, at the election of its holder, for one Series L share; provided, that the Series AA shares may not represent at any time less than 20% of AMX s capital or less than 51% of the aggregate number of Series AA and Series A shares.

Absent the appointment of a director by the minority shareholders, the holders of the Series L shares, voting as a class pursuant to a resolution adopted at a special shareholders meeting convened to such effect, will be entitled to appoint two members of the Board of Directors of AMX and two alternates; provided, that the aggregate number of directors appointed by the minority shareholders and the holders of the Series L shares, as a class, may in no event exceed the aggregate percentage of the capital stock represented by the Series L shares, divided by 10.

The following table contains a brief summary of the principal differences between TELINT s Series A and Series L shares, and the AMX Shares:

TELECOM Series A-1 Shares	**AMX L Shares**
Voting Rights	
Holders of TELECOM A-1 Shares entitled to elect all of the members of the Board of Directors and the corresponding alternate directors.	Holders of AMX L Shares entitled to vote only to elect two members of the Board of Directors and the corresponding alternate directors.
Under Mexican law, holders of TELECOM A-1 Shares are entitled to cast one vote per share at any shareholders meeting.	Under Mexican law, holders of AMX L Shares are entitled to vote as a class on any action that would prejudice the rights of the holders of AMX L Shares.
Under Mexican law, holders of 20% or more of all outstanding TELECOM A-1 Shares would be entitled to request judicial relief against any such action taken without such vote.	Under Mexican law, holders of AMX L Shares, a holder of 20% or more of all outstanding AMX L Shares would be entitled to judicial relief against any such action taken without such a vote.
Holders of TELECOM A-1 Shares are entitled to vote on all matters at any meeting of TELECOM shareholders.	Holders of AMX L Shares are entitled to vote on the following matters together with the holders of the AMX AA Shares and the AMX A Shares. A resolution on any of these matters requires the affirmative vote of both a majority of all outstanding shares and a majority of the AMX AA Shares and the AMX A Shares voting together:
	The transformation of AMX from one type of company to another;
	any merger of AMX;
	the extension of AMX s corporate life;

AMX s voluntary dissolution;

change in AMX s corporate purpose;

transactions that represent 20% or more of AMX s consolidated assets;

a change in AMX s state of incorporation;

removal of AMX s shares from listing on the BMV or any foreign stock exchange; and

any action that would prejudice the rights of holders of AMX L Shares.

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TELECOM Series A-1 Shares	AMX L Shares
Dividend Rights	
Holders of TELECOM A-1 Shares are entitled to participate in dividend or other distributions at the time such dividend or other distribution is declared.	Holders of AMX L Shares are entitled to receive a cumulative preferred annual dividend of Ps.0.00042 per share before any dividends are payable in respect of any other class of AMX s capital stock. If a dividend is paid after payment of the AMX L Share preferred dividend, such dividend must first be allocated to the payment of dividends to AMX A Shares and AMX AA Shares, in equal amounts, up to the amount of the AMX L Share preferred dividend, and then to all classes of shares, such that the dividend per share is equal.
Liquidation Preference	
None.	Upon liquidation, AMX L Shares are entitled to a liquidation preference equal to: (i) accrued but unpaid AMX L Share preferred dividends, plus (ii) Ps. 0.00833 per share (representing the capital attributable to AMX L Shares as set forth in AMX s bylaws) before any other distribution is made. Following payment in full of any such amount, holders of AMX AA Shares and AMX A Shares are entitled to receive, if available, an amount per share equal to the liquidation preference paid per AMX L Shares. Following payment in full of the foregoing amounts, all shareholders share equally, on a per share basis, any remaining amounts payable in respect of AMX s capital stock.
Limitations on Share Ownership with Respect to non-Mexican Investors	
Pursuant to TELECOM s bylaws, non-Mexican investors and Mexican entities the bylaws of which allow for the participation therein of non-Mexican investors, are not permitted to own any of TELECOM s capital stock.	On March 17, 2010, AMX s shareholders approved an amendment to the company s nationality, to preclude the participation of non-Mexicans therein. The AMX L Shares are neutral shares and, as such, do not constitute a foreign investment under Mexican law
Limitations on Share Ownership	
None.	AMX L Shares and AMX A Shares together cannot represent more than 80% of AMX S capital stock. 20% of AMS s capital stock must consist of AMX AA Shares.
Capital Increases and Preemptive Rights	
In the event of a capital increase, except in certain circumstances such as mergers, convertible debentures, public offers and placement of repurchased shares, a holder of existing TELECOM A-1 Shares has a	Any capital increase must be represented by new shares of each series (including AMX L Shares) in proportion to the number of shares of each series outstanding.

preferential right to subscribe to a sufficient number of TELECOM A-1 Shares to maintain that holders existing proportionate holdings of TELECOM A-1 Shares.

In the event of a capital increase, except in certain circumstances such as mergers, convertible debentures, public offers and placement of repurchased shares, a holder of exiting AMX L Shares has a preferential right to subscribe to a sufficient number of AMX L Shares to maintain that holders existing proportionate holdings of AMX L Shares.

At the extraordinary shareholders meeting held March 17, 2010, AMX s shareholders approved an amendment to AMX s bylaws so as to include therein a provision precluding the participation of non-Mexican investors in AMX. The inclusion of such provision in AMX s bylaws is a prerequisite for the consummation of the Offer and is necessary to comply with the provisions contained in TELECOM s and TELMEX s bylaws. According to such provision, the ownership of AMX s shares is reserved to Mexican investors within the meaning of the Foreign Investment Law. However, such provision is not applicable to AMX s Series L shares, and an interim provision adopted concurrently therewith does not impose ownership restrictions upon the Series A shares issued prior to the aforementioned amendment.

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17. MAINTENANCE OR CANCELLATION OF THE REGISTRATION

As announced by AMX, subject to the satisfaction of the applicable requirements AMX intends to cancel the registration of the TELECOM Shares and the TELINT Shares with the RNV. Such cancellation is subordinated to the primary purpose of the Offer and the TELINT Offer, which is for AMX to acquire up to 100% (one hundred percent) of the outstanding shares of TELECOM and TELINT. In other words, in conducting the Offer and the TELINT Offer, AMX does not primarily seek to obtain the cancellation of the registration of the TELECOM Shares and the TELINT Shares with the RNV, and such cancellation will be a consequence of the acquisition of the TELECOM Shares and the TELINT Shares by AMX and will be subject to the satisfaction of all applicable legal requirements and the receipt of all the requisite corporate approvals.

Assuming that TELECOM s shareholders will elect to tender their shares in connection with the Offer, AMX intends purchase up to 100% (one hundred percent) of the TELECOM Shares and may file a petition to cancel the registration of such shares with the RNV and the BMV, subject to the consent of at least 95% (ninety five percent) of TELECOM s shareholders. Contingent upon the outcome of the Offer, and subject to the satisfaction of all the conditions set forth in the applicable laws to ensure the protection of the public s interests, and the approval of the requisite corporate actions, AMX intends to file with the CNBV a petition to cancel the registration of the TELECOM Shares and the TELINT Shares with the RNV and the BMV, so that such shares will no longer trade therein.

As described in this Section and in Section 18 below, Trust for the Acquisition of Shares Subsequent to the Cancellation of the Registration, if after the completion of the Offer the CNBV approves the cancellation of the TELECOM Shares with the RNV and the BMV, but there are still any TELECOM Shares held by the public, pursuant to Article 108(I)(c) of the LMV the Issuer will establish the Trust and transfer thereto, for a term of not less than six (6) months from the date of cancellation of the registration of the TELECOM Shares with the RNV, a number of Series L AMX Shares sufficient to enable the holders of any TELECOM Shares not tendered in connection with the Offer, to subscribe such Series L shares based upon the same exchange ratio as in the Offer. Any TELECOM shareholder that elects not to tender his/her TELECOM Shares in connection with the Offer, or to subsequently transfer such shares to the aforementioned Trust, will become a shareholder of a privately held company. The TELECOM Shares will lose their liquidity, which will in turn have a material adverse effect their market price.

In any event, AMX will observe all applicable legal provisions to ensure the protection of the public s interests and the market generally, as required by the LMV.

In addition, the CNBV could resolve not to authorize the cancellation of the registration of the TELECOM Shares notwithstanding that such cancellation may have been approved by TELECOM s shareholders. In either case, the TELECOM Shares would continue to be listed for trading on the BMV.

Legal Provisions Applicable to the Cancellation

Article 108 of the LMV, which sets forth the procedure applicable to the cancellation of the registration with the RNV, provides that such cancellation will only be approved if in the CNBV s opinion the protection of the publics interests has been ensured and all of the conditions set forth in such article have been met. In addition, pursuant to TELECOM s bylaws, the cancellation of the registration with the RNV must be carried out in strict adherence to the LMV and the General Rules.

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Potential Cancellation Scenarios

Contingent upon the outcome of the Offer, following the consummation thereof and subject to the satisfaction of all the applicable legal requirements to ensure the protection of the public s interests, and the approval of all the requisite corporate actions, and assuming that AMX will elect to cancel the registration of the TELECOM Shares and the TELINT Shares with the RNV, under applicable law AMX may proceed with such cancellation in accordance with either of the following scenarios:

A. Immediate Cancellation.

If warranted by the percentage of shares publicly held after the Offer, and subject to the approval of TELECOM s shareholders, AMX will immediately apply for the cancellation of the TELECOM Shares with the RNV and the BMV. The requisite percentage would be at least 95% of the outstanding TELECOM Shares. However, if the holders of 95% (ninety five percent) or more of the outstanding TELECOM Shares approve such cancellation but TELECOM does not meet all the other requirements set forth in Article 8 of the General Rules, unless authorized by the CNBV, including the 300,000 UDIs threshold set in respect of the publicly-held TELECOM Shares, TELECOM would be required to establish a trust in order to conduct a subsequent tender offer.

B. Deferred Cancellation.

If warranted by the percentage of shares publicly held after the Offer, in the CNBV s opinion based upon the outcome of the Offer and a detailed review of the terms on which it was completed, AMX will consider conducting a subsequent public offer based on a price equal to the highest of:

the trading price of such shares on the BMV (which shall for these purposes be the weighted average trading price for the last 30 (thirty) days of reported trading activity for the TELECOM Shares and/or the TELINT Shares, as the case may be, within a period not to exceed the six (6) month-period immediately preceding the subsequent offer or, if the number of trading days within such period is less than 30 (thirty), then the number of days on which such shares were actually traded; or, absent any trading activity occurred during such period, the book value of such shares). For purposes of such determination, the relevant period will include the period subsequent to the announcement of the Offer and, accordingly, there is no guaranty that the resulting price will be equal or similar to the exchange ratio used in connection with the Offer; or

the book value of per TELECOM Share, as the case may be, pursuant to the most recent quarterly report filed with the CNBV and the BMV prior to the commencement of the subsequent offer.

Notwithstanding the above, based upon TELECOM s financial condition and prospects, it may be requested to the CNBV authorization to determine the offering price in the subsequent offer upon other basis, subject to the submission of evidence of the approval of such basis by TELECOM s board of directors, taking into consideration the opinion of its Audit and Corporate Governance Committee, together with a description of the reasons that justify such other price, and a report from an independent expert stating that such other price is consistent with the provisions of Article 108 of the LMV.

AMX cannot anticipate if, when or under what terms and conditions it will conduct a subsequent offer, or if the offering price in connection therewith will be similar to the price determined for purposes of the Offer.

AMX cannot determine if it will elect to maintain the TELECOM Shares registered with the RNV and the BMV, or to cancel such registrations as a result of the outcome of the Offer, due to, among others, the following considerations:

AMX cannot determine the number of TELECOM Shares it will acquire in connection with the Offer;

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The Offer is not conditioned upon the acquisition of a minimum number of shares and, accordingly, subject to the terms and conditions set forth in the relevant offering documents, AMX will purchase any such number of TELECOM Shares as may be tendered in connection therein;

AMX cannot guaranty that it will establish a trust upon consummation of the Offer. The creation of any such trust will depend on whether or not AMX elects to cancel the registration with the RNV based upon the outcome of such offers;

AMX cannot guaranty that it will request the cancellation of the registration of the TELECOM Shares with the RNV following any subsequent offer. Any decision to such effect will be contingent upon the number of TELECOM Shares acquired by AMX; and

If the TELECOM Shares cease to constitute publicly trades securities as a result of the cancellation of their registration with the RNV, any transfer of such shares by any individual, including any transfer effected through any trust established pursuant to Article 108 of the LMV, will be subject to the Mexican income tax. For additional information on the tax consequences associated with the transfer of shares through such trust, see Section 20 of this Disclosure Statement, Tax Considerations.

The time period it takes to effectively cancel the registration of shares with the RNV is undetermined. Generally, it may take up to two (2) months to initiate the process and it is not possible to determine how long it will take to culminate.

Corporate Rights

The exercise of various corporate rights, including the appointment of directors, the commencement of liability actions against the directors, the right to petition the issuance of notice of a shareholders meeting, the right to request a delay for voting with respect to a particular matter, and the right to challenge the resolutions adopted by the shareholders, requires ownership of a given percentage of the capital stock. Accordingly, upon completion of the Offer the number of shares held by persons other than AMX may not be sufficient to exercise such rights.

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18. OPINIONS OF THE BOARD OF DIRECTORS AND THE INDEPENDENT EXPERTS

a. Opinion of TELECOM s Board of Directors

As disclosed by TELECOM on March 19, 2010, pursuant to Article 101 of the LMV its Board of Directors, taking into consideration Santander s independent expert opinion and the opinion of TELECOM s Audit and Corporate Governance Committee, both to the effect that the exchange ratio offered by AMX in connection with the Offer is justified from a financial standpoint and, accordingly, is fair to TELECOM s shareholders, determined that the exchange ratio for purposes of the Offer is fair from a financial standpoint.

In addition, pursuant to Article 101 of the LMV, all members of TELECOM s Board of Directors holding TELECOM Shares, and TELECOM s Chief Executive Officer, Mr. Jaime Chico Pardo, have informed AMX that they and their related parties intend to participate in the Offer in the terms proposed by AMX, assuming that the economic situation and market conditions remain stable.

Finally, the members of TELECOM s Board of Directors indicated that, notwithstanding the fact that in their opinion they have no conflicts of interests in connection with the Offer, in order to avoid any potential perception as to the existence of any such conflict Messrs. Arturo Elías Ayub, Daniel Hajj Aboumrad, Carlos Slim Domit, Marco Antonio Slim Domit, Patrick Slim Domit, and Héctor Slim Seade, who are either directors or alternate directors of TELECOM, decided to abstain from participating in any discussion with respect to the Offer, but were nevertheless in agreement with the resolution adopted by the remaining directors.

b. Opinion of the Independent Expert Retained by TELECOM

As disclosed by TELECOM on March 19, 2010, TELECOM s Audit and Corporate Governance Committee confirmed Santander s appointment as independent expert advisor engaged by TELECOM s Board of Directors for purposes of the issuance of an opinion as to the financial fairness of the exchange ratio proposed in connection with the Offer. Based upon the facts disclosed thereto, and the other considerations described in its opinion, a copy of which is attached hereto as Exhibit 25(b), Santander advised TELECOM s Board of Directors that the exchange ratio offered to TELECOM s shareholders is fair from a financial standpoint. Recipients of this Disclosure Statement are advised to review Exhibit 25(b) hereto to fully understand such opinion, including the facts upon which it is based and any qualifications thereto.

c. Opinion of the Financial Advisor and Independent Expert Retained by AMX for Mexican Law Purposes

On January 13, 2010, AMX s Board of Directors issued a favorable opinion with respect to the commencement of the Offer by AMX, and resolved, among other things, to authorize AMX to retain a financial advisor as independent expert for purposes of the Offer (and also to act as independent expert fur purposes of, and in accordance with, Mexican law). On February 9, 2010, AMX s Audit and Corporate Governance Committee issued a favorable opinion with respect to the commencement of the Offer by AMX. Likewise, it resolved, among other things, to ratify the appointment of Credit Suisse Securities (USA) LLC (Credit Suisse). Said appointment was approved by AMX s Board of Directors on January 13, 2010. In connection with the Offer, Credit Suisse was requested (in its capacity as independent expert advisor engaged by AMX s Board of Directors, in accordance with, and for purposes of, Mexican law) to issue for the information of AMX s Board of Directors its opinion, from a financial standpoint, as to the financial fairness of the consideration, in cash or in AMX Shares, offered by AMX to TELINT s shareholders in connection with the Offer. On March 9, 2010, Credit Suisse issued its opinion to AMX Board of Director s, stating that, as of the date thereto and, based upon the facts disclosed therein, and on other considerations included therein, a copy of which is attached hereto as Exhibit 26(a), the

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consideration, in cash of in AMX Shares offered to TELINT s shareholders is reasonable from a financial standpoint to AMX. The opinion was issued solely for the information of AMX s Board of Directors for purposes of evaluating the Offer from a financial standpoint and not for the benefit of shareholders and is subject to several presumptions, qualifications, limitations and considerations. The opinion does not deal in any way with other aspects of the Offer, and does not purport to be a recommendation, and shall not be understood as a recommendation to the shareholders in connection with their participation in the Offer or any other matter.

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19. TRUST FOR THE ACQUISITION OF SHARES SUBSEQUENT TO THE CANCELLATION OF THE REGISTRATION

Assuming that TELECOM s shareholders will elect to tender their shares in connection with the Offer, AMX intends purchase up to 100% (one hundred percent) of the TELECOM Shares and may file a petition to cancel the registration of such shares with the RNV and the BMV, subject to the consent of at least 95% (ninety five percent) of TELECOM s shareholders. Contingent upon the outcome of the Offer and subject to the satisfaction of all the conditions set forth in the applicable laws to ensure the protection of the public s interests, and the approval of the requisite corporate actions, upon consummation of the Offer AMX intends to file with the CNBV a petition to cancel the registration of the TELECOM Shares with the RNV and the BMV, so that such shares will no longer trade therein.

Pursuant to Article 108(I)(c) and other applicable provisions, upon cancellation of the registration of the TELECOM Shares the Issuer will establish the Trust and transfer thereto, for a period of not less than six (6) months from the date of cancellation of the registration of the TELECOM Shares with the RNV, a number of Series L AMX Shares sufficient to enable the holders of any TELECOM Shares not tendered in connection with the Offer, to subscribe such Series L shares based upon the same exchange ratio as in the Offer. Any TELECOM shareholder that elects not to tender his/her TELECOM Shares in connection with the Offer, or to subsequently transfer such shares to the aforementioned Trust, will become a shareholder of a privately held company. The TELECOM Shares will lose their liquidity, which will in turn have a material adverse effect their market price.

As announced by AMX, subject to the satisfaction of the applicable requirements AMX intends to cancel the registration of the TELECOM Shares and the TELINT Shares with the RNV. Such cancellation is subordinated to the primary purpose of the Offer and the TELINT Offer, which is for AMX to acquire up to 100% (one hundred percent) of the outstanding shares of TELECOM and TELINT. In other words, in conducting the Offer and the TELINT Offer, AMX does not primarily seek to obtain the cancellation of the registration of the TELECOM Shares and the TELINT Shares with the RNV, and such cancellation will be a consequence of the acquisition of the TELECOM Shares and the TELINT Shares by AMX and will be subject to the satisfaction of all applicable legal requirements and the receipt of all the requisite corporate approvals.

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20. TAX CONSIDERATIONS

The following summary contains a description of certain Mexican federal income tax consequences applicable to the Offer, but it does not purport to be a comprehensive description of all of the tax considerations that may be relevant to a decision to participate in the Offer.

This discussion does not constitute, and should not be considered as, legal or tax advice to TELECOM s shareholders. This discussion is for general information purposes only and is based upon the federal tax laws of Mexico as in effect on the date of this Disclosure Statement.

The following considerations may not be applicable to all shareholders alike. Accordingly, TELECOM s shareholders should consult their own tax advisors as to the tax consequences of their participation in the Offer. AMX, the Issuer and the Intermediary assume no liability whatsoever in connection with the tax effects or obligations to those shareholders who may tender their TELECOM shares in connection with the Offer.

a. Transfer of the TELECOM Shares

Those holders of TELECOM Shares that may decide to accept the Offer will transfer their shares for the benefit of AMX. Such transfer may be subject to tax consequences in Mexico.

For purposes of the applicable tax laws, the reference price for tax purposes should be equal to the reference price. However, the reference price may vary for any shareholder able to secure the resolution referred to in Article 26 of Mexico s Income Tax Law.

The transfer of the TELECOM Shares through the BMV in connection with the Offer may have, among others, the following tax consequences depending on the particular situation of each shareholder:

A. **Individuals Residents of Mexico**

Any individual resident of Mexico not covered by the exception to the condition set forth in Article 109(XXVI) of the Income Tax Law, will be exempt from Mexican income taxes on any gain obtained as a result of the transfer of his/her TELECOM Shares through the BMV in connection with the Offer.

Article 109(XXVI) of the Income Tax Law provides for an exemption from taxation in connection with capital gains from the transfer of shares of Mexican issuers carried out through a stock exchange duly licensed in accordance with the LMV, or the transfer of shares of foreign issuers listed in any such exchange.

Notwithstanding the above, Article 109(XXVI) excludes certain transactions from such exemption. Among others, the following transactions remain subject to income tax payment obligations in Mexico: (i) certain transactions by any person or group of persons (as such terms are defined in the Income Tax Law by reference to the LMV) directly or indirectly holding 10% (ten percent) or more of the shares of stock of the relevant issuer or the ability to exercise the control thereof; and (ii) any transfer of shares other than through a stock exchange duly licensed in accordance with the LMV.

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B. **Non-Mexican Residents**

Any income received by any non-Mexican resident as a result of the transfer of shares of Mexican issuers, among others, will be deemed to have originated in Mexico and will be subject to the Mexican income tax.

Notwithstanding the above, non-Mexican residents will not be subject to Mexican income tax payment obligations to the extent they sell their shares through the BMV; provided, that the relevant transaction is exempt from income tax obligations pursuant to the provisions contained in Article 109(XXVI) of the Income Tax Law, as described in the preceding paragraph.

Non-Mexican residents holding shares of the Issuer should be aware of the fact that, to the extent that they transfer such shares through the BMV in connection with the Offer, they may be subject to taxation pursuant to the applicable laws of their place or residence or country of origin. Such shareholders should consult with their own tax advisors as to the potential tax consequences of such transfer outside of Mexico.

Individuals or entities that are residents of a country that is party with Mexico to a treaty to avoid double taxation, may abide themselves of the benefits afforded by the applicable treaty by submitting evidence of their residence in such country for tax purposes, appointing a representative for tax purposes in Mexico, and giving notice of such designation to Mexican tax authorities, in addition to satisfying the requirements imposed by the applicable tax laws.

The tax consequences in Mexico from the transfer of TELECOM Shares by non-Mexican residents may vary depending upon the availability of a treaty to avoid double taxation between Mexico and the home country of the relevant TELECOM shareholder.

C. **Mexican Resident Entities, and Non-Mexican Entities That Have a Permanent Establishment in Mexico**

Gains obtained by legal entities that are residents of Mexico and non-Mexican Residents who have a permanent place of business in Mexico, as a result of the transfer of their TELECOM Shares through the BMV in connection with the Offer, will be considered as taxable income for purposes of the determination of the income tax rate payable thereon.

The gain on the transfer of any shares by any legal entity resident of Mexico or any non-Mexican resident with a permanent place of business in Mexico, will be determined based upon the price per share and the average cost of each such share in terms of the applicable law, taking into consideration the particular circumstances of such person.

b. Subscription of the Series L AMX Shares

The subscription of the Series L AMX Shares by those TELECOM shareholders participating in the Offer should not give rise to any income tax payment obligation in accordance with the Mexican tax laws in effect as of the date of this Disclosure Statement.

c. Transfer of Unregistered Securities

Assuming that TELECOM s shareholders will elect to tender their shares in connection with the Offer, AMX intends purchase up to 100% (one hundred percent) of the TELECOM Shares and may file a petition to cancel the registration of such shares with the RNV and the BMV, subject to the consent of at least 95% (ninety five percent) of TELECOM s shareholders. Contingent upon the outcome of the Offer

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and the TELINT Offer, and subject to the satisfaction of all the conditions set forth in the applicable laws to ensure the protection of the public s interests, and the approval of the requisite corporate actions, AMX intends to file with the CNBV a petition to cancel the registration of the TELECOM Shares with the RNV and the BMV, so that such shares will no longer trade therein.

If the TELECOM Shares cease to constitute publicly trades securities as a result of the cancellation of their registration with the RNV, any transfer of such shares by any individual, including any transfer effected through the Trust, will be subject to the Mexican income tax.

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21. LEGAL CONDITIONS

By means of the Offer, AMX is inviting TELECOM s shareholders, during the period from the Commencement Date to the Expiration Date, to enter into a binding arrangement in the terms set forth in this Disclosure Statement. By participating in the Offer and tendering or causing their TELECOM Shares to be tendered to Inbursa in accordance with the procedure set forth in this Disclosure Statement, TELECOM s shareholders fully and consent to the terms and conditions of the Offer as described in this Disclosure Statement. Such acceptance shall become irrevocable as of the Expiration Date.

On the Expiration Date, those TELECOM shareholders who may have accepted the Offer and tendered or caused their TELECOM Shares to be tendered in accordance with the procedure set forth in this Disclosure Statement will be deemed to have entered into a binding agreement subject to the terms and conditions set forth in this Disclosure Statement.

In addition, by participating in the Offer each TELECOM shareholder represents, for the benefit of AMX, that (i) he/she holds all legal and valid title to the TELECOM Shares tendered by him/her in connection with the Offer for purposes of participating therein in the terms and conditions set forth in this Disclosure Statement, (ii) there is no right of any third party attaching to the TELECOM Shares tendered by him/her in connection with the Offer, which could limit or restrict such participation in any manner whatsoever, and (iii) there is no legal, regulatory or contractual provision that could limit or restrict the acquisition of his/her TELECOM Shares by AMX in connection with the Offer, and/or the exercise by AMX of the rights pertaining to such TELECOM Shares.

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22. RECENT DEVELOPMENTS

For information concerning certain recent developments affecting AMX, see AMX s Additional Reports, which are available for consultation through AMX at www.americamovil.com. For ease of reference, copies of such reports are attached as Exhibits 25(f) and 25(g) to this Disclosure Statement.

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23. INFORMATION REQUIRED BY EXHIBIT H OF THE GENERAL RULES

Set forth below is certain information required by Exhibit H of the General Rules.

23.1 General

a. Glossary of defined terms

See the Glossary of Defined Terms included in this Disclosure Statement.

b. Executive Summary

The information required to be included under this caption is deemed incorporated herein by reference to Section 4, The Company (pages 19 to 62), of AMX s Annual Report.

c. Risk Factors

The Offer and the resulting subscription of the AMX Shares involve various material risks and consequences. Investors should carefully consider the risk factors described in this Disclosure Statement. Such risk factors are not the only ones to which AMX is exposed. There may be additional risks and uncertainties unknown to AMX or which AMX does not currently deem relevant but which could affect its business operations.

The information required to be included under this caption is deemed incorporated herein by reference to Section 3, Critical Information Risk Factors (pages 7 to 18), of AMX s Annual Report.

The risk factors incorporated herein by reference to AMX s Annual Report have not been supplemented in any manner that could affect AMX s financial condition and/or current strategy. Given AMX s primary line of business, no environmental risk factors have been included therein.

For additional information on the risk factors relating to the Offer, see Section 15, Risk Factors , of this Disclosure Statement.

d. Other Securities

Securities Registered with the RNV

AMX s shares were first registered with the RNV and listed for trading on the BMV in February 2001. AMX has filed when due with the CNBV and the BMV all the quarterly and annual information required by the LMV and the General Rules. In addition, AMX has filed when due all the relevant event reports and complied with all the applicable ongoing information requirements set forth in the applicable Mexican laws.

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Below is a list of AMX s registered securities as of the date hereof:

Initial commercial paper (*certificados bursátiles)* program in the aggregate amount of Ps.5,000,000,000.00 (five billion Pesos), approved for registration by the CNBV on August 9, 2001. AMX has placed the following issues under such program:

Issue Amount (in millions of Pesos)	Trading Symbol	Date of Issue	Maturity
Ps. 1,500	AMX 01	August 10, 2001	August 10, 2006*
Ps. 1,750	AMX 01-2	October 11, 2001	April 24, 2003*
Ps. 1,750	AMX 01-3	October 12, 2001	October 5, 2006*

* Repaid in full by AMX upon maturity.

Second commercial paper (*certificados bursátiles)* program in the aggregate amount of Ps.5,000,000,000.00 (five billion Pesos), approved for registration by the CNBV on January 30, 2002. AMX has placed the following issues under such program

Issue Amount (in millions of Pesos)	Trading Symbol	Date of Issue	Maturity
Ps. 500	AMX 02	January 31, 2002	January 31, 2007*
Ps. 1,250	AMX 02-2	January 31, 2002	January 26, 2006*
Ps. 1,000	AMX 02-3	March 22, 2002	March 23, 2009*
Ps. 400	AMX 02-4	May 9, 2002	January 31, 2007*
Ps. 400	AMX 02-5	May 9, 2002	May 11, 2009*
Ps. 1,000	AMX 02-6	June 24, 2002	June 21, 2007*
Ps. 450	AMX 02-7	June 24, 2002	June 23, 2005*

* Repaid in full by AMX upon maturity.

Third commercial paper (*certificados bursátiles)* program in the aggregate amount of Ps.5,000,000,000.00 (five billion Pesos), approved for registration by the CNBV on September 25, 2001. AMX has placed the following issues under such program

Issue Amount (in millions of Pesos)	Trading Symbol	Date of Issue	Maturity

Ps.	1,000	AMX 03	January 20, 2003	January 26, 2006*
Ps.	1,000	AMX 03-2	July 11, 2003	July 3, 2008*
Ps.	1,000	AMX 03-3	September 5, 2003	August 28, 2008*
Ps.	750	AMX 04	July 26, 2004	July 15, 2010
Ps.	1,000	AMX 04-02	July 26, 2004	July 17, 2008*

* Repaid in full by AMX upon maturity.

Fourth commercial paper (*certificados bursátiles)* program in the aggregate amount of Ps.5,000,000,000.00 (five billion Pesos), approved for registration by the CNBV on August 9, 2001. The program s registration expired without AMX having issued any securities thereunder.

Fifth revolving commercial paper (*certificados bursátiles)* program in the aggregate amount of Ps.10,000,000,000.00 (ten billion Pesos) or its equivalent in UDIs, approved for registration by the CNBV on April 11, 2006. AMX has placed the following issues under such program:

Issue Amount (in millions of Pesos)		**Trading Symbol**	**Date of Issue**	**Maturity**
Ps.	500	AMX 07	April 11, 2007	April 5, 2012
Ps.	2,500	AMX 07-2	November 1, 2007	October 28, 2010
Ps.	2,000	AMX 07-3	November 1, 2007	October 19, 2017
Ps.	2,500	AMX 08	March 7, 2008	February 22, 2018

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AMX has placed 10 (ten) debt issues in the international securities markets, as follows:

Issue Amount (in millions)		Trading Symbol	Date of Issue	Maturity
US$	500	AMXLMM FLOAT 08	December 27, 2006	June 27, 2008*
Ps	8,000	AMXLMM 36 12/36	December 18, 2006	December 18, 2036
Ps	5,000	AMXLMM 9 01/16	October 5, 2005	January 15, 2016
US$	1,000	AMXLMM 6 3/8 03/35	February 25, 2005	March 1, 2035
US$	500	AMXLMM 5 3/4 01/15	November 3, 2004	January 15, 2015
US$	300	AMXLMM FLOAT 07	April 27, 2004	April 27, 2007*
US$	500	AMXLMM 4 1/8 03/09	March 9, 2004	March 1, 2009*
US$	800	AMXLMM 5 1/2 03/14	March 9, 2004	March 1, 2014
US$	600	AMXLMM 5 5/8 11/17	October 30, 2007	November 15, 2017
US$	400	AMXLMM 6 1/8 11/37	October 30, 2007	November 15, 2037
UF	4	AMXLMM 3 04/01/14	April 1, 2009	April 1, 2014
JPY	13	N/A	August 24, 2009	August 24, 2034
US$	750	AMXLMM 5 10/16/19	October 16, 2009	October 16, 2019

* Repaid in full by AMX upon maturity.

Commercial paper program in the aggregate amount of Ps.10,000,000,000 (ten billion Pesos), maturing June 3, 2010, approved for registration by the CNBV on June 3, 2008.

Revolving commercial paper (*certificados bursátiles*) program in the aggregate amount of Ps.20,000,000,000.00 (twenty billion Pesos) or its equivalent in UDIs, approved for registration by the CNBV on September 9, 2008. AMX has placed the following issues under this program:

Issue Amount (in millions of Pesos/UDIs)		Trading Symbol	Date of Issue	Maturity
UDIS	516,443,800	AMX 08U	September 12, 2008	September 6, 2013
Ps.	3,000	AMX 08-2	September 12, 2008	September 6, 2013

Commercial paper program in the aggregate amount of Ps.10,000,000,000.00 (ten billion Pesos), maturing October 20, 2011, approved for registration by the CNBV on October 10, 2008.

Securities Registered in the International Markets

In addition, AMX shares and ADSs are registered with the SEC and listed for trading in the following markets:

Series L shares	LATIBEX
Series L ADSs	New York Stock Exchange
	FWB Frankfurter Wertpapierbörse
Series L ADSs	NASDAQ National Market

Pursuant to the SEC s rules and regulations concerning foreign issuers, AMX is required to file with the SEC various reports, including an annual report under Form 20-F and quarterly and relevant event reports under Form 6-K. Such documents are available for consultation over the Internet at www.sec.gov. As of the date hereof, AMX has filed when due all the ongoing information and relevant event reports required to be filed thereby pursuant to foreign applicable laws.

e. Public Documents

The information contained in this Disclosure Statement and the applications filed with the CNBV and the BMV are available for consultation at the Internet addresses of the CNBV and the BMV, ww.cnbv.gob.mx and www.bmv.com.mx, respectively.

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AMX will make copies of such documents available to any investor upon written request addressed to Lago Alberto 366, Edificio Telcel I, Segundo Piso, Colonia Anahuac, 11320 Mexico, D.F., Mexico, attention Daniela Lecuona Torras, Investor Relations Department, telephone (5255) 2581-4449, email: daniela.lecuona@americamovil.com.

Additional information about AMX can be obtained at AMX s Internet address, www.americamovil.com. Such information does not constitute part of this Disclosure Statement.

23.2 The Offer

a. Characteristics of the Securities

See sections 5 and 15 of this Disclosure Statement, The Offer, and Rights of the Shareholders , respectively.

b. Use of Proceeds

Not applicable. AMX will not receive any of the proceeds of the Offer and will allocate such proceeds to purchase 100% (one hundred percent) of the outstanding shares of stock of TELECOM as of the date hereof.

c. Distribution Plan

Inbursa is the underwriter for the Offer. The AMX Shares may only be subscribed by those electing to participate in the Offer in the terms set forth in Section 5(k) of this Disclosure Statement, The Offer Exchange Procedure.

Inbursa does not intend to enter into any management or syndication agreement in connection with the Offer.

It is expected that a notice concerning the Offer will be published on the Date of Commencement, both through the *Emisnet* system maintained by the BMV and in various national newspapers.

Neither AMX nor Inbursa have knowledge of the intent of any of AMX s principal shareholders, officers and directors to participate in the Offer and, accordingly, subscribe any AMX Shares. Pursuant to Article 201 of the LMV, the members of TELECOM s board of directors and Chief Executive Officer have informed AMX that they and their related parties intend to participate in the Offer and tender the TELECOM Shares held by them. For additional information, see Section 18 of this Disclosure Statement, Opinions of the Board of Directors and the Independent Experts.

The Offer is a concurrent tender and subscription offer and, as a result, any TELECOM shareholder who may wish to participate in the Offer and subscribe AMX Shares will have the right to so participate in the same terms and conditions as all other eligible shareholders, as described in this Disclosure Statement.

Inbursa currently maintains and may in the future maintain financial and other service relationships with AMX, for which it receives compensation on an arm s length basis (including the compensation payable thereto in its capacity as the underwriter for the Offer). Inbursa believes that no such service poses a conflict of interest with AMX for purposes of the Offer.

d. Expenses

See Section 12 of this Disclosure Statement, Capital Resources.

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e. Capital Structure Following the Offer

See AMX s Pro Forma Financial Statements, which are attached as Exhibit 25(d) to this Disclosure Statement.

f. Duties of the Trustee

Not applicable.

g. Persons Involved in the Offer

The following persons have provided advisory and consulting services in connection with the authorization of this Disclosure Statement and the Offer:

AMX;

Bufete Robles Miaja, S.C., as outside counsel;

Mancera, S.C., a Member Practice of Ernst & Young Global, as external auditors;

Inbursa, as the Underwriter.

Banco Inbursa, S.A., Institución de Banca Múltiple, Grupo Financiero Inbursa, as financial advisor.

AMX s head of investor relations is Daniela Lecuona Torras, whose contact information is as follows: Lago Alberto 366, Edificio Telcel I, Segundo Piso, Colonia Anáhuac, 11320, Mexico, Federal District, Mexico, telephone +(5255) 2581-4449, email: daniela.lecuona@americamovil.com.

None of the aforementioned persons holds a direct or indirect interest in AMX.

h. Dilution

Included below are the amount of the dilution effect and percentage of share subscription, calculated in accordance with the requirements set forth in the General Rules, resulting from the difference between the theoretical subscription price and the per share book value, taking into consideration AMX s financial statements as of December 31, 2009. Also included are the effect in terms of amount and percentage for current shareholders that will not participate in the Offer, and the dilutive effect in gross revenues and book value per share resulting from increase in the number of outstanding shares.

As of December 31, 2009, the AMX per share book value was Ps.5.54 per share. The book value per AMX Share represents the accounting value of AMX s total assets less its total liabilities, divided by AMX s aggregate outstanding shares as of the date of calculation. The pro forma book value per AMX Share as of December 31, 2009, will increase by Ps1.69 per AMX Share (without giving effect to the fees and expenses payable in connection with the Offer), the later:

- after giving effect to the subscription of shares at the reference value in connection with the Offer; and

- after giving effect to the subscription of shares at the reference value in connection with the Offer, assuming all shareholders decide to participate and not receive cash.

This amount represents for AMX existing shareholders an immediate theoretical increase of Ps.1.69 in per share book value and for new investors who subscribe at the reference value in the TELECOM and TELINT Offers this will represent an immediate theoretical dilution of Ps.24.03 in the investment value without considering the current book value for both TELECOM and TELINT.

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The following table shows the dilution in book value:

	Ps. per Share
AMX Reference Value in the Offers	31.26
Book Value before Offers	5.54
Increase in book value resulting from share subscription	1.69
Book Value alter Offers	7.23
Dilution in purchase book value	24.03

* Based upon the number of shares outstanding as of the date hereof.
As of December 31, 2009, AMX per share net income was Ps.2.40. Once the Offers are consummated and assuming (i) all TELINT shareholders participate in the Offer and all receive AMX shares in lieu of cash and (ii) all TELECOM shareholders participate in the TELECOM Offer, the new AMX per share income at the same date would have been Ps.1.84, representing a Ps.0.56 dilution for current AMX shareholders.

AMX officers and members of its Board of Directors have not purchase shares out of the market or offered to all shareholders in the past three years.

The information included in this section is illustrative, and once the Offers are consummated, it will be adjusted base on real variables.

i. Selling Shareholders

AMX will allocate to the Offer the AMX Shares currently held in its treasury.

j. Market Information

The following table shows the high and low closing prices for AMX s Series L shares on the BMV, and the high and low closing prices for AMX s Series L ADSs on the NYSE during the periods indicated. All such prices have been adjusted to give effect to the three-for-one split share split effected in July 2005, but have not been restated in constant monetary units.

	BMV		NYSE	
	High	Low	High	Low
	(Ps. per AMX Series L Share)		(U.S.$ per AMX Series L ADS)	
Annual Highs and Lows				
2005	Ps. 6.15	Ps. 8.65	U.S.$ 29.54	U.S.$ 15.21
2006	24.13	15.21	44.40	27.00
2007	36.09	22.85	66.93	40.89
2008	35.09	16.29	66.75	23.63
2009	32.00	18.32	49.69	23.66

Average Traded Volume				
2005		30,759,581		4,098,612
2006		33,287,258		4,212,765
2007		40,242,965		5,724,966
2008		49,045,055		7,938,865
2009		38,419,491		4,873,543
Quarterly Highs and Lows				
2008:				
1Q	Ps. 34.35	Ps. 26.66	U.S.$ 64.10	U.S.$ 52.70
2Q	35.09	26.89	66.75	52.25
3Q	27.26	23.45	53.23	43.01
4Q	25.54	16.29	46.71	23.63

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	BMV		NYSE	
	High	Low	High	Low
	(Ps. per AMX Series L Share)		(U.S.$ per AMX Series L ADS)	
2009:				
1Q	Ps. 22.90	Ps. 18.32	U.S.$ 34.12	U.S.$ 23.66
2Q	25.84	19.57	39.07	29.10
3Q	31.16	24.88	47.66	37.17
4Q	32.00	28.99	49.69	42.63
Monthly Highs and Lows				
2009:				
October	Ps. 31.88	Ps. 27.59	U.S.$ 50.01	U.S.$ 42.94
November	31.96	29.87	49.24	45.07
December	32.00	30.03	49.69	46.59
2010:				
January	Ps. 31.80	Ps. 27.59	U.S.$ 50.01	U.S.$ 42.94
February	29.76	28.39	45.89	43.38
March	31.47	28.30	50.81	44.90

Source: Bloomberg.

The following table shows the high and low closing prices for AMX s Series A shares on the BMV, and the high and low closing prices for AMX s Series A ADSs on NASDAQ Stock Market, Inc. (NASDAQ) during the periods indicated. The price for AMX s Series A ADSs, as published by NASDAQ, represent trades among sellers and may not be reflective of the actual transactions. All such prices have been adjusted to give effect to the three-for-one split share split effected in July 2005, but have not been restated in constant monetary units.

	BMV		NASDAQ	
	High	Low	High	Low
	(Ps. per AMX Series A Share)		(U.S.$ per AMX Series A ADS)	
Annual Highs and Lows				
2005	Ps. 16.16	Ps. 8.74	U.S.$ 29.48	U.S.$ 15.09
2006	24.09	15.15	44.38	26.80
2007	35.94	22.81	66.95	40.88
2008	35.50	16.00	66.40	24.03
2009	32.90	17.91	49.97	23.44
Average Traded Volume				
2005	59,995		7,819	
2006	62,914		7,121	
2007	44,792		8,173	
2008	34,927		5,553	
2009	82,713		4,519	
Quarterly Highs and Lows				
2008:				

1Q	Ps. 34.70	Ps. 26.80	U.S.$ 64.00	U.S.$ 52.31
2Q	35.50	27.00	66.40	52.15
3Q	27.23	24.10	53.17	43.03
4Q	25.35	16.00	46.50	24.03
2009:				
1Q	Ps. 22.47	Ps. 17.96	U.S.$ 34.84	U.S.$ 23.44
2Q	25.70	18.70	38.96	29.17
3Q	31.10	25.00	47.65	37.23
4Q	32.09	28.90	49.97	42.51

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	BMV		NASDAQ	
	High	Low	High	Low
	(Ps. per AMX Series A Share)		(U.S.$ per AMX Series A ADS)	
Monthly Highs and Lows				
2009:				
October	Ps. 31.80	Ps. 28.90	U.S.$ 48.64	U.S.$ 42.51
November	32.09	29.50	49.10	44.44
December	31.80	30.11	49.97	46.74
2010:				
January	Ps. 31.80	Ps. 27.61	U.S.$ 50.00	U.S.$ 43.02
February	29.61	25.00	46.03	43.48
March	31.40	27.01	50.57	44.85

Source: Bloomberg.

The market information derived from Bloomberg, contained in this Section, has not been reviewed by the CNBV.

k. Principal Shareholders

The following table identifies each owner of more than 5% of any series of our shares as of February 28, 2010. Except as described in the table below and the accompanying notes, we are not aware of any holder of more than 5% of any series of our shares. Figures below do not include the total number of AMX L Shares that would be held by each shareholder upon conversion of the maximum number of AMX AA Shares or AMX A Shares, as provided for under our bylaws. See Bylaws Share Capital under Item 10 of the América Móvil 2008 Form 20-F.

	AA Shares[1]		A Shares[2]		L Shares[3]		Combined
Shareholder	Shares Owned (millions)	Percent of Class	Shares Owned (millions)	Percent of Class	Shares Owned (millions)	Percent of Class	A Shares and AA Shares[*]
Control Trust.[4]	5,446	46.5					44.7
AT&T Inc.[5]	2,869	24.5					23.5
Inmobiliaria Carso[6]	696	5.9					5.7

(*) The AMX AA Shares and AMX A Shares are entitled to elect together a majority of our directors. Percentage figures for each shareholder are based on the number of shares outstanding as of the date of its most recently filed beneficial ownership report.

(1) As of February 28, 2010, there were 11,712 million AMX AA Shares outstanding, representing 96.3% of the total full voting shares (AMX A Shares and AMX AA Shares).

(2) As of February 28, 2010, there were 449 million AMX A Shares outstanding, representing 3.6% of the total full voting shares (AMX A Shares and AMX AA Shares).

(3) As of February 28, 2010, there were 20,033 million AMX L Shares outstanding.

(4) Based on beneficial ownership reports filed with the SEC on March 1, 2010, the Control Trust is a Mexican trust, which directly holds AMX AA Shares for the benefit of the members of the Slim Family. Members of the Slim Family, including Carlos Slim Helú, directly

own an aggregate of 1,779,218,535 AMX AA Shares and 2,469,735,195 AMX L Shares, representing 15.19% and 12.28%, respectively, of each series and 14.62% of the combined AMX A Shares and AMX AA Shares. According to such reports, none of these members of the Slim Family individually directly own more than 5% of any of our shares. According to reports of beneficial ownership of shares filed with the SEC on March 1, 2010, the Slim Family may be deemed to control us through their beneficial ownership of shares held by the Control Trust and Inmobiliaria Carso (defined below) and their direct ownership of shares. Percentage figures are based on the number of shares outstanding as of the date of the most recently filed beneficial ownership report.

(5) Based on beneficial ownership reports filed with the SEC on June 20, 2008. In accordance with Mexican law and our bylaws, AT&T holds its AMX AA Shares through a Mexican trust. Percentage figures are based on the number of shares outstanding as of the date of the most recently filed beneficial ownership report.

(6) Inmobiliaria Carso, S.A. de C.V. is a *sociedad anónima de capital variable* organized under the laws of Mexico. Inmobiliaria Carso is a real estate holding company. The Slim Family beneficially owns, directly or indirectly, a majority of the outstanding voting equity securities of Inmobiliaria Carso. The Slim Family may be deemed to control us through their beneficial ownership held by the Control Trust and Inmobiliaria Carso and their direct ownership of shares. Percentage figures are based on the number of shares outstanding as of the date of the most recently filed beneficial ownership report.

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l. Suspensions

Trading in AMX s shares has not been subject to any suspension in the past three years.

m. Market Maker

AMX has not retained any market makers.

n. Listing

AMX s Shares and ADSs are listed for trading on the following markets:

Series L Shares:	BMV, Mexico City
	Exchange for Latin American Securities (LATIBEX) Madrid, Spain
Series L ADSs:	NYSE, New York
	FWB Frankfurter Wertpapierbörse, Frankfurt
Series A Shares:	BMV, Mexico City
Series A ADSs:	NASDAQ Stock Market, New York

23.3 AMX

a. History and Evolution

The information required to be included under this caption is deemed incorporated herein by reference to Section 4, The Company (pages 19 to 62), of AMX s Annual Report.

b. Business

The information required to be included under this caption is deemed incorporated herein by reference to Section 4, The Company (pages 19 to 62), of AMX s Annual Report.

(i) ***Primary Line of Business***

The information required to be included under this caption is deemed incorporated herein by reference to Section 4, The Company (pages 19 to 62), of AMX s Annual Report.

(ii) ***Distribution Channels***

The information required to be included under this caption is deemed incorporated herein by reference to Section 4, The Company (pages 19 to 62), of AMX s Annual Report.

(iii) ***Patents, Licenses, Trademarks and Other Agreements***

The information required to be included under this caption is deemed incorporated herein by reference to Section 4, The Company (pages 19 to 62), of AMX s Annual Report.

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(iv) ***Principal Customers***

The information required to be included under this caption is deemed incorporated herein by reference to Section 4, The Company (pages 19 to 62), of AMX s Annual Report.

(v) ***Legal Regime and Taxation***

The information required to be included under this caption is deemed incorporated herein by reference to Section 4, The Company (pages 19 to 62), and Section 10, Additional Information (pages 122 to 127), of AMX s Annual Report.

(vi) ***Employees***

The information required to be included under this caption is deemed incorporated herein by reference to Section 6, Employees (page 96), of AMX s Annual Report.

(vii) ***Environmental***

Not applicable.

(viii) ***Market Information***

The information required to be included under this caption is deemed incorporated herein by reference to Section 4, The Company (pages 19 to 62), of AMX s Annual Report.

(ix) ***Organizational Structure***

The information required to be included under this caption is deemed incorporated herein by reference to Section 6, Directors, Executive Officers and Employees (pages 88 to 96), and Section 7, Principal Shareholders and Related Party Transactions (pages 88 to 101), of AMX s Annual Report.

(x) ***Principal Assets***

The information required to be included under this caption is deemed incorporated herein by reference to Section 4, The Company (pages 19 to 62), of AMX s Annual Report.

(xi) ***Legal Proceedings***

The information required to be included under this caption is deemed incorporated herein by reference to Section 8, Legal Proceedings (pages 103 to 110), of AMX s Annual Report.

(xii) ***Capital Stock***

The information required to be included under this caption is deemed incorporated herein by reference to Section 7, Principal Shareholders and Related Party Transactions (pages 97 to 98) of AMX s Annual Report.

(xiii) ***Dividends***

The information required to be included under this caption is deemed incorporated herein by reference to Section 8, Financial Information Dividends (page 102) of AMX s Annual Report.

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24.4 Financial Information

a. Selected Financial Information

The information required to be included under this caption is deemed incorporated herein by reference to Section 3, Critical Information Selected Financial Information (pages 1 to 4), of AMX s Annual Report, and to AMX s Quarterly Report.

For additional information regarding AMX s financial condition, see AMX s Additional Reports, which are available for consultation at AMX s Internet address, www.americamovil.com. For ease of reference, copies of such reports are attached hereto as Exhibits 25(f) and 25(g).

b. Financial Information by Line of Business, Geographical Region and Exports

The information required to be included under this caption is deemed incorporated herein by reference to Section 4, The Company (pages 19 to 62), of AMX s Annual Report, and to AMX s Quarterly Report.

For additional information regarding AMX s financial condition, see AMX s Additional Reports, which are available for consultation at AMX s Internet address, www.americamovil.com. For ease of reference, copies of such reports are attached hereto as Exhibits 25(f) and 25(g).

c. Material Indebtedness Report

The information required to be included under this caption is deemed incorporated herein by reference to Section 5, Management s Discussion and Analysis of Financial Condition and Results of Operations (pages 80 to 83), of AMX s Annual Report, and to AMX s Quarterly Report.

For additional information regarding AMX s financial condition, see AMX s Additional Reports, which are available for consultation at AMX s Internet address, www.americamovil.com. For ease of reference, copies of such reports are attached hereto as Exhibits 25(f) and 25(g).

d. Management s Discussion and Analysis of Financial Condition and Results of Operations

The information required to be included under this caption is deemed incorporated herein by reference to Section 5, Management s Discussion and Analysis of Financial Condition and Results of Operations (pages 63 to 87), of AMX s Annual Report, and to AMX s Quarterly Report

For additional information regarding AMX s financial condition, see AMX s Additional Reports, which are available for consultation at AMX s Internet address, www.americamovil.com. For ease of reference, copies of such reports are attached hereto as Exhibits 25(f) and 25(g).

(i) *Operating Results*

The information required to be included under this caption is deemed incorporated herein by reference to AMX s Quarterly Report.

For additional information regarding AMX s financial condition, see AMX s Additional Reports, which are available for consultation at AMX s Internet address, www.americamovil.com. For ease of reference, copies of such reports are attached hereto as Exhibits 25(f) and 25(g).

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[THIS ENGLISH TRANSLATION IS PROVIDED FOR CONVENIENCE PURPOSES ONLY. IN THE EVENT OF CONFLICT BETWEEN THE ENGLISH AND SPANISH VERSIONS OF THIS DISCLOSURE STATEMENT, THE SPANISH VERSION WILL PREVAIL.]

Preliminary Disclosure Statement

Dated April 29, 2010

(ii) *Financial Condition, Liquidity and Capital Resources*

The information required to be included under this caption is deemed incorporated herein by reference to AMX s Quarterly Report.

For additional information regarding AMX s financial condition, see AMX s Additional Reports, which are available for consultation at AMX s Internet address, www.americamovil.com. For ease of reference, copies of such reports are attached hereto as Exhibits 25(f) and 25(g).

(iii) *Internal Controls*

The information required to be included under this caption is deemed incorporated herein by reference to Section 15, Controls and Procedures (pages 129 to 132), of AMX s Annual Report.

e. Critical Accounting Estimates and Provisions

The information required to be included under this caption is deemed incorporated herein by reference to Section 5, Management s Discussion and Analysis of Financial Condition and Results of Operations (pages 84 to 87), of AMX s Annual Report. Also incorporated herein by reference is AMX s Quarterly Report.

For additional information regarding AMX s financial condition, see AMX s Additional Reports, which are available for consultation at AMX s Internet address, www.americamovil.com. For ease of reference, copies of such reports are attached hereto as Exhibits 25(f) and 25(g).

24.5 Management

a. External Auditors

The information required to be included under this caption is deemed incorporated herein by reference to Section 6, Directors, Executive Officers and Employees and Section 16C, Fees of the Principal Auditor (pages 93 and 132), of AMX s Annual Report.

During the past three years there has been no change in AMX s external auditors, and such auditors have not issued any qualified or negative or withheld any opinion whatsoever with respect to AMX s financial statements.

b. Related Party Transactions and Conflicts of Interests

The information required to be included under this caption is deemed incorporated herein by reference to Section 7, Principal Shareholders and Related Party Transactions (pages 99 to 101), of AMX s Annual Report.

c. Directors and Shareholders

The information regarding AMX s shareholders, required to be included under this caption, is deemed incorporated herein by reference to Section 6, Directors, Executive Officers and Employees (pages 88 to 95) and Section 7, Principal Shareholders and Related Party Transactions (pages 97 and 98), of AMX s Annual Report.

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Preliminary Disclosure Statement

Dated April 29, 2010

d. Bylaws and Other Agreements

The information required to be included under this caption is deemed incorporated herein by reference to Section 10, Additional Information Bylaws (pages 114 to 121), of AMX s Annual Report.

At the extraordinary shareholders meeting held March 17, 2010, AMX s shareholders approved an amendment to AMX s bylaws so as to include therein a provision precluding the participation of non-Mexican investors in AMX. The inclusion of such provision in AMX s bylaws is a prerequisite for the consummation of the Offer and is necessary to comply with the provisions contained in TELECOM s and TELMEX s bylaws. According to such provision, the ownership of AMX s shares is reserved to Mexican investors within the meaning of the Foreign Investment Law. However, such provision is not applicable to AMX s Series L shares, and an interim provision adopted concurrently therewith does not impose ownership restrictions upon the Series A shares issued prior to the aforementioned amendment.

24.6 Signatures

See Section 24 of this Disclosure Statement.

24.7 Exhibits

a. Financial Statements; Opinion of the Audit and Corporate Governance Committee.

AMX s audited financial statements for the most recent three-year period are incorporated herein by reference to AMX s Annual Report (Exhibit 1). AMX s Quarterly Report is also incorporated by reference herein.

For additional information regarding AMX s financial condition, see AMX s Additional Reports, which are available for consultation at AMX s Internet address, www.americamovil.com. For ease of reference, copies of such reports are attached hereto as Exhibits 25(f) and 25(g).

See also Exhibit 25(k) hereto, which contains AMX s audited consolidated financial statements as of and for the year ended December 31, 2009.

b. Legal Opinion

See Exhibit 25(f) to this Disclosure Statement.

c. Global Certificate Representing the Issue

See Exhibit 25(j) to this Disclosure Statement.

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Preliminary Disclosure Statement

Dated April 29, 2010

24. SIGNATURES

The undersigned hereby represent, under penalty of perjury, that we have no knowledge of any material information which has been omitted from or misrepresented in this Disclosure Statement in connection with the public offer subject matter thereof, or which could induce the public to error.

AMX

América Móvil, S.A.B. de C.V.
By: Alejandro Cantú Jiménez
Legal Representative

The Underwriter

Inversora Bursátil, S.A. de C.V., Casa de
Bolsa, Grupo Financiero Inbursa
By: Luis Frías Humphrey
Legal Representative

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[THIS ENGLISH TRANSLATION IS PROVIDED FOR CONVENIENCE PURPOSES ONLY. IN THE EVENT OF CONFLICT BETWEEN THE ENGLISH AND SPANISH VERSIONS OF THIS DISCLOSURE STATEMENT, THE SPANISH VERSION WILL PREVAIL.]

Preliminary Disclosure Statement

Dated April 29, 2010

The undersigned hereby represent, under penalty of perjury, that we have prepared, within the scope of our respective duties, the information with respect to AMX contained in this Disclosure Statement, and to the best of our knowledge such information reasonably reflects AMX s condition. We further represent that we have no knowledge of any material information which has been omitted from or misrepresented in this Disclosure Statement, or which could be misleading to investors.

AMX

América Móvil, S.A.B. de C.V.

By: Daniel Hajj Aboumrad
Title: Chief Executive Officer

By: Carlos José García Moreno Elizondo
Title: Chief Financial Officer

By: Alejandro Cantú Jimenez
Title: General Counsel

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[THIS ENGLISH TRANSLATION IS PROVIDED FOR CONVENIENCE PURPOSES ONLY. IN THE EVENT OF CONFLICT BETWEEN THE ENGLISH AND SPANISH VERSIONS OF THIS DISCLOSURE STATEMENT, THE SPANISH VERSION WILL PREVAIL.]

Preliminary Disclosure Statement

Dated April 29, 2010

The undersigned hereby represents, under penalty of perjury, that his principal, in its capacity as Underwriter, has researched, reviewed and analyzed AMX s business and participated in the determination of the terms of the Offer and, to the best of its knowledge, such investigation was sufficiently thorough as to provide an adequate understanding of AMX s business. To the best of its principal s knowledge, there is no material information which has been omitted from or misrepresented in this Disclosure Statement, or which could be misleading to investors.

Its representative has agreed to focus its efforts on maximizing the distribution of the shares subject matter of the Offer, as has advised AMX, as an issuer of securities registered with the RNV and the BMV, of the scope and extent of its obligations towards the public, the competent authorities and other participants in the securities market.

Inversora Bursátil, S.A. de C.V., Casa de
Bolsa, Grupo Financiero Inbursa

By: Luis Roberto Frías Humphrey
Title: Legal Representative

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Preliminary Disclosure Statement

Dated April 29, 2010

The undersigned hereby represents, under penalty of perjury, that to the best of his knowledge the issuance and placement of the securities subject matter hereof have been carried out in compliance with the law and all other applicable provisions. The undersigned has no knowledge of any material legal information which has been omitted from or misrepresented in this Disclosure Statement, or which could be misleading to investors.

By: Rafael Robles Miaja

Bufete Robles Miaja, S.C.
Partner

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[THIS ENGLISH TRANSLATION IS PROVIDED FOR CONVENIENCE PURPOSES ONLY. IN THE EVENT OF CONFLICT BETWEEN THE ENGLISH AND SPANISH VERSIONS OF THIS DISCLOSURE STATEMENT, THE SPANISH VERSION WILL PREVAIL.]

Preliminary Disclosure Statement

Dated April 29, 2010

The undersigned hereby represents, under penalty of perjury, that the consolidated financial statements of América Móvil, S.A.B. de C.V. and its subsidiaries as of and for the three-year period ended December 31, 2008, and the consolidated financial statements of AMX and its subsidiaries as of and for the year ended December 31, 2009, included in this Disclosure Statement, have been audited in accordance with Mexican generally accepted auditing rules. The undersigned further represents that, within the scope of the audit of such financial statements, he has no knowledge of any material financial information which has been omitted from or misrepresented in this Disclosure Statement, or which could be misleading to investors.

By: Omero Campos Segura
External Auditor and Legal Representative

Mancera, S.C., a Member Practice of

Ernst & Young Global

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[THIS ENGLISH TRANSLATION IS PROVIDED FOR CONVENIENCE PURPOSES ONLY. IN THE EVENT OF CONFLICT BETWEEN THE ENGLISH AND SPANISH VERSIONS OF THIS DISCLOSURE STATEMENT, THE SPANISH VERSION WILL PREVAIL.]

Preliminary Disclosure Statement

Dated April 29, 2010

The declaration of the legal representative or attorney-in-fact of the entity responsible for providing external auditing services, and that of the external auditor, referred to in Article 2(m)(5) of the General Rules, is incorporated herein by reference to AMX s annual reports as of and for the years ended December 31, 2007 and 2008, as filed with the CNBV and the BMV.

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[THIS ENGLISH TRANSLATION IS PROVIDED FOR CONVENIENCE PURPOSES ONLY. IN THE EVENT OF CONFLICT BETWEEN THE ENGLISH AND SPANISH VERSIONS OF THIS DISCLOSURE STATEMENT, THE SPANISH VERSION WILL PREVAIL.]

Preliminary Disclosure Statement

Dated April 29, 2010

The undersigned, in our capacity as authorized representatives of the Board of Directors, hereby represent, under penalty of perjury, that this Disclosure Statement has been reviewed by the Board of Directors based upon the information submitted by the Issuer s executive management, and to the best of the Board of Director s knowledge such information reasonably reflects the condition of the Issuer. The Board of Directors has no knowledge of any material information which has been omitted from or misrepresented in this Disclosure Statement, or which could be misleading to investors.

By: Patrick Slim Domit
Title: Director, AMX

By: Daniel Hajj Aboumrad
Title: Director, AMX

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25. EXHIBITS

a. Exhibit 25(a) Opinion of Credit Suisse

CREDIT SUISSE SECURITIES (USA) LLC

Eleven Madison Avenue Phone 212 325 2000

New York, NY 10010-3629 www.credit-suisse.com

March 9, 2010

Board of Directors

América Móvil, S.A.B. de C.V.

Lago Alberto No. 366

Colonia Anahuac, 11320

Mexico, Distrito Federal

Members of the Board:

You have asked us to advise you with respect to the fairness, from a financial point of view, to América Móvil, S.A.B. de C.V. (América Móvil) of the Exchange Ratio (as defined below) provided for in its proposed acquisition of Carso Global Telecom, S.A.B. de C.V. (Telecom and, such acquisition, the Transaction), a majority shareholder of Telmex Internacional, S.A.B. de C.V. (Telint). Subject to the terms and conditions more fully described in the Offer Information Documents (as defined below), América Móvil will commence an offer to exchange each outstanding Series A-1 full voting share, no par value (Telecom Shares), of the capital stock of Telecom for 2.0474 (the Exchange Ratio) Series L limited voting shares, no par value (América Móvil Shares), of the capital stock of América Móvil. It is our understanding that, concurrently with the commencement of the Transaction, América Móvil also will commence an exchange offer for all outstanding shares of the capital stock of Telint not already owned by Telecom.

In arriving at our opinion, we have reviewed certain publicly available business and financial information relating to América Móvil, Telecom and the Transaction, including certain press releases and information statements publicly filed by América Móvil with respect to the Transaction (collectively, the Offer Information Documents). We also have reviewed certain other information relating to América Móvil and Telecom provided to or discussed with us by América Móvil and Telecom, including certain publicly available financial forecasts relating to América Móvil as adjusted and extrapolated per the guidance of the management of América Móvil (the América Móvil Public Forecasts) and certain publicly available financial forecasts relating to Telecom and its subsidiaries as adjusted and extrapolated per the guidance of the managements of América Móvil, Telecom and Telecom s subsidiaries (the Telecom Public Forecasts), and have met with the managements of América Móvil, Telecom and Telecom s subsidiaries to discuss the businesses and prospects of América Móvil and Telecom. We also have considered certain financial and stock market data of América Móvil and Telecom, and we have compared that data with similar data for other publicly held companies in businesses we deemed similar to those of América Móvil and Telecom. We also considered such other information, financial studies, analyses and investigations and financial, economic and market criteria which we deemed relevant.

In connection with our review, we have not independently verified any of the foregoing information and we have assumed and relied upon such information being complete and accurate in all material respects. As you are aware, we have been advised by the management of América Móvil that América Móvil was not provided with access to internal financial forecasts of Telecom and that there are no long-term internal financial

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CREDIT SUISSE SECURITIES (USA) LLC

Eleven Madison Avenue Phone 212 325 2000

New York, NY 10010-3629 www.credit-suisse.com

forecasts for América Móvil. Accordingly, at the direction of América Móvil and with your consent, we have utilized for purposes of our analyses the América Móvil Public Forecasts and Telecom Public Forecasts and have assumed that such forecasts represent reasonable estimates and judgments with respect to the future financial performance of América Móvil and Telecom, respectively, and that América Móvil and Telecom will perform substantially in accordance with such forecasts. We also have assumed, with your consent, that, in the course of obtaining any regulatory or third party consents, approvals or agreements in connection with the Transaction or any related transaction, no delay, limitation, restriction or condition will be imposed that would have an adverse effect on América Móvil, Telecom or the contemplated benefits of the Transaction and that the Transaction and related transactions will be consummated in accordance with their respective terms without waiver, modification or amendment of any material term, condition or agreement thereof. Representatives of América Móvil have advised us, and we further have assume, that the terms of the Transaction which will be set forth in certain offer documents to be filed by América Móvil in connection with the Transaction will conform in all material respects to the terms described to us and as set forth in the Offer Information Documents.

We have not been requested to make, and have not made, an independent evaluation or appraisal of the assets or liabilities (contingent or otherwise) of América Móvil or Telecom, nor have we been furnished with any such evaluations or appraisals. In addition, we were not requested to, and we did not, participate in the structuring of the Transaction or any related transaction. Our opinion addresses only the fairness, from a financial point of view and as of the date hereof, to América Móvil of the Exchange Ratio provided for in the Transaction and does not address any other aspect or implication of the Transaction or any related transaction or any other agreement, arrangement or understanding entered into in connection with the Transaction, any related transaction or otherwise, including, without limitation, the form or structure of the Transaction or the fairness of the amount or nature of, or any other aspect relating to, any compensation to any officers, directors or employees of any party to the Transaction or any related transaction, or class of such person, relative to the Exchange Ratio or otherwise. The issuance of this opinion was approved by our authorized internal committee.

Our opinion is necessarily based upon information made available to us as of the date hereof and financial, economic, market and other conditions as they exist and can be evaluated on the date hereof and upon certain assumptions regarding such financial, economic, market and other conditions, which are currently subject to unusual volatility and which, if different than assumed, would have a material impact on our analyses. We are not expressing any opinion as to what the value of América Móvil Shares actually will be when issued to the holders of Telecom Shares pursuant to the Transaction or the prices at which América Móvil Shares or Telecom Shares will trade at any time. Our opinion does not address the relative merits of the Transaction or any related transaction as compared to alternative transactions or strategies that might be available to América Móvil, nor does it address the underlying business decision of América Móvil to proceed with the Transaction or any related transaction.

We have acted as financial advisor to América Móvil in connection with the Transaction and will receive a fee upon delivery of this opinion. In addition, América Móvil has agreed to indemnify us and certain related parties for certain liabilities and other items

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CREDIT SUISSE SECURITIES (USA) LLC

Eleven Madison Avenue Phone 212 325 2000

New York, NY 10010-3629 www.credit-suisse.com

arising out of or related to our engagement. We and our affiliates in the past have provided, currently are providing and in the future may provide investment banking and other financial services to América Móvil, Telecom and their respective affiliates, for which services we and our affiliates have received and would expect to receive compensation, including having acted as joint bookrunner in connection with certain note offerings of América Móvil and as joint bookrunner and structuring agent in connection with certain toll road and securitization transactions for an affiliate of América Móvil. We are a full service securities firm engaged in securities trading and brokerage activities as well as providing investment banking and other financial services. In the ordinary course of business, we and our affiliates may acquire, hold or sell, for our and our affiliates own accounts and the accounts of customers, equity, debt and other securities and financial instruments (including bank loans and other obligations) of América Móvil, Telecom and any other company that may be involved in the Transaction or related transactions, as well as provide investment banking and other financial services to such companies.

It is understood that this letter is for the information of the Board of Directors of América Móvil (solely in its capacity as such) in connection with its evaluation of the Transaction and does not constitute advice or recommendation to any stockholder as to how such stockholder should vote or act on any matter relating to the proposed Transaction or any related transaction.

Based upon and subject to the foregoing, it is our opinion that, as of the date hereof, the Exchange Ratio is fair, from a financial point of view, to América Móvil.

Very truly yours,

CREDIT SUISSE SECURITIES (USA) LLC

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b. Exhibit 25(b) Opinion of Santander

19 de Marzo de 2010

ESTRICTAMENTE PRIVADO Y CONFIDENCIAL

Al Consejo de Administración y Comié de Auditoría de

Carso Global Telecom, S.A.B. de C.V.

Insurgentes Sur 3500

Col. Peña Pobre Tlalpan

14060 México, D.F.

Estimados señores,

Hemos sido informados que América Móvil, S.A.B de C.V., una sociedad anónima bursátil consituida bajo las leyes de México (AMX) realizará una oferta pública de compra para adquirir todas las acciones en circulación representativas del capital social de Carso Global Telecom, S.A.B. de C.V., una sociedad anónima bursátil consituida bajo las leyes de México (CGT) (la Oferta de Compra).

De conformidad con los términos de la Oferta de Compra y con lo establecido en la información divulgada por AMX a través de la página de Internet de la Bolsa Mexicana de Valores, S.A.B. de C.V. el 13 de enero de 2010 (la Información de la Oferta), AMX ofrecerá a cada accionista de CGT, 2.0474 (dos punto cero cuatro siete cuatro) acciones de AMX (las Acciones AMX) por cada acción de la que cada accionista sea propietario, representativa del capital social de CGT (cada una, una Acción , y cada tenedor de una Acción, un Accionista) (la Contraprestación).

El Consejo de Administración y el Comité de Auditoría de CGT han solicitado a Banco Santander (México), S.A., Institución de Banca Múltiple, Grupo Financiero Santander (Santander), su opinión sobre si la Contraprestación es razonable, desde un punto de vista financiero, para los Accionistas.

Para efectos de emitir nuestra opinión, Santander ha:

1. Revisado cierta información pública de negocios y financiera disponible relacionada con CGT, incluyendo sus estados financieros auditadoes al cierre de los ejercicios 2007 y 2008, asi como la información financiera disponible al cierre del ejercicio 2009;

2. Rivisado cierta información pública de negocios y financiera disponible de Teléfonos de México, S.A. de C.V. (Telmex) y Telmex International, S.A.B. de C.V. (TII) y otras subsidiarias de CGT, incluyendo sus estados financieros auditados al cierre de los ejercicios 2007 y 2008, así como la información financiera disponible al cierre del ejercicio 2009;

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3. Revisado cierta información pública de negocios y financiera disponible relacionada con AMX, incluyendo sus estados financieros auditados al cierre de los ejercicios en 2007 y 2008, asi como la información financiera disponible al cierre del ejercicio 2009;

4. Participado en discusiones con, y revisado información proporcionada por, funcionarios, consejeros, asesores y funcionarios de la alta dirección de CGT con respecto a los negocios de CGT;

5. Revisado cierta información histórica, información de operación y financiera de CGT y AMX;

6. Revisado los precios accionarios actuales e históricos y volumen de operaciones de las Acciones y de las acciones de AMX;

7. Revisado información pública con respecto a ciertas compañías que Santander considera son relevantes y comparables a CGT, TII, Telmex y AMX;

8. Revisado aquella información de la Oferta y ciertos documentos relacionados, que Santander considera relevantes para efectos de proporcionar esta opinión;

9. Revisado reportes de investigación de diversas instituciones bancarias, preparados por sus áreas de análisis. Santander consideró las proyecciones relacionadas con el comportamiento de compañías que Santander juzgó comparables a CGT, TII, Telmex y AMX; y

10. Realizado otras revisiones y análisis financieros, y revisado demás información financiera, económica y de mercado que Santander, a su entera discreción, consideró apropiado para emitir esta opinión.

Para emitir esta opinión, Santander consideró y aplicó, según resultó apropiado, los siguientes métodos de valuación: (i) precio promedio ponderado de las acciones de CGT, Telmex, TII y AMX en ciertos periodos; (ii) valuaciones económicas, con base en múltiplos de mercado de empresas comparables (los Múltiplos de Valuación); y (iii) el valor neto de CGT, con base en los Múltiplos de Valuación, aplicados a las subsidiarias de CGT, principalmente a Telmex y a TII.

Santander ha asumido y se ha basado, sin haber llevado a cabo verificación o investigación alguna, en la veracidad e integridad de la información, proyecciones, datos y términos financieros proporcionados a, o utilizados por, Santander, y en la demás información públicamente disponible o entregada a, o discutida con, Santander, así como en la afirmación de la administración de CGT, en el sentido de que esta última ha confirmado que no tiene conocimiento de información relevante que haya sido omitida o no haya sido revelada a Santander. Hemos asimismo asumido que la información, proyecciones, datos y términos financieros no son erróneos ni inducen al error, y Santander no asume ni acepta responsabilidad alguna por cualquier verificación independiente de dicha información o de cualquier valuación o avalúo independiente de cualquiera de los activos, operaciones o pasivos de CGT, Telmex, TII o AMX. Asimismo, Santander ha sido informado por CGT que, desde la fecha en que la información empezó a ser revisada por Santander para efectos de la emisión de esta opinión, hasta esta fecha, CGT no ha tenido conocimiento de cualquier información o evento que pudiera afectar de manera importante los negocios, situación financiera, activos, responsabilidades, perspectivas de negocio, concesiones u autorizaciones, operaciones comerciales o el número de acciones emitidas y en circulación de CGT, Telmex, TII o AMX, incluyendo, sin limitar, como resultado de cualquier plan de opción

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de compra de acciones, o que pudiera hacer incorrecta o imprecisa la información analizada en cualquier aspecto importante, o que pudiera causar un impacto significativo en la valoración de la razonabilidad de la Contrapresatción y en la emisión de esta Opinión.

Con respecto a la información financiera y demás información, Santander ha asumido, con el consentimiento de CGT, que éstas han sido preparadas de manera razonable con base en las estimaciones y criterios más acertados disponibles al mercado y a los funcionarios de CGT en ese momento, y que ningún evento subsecuente que no haya sido revelado a Santander ha tenido un efecto relevante en los mismos. Santander no asume o acepta responsabilidad alguna por las proyecciones o premisas en las cuales dichas estimaciones y criterios están basados, y no expresa opinión alguna acerca de las mismas. En la preparación de esta opinión, Santander ha recibido la confirmación especifica de la administración de CGT de que las proyecciones o premisas antes mencionadas son correctas y que no existe información que no haya sido entregada a Santander, que haya podido influir sobre la presente opinión o las proyecciones o premisas en las que dicha opinión está basada.

En adición a lo anterior, esta opinión se fundamenta en condiciones financieras, económicas, monetarias, de mercado y otras condiciones vigentes a esta fecha, así como en la información puesta a disposición de, o utilizada por, Santander, a la fecha de la presente opinión. Esta opinión se emite exclusivamente para determinar la razonabilidad, desde un punto de vista financiero, de la Contraprestación, de conformidad con lo establecido en la Información de la Oferta y no versa sobre ningún otro asunto, incluyendo la decisión de negocios de participar en la Oferta de Compra o los beneficios comerciales de dicha Oferta, los cuales son asuntos que competen al Consejo de Administración o al Comité de Auditoría de CGT. Eventos subsecuentes que afecten las condiciones antes mencionadas, podrán afectar la presente opinión y las suposiciones hechas en la emisión de la misma. Santander no está obligado a actualizar, revisar o ratificar esta opinión si las condiciones cambiaran.

Al emitir esta opinión, Santander no ha proporcionado asesoría legal, regulatoria, fiscal, contable o actuarial y, por lo tanto, Santander no asume responsabilidad u obligación alguna a este respecto. Adicionalmente, Santander ha asumido que la Oferta de Compra será consumada bajo los términos y condiciones establecidos en la Información de la Oferta, sin cambio relevante alguno o renuncia de sus términos y condiciones.

El compromiso de Santander y la opinión expresada en este documento, son en beneficio exclusivo del Consejo de Administración y del Comité de Auditoría de CGT y, por lo tanto, esta opinión se emite exclusivamente al Consejo de Administración y al Comité de Auditoría de CGT, en relación con la evaluación que hagan de la Oferta de Compra. Esta opinión no constituye de modo alguno una recomendación por parte de Santander a ninguno de los Accionistas en el sentido de que deban participar o no en la Oferta de Compra.

No se emite opinión alguna, ni se considera, la decisión de negocios de CGT en relación con la Oferta de Compra, ni los posibles beneficios de la Oferta de Compra en relación con otras alternativas estratégicas de negocios al alcance de CGT, o los efectos de cualquier otra operación que CGT lleve a cabo. La presente opinión no considera términos distintos a la Contraprestación (según se establece en esta opinión) o cualquier otro aspecto o implicación de la Oferta de Compra, incluyendo, sin limitación, la estructura

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de la Oferta de Compra o la forma de pago de la Contraprestación, los aspectos o implicaciones fiscales o contables de la misma, o cualquier contrato o acuerdo a celebrase en relación con, o contemplado por, la Oferta de Compra.

Santander está actuando como asesor financiero de CGT y recibirá honorarios por sus servicios, incluyendo por la emisión de esta opinión. Santander y sus afiliadas han prestado, se encuentran prestando y en el futuro podrán prestar servicios, así como: (i) mantener relaciones bancarias con CGT y AMX; (ii) operar, por cuenta propia o por cuenta de sus clientes, acciones de AMX o de CGT.

En el curso ordinario de nuestros negocios, Santander y sus afiliadas podrian negociar o adquirir valores emitidos por CGT o AMX, por cuenta propia o por cuenta de terceros y, en consecuencia, ser titulares de dichos valores. Adicionalmente, Santander y sus afiliadas podrán mantener relaciones de negocios con CGT, AMX, Telmex y TII y sus respectivas afiliadas.

La presente opinión únicamente puedo ser utilizada para los fines expresamente mencionados. Salvo por la presentación de la presente Opinión ante la *Securities and Exchange Commission* de los Estados Unidos de América y ante la Comisión Nacional Bancaria y de Valores, así como la inclusión de referencias de esta opinión en el folleto informativo divulgado por CGT a través de la Bolsa Mexicana de Valores, S.A.B. de C.V. como consecuencia de la Reestructuración Societaria de CGT (como dicho término se define en la normatividad aplicable a emisoras de valores), esta opinión no puedo ser citada, referida, ni hacerse pública, en todo o en parte, ni ninguna referencia a Santander o a sus afiliadas puede realizarse, sin nuestro consentimiento previo y por escrito.

Esta opinión es emitida en el idioma español y la versión en idioma inglés es una traducción literal. La traducción de esta opinión al inglés es emitida únicamente para efectos de referencia, y no tendrá validez legal alguna, por lo que Santander no hace declaración alguna (ni acepta responsabilidad alguna) sobre la exactitud de dicha traducción.

Con base en lo anteriormente expuesto, en nuestra experiencia como banco de inversión, el análisis aquí descrito, y en consideración de ciertos otros factores considerados como relevantes, y sujeto a lo arriba expresado, somos de la opinión que, a esta fecha, la Contraprestación es razonable, desde un punto de vista financiero, para los Accionistas.

Atentamente,

BANCO SANTANDER (MÉXICO), S.A.

INSTITUCIÓN DE BANCA MÚLTIPLE, GRUPO FINANCIERO SANTANDER

Mauricio Rebolledo Fernández	Lorenzo Soler Ibañez
Apoderado	Apoderado

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c. Exhibit 25(c) Form of Acceptance Letter

Acceptance Letter

PUBLIC OFFER TO PURCHASE UP TO ALL OF THE OUTSTANDING SERIES A-1 SHARES, NO PAR VALUE, ISSUED IN REGISTERED FORM, REPRESENTING 100% OF THE MINIMUM FIXED, NON-WITHDRAWABLE CAPITAL OF CARSO GLOBAL TELECOM, S.A.B. DE C.V. (TELECOM)

Custodian s Acceptance Letter to Participate in the Offer (the Acceptance Letter)

In order to participate in the Offer, the Custodian shall consolidate all the acceptances and instructions received from its clients and deliver to Inversora Bursátil, S.A. de C.V., Casa de Bolsa, Grupo Financiero Inbursa (Inbursa) a duly completed Acceptance Letter together with the power of attorney granted to its executor, and transfer the applicable TELECOM Shares (the Shares) in the manner set forth below.

This letter must be completed, executed and delivered via courier, return receipt requested, at Inbursa s offices located at Paseo de las Palmas 736, Colonia Lomas de Chapultepec, Delegación Miguel Hidalgo, 11000 México, D.F., Mexico, attention: Mr. Gilberto Pérez Jiménez, telephone +(5255) 5625-4900, ext. 1547, Fax +(5255) 5259-2167.

Acceptance Letters will be received from April 7, 2010, which is the first day of the Offering Period, through May 5, 2010, which is the last day of the Offering Period, or the Expiration Date. The hours for such receipt will be 9:00 a.m. to 2:00 p.m., and 4:00 p.m. to 6:00 p.m. Mexico City time, each business day during the Offering Period, except for the Expiration Date, which will be 9:00 a.m. to 4:00 p.m., Mexico City time.

The Custodian shall transfer the Shares to Inbursa s account No. 2501 with S.D. Indeval, S.A. de C.V., Institución para el Depósito de Valores (Indeval), not later than by 4:00 p.m., Mexico City time, on the Expiration Date. Any Shares transferred to such account after such time will not be included in the Offer.

Any Acceptance Letter improperly completed, received after the dates or hours stipulated above, or which are not accompanied by the transfer of the relevant Shares, will not be taken into consideration and, as a result, the Shares subject matter of such Acceptance Letters will be excluded from the Offer without any liability for Inbursa, América Móvil, S.A.B. de C.V. or their respective related parties. Neither América Móvil, S.A.B. de C.V., Inbursa or any other person assumes any obligation to notify any Custodian or shareholder who may intend to accept the Offer, of any defect or irregularity in the Acceptance Letter or any document relating to the tender of their shares in connection with the Offer.

For purposes of the Offer, the Custodian, on behalf of its clients, hereby represents that such clients have instructed it to accept the terms and conditions for the Offer as set forth in the Disclosure Statement, which is available for inspection at www.bmv.com.mx as of [ ]. The Custodian further represents that, in accordance with its internal books and records, as of the date hereof each investor on whose behalf it has submitted this Acceptance Letter is the legitimate holder of the Shares and has the necessary legal capacity to transfer such shares in connection with the Offer.

The Custodian will receive, through Indeval, 2.0474 Series L AMX Shares in exchange for each Series A-1 TELECOM Share tendered in connection with the Offer (the Exchange Ratio).

The number of Shares tendered by the Custodian in its own name or on behalf of third parties in connection with the Offer, which have been transferred to Inbursa s account No. 2501 with Indeval, is:

Number of shares (in number and words):

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The number of shares indicated in the preceding box, multiplied by the Exchange Ratio, equals:

Number of shares (in number and words):
On May 11, 2010, the Settlement Date, Inbursa will transfer the number of shares indicated in the preceding box to those Custodians who may have validly accepted the Offer in their own name or on behalf of their clients in accordance with the terms set forth in the Disclosure Statement, based upon the following information:

Custodian s SIAC account for purposes of the transfer of the Series L AMX Shares by Inbursa:

Account No.:
Beneficiary:
Credit Institution s ID No.:
If the Custodian is electing to receive the settlement of the Shares transferred pursuant hereto at an account other than a SIAC account, please provide the relevant account information: _____.

The undersigned hereby represents, on behalf of the institution represented by him/her, that all of the information contained herein with respect to such institution or its clients is correct, that he/she accepts the terms of the Offer, and that he/she has been granted sufficient authority by the Custodian to deliver and accept the terms of this Acceptance Letter.

The Custodian	**Individual responsible for the information contained in this Acceptance Letter**
Name:	Name:
Name and position of the contact person:	Title:
Address:	Signature
Telephone:	
Fax:	
Email:	Date:

Capitalized terms not otherwise defined in this Acceptance Letter shall have the meaning ascribed thereto in the Disclosure Statement.

Attached hereto is a copy of the power of attorney granted by the Custodian to the person executing this Acceptance Letter.

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d. Exhibit 25(d) AMX Pro Forma Financial Statements

Unaudited Pro Forma Condensed Combined Financial Information

The following Unaudited Pro Forma Condensed Combined Financial Statements give pro forma effect to the TELECOM Offer (a common control transaction) and the Offer (a purchase of non-controlling interest) as described below.

On January 13, 2010 AMX announced that it intended to conduct two separate but concurrent offers to acquire outstanding shares of TELINT and TELECOM. TELINT provides a wide range of telecommunications services in Brazil, Colombia and other countries in Latin America. TELECOM is a holding company with controlling interests in TELINT and TELMEX, a leading Mexican telecommunications provider.

The two offers consist of the following:

- The TELECOM Offer. The consideration in the TELECOM Offer will consist of 2.0474 AMX L Shares for each share of TELECOM. If all shareholders of TELECOM participate in the TELECOM Offer, AMX will issue 7,129 million AMX L Shares in the TELECOM Offer.

- The TELINT Offer. The consideration in the TELINT Offer will consist of 0.373 AMX L Shares or Ps. 11.66, at the election of the exchanging holder, for each share of TELINT. TELECOM has announced publicly that it will not participate in the TELINT Offer. If all shareholders of TELINT other than TELECOM participate in the TELINT Offer and elect to receive shares, AMX will issue 2,639 million AMX L Shares in the TELINT Offer. If all shareholders of TELINT other than TELECOM participate in the offer and elect to receive the cash consideration, AMX will pay Ps. 82,495 million (US$6,317 million based on the December 31, 2009 exchange rate) in the TELINT Offer.

This condensed financial information was prepared from, and should be read in conjunction with, the following:

- The audited consolidated financial statements of AMX as of and for the year ended December 31, 2009, and for each of the three years in the period ended December 31, 2009.

- The audited consolidated financial statements of TELINT as of and for the year ended December 31, 2009, and for each of the three years in the period ended December 31, 2009.

- The audited consolidated financial statements of TELMEX as of and for the year ended December 31, 2009, and for each of the three years in the period ended December 31, 2009.

The Unaudited Pro Forma Condensed Combined Balance Sheet combines the December 31, 2009 historical consolidated balance sheets of the entities giving effect to the TELECOM Offer as a merger between entities under common control, as discussed below. It gives effect to the TELINT Offer as a purchase of non-controlling interest (a shareholders equity transaction). The Unaudited Pro Forma Condensed Combined Balance Sheet assumes that the TELINT Offer and the TELECOM Offer were completed on December 31, 2009.

The Unaudited Pro Forma Condensed Combined Statements of Income give effect to the TELECOM Offer as if it had occurred on January 1, 2007. They also give effect to the TELINT Offer as if it had occurred on January 1, 2009.

The Unaudited Pro Forma Condensed Combined Financial Statements are presented based on historical Mexican FRS amounts, with pro-forma combined net income and pro-forma combined shareholders equity amounts reconciled to US GAAP.

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The Unaudited Pro Forma Condensed Combined Financial Statements are based on information presently available, using assumptions that we believe are reasonable. The Unaudited Pro Forma Condensed Combined Financial Statements are being provided for information purposes only. They do not purport to represent our actual financial position or results of operations had the TELINT Offer and the TELECOM Offer occurred on the dates specified, nor do they project our results of operations or financial position for any future period or date.

The Unaudited Pro Forma Condensed Combined Statements of Income do not reflect any adjustments for operating synergies, transaction expenses or costs that may result from the TELINT Offer and the TELECOM Offer. In addition, pro forma adjustments are based on certain assumptions and other information that are subject to change as additional information becomes available. Accordingly, the amounts included in our financial statements published after the completion of the TELINT Offer and the TELECOM Offer may vary from the pro-forma amounts included herein.

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AMÉRICA MÓVIL, S.A.B. de C.V. AND SUBSIDIARIES

UNAUDITED PRO-FORMA CONDENSED COMBINED BALANCE SHEET

As of December 31, 2009

(in thousands of Mexican pesos)

	América Móvil Consolidated	CGT (non-consolidated)	TELMEX Consolidated	TELMEX Internacional Consolidated	Pro-Forma Elimination Entries (Note 3 (a))	Subtotal	Other Pro-Forma Adjustments	Explanation	Pro-Forma Combined
Current assets:									
Cash and cash equivalents	Ps. 27,445,880	Ps. 6,474,042	Ps. 14,379,768	Ps. 10,699,224	Ps.	Ps. 58,998,914	Ps.		Ps. 58,998,914
Accounts receivable, net	55,918,984	2,752,053	20,218,788	20,462,805	(5,591,403)	93,761,227			93,761,227
Derivative financial instruments	8,361	1,512,820	11,496,359			13,017,540			13,017,540
Related parties	468,096		894,535	4,000,119	(2,251,470)	3,111,280			3,111,280
Inventories, net	21,536,018		1,543,648	675,859		23,755,525			23,755,525
Other current assets, net	2,720,983	22,632	3,303,275	2,346,295		8,393,185			8,393,185
Total current assets	108,098,322	10,761,547	51,836,373	38,184,302	(7,842,873)	201,037,671			201,037,671
Plant, property and equipment	227,049,009	1,079,770	105,952,096	84,124,541		418,205,416			418,205,416
Licenses, net	42,582,531		918,341	12,740,656		56,241,528			56,241,528
Trademarks, net	3,974,527			1,815,916		5,790,443			5,790,443
Goodwill, net	45,805,279	8,631,267		14,399,481		68,836,027			68,836,027
Investments in affiliates, net	974,693	90,751,963	1,775,380	16,766,564	(90,873,316)	19,395,284			19,395,284
Deferred taxes	15,908,795	3,365,040		6,098,449	(551,119)	24,821,165			24,821,165
Other assets	8,614,805		17,873,187	170,828	(372,294)	26,286,526			26,286,526
Total assets	**Ps.453,007,961**	**Ps.114,589,587**	**Ps.178,355,377**	**Ps.174,300,737**	**Ps.(99,639,602)**	**Ps.820,614,060**	**Ps.**		**Ps.820,614,060**
Liabilities and Shareholders Equity									
Current liabilities:									
Short term debt and current portion of long-term debt	Ps. 9,167,941	Ps. 3,361,740	Ps. 19,768,894	Ps. 12,667,266	Ps.	Ps. 44,965,841	Ps.		Ps. 44,965,841
Accounts payable and accrued expenses	97,086,585	2,960,702	12,602,060	17,488,978	(3,870,616)	126,267,709			126,267,709
Taxes payable	16,716,549	175,458	2,211,626	468,842		19,572,475			19,572,475
Related parties	1,045,155		1,602,128	3,320,070	(3,972,256)	1,995,097			1,995,097
Deferred revenues	16,240,451		1,104,175	4,494,451		21,839,077			21,839,077

Total current liabilities	140,256,681	6,497,900	37,288,883	38,439,607	(7,842,872)	214,640,199			214,640,199
Long-term liabilities:									
Long-term debt	101,741,199	26,117,402	83,105,454	21,310,434		232,274,489			232,274,489
Deferred taxes	22,282,245	3,816,567	15,060,058	7,295,658	(654,645)	47,799,883			47,799,883
Deferred credits			466,696	4,991,473		5,458,169			5,458,169
Employee benefits	10,822,273		4,113,513	2,778,593	(2,559)	17,711,820			17,711,820
Total liabilities	275,102,398	36,431,869	140,034,604	74,815,765	(8,500,076)	517,884,560			517,884,560
Shareholders equity									
Capital stock	36,524,423	20,462,452	9,020,300	55,015,542	(77,328,307)	43,694,410	106,698,656	Notes 2 (a), 2 (c) and 3 (c)	150,393,066
Retained earnings:									
From prior years	38,952,974	27,436,668	7,907,079	11,215,607	(12,851,974)	72,660,354	(69,242,616)	Notes 2 (a) and 3 (c)	3,417,738
Current year	76,913,454	17,823,677	20,468,689	9,104,501	(31,392,142)	92,918,179			92,918,179
	115,866,428	45,260,345	28,375,768	20,320,108	(44,244,116)	165,578,533	(69,242,616)		96,335,917
Accumulated other comprehensive income	24,782,273	12,434,921	883,225	20,400,517	(22,553,052)	35,947,884			35,947,884
Total controlling shareholders equity	177,173,124	78,157,718	38,279,293	95,736,167	(144,125,475)	245,220,827	37,456,040	Note 3 (e)	282,676,867
Non-controlling interests	732,439		41,480	3,748,805	52,985,949	57,508,673	(37,456,040)	Note 3 (e)	20,052,633
Total shareholders equity	177,905,563	78,157,718	38,320,773	99,484,972	(91,139,526)	302,729,500			302,729,500
Total liabilities and shareholders equity	**Ps.453,007,961**	**Ps.114,589,587**	**Ps.178,355,377**	**Ps.174,300,737**	**Ps.(99,639,602)**	**Ps.820,614,060**	**Ps.**		**Ps.820,614,060**
US GAAP adjustments (Note 5)	**12,145,910**		**(30,855,922)**	**12,462,959**		**(6,247,053)**	**124,037,546**	**Note 3 (d)**	**117,790,493**
Pro-Forma Shareholders Equity under US GAAP	**Ps.190,051,473**	**Ps. 78,157,718**	**Ps. 7,464,851**	**Ps.111,947,931**	**Ps.(91,139,526)**	**Ps.296,482,447**	**Ps.124,037,546**		**Ps.420,519,993**

See accompanying notes to Unaudited Pro-Forma Condensed Combined Financial Statements.

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AMÉRICA MÓVIL, S.A.B. DE C.V. AND SUBSIDIARIES

UNAUDITED PRO-FORMA CONDENSED COMBINED STATEMENT OF INCOME

Year ended December 31, 2009

(in thousands of Mexican pesos)

	América Móvil Consolidated	CGT (non-consolidated)	TELMEX Consolidated	TELMEX Internacional Consolidated	Pro-Forma Eliminations (Note 3 (a))	Subtotal	Other Pro-Forma Adjustments	Explanations	Pro-Forma Combined
erating revenues:									
vices									
time	Ps. 118,949,020	Ps.	Ps. 45,027,811	Ps. 15,255,365	Ps.	Ps. 179,232,196	Ps.		Ps. 179,232,19
erconnection	60,557,856		16,572,941	34,876,488	(25,776,078)	86,231,207			86,231,20
nthly rent	75,585,846				(6,367)	75,579,479			75,579,47
ng-distance	23,301,403		20,804,790		(138,117)	43,968,076			43,968,07
a			30,817,715	29,762,188	(241,426)	60,338,477			60,338,47
ue added services other services	70,743,490	772,138	5,876,955	12,646,045	(2,487,380)	87,551,248			87,551,24
es of handsets and essories	45,573,416					45,573,416			45,573,41
	394,711,031	772,138	119,100,212	92,540,086	(28,649,368)	578,474,099			578,474,09
erating costs and enses:									
st of sales and vices	165,039,738		45,955,140	48,421,032	(27,027,387)	232,388,523			232,388,52
mmercial, inistrative and eral expenses	72,380,031	27,611	20,830,245	21,540,979	(1,178,292)	113,600,574			113,600,57
preciation and ortization	53,082,307	55,315	17,950,768	11,526,288	(28,489)	82,586,189			82,586,18
	290,502,076	82,926	84,736,153	81,488,299	(28,234,168)	428,575,286			428,575,28
erating income	104,208,955	689,212	34,364,059	11,051,787	(415,200)	149,898,813			149,898,81
er expenses, net	(2,165,584)	42,593	(1,349,680)	(47,973)	(7,705)	(3,528,349)			(3,528,34
mprehensive result inancing:									
erest income	1,691,929	174,931	711,243	1,085,044		3,663,147			3,663,14
erest expense	(7,410,314)	(1,226,951)	(6,122,328)	(2,365,641)		(17,125,234)			(17,125,23
change gain (loss),	4,556,571	(538,468)	1,096,531	2,372,766		7,487,400			7,487,40
er financing (cost) ome, net	(1,820,110)					(1,820,110)			(1,820,11
	(2,981,924)	(1,590,488)	(4,314,554)	1,092,169		(7,794,797)			(7,794,79
uity interest in net ome of affiliates	195,714	19,098,194	254,680	1,889,386	(19,098,194)	2,339,780			2,339,78
ome before taxes profit	99,257,161	18,239,511	28,954,505	13,985,369	(19,521,099)	140,915,447			140,915,44

xes on profit	22,259,308	415,834	8,485,522	4,422,481	(103,527)	35,479,618			35,479,61
income Mexican S	76,997,853	17,823,677	20,468,983	9,562,888	(19,417,572)	105,435,829			105,435,82
GAAP ustments (Note 5)	(2,638,029)	Note 3 (d)	(650,473)	(976,367)		(4,264,869)	(3,058,090)	Note 3 (d)	(7,332,95
income US AP	Ps. 74,359,824	Ps. 17,823,677	Ps. 19,818,510	Ps. 8,586,521	Ps.(19,417,572)	101,170,960	(3,058,090		Ps. 98,112,97
tribution of net ome:									
ntrolling interest	Ps. 76,913,454	Ps. 17,823,677	Ps. 20,468,689	Ps. 9,104,501	Ps.(19,417,572)	Ps. 104,892,749	(8,304,147)	Note 3 (e)	Ps. 96,588,60
n-controlling erest (Note 3 (e))	84,399		294	458,387		543,080	8,304,147	Note 3 (e)	8,847,22
	Ps. 76,997,853	Ps. 17,823,677	Ps. 20,468,983	Ps. 9,562,888	Ps. 19,417,572)	Ps. 105,435,829			Ps. 105,435,82
tribution of net ome under US AP:									
ntrolling interest	Ps. 74,278,317							Note 3 (d)	Ps. 89,880,12
n-controlling erest (Note 3 (e))	81,507							Note 3 (d)	8,232,75
	Ps. 74,359,824								Ps. 98,112,87
ighted average nber of shares standing (in lions)	32,738							Note 3 (f)	42,50
ntrolling Interest nings per share xican FRS	Ps. 2.35								Ps. 2.2
ntrolling interest nings per share GAAP	Ps. 2.27								Ps. 2.1

See accompanying notes to Unaudited Pro-Forma Condensed Combined Financial Statements.

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AMÉRICA MÓVIL, S.A.B. DE C.V. AND SUBSIDIARIES

UNAUDITED PRO-FORMA CONDENSED COMBINED STATEMENT OF INCOME

Year ended December 31, 2008

(in thousands of Mexican pesos)

l l	Pro-Forma Eliminations (Note 3 (a))	Subtotal
5	Ps. (26,308,965)	
4	(68,969)	
8	(245,999)	
4	(2,173,306)	
1	(28,797,239)	

· the SBM board's review, with the assistance of SBM's management and legal and financial advisors, of strategic alte

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

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

· the pro forma dividend per share that SBM stockholders would receive as a result of the exchange of SBM stock for Ca share based on the exchange ratio and the current dividend per share paid by Camden), and other expected pro forma fi transaction, taking into account anticipated cost savings and other factors, on both SBM stockholders and Camden shar

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

· the fact that the exchange ratio is fixed, which the SBM board believed was consistent with market practice for transact likely to be protective of the total consideration to be received by SBM stockholders based on past performance of Cam

the possibility of an upside to the merger consideration, and was consistent with the strategic purpose of the transaction

- the fact that SBM may terminate the merger agreement in the event that the trading price of Camden's common stock d both on an absolute basis and in relation to an index of bank stocks;

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

- the opinion, dated March 27, 2015, of KBW to the SBM board as to the fairness, from a financial point of view and as to the holders of SBM common stock of the merger consideration in the merger, as more fully described below under " Advisor" on page 53 and

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

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

- the regulatory and other approvals required in connection with the merger and the expectation that such regulatory appr timely manner and without the imposition of unacceptable conditions;

- the potential for diversion of management and employee attention, and for employee attrition, during the period prior to merger and the potential effect on SBM's business and relations with customers, service providers and other stakeholde merger is completed;

- the merger agreement provisions generally requiring SBM to conduct its business in the ordinary course and the other r
- of SBM's business prior to completion of the merger, which may delay or prevent SBM from undertaking business opp pending completion of the merger;

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

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

- the challenges of integrating the businesses, operations and employees of SBM and C

- certain provisions of the merger agreement prohibit SBM from soliciting, and limit its ability to respond to, proposals f

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

- that SBM's directors and executive officers may have interests in the merger that are different from or in addition to tho generally, as described in the section entitled "Interests of SBM's Directors and Executive Officers in the Merger" on p

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

The discussion of the information and factors considered by the SBM board is not exhaustive, but includes the material SBM board. In view of the wide variety of factors considered by the SBM board in connection with its evaluation of the of these matters, the SBM board did not attempt to quantify, rank, or otherwise assign relative weights to the specific fac reaching its decision. Furthermore, in considering the factors described above, individual members of the SBM board m weights to different factors. The SBM board evaluated the factors described above and reached the unanimous decision best interests of SBM and its shareholders. The SBM board realized that there can be no assurance about future results, i or considered in the factors listed above. However, the SBM board concluded that the potential positive factors outweigh completing the merger. It should be noted that this explanation of the SBM board's reasoning and all other information forward-looking in nature and, therefore, should be read in light of the factors discussed under the heading "Special Not Forward-Looking Statements" beginning on page 29.

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

**The SBM Board of Directors unanimously recommends that SBM stockholders vote "FOR" the approval of the m
merger-related proposals.**

Opinion of SBM's Financial Advisor

SBM engaged Keefe, Bruyette & Woods, Inc. ("KBW") to render financial advisory and investment banking services to
an opinion to the SBM board of directors as to the fairness, from a financial point of view, to the holders of SBM comm
consideration to be received by such holders in the proposed first-step merger of Atlantic Acquisitions with and into SB
because KBW is a nationally recognized investment banking firm with substantial experience in transactions similar to t
investment banking business, KBW is continually engaged in the valuation of financial services businesses and their sec
mergers and acquisitions.

As part of its engagement, representatives of KBW attended by teleconference the meeting of the SBM board held on M SBM board evaluated the proposed merger. At this meeting, KBW reviewed the financial aspects of the proposed merge board an opinion to the effect that, as of such date and subject to the procedures followed, assumptions made, matters co qualifications and limitations on the review undertaken by KBW as set forth in such opinion, the merger consideration i merger of Atlantic Acquisitions with and into SBM was fair, from a financial point of view, to the holders of SBM comm approved the merger agreement at this meeting.

The description of the opinion set forth herein is qualified in its entirety by reference to the full text of the opinion, whic this document and is incorporated herein by reference, and describes the procedures followed, assumptions made, matte qualifications and limitations on the review undertaken by KBW in preparing the opinion.

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

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

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

- a draft of the merger agreement dated March 27, 2015 (the most recent draft then made availabl
- certain regulatory filings of SBM and Camden, including the quarterly call reports filed with respect to each quarter du December 31, 2014 for SBM and Camden;
- the audited financial statements for the three fiscal years ended December 31, 2013 o
- the audited financial statements and Annual Reports on Form 10-K for the three fiscal years ended December 31

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

- the unaudited quarterly financial statements for the fiscal quarters ended March 31, 2014, June 30, 2014 and Septemb

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

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

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

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

- the historical and current financial position and results of operations of SBM and Ca
- the assets and liabilities of SBM and Camden;
- the nature and terms of certain other merger transactions and business combinations in the banki
- a comparison of certain financial information for SBM and certain financial and stock market information for Camden
for certain other companies the securities of which are publicly traded;
- financial and operating forecasts and projections of SBM that were prepared by, and provided to KBW and discussed w
management and that were used and relied upon by KBW at the direction of such management with the consent of the
- financial and operating forecasts and projections of Camden and estimates regarding certain pro forma financial effects
(including, without limitation, the cost savings and related expenses expected to result from the merger), that were prep
KBW and discussed with KBW by, Camden management and that were used and relied upon by KBW based on such d
of the SBM board.

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

In conducting its review and arriving at its opinion, KBW relied upon and assumed the accuracy and completeness of al
information provided to it or that was publicly available and KBW did not independently verify the accuracy or complet
information or assume any responsibility or liability for such verification, accuracy or completeness. KBW relied upon t
managements of SBM and Camden as to the reasonableness and achievability of the financial and operating forecasts an
Camden referred to above (and the assumptions and bases therefor). KBW assumed, with the consent of SBM, that such
were reasonably prepared on a basis reflecting the best currently available estimates and judgments of such managemen
and projections would be realized in the amounts and in the time periods estimated by such managements. KBW further
management as to the reasonableness and achievability of the estimates regarding certain pro forma financial effects of t
the assumptions and bases therefor, including without limitation, the cost savings and related expenses expected to resul
to above. KBW assumed, with the consent of SBM, that all such estimates were reasonably prepared on a basis reflectin
available estimates and judgments of such management and that such estimates would be realized in the amounts and in

by such management.

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

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

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

- the merger and any related transaction (including the subsidiary bank merger) would be completed substantially in acco forth in the merger agreement (the final terms of which KBW assumed would not differ in any respect material to KBW reviewed by KBW) with no additional payments or adjustments to the merger consideration;
- the representations and warranties of each party in the merger agreement and in all related documents and instruments r agreement were true and correct;
- each party to the merger agreement and all related documents would perform all of the covenants and agreements requi such party under such documents;
- there were no factors that would delay or subject to any adverse conditions, any necessary regulatory or governmental a any related transaction and that all conditions to the completion of the merger and any related transaction would be sati or modifications to the merger agreement; and
- in the course of obtaining the necessary regulatory, contractual, or other consents or approvals for the merger and any r restrictions, including any divestiture requirements, termination or other payments or amendments or modifications, wo have a material adverse effect on the future results of operations or financial condition of SBM, Camden, the combined benefits of the merger, including the cost savings and related expenses expected to result from the merger.

KBW assumed, in all respects material to KBW's analyses, that the merger would be consummated in a manner that com provisions of the Securities Act of 1933, as amended, the Securities Exchange Act of 1934, as amended, and all other ap statutes, rules and regulations. KBW further assumed that SBM relied upon advice from its advisors (other than KBW) a as to all legal, financial reporting, tax, accounting and regulatory matters with respect to SBM, Camden, Atlantic Acquis Camden National Bank, the merger and any related transaction (including the subsidiary bank merger) and the merger a provide advice with respect to any such matters.

KBW's opinion addressed only the fairness, from a financial point of view, as of the date of such opinion, to the holders
the merger consideration to be received in the first-step merger of Atlantic Acquisitions with and into SBM by such hold
view or opinion as to any other terms or aspects of the merger or any related transaction (including the subsidiary bank m
limitation, the form or structure of the merger (including the form of the merger consideration or the allocation of the me
between stock and cash) or any related transaction, any consequences of the merger or any related transaction to SBM, i
or otherwise, or any terms, aspects, merits or implications of any employment, consulting, voting, support, shareholder c
arrangements or understandings contemplated or entered into in connection with the merger or otherwise. KBW's opinio
upon conditions as they existed and could be evaluated on the date of such opinion and the information made available t
Developments subsequent to the date of KBW's opinion may have affected, and may affect, the conclusion reached in K
not and does not have an obligation to update, revise or reaffirm its opinion. KBW's opinion did not address, and KBW
opinion with respect to:

- the underlying business decision of SBM to engage in the merger or enter into the merger a

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

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

- the effect of the merger or any related transaction on, or the fairness of the consideration to be received by, holders of a
SBM (other than the holders of SBM common stock (solely with respect to the merger consideration, as described in K
relative to the consideration to be received by holders of any other class of securities)) or holders of any class of securit
party to any transaction contemplated by the merger agreement;

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

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

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

- any adjustment (as provided in the merger agreement) in the amount of merger consideration (including the allocation t
stock) assumed to be paid in the merger for purposes of KBW's opinion;

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

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

- any legal, regulatory, accounting, tax or similar matters relating to SBM, Camden, their respective shareholders, or rela
as a consequence of the merger or any related transaction (including the subsidiary bank merger), including whether or
qualify as a tax-free reorganization for United States federal income tax purposes.

In performing its analyses, KBW made numerous assumptions with respect to industry performance, general business, e
financial conditions and other matters, which are beyond the control of KBW, SBM and Camden. Any estimates contain

performed by KBW are not necessarily indicative of actual values or future results, which may be significantly more or
suggested by these analyses. Additionally, estimates of the value of businesses or securities do not purport to be appraisa
which such businesses or securities might actually be sold. Accordingly, these analyses and estimates are inherently subj
uncertainty. In addition, the KBW opinion was among several factors taken into consideration by the SBM board in mak
approve the merger agreement and the merger. Consequently, the analyses described below should not be viewed as dete
of the SBM board with respect to the fairness of the merger consideration. The type and amount of consideration payabl
determined through negotiation between SBM and Camden and the decision to enter into the merger agreement was sole

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

For purposes of the financial analysis described below, KBW utilized an implied value of the merger consideration of $2 common stock, consisting of the sum of (i) the cash consideration of $206.00 per share of SBM common stock multiplie implied value of the stock consideration of 5.421 of a share of Camden common stock (before giving effect to any stock subsequently announced) per share of SBM common stock, based on the closing price of Camden common stock on Ma multiplied by 80%. In addition to the financial analyses described below, KBW reviewed with the SBM board for inform transaction statistics for the proposed merger of 28.7x and 16.1x SBM's estimated 2015 and 2016 earnings per share ("E the implied value of the merger consideration of $204.83 per share of SBM common stock and EPS estimates for SBM management.

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

The selected companies included:

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

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

KBW's analysis showed the following concerning the financial performance and financial condition of SBM and the sel

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

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

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

(3) Excludes gains/losses on sale of securities

(4) Reflects subsidiary bank level data per regulatory filings

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

KBW's analysis showed the following concerning the market performance of the selected companies to the extent publi impact of certain selected company LTM, 2015 and 2016 EPS multiples considered to be not meaningful because they v than 30.0x and also excluding the impact of the LTM dividend payout of one of the selected companies considered to be

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

(1) Estimated 2015 and 2016 EPS data was not publicly available for The First Bancorp, Inc., BSB Bancorp, Inc., SI Fin Northway Financial, Inc., Salisbury Bancorp, Inc., Northeast Bancorp, Katahdin Bankshares Corporation, Patriot Nat

Bankshares, Inc., Community Bancorp. and Wellesley Bancorp, Inc.

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

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

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

The selected companies included:

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

To perform this analysis, KBW used profitability and other financial information for or, in the case of LTM data, throug completed quarter available (which in the case of Camden was the fiscal quarter ended December 31, 2014) or as of the market price information as of March 26, 2015. KBW also used 2015 and 2016 EPS estimates taken from consensus "st selected companies, to the extent publicly available, and financial forecasts and projections relating to the earnings of C by Camden management. Where consolidated holding company level financial data for the selected companies as of or December 31, 2014 was unreported, either such data reported as of or for periods ended September 30, 2014 or subsidia for periods ended December 31, 2014 was utilized to calculate ratios. Certain financial data prepared by KBW, and as re presented below, may not correspond to the data presented in Camden's historical financial statements, or the data prepa under the section "—Opinion of Camden's Financial Advisor," as a result of the different periods, assumptions and met the financial data presented.

KBW's analysis showed the following concerning the financial performance and financial condition of Camden and the

	Selected Companies			
	Bottom			Top
CAC	Quartile	Average	Median	Quartile

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

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

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

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

Estimated 2015 and 2016 EPS data was not publicly available for Century Bancorp, Inc., Enterprise Bancorp, Inc., C
(1) Hingham Institution for Savings, New Hampshire Thrift Bancshares, Inc., The First Bancorp, Inc., BSB Bancorp, Inc Inc.
(2) Dividend payout and yield calculated using MRQ dividend annualized excluding special

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

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

Acquiror:	**Acquired Company:**

ESB Bancorp MHC	Citizens National Bancorp, Inc.
Berkshire Hills Bancorp, Inc.	Hampden Bancorp, Inc.
Independent Bank Corp.	Peoples Federal Bancshares, Inc.
Eastern Bank Corporation	Centrix Bank & Trust
SI Financial Group, Inc.	Newport Bancorp, Inc.
United Financial Bancorp, Inc.	New England Bancshares, Inc.
Independent Bank Corp.	Central Bancorp, Inc.
Brookline Bancorp, Inc.	Bancorp Rhode Island, Inc.

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

- Price per common share to tangible book value per share of the acquired company (in the case of selected transactions i
acquired company, this transaction statistic was calculated as total transaction consideration divided by total tangible co

- Tangible equity premium to core deposits (total deposits less time deposits greater than $100,000) of the acquired comp
deposit premium; and

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

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

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

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

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

Selected Transactions Analysis - Nationwide. KBW reviewed publicly available information related to 20 selected U.S.
announced since January 1, 2013 with announced deal values between $50 million and $250 million and acquired comp

between 0.00% and 0.50%. Transactions with non-bank acquirors, transactions where the acquired company was a mutu
merger of equals transactions were excluded from the selected transactions. The selected transactions included in the gro

Acquiror:	**Acquired Company:**
Atlantic Capital Bancshares, Inc.	First Security Group, Inc.
WSFS Financial Corporation	Alliance Bancorp, Inc. of Pennsylvania
First NBC Bank Holding Company	State Investors Bancorp, Inc.
IBERIABANK Corporation	Florida Bank Group, Inc.
Independent Bank Corp.	Peoples Federal Bancshares, Inc.
Bryn Mawr Bank Corporation	Continental Bank Holdings, Inc.
Seacoast Banking Corporation of Florida	BANKshares, Inc.
F.N.B. Corporation	OBA Financial Services, Inc.
IBERIABANK Corporation	First Private Holdings, Inc.
HomeTrust Bancshares, Inc.	Jefferson Bancshares, Inc.
TriCo Bancshares	North Valley Bancorp
Banco de Sabadell, SA	JGB Bank, National Association
Simmons First National Corporation	Metropolitan National Bank
Cardinal Financial Corporation	United Financial Banking Companies, Inc.
Wilshire Bancorp, Inc.	Saehan Bancorp
F.N.B. Corporation	BCSB Bancorp, Inc.
First Merchants Corporation	CFS Bancorp, Inc.
SI Financial Group, Inc.	Newport Bancorp, Inc.
Renasant Corporation	First M&F Corporation
Bank of the Ozarks, Inc.	First National Bank of Shelby

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

- Price per common share to tangible book value per share of the acquired company (in the case of selected transactions i
acquired company, this transaction statistic was calculated as total transaction consideration divided by total tangible co

- Tangible equity premium to core deposits (total deposits less time deposits greater than $100,000) of the acquired comp
deposit premium; and

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

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

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

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

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

Relative Contribution Analysis. KBW analyzed the relative standalone contribution of Camden and SBM to various pro
income statement items. This analysis did not include purchase accounting adjustments. To perform this analysis, KBW
data for Camden and SBM as of or for the fiscal year ended December 31, 2014, and (ii) financial forecasts and projecti

income of Camden and SBM provided to KBW by Camden and SBM managements, respectively. The results of KBW' following table, which also compares the results of KBW's analysis with the implied pro forma ownership percentages shareholders in the combined company based on the stock consideration of 5.421 of a share of Camden common stock p stock at the 80% stock / 20% cash aggregate merger consideration mix provided for in the merger agreement and also as consideration for illustrative purposes:

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

Forecasted Pro Forma Financial Impact Analysis. KBW performed a pro forma financial impact analysis that combined statement and balance sheet information of Camden and SBM. Using (i) closing balance sheet estimates as of Septembe SBM provided by the respective managements of Camden and SBM, (ii) financial forecasts and projections relating to t provided by SBM management, and (iii) financial forecasts and projections relating to the net income of Camden and pr (including purchase accounting adjustments, cost savings and related expenses as well as note repayment, redemption ar assumptions) provided by Camden management, KBW analyzed, among other things, the potential financial impact of t projected financial results of Camden. This analysis indicated the merger could be dilutive to Camden's estimated tangil of September 30, 2015 and accretive to estimated 2016 EPS. Furthermore, the analysis indicated Camden's tangible con assets ratio, leverage ratio, Tier 1 Risk-Based Capital Ratio and Total Risk-Based Capital Ratio as of September 30, 201 the above analysis, the actual results achieved by Camden following the merger may vary from the projected results, and material.

SBM Discounted Cash Flow Analysis. KBW performed a discounted cash flow analysis of SBM to estimate ranges for t SBM. In this analysis, KBW used financial forecasts and projections relating to the net income and assets of SBM prepa KBW by SBM management, and assumed discount rates ranging from 12.0% to 16.0%. The ranges of values were deriv present value of the estimated free cash flows that SBM could generate over the five-year period from 2015 to 2019 as a (ii) the present value of SBM's implied terminal value at the end of such period. KBW assumed that SBM would mainta equity to tangible assets ratio of 8.0% and would retain sufficient earnings to maintain that level. In calculating the term applied a range of 12.0x to 16.0x estimated 2020 net income. This discounted cash flow analysis resulted in a range of i SBM common stock of $136.47 per share to $185.83 per share.

Camden Discounted Cash Flow Analysis. KBW performed a discounted cash flow analysis of Camden to estimate range value of Camden. In this analysis, KBW used financial forecasts and projections relating to the net income and assets of provided to KBW by Camden management, and assumed discount rates ranging from 11.0% to 14.0%. The ranges of va

adding (i) the present value of the estimated free cash flows that Camden could generate over the five-year period from
standalone company, and (ii) the present value of Camden's implied terminal value at the end of such period. KBW assu
maintain a tangible common equity to tangible assets ratio of 7.5% and would retain sufficient earnings to maintain that
terminal value of Camden, KBW applied a range of 12.0x to 16.0x estimated 2020 net income. This discounted cash flo
range of implied values per share of Camden common stock of $34.75 per share to $48.68 per share.

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

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

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

Camden's Reasons for the Merger

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

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

- with estimated cost savings of 37% of SBM's pre-tax non-interest expenses and an anticipated closing date in the fall o expected to be mid-teen accretive to Camden's earnings per share in 2016 and beyond and will still allow Camden to ha

tangible common equity to tangible assets ratio of 7% at the effective time of the merger;

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

- the fairness opinion of RBC, the financial advisor of the Camden board, that, as of the date of such opinion, and based considerations, assumptions, limitations, qualifications and other matters set forth therein, the merger consideration wa point of view, to Camden, as more fully described in the subsection of this proxy statement/prospectus entitled "—Opi Advisor," beginning on page 66;

- the financial analyses and presentations provided by RBC to the Camden board, including the presentation of the analy opinion of RBC, described in the subsection of this proxy statement/prospectus entitled "—Opinion of Camden's Finan page 66;

- the merger agreement contains restrictions on the ability of SBM to solicit proposals for alternative transactions or enga regarding such proposals including the requirement of SBM to pay a termination fee of $5.4 million in certain circumst merger agreement; and

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

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

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

- the possibility of costs and delays resulting from seeking the regulatory approvals necessary to complete the tr the merger agreement, the possibility that the banking regulatory authorities may impose restrictions on the co two companies (including divestitures) in order to grant the required approvals and thus preventing Camden fr benefits of the merger, the possibility that the merger may not be completed if such approvals are not obtained impacts on Camden, its business and the price of Camden common stock if such approvals are not obtained or

- the fact that the integration of Camden and SBM may be complex and time consuming and may require substantial reso risk that if the combined bank is not successfully integrated, the anticipated benefits of the merger may not be realized longer to realize than expected;

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

- the transaction costs to be incurred by Camden in connection with the merg

- the various other applicable risks associated with SBM, Camden and the merger, including the risks described in “Spec Forward-Looking Statements” on page 29 and “Risk Factors” on page 24.

The foregoing discussion of the information and factors considered by the Camden board in reaching its conclusions and intended to be exhaustive, but includes the material factors considered by the Camden board. In view of the wide variety connection with its evaluation of the merger agreement and the transactions provided for in the merger agreement, and t matters, the Camden board did not find it practicable to, and did not attempt to, quantify, rank or otherwise assign any re to the various specific factors considered in reaching its determination and making its recommendation. The Camden bo foregoing factors as a whole and based its recommendation on the totality of the information presented.

Recommendation of the Camden Board of Directors

After careful consideration, the Camden board of directors approved the merger agreement and determined that the shar transactions provided for in the merger agreement are advisable to, and in the best interests of, Camden and Camden sha Camden board of directors recommends Camden shareholders vote "**FOR**" the share issuance and the other matters bein meeting.

Opinion of Camden's Financial Advisor

On March 29, 2015, RBC rendered its written opinion to the Camden board that, as of that date and subject to the assum limitations and other matters set forth therein, the merger consideration was fair, from a financial point of view, to Camd written opinion dated March 29, 2015 is attached to this proxy statement/prospectus as *Annex B* and constitutes part of t statement/prospectus. RBC's opinion was approved by RBC's Fairness Opinion Committee. **This summary of RBC's o entirety by reference to the full text of the opinion. Camden urges holders of Camden common stock to read RBC entirety for a description of the assumptions made, procedures followed, matters considered and limitations and review undertaken by RBC.**

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

RBC's opinion addressed solely the fairness of the merger consideration, from a financial point of view, to Camden, and other terms or arrangements of the merger or the merger agreement, including, without limitation, the financial or other agreement contemplated by, or entered into in connection with, the merger agreement, nor did it address, and RBC expr respect to, the solvency of Camden. Further, in rendering its opinion, RBC expressed no opinion about the fairness of th compensation (if any) to any of Camden's directors, officers or employees, or any class of such persons, relative to the c Camden in the merger.

In rendering its opinion, RBC assumed and relied upon the accuracy and completeness of all the information that was pu and all of the financial, legal, tax, operating and other information provided to or discussed with RBC by Camden or SB limitation, the financial statements and related notes thereto of each of Camden and SBM, respectively), and RBC did n independently verifying, and did not independently verify, such information. RBC assumed, with the consent of the Cam Camden projections (as hereinafter defined), the SBM projections (as hereinafter defined), and the merger estimates (as provided to RBC by Camden or SBM (as the case may be) were reasonably prepared on bases reflecting the best current good faith judgments of management of Camden or SBM (as the case may be) as to the future financial performance of standalone entities (or, in the case of the merger estimates, as a combined company). See "Certain Prospective Financial and the Merger provided to Camden's Financial Advisor and SBM" and "Certain Prospective Information about SBM p Advisor and Camden and its Financial Advisor." RBC expressed no opinion as to the Camden projections, the SBM pro estimates or the assumptions on which they were based.

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

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

RBC's opinion speaks only as of the date thereof, was based on the conditions as they existed and information which RB date thereof, and is without regard to any market, economic, financial, legal, or other circumstances or event of any kind or occur after such date. RBC did not undertake to reaffirm or revise its opinion or otherwise comment upon events occu

and does not have an obligation to update, revise or reaffirm its opinion. RBC did not express any opinion as to the price common stock has traded or would trade following the announcement of the merger nor the prices at which Camden con following the consummation of the merger.

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

- reviewed the financial terms of the draft merger agreement;

- reviewed and analyzed certain publicly available financial and other data with respect to Camden and SBM and certain operating data relating to Camden and SBM made available to RBC from published sources and from the internal recor respectively;

- reviewed the Camden projections prepared by Camden management, the SBM projections prepared by SBM managem estimates prepared by Camden management (collectively, "forecasts");

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

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

- performed other studies and analyses as RBC deemed appropriate.

Set forth below is a summary of the material financial analyses performed by RBC in connection with the rendering of i the Camden board in connection with its meeting on March 29, 2015. The order of analyses described does not represen weight given to those analyses by RBC. Some of the summaries of the financial analyses include information presented understand the summary of the analyses used by RBC, the tables must be read together with the text of each summary. T constitute a complete description of the analysis.

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

- Tangible Book Value, which means a company's total book value less the value of any intangible assets, including

- Core Deposit Premium, which means the quotient of (i) the equity value of a company less TBV and (ii) aggregate core percentage ("CDP").

Unless the context indicates otherwise, the analyses performed below were calculated using (i) the closing price of Cam closing prices of the selected bank holding companies as of March 27, 2015, (ii) historical financial and operating data f selected companies based on publicly available information for each company as of March 27, 2015, and (iii) transactio target companies derived from the selected transactions analysis described below, calculated as of the announcement da transaction based on the estimated purchase prices announced on such date for the selected transactions. Accordingly, th reflect current or future market conditions. The calculations of TBV and CDP were as of December 31, 2014. Last twelv financial information was publicly available ("LTM") earnings for Camden, SBM and the selected companies were as o purposes of certain analyses described below, the term "implied per share consideration", unless otherwise noted, refers value of the merger consideration of $208.60 based on (i) cash consideration, (ii) the implied per share value of the stoc the closing price of Camden common stock as of March 27, 2015 of $38.60 and (iii) assuming the stock consideration is

of the outstanding shares of SBM common stock and the cash consideration is issued in respect of 20% of the outstandi
stock.

SBM Financial Analysis

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

In this analysis, RBC compared (i) multiples of implied price per share of common equity to TBV, (ii) multiples of impl
common equity to LTM earnings per share ("EPS") and (iii) CDP. The list of selected companies and the related high, m
multiples and percentages for such selected companies and for SBM (at the implied per share consideration) are as follo

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Selected Companies

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

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

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

Implied Per Share Common Equity Reference Range for SBM based on:			
TBV	LTM EPS	Core Deposit Premium	Implied Per Share Consideration
$119 - $326	$26 - $108	$102 - $267	$ 208.60

Selected Transactions Analysis. RBC reviewed certain implied transaction multiples and percentages for a set of precede
transactions as compared to the corresponding implied transaction multiples and percentages for the merger. In selecting

transactions, RBC considered mergers and acquisitions in the Northeast and Mid-Atlantic regions publicly announced fr
(i) target assets ranging from $500 million to $4.0 billion, (ii) a ratio of non-performing assets to assets of less than three
tangible common equity to tangible assets of less than 13.0%. RBC excluded from its analysis merger of equals transact
for which implied transaction values were undisclosed.

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

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

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

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

Implied Per Share Common Equity Reference Range for SBM based on:			
TBV	LTM Core Earnings	Core Deposit Premium	Implied Per Share Consideration
$164 - $372	$175 - $311	$152 - $307	$ 208.60

Discounted Cash Flow Analysis. RBC performed discounted cash flow analyses of SBM by calculating the estimated ne unlevered, after-tax free cash flows of SBM available for dividends projected through 2019, based on forecasts. RBC pe cash flow analyses both on a standalone basis (the "SBM standalone DCF") and including the value of the synergies and adjustments projected to result from the merger as provided by management of Camden (the "SBM change of control D assumed a ratio of target tangible common equity to tangible assets of 7.5%, and a pre-tax opportunity cost of cash of 2. control DCF assumed cost savings equal to 37% of SBM's non-interest expense, 21% of which was projected to be phas 100% of which was projected to be achieved during 2016 and thereafter. In addition, the SBM change of control DCF as million of annual pre-tax savings beginning in 2016 to Camden from expansion expenditure savings. The SBM change c assumed a pre-tax restructuring charge of $15 million (55% incurred at closing and 45% expensed in 2015).

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

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

Camden Financial Analysis

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

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

Selected Companies

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

- SI Financial Group, Inc.
- Westfield Financial Inc.
- Bankwell Financial Group Inc.

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

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

Implied Per Share Common Equity Reference Range for Camden based on:			
TBV	LTM EPS	Core Deposit Premium	Camden Common Stock on March 27, 2015
$26.66 - $59.52	$31.10 - $82.05	$26.72 - $60.44	$ 38.60

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

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

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

Illustrative Pro Forma Analysis. RBC reviewed the potential pro forma effect of the merger on Camden's 2016-2018 G
financial data for Camden and SBM were based on forecasts. Based on the implied per share merger consideration as de
indicated that the merger could be between 14.2% to 18.9% accretive to GAAP earnings for the years 2016 through 201

Other Matters

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

Trading Range Analysis for Camden

Trading Range. RBC reviewed certain historical stock price information based on closing stock price information over t
March 27, 2015, for Camden common stock. This review indicated the following historical stock price information for C
compared to the closing price of Camden common stock on March 27, 2015.

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

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Overview of Analyses; Other Considerations

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

The preparation of a fairness opinion is a complex process that involves the application of subjective business judgment
appropriate and relevant methods of financial analysis and the application of those methods to particular circumstances.
methodologies were used by RBC, and no one method of analysis should be regarded as critical to the overall conclusio
technique has inherent strengths and weaknesses, and the nature of the available information may further affect the valu
The overall conclusions of RBC were based on all the analyses and factors presented herein taken as a whole and also o
experience and judgment. Such conclusions may involve significant elements of subjective judgment and qualitative ana
believes that its analyses must be considered as a whole and that selecting portions of the analyses and of the factors con
considering all factors and analyses, could create an incomplete or misleading view of the processes underlying its opini

Camden selected RBC to render to the Camden board its opinion based on RBC's qualifications, expertise, reputation an
business and affairs and its experience with community bank holding companies and the industry in which Camden oper
numerous acquisitions of community bank holding companies. RBC is an internationally recognized investment banking
engaged in the valuation of businesses and their securities in connection with mergers and acquisitions, corporate restruc
secondary distributions of listed and unlisted securities, private placements, and valuations for corporate and other purpo
of business, RBC may act as a market maker and broker in the publicly traded securities of Camden and receive customa
also actively trade securities of Camden for its own account and the accounts of its customers, and, accordingly, RBC an
long or short position in such securities. RBC has not provided investment banking and financial advisory services to Ca
In light of RBC's financial advisory role for Camden in connection with the merger, RBC anticipates that it may be sele
investment banking and financial advisory and/or financing services that may be required by Camden in the future, rega
merger is successfully completed.

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

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

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

Although presented with numerical specificity, the Camden projections and the merger estimates were prepared in the c variables, estimates, and assumptions that are inherently uncertain and may be beyond the control of Camden, and whic been, or to no longer be, accurate. The Camden projections and the merger estimates cover multiple years, and this infor becomes subject to greater uncertainty with each successive year. The Camden projections and the merger estimates are uncertainties. Important factors that may affect actual results and cause actual results to differ materially from the Camd merger estimates are set forth in the section of this proxy statement/prospectus titled "Risk Factors" beginning on page 2 uncertainties relating to Camden's businesses (including the ability of Camden to achieve strategic goals, objectives and periods), industry performance, the regulatory environment, general business and economic conditions, market and fina risks set forth in Camden's reports filed with the SEC, and other factors described or referenced in the section entitled "S Forward-Looking Statements."

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

The inclusion of the Camden projections and the merger estimates should not be regarded as an indication that Camden officers, directors, or other representatives consider the Camden projections or the merger estimates to be necessarily pr events, and neither the Camden projections nor the merger estimates should be relied upon as such. None of Camden or directors, or other representatives gives any stockholder of SBM, shareholder of Camden or any other person any assura not differ materially from the Camden projections or the merger estimates, and, except as otherwise required by law, no obligation to update or otherwise revise or reconcile the Camden projections or the merger estimates to reflect circumsta respective dates the Camden projections and the merger estimates were generated or to reflect the occurrence of future e that any or all of the assumptions and estimates underlying the Camden projections or the merger estimates are shown to

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

In connection with the merger, SBM management provided certain limited unaudited prospective financial information basis, without giving effect to the merger (the "SBM projections"), to Camden for purposes of considering and evaluatin Camden's and SBM's respective financial advisors. The following table presents a summary of certain SBM historical i ended December 31, 2014 and the SBM projections for the years ending December 31, 2015 and 2016:

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

($ in millions)

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

The SBM projections were not prepared with a view toward public disclosure or compliance with published guidelines o by the American Institute of Certified Public Accountants for preparation and presentation of prospective financial infor Although presented with numerical specificity, the SBM projections were prepared in the context of numerous variables assumptions that are inherently uncertain and may be beyond the control of SBM, and which may prove not to have bee accurate. The SBM projections cover multiple years, and this information by its nature becomes subject to greater uncer year. The SBM projections are subject to many risks and uncertainties. Important factors that may affect actual results a differ materially from the SBM projections are set forth in the section of this proxy statement/prospectus titled “Risk Fa and also include risks and uncertainties relating to SBM’s businesses (including the ability of SBM to achieve strategic g over the applicable periods), industry performance, the regulatory environment, general business and economic conditio conditions.

The SBM projections also reflect assumptions that are subject to change and are susceptible to multiple interpretations a on actual results, revised prospects for SBM’s business, changes in interest rates, general business or economic conditio or event that has occurred or that may occur and that was not anticipated at the time the SBM projections were prepared projections do not take into account any circumstances, transactions or events occurring after the respective dates the SB

prepared. Accordingly, actual results may differ, and may differ materially, from those contained in the SBM projection
that the financial results in the SBM projections will be realized or that future financial results will not materially vary fr
projections.

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

Accounting Treatment

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

Post-Closing Capitalization

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

All of the numbers and percentages calculated above are based on the outstanding shares as of the record date and do no
exercise of any outstanding stock options that would result in the issuance of additional common stock of Camden.

Listing of Camden Common Stock to be Issued in the Merger

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

Number of Holders of Common Stock and Number of Shares Outstanding

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

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

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

INTERESTS OF SBM DIRECTORS AND EXECUTIVE OFFICERS IN THE MERGER

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

Share Ownership of SBM Directors and Executive Officers

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

SBM Directors Joining Camden Board and Camden National Bank Board

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

Indemnification

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

Directors’ and Officers’ Insurance

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

Change in Control Benefits Under Current SBM Agreements

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

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

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

- For Mr. Hayden, he would receive a cash severance payment equal to his base salary as of his date of termination and t the Compensation Committee of The Bank of Maine on or prior to such date (or his current base salary, plus target bon reduction thereof resulting in a good reason termination), payable for 18 months. In addition, he would be entitled to co disability, medical insurance and other normal welfare benefits in effect as of his date of termination of employment fo Bank of Maine can no longer provide those benefits because he is no longer employed, a dollar amount equal to The Ba providing such benefits.

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

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

Resignation for "good reason" means a resignation following:

- any reduction in title, change in reporting structure or significant reduction in the executive's responsibil
- any reassignment of the executive that requires the executive to move his or her principal r
- any reduction in the executive's annual base salary or bonus;
- any failure of to provide the executive with benefits at least as favorable as those enjoyed the executive under any of th medical, health and accident, disability or other employee plans of The Bank of Maine that the executive participated in control;
- any failure to obtain a satisfactory agreement from any successor to assume and agree to perform the change of co
- any material breach of the change of control agreement by The Bank or Maine or its su

Each of the change of control agreements contains non-solicitation and confidentiality provisions that are enforceable be the executive's employment and beyond the expiration of the change of control agreement. Each of the change of contro for the period in which the executive receives change of control payments, the executive will not solicit employees of T

its affiliates. In addition, the change of control agreements prohibits, at any time during or after termination, the disclosu
information of SBM, The Bank of Maine or any of their affiliates.

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

Future Services to Camden

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

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Under the consulting agreement, Mr. Everets agreed that for a period of 18 months following the closing date of the mer
indirectly, engage, participate or invest in any business that is in competition with Camden National Bank or HPFC anyw
Maine. However, Mr. Everets is not prohibited from having a passive investment in publicly traded stock of a company
of the stock of that company. Mr. Everets also agreed that he will not solicit, induce or hire any employee of Camden Na
affiliates or subsidiaries from the employment of such entities or solicit any customer of Camden National Bank or HPF
Camden National Bank or HPFC for any reason.

Camden National Bank has agreed to pay Mr. Everets a total of $495,000 in consideration of the non-competition and co
consulting agreement, of which $320,000 will be paid in consideration of the non-solicitation and non-competition provi
be paid in consideration of the consulting services to be provided. The $495,000 will be paid to Mr. Everets monthly in

Agreement with Mr. Hayden. Camden National Bank and Mr. Hayden have entered into an agreement for Mr. Hayden to
Bank as Executive Vice President and Chief Credit Officer, upon completion of the merger, with an annualized base sala
agreement, Camden National Bank agreed to assume the rights and obligations of Mr. Hayden's existing change in cont
Mr. Hayden waiving certain provisions of the change in control agreement relating to the definition of "good reason" in
termination following a change in control. Mr. Hayden will participate in Camden's Executive Incentive Plan, Long-Ter
Defined Contribution Retirement Plan, and will be eligible to participate in Camden's Management Stock Purchase Plan
Deferred Compensation Plan.

Settlement of Executive Officers' and Directors' Equity-Based Awards

The directors and executive officers of SBM hold stock options and restricted stock unit awards issued under the SBM E
Incentive Plan, which is also referred to as the SBM equity plan.

Stock Options. Stock options granted under the SBM equity plan vest monthly, or in accordance with the stock option aw
terms of the merger agreement, upon closing of the merger, all stock options will be assumed by Camden and shall beco
accordance with their terms and converted into stock options to acquire shares of Camden common stock. Each converte
subject to the same terms and conditions as applied to the stock options immediately prior to the effective time of the me
time of the merger, each such option assumed will be converted for the number of whole shares of Camden common sto
nearest whole share, equal to the product of the number of SBM shares provided for in the option and 5.421, at an exerc
quotient obtained by dividing the exercise price per SBM share provided for in the option by 5.421. As of ·, 2015, SBM'
officers (as a group) held vested and unvested options to acquire an aggregate of · shares of SBM common stock.

Restricted Stock Unit Awards. Under the terms of the merger agreement, all outstanding restricted stock units granted un
will vest and be converted into the right to receive merger consideration. As of ·, 2015, SBM's directors and executive o
vested and unvested restricted stock units.

Pro-Rata Bonuses

With respect to the calendar year in which the effective time of the merger occurs, eligible executive officers of SBM ar
pro-rata bonuses that have been budgeted by SBM consistent with past practice and in the ordinary course of business, p
executive officers at the effective time of the merger, provided that the monthly accruals of the aggregate bonus paymen
$50,000.

THE MERGER AGREEMENT

The following is a brief summary of the significant provisions of the merger agreement. The summary is not complete a
entirety by reference to the merger agreement, which is attached to this proxy statement/prospectus as *Annex A* and is in
statement/prospectus by reference. You should read the merger agreement carefully and in its entirety.

Structure of the Merger

The merger agreement provides for the merger of SBM with and into Camden, effected through a two-step merger invol
wholly-owned subsidiary, Atlantic Acquisitions. The surviving corporation in the merger will be Camden. It is anticipat
will merge with and into Camden National Bank, with Camden National Bank continuing as the surviving bank, immed
merger.

Closing of the Merger

The closing of the merger will occur on a date that is no later than five business days after the satisfaction or waiver of a
described in the merger agreement, unless this date is extended by the mutual agreement of the parties. The merger will
filing of articles of merger with the Secretary of State of the State of Maryland.

We currently expect to complete the merger in the fall of 2015; however, because the merger is subject to a number of c
predict the actual timing of the closing of the merger.

Boards of Directors of the Surviving Corporation

Upon completion of the merger, Camden will expand the size of its board of directors, and cause Camden National Banl
board of directors, by two seats and appoint two directors of SBM as mutually agreed upon by Camden and SBM to serv
and Camden National Bank.

Merger Consideration

In the merger, each outstanding share of SBM common stock and restricted stock unit will be converted into the right to the holder, either:

- $206.00 in cash, without interest (which is referred to as the cash consideration
- 5.421 shares of Camden common stock, plus cash in lieu of any fractional share (which is referred to as the sto

subject to the allocation and proration procedures described below. Subject to these procedures, you may elect to receive consideration in cash and the remaining portion in shares of Camden common stock.

No fractional shares of Camden common stock will be issued in connection with the merger. Instead, each SBM stockho amount of cash, in lieu of any fractional share, based on the average per share closing price of Camden common stock o consecutive trading days ending on the fifth business day immediately prior to the closing date of the merger, rounded to

No interest will be paid on any cash merger consideration.

Election Procedures

No less than 20 business days prior to the anticipated closing date of the merger, each holder of record of SBM common unit will be sent an election form and other appropriate and customary transmittal materials which will permit each SBM

- to elect to receive $206.00 per share in cash, without interest, in exchange for all shares of SBM common stock held by the stockholder;

- to elect to receive 5.421 shares of Camden common stock, plus cash in lieu of any fractional share, in exchang common stock and restricted stock units held by the stockholder;

- to elect to receive the cash consideration with respect to a portion of the shares of SBM common stock and restricted st shareholder and the stock consideration with respect to the remaining shares of SBM common stock and restricted stoc shareholder; or

- to make no election with respect to the consideration to be received in exchange for the shareholder's shares of SBM co stock units.

If your shares or a portion of your shares of SBM common stock or restricted stock units are held in "street name" by a b nominee, you should receive or seek instructions from the institution holding your shares concerning how to make your must be given to your broker, bank or other nominee in advance of the election deadline in order to allow your broker, b sufficient time to make an election as described above. Camden will publicly announce the election deadline. "Street na common stock and restricted stock units may be subject to an election deadline earlier than the announced election dead holders. Therefore, you should carefully read any materials you receive from your broker, bank or other nominee. If you other nominee to submit an election for your shares, you must follow such broker's, bank's or other nominee's direction those instructions.

An election form must be either accompanied by the SBM stock certificates as to which the election is being made, or m appropriate guarantee of delivery of those stock certificates. Any election form may be revoked or changed by the perso form to the exchange agent by written notice to the exchange agent only if such notice of revocation or change is actuall agent at or prior to the election deadline. Stock certificates relating to any revoked election form will be promptly return

In order to be effective, a properly completed election form must be received by the exchange agent on or before 5:00 p. 25th day following the mailing date of the election form to SBM stockholders, unless Camden and SBM have mutually time as the election deadline, which date will be publicly announced by Camden as soon as practicable prior to the elect stockholders are urged to carefully read and follow the instructions for completion of the election form and to submit the certificate(s) in advance of the election deadline.

If an SBM stockholder either:

- does not submit a properly completed election form in a timely fashion; o

- revokes his, her or its election form prior to the deadline for the submission of the election form and does not resubmit election form by the election form deadline,

the shares of SBM common stock and restricted stock units held by the stockholder will be designated non-election shar
will have reasonable discretion in determining whether any election, revocation or change was properly or timely made
immaterial defects in the election form.

If you have a preference for receiving either cash or Camden common stock for your shares of SBM common stock and
should return the election form indicating your preference. SBM stockholders who make an election will be accorded pr
shareholders who make no election in instances where the cash consideration or stock consideration must be re-allocated
required ratio of SBM shares being converted into the right to receive cash and Camden common stock. If you do not m
allocated cash and/or Camden common stock depending entirely on the elections made by other SBM stockholders. **Hov
make an election, the form of merger consideration you actually receive may differ from the form of merger cons
receive due to the allocation procedures described below.**

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

Allocation Procedures

A stockholder's ability to elect to receive cash or shares of Camden common stock in exchange for shares of SBM comm stock units in the merger is subject to allocation procedures set forth in the merger agreement. These allocation procedur that 80% of the total number of shares of SBM common stock outstanding immediately prior to the effective time of the into shares of Camden common stock, and the remaining shares of SBM common stock will be converted into cash. In t opinions to be delivered at closing cannot be rendered as a result of the merger failing to satisfy the "continuity of intere applicable federal income tax principles relating to reorganizations under Section 368(a) of Internal Revenue Code of 19 "Code"), Camden will increase the stock consideration to the minimum extent necessary to enable the tax opinions to be

Whether you receive the amount of cash and/or stock you request in your election form will depend in part on the electio stockholders. You may not receive the form of consideration that you elect in the merger, and you may instead receive a and Camden common stock.

Through the use of examples, we illustrate below the possible adjustments to elections in connection with these allocatio our three examples assumes you make an effective stock election with respect to all of your SBM shares. The second ex no election with respect to your SBM shares. Finally, the third example assumes that you make an effective cash electio SBM shares. You should note, however, that you are not required to elect to receive only cash or only Camden common elect to receive cash with respect to a portion of your SBM shares and shares of Camden common stock with respect to shares. You also should note that the examples below are included for illustrative purposes only, and the pro-rated amou shareholder may receive in the merger are subject to the application of the allocation provisions in the merger agreemen including the exchange agent's procedures for rounding the various amounts.

Allocation if Too Many Shares of Camden Common Stock are Elected. If SBM stockholders elect to receive more Camd Camden has agreed to issue in the merger, then all SBM stockholders who elected to receive cash or who have made no cash consideration with respect to their SBM shares, and all SBM stockholders who elected to receive Camden common pro-rata portion of the available shares of Camden common stock calculated in the manner described below.

EXAMPLE #1: Assume that (1) 600,000 shares of SBM common stock are outstanding immediately prior to the merger shares of SBM common stock have made effective stock elections, (3) holders of 50,000 shares of SBM common stock elections and (4) holders of 50,000 shares of SBM common stock have made no election with respect to their shares. Yo and have made an effective election to receive the stock consideration for those shares. In this example, pro-ration woul to the SBM stockholders who elected the stock consideration because stockholders have elected to receive Camden com with respect to more than 80% of the outstanding shares of SBM common stock.

EXPLANATION #1:

Step 1. Derive the stock fraction: the stock fraction equals the stock conversion number divided by the aggregate numbe
an effective stock election was made, and represents the fraction to be used in pro-rating the stock consideration. The sto
the number of shares of SBM common stock that are to be converted into the right to receive the stock consideration in a
of the merger agreement. The stock conversion number is equal to 480,000 shares of SBM common stock. The stock fra
above is calculated as follows:

$$\frac{\text{stock conversion number}}{\text{stock election shares}} = \frac{480{,}000 \text{ shares}}{500{,}000 \text{ shares}} = 0.96$$

Step 2. Derive the stock consideration: the pro-rated stock consideration is the product of the stock fraction multiplied by
shares as to which you have made an effective stock election. This amount is then multiplied by the exchange ratio of 5.
consideration for the example above is calculated as follows:

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10,000 × 0.96 = 9,600

9,600 × 5.421 = 52,041.6 shares of Camden common stock

Because no fractional shares of Camden common stock will be issued in the merger, you would receive 52,041 shares o
and cash for the additional 0.6 fractional share.

Step 3. Derive the cash consideration: the cash consideration that you will receive for your SBM shares is the product of
remaining number of SBM shares as to which you made an effective stock election. The cash consideration for the exam
follows:

$206.00 × (10,000 – 9,600) = $206.00 × 400 = $82,400

Thus, in this example, if you own 10,000 shares of SBM common stock and have made an effective stock election for al
would receive (subject to rounding):

- 52,041 shares of Camden common stock;
- cash for the 0.6 fractional share of Camden common stock; and
- $82,400 in cash.

Allocation if Too Few Shares of Camden Common Stock are Elected. If SBM stockholders elect less Camden common s
agreement provides for Camden to issue in the merger, then all shares with respect to which SBM stockholders have ele
consideration would be converted into the right to receive Camden common stock, and the shares for which SBM stockh
receive cash or with respect to which no election was made would be treated in the manner illustrated below.

EXAMPLE #2: Assume that (1) 600,000 shares of SBM common stock are outstanding immediately prior to the merger
shares of SBM common stock have made effective stock elections, (3) holders of 100,000 shares of SBM common stock
elections and (4) holders of 100,000 shares of SBM common stock have made no election with respect to their shares. Y
shares and have made no election with respect to those shares. In this example, pro-ration would be required with respec

made no election with respect to their SBM shares because holders of less than 80% of the outstanding SBM shares have Camden common stock in the merger, and the shortfall is less than the number of non-election shares.

EXPLANATION #2:

Step 1. Derive the shortfall number: the shortfall number is the amount by which the stock conversion number exceeds t SBM shares with respect to which the stock consideration was elected. The stock conversion number is the number of sh stock that are to be converted into the right to receive the stock consideration in accordance with the terms of the merger conversion number is equal to 480,000 shares of SBM common stock. The shortfall number for the example above is ca

480,000 – 400,000 = 80,000 shares

Step 2. Determine whether the shortfall number is less than or equal to the number of non-election shares: In this examp (80,000 shares) is less than the number of non-election shares (100,000 shares). As a result, all SBM shares with respect election was made would be converted into the right to receive the cash consideration, and the holders of non-election sh of stock consideration and cash consideration.

Step 3. Derive the stock fraction: the stock fraction equals the shortfall number divided by the aggregate number of SBM election was made, and represents the fraction to be used in pro-rating the stock consideration. The stock fraction for the calculated as follows:

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$$\frac{\text{shortfall number}}{\text{non-election shares}} = \frac{80{,}000 \text{ shares}}{100{,}000 \text{ shares}} = 0.8$$

Step 4. Derive the stock consideration: the pro-rated stock consideration is the product of the stock fraction multiplied by shares as to which you have made no election. This amount is then multiplied by the exchange ratio of 5.421. The pro-ra the example above is calculated as follows:

$10{,}000 \times 0.8 = 8{,}000$

$8{,}000 \times 5.421 = 43{,}368$ shares of Camden common stock

Step 5. Derive the cash consideration: the cash consideration that you will receive for your SBM shares is the product of remaining number of SBM shares as to which you made no election. The cash consideration for the example above is ca

$\$206.00 \times (10{,}000 - 8{,}000) = \$206.00 \times 2{,}000 = \$412{,}000$

Thus, in this example, if you own 10,000 shares of SBM common stock and made no election with respect to those shar (subject to rounding):

- 43,368 shares of Camden common stock; and
- $412,000 in cash.

EXAMPLE #3: Assume that (1) 600,000 shares of SBM common stock are outstanding immediately prior to the merger shares of SBM common stock have made effective stock elections, (3) holders of 150,000 shares of SBM common stock elections and (4) holders of 50,000 shares of SBM common stock have made no election with respect to their shares. Yo and have made an effective election to receive the cash consideration for those shares. In this example, pro-ration would the stockholders who made cash elections with respect to their SBM shares because holders of less than 80% of the outs elected to receive stock in the merger, and the shortfall is more than the number of non-election shares.

EXPLANATION #3:

Step 1. Derive the shortfall number: the shortfall number is the amount by which the stock conversion number exceeds t
SBM shares with respect to which the stock consideration was elected. The stock conversion number is the number of sh
stock that are to be converted into the right to receive the stock consideration in accordance with the terms of the merger
conversion number is equal to 480,000 shares of SBM common stock. The shortfall number for the example above is ca

480,000 – 400,000 = 80,000 shares

Step 2. Determine whether the shortfall number is less than or equal to the number of non-election shares: In this examp
(80,000 shares) is greater than the number of non-election shares (50,000 shares). As a result, all SBM shares with respe
made would be converted into the right to receive the stock consideration, and the holders of shares with respect to whic
was made would receive a mix of stock consideration and cash consideration.

Step 3. Derive the stock fraction: the stock fraction equals the amount by which the shortfall number exceeds the total nu
shares, divided by the aggregate number of SBM shares for which an effective cash election was made, and represents th
pro-rating the stock consideration. The stock fraction for the example above is calculated as follows:

$$\frac{\text{shortfall number} - \text{non-election shares}}{\text{cash election shares}} = \frac{(80{,}000 - 50{,}000)}{150{,}000} = \frac{30{,}000}{150{,}000} = 0.2$$

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Step 4. Derive the stock consideration: the pro-rated stock consideration is the product of the stock fraction multiplied by shares as to which you have made an effective cash election. This amount is then multiplied by the exchange ratio of 5.4 consideration for the example above is calculated as follows:

10,000 × 0.2 = 2,000

2,000 × 5.421 = 10,842 shares of Camden common stock

Step 5. Derive the cash consideration: the cash consideration that you will receive for your SBM shares is the product of remaining number of SBM shares as to which you made an effective cash election. The cash consideration for the exam follows:

$206.00 × (10,000 – 2,000) = $206.00 × 8,000 = $1,648,000

Thus, in this example, if you own 10,000 shares of SBM common stock and made an effective cash election for all of th receive (subject to rounding):

- 10,842 shares of Camden common stock; and
- $1,648,000 in cash.

Exchange of SBM Stock Certificates for Camden Stock Certificates

On or before the closing date of the merger, Camden will cause to be delivered to the exchange agent certificates represe Camden common stock to be issued in the merger. In addition, Camden will deliver to the exchange agent an aggregate to pay the aggregate amount of cash consideration payable in the merger, including an estimated amount of cash to be pa shares of Camden common stock. Camden has selected American Stock Transfer & Trust Company to act as exchange a the merger.

SBM stockholders who surrender their stock certificates and complete transmittal and election forms prior to the electio automatically receive the merger consideration allocated to them promptly following completion of the allocation proce

As promptly as practicable following the effective time of the merger, the exchange agent will mail to each SBM stockh effective time of the merger who did not previously surrender SBM stock certificates with a properly completed election transmittal and instructions for use in surrendering the stockholder's SBM stock certificates. When such SBM stockhold certificates to the exchange agent with a properly completed and duly executed letter of transmittal and any other require stock certificates will be cancelled and in exchange SBM stockholders will receive, as allocated to them:

- a Camden stock certificate representing the number of whole shares of Camden common stock that they are entitled to agreement;
- a check representing the amount of cash that they are entitled to receive under the merger agreer
- a check representing the amount of cash that they are entitled to receive in lieu of any fractio

No interest will be paid or accrued on any cash constituting merger consideration.

SBM stockholders who are receiving the stock consideration in the merger are not entitled to receive any dividends or o Camden common stock with a record date after the closing date of the merger until they have surrendered their SBM sto for a Camden stock certificate. After the surrender of their SBM stock certificates, SBM stockholders of record will be e dividend or other distribution, without interest, which had become payable with respect to their Camden common stock.

Treatment of SBM Equity Awards

At the effective time of the merger, each option granted under SBM's equity plans, whether vested or unvested, which is prior to the effective time of the merger and which has not been previously exercised or cancelled, will be assumed by C accordance with its terms and converted into an option to acquire Camden common stock. As of the effective time of the assumed will be converted for the number of whole shares of Camden common stock, rounded down to the nearest whol product of the number of SBM shares provided for in the option and 5.421, at an exercise price per share equal to the qu the exercise price per SBM share provided for in the option by 5.421, rounded up to the nearest whole cent. Each assum subject to the same terms and conditions that applied to the stock option immediately prior to the effective time (subject the merger). As of , 2015, there were outstanding options to purchase 27,500 shares of SBM common stock.

At the effective time of the merger, each outstanding restricted stock unit granted under SBM's equity plan will vest in f to any forfeiture or vesting requirements, and all such shares will be entitled to receive election forms and to receive the

Conditions to the Merger

The obligations of SBM and Camden to consummate the merger are subject to the fulfillment of the following condition

- the merger being approved by the requisite affirmative vote of the stockholders of
- the share issuance being approved by the requisite affirmative vote of the shareholders of

- Camden and SBM having obtained all regulatory approvals required to consummate the transactions provided for in the related statutory waiting periods having expired, and none of the regulatory approvals having imposed any term, condit Camden reasonably determines would (1) prohibit or materially limit the ownership or operation by Camden of all or a business or assets of SBM or Camden, (2) compel Camden to dispose of or hold separate all or any material portion of SBM or Camden or (3) compel Camden to take any action, or commit to take any action, or agree to any condition or re limitation, condition or other requirement described in clauses (1)-(3) of this sentence would have a material adverse ef by Camden of its business, taken as a whole (a "burdensome condition");

- the absence of any order, decree or injunction in effect, or any law, statute or regulation enacted or adopted, that enjoin restricts or makes illegal the consummation of the transactions provided for in the merger agreement; and

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the registration statement, of which this proxy statement/prospectus is a part, being declared effective and the absence o threatened proceeding to suspend, or stop order suspending, that effectiveness.

In addition, the obligation of Camden to complete the merger is subject to the fulfillment or written waiver, where perm conditions:

- each of the representations and warranties of SBM contained in the merger agreement having been true and correct as o agreement and as of the closing date of the merger, unless the failure of those representations and warranties to be true in the aggregate, has not had, or would not reasonably be likely to have, a material adverse effect on SBM;

- each and all of the agreements and covenants of SBM to be performed and complied with pursuant to the merger agree closing date of the merger having been duly performed and complied with in all material respects;

- Camden having received a certificate from the chief executive officer and chief financial officer of SBM with respect to foregoing conditions; and

- Camden having received an opinion from its tax counsel, or such other counsel as provided for in the merger agreemen treated for federal income tax purposes as a “reorganization” under Section 368(a) of the Code.

The obligations of SBM to complete the merger are subject to the fulfillment or written waiver, where permissible, of th
conditions:

- each of the representations and warranties of Camden and Atlantic Acquisitions contained in the merger agreement hav
as of the date of the merger agreement and as of the closing date of the merger, unless the failure of those representatio
and correct, individually or in the aggregate, has not had, or would not reasonably be likely to have, a material adverse

- each and all of the agreements and covenants of Camden and Atlantic Acquisitions to be performed and complied with
agreement on or prior to the closing date of the merger having been duly performed and complied with in all material re

- SBM having received a certificate from the chief executive officer and chief financial officer of Camden with respect to
foregoing conditions; and

- SBM having received an opinion from its tax counsel, or such other counsel as provided for in the merger agreement, th
treated for federal income tax purposes as a "reorganization" under Section 368(a) of the Code.

"Material adverse effect" when used in reference to SBM or Camden, means any fact, change, event, development, effec
individually or in the aggregate, (1) are, or would reasonably be expected to be, materially adverse to the business, busin
assets, liabilities, condition (financial or otherwise), results of operations, cash flows or properties of SBM or Camden, t
(2) would reasonably be expected to prevent SBM, Camden or Atlantic Acquisitions, LLC from performing its obligatio
agreement or consummating the transactions provided for in the merger agreement; however, material adverse effect do
of:

- any fact, change, event, development, effect or circumstance arising after the date of the merger agreement affecting ba
companies generally or arising from changes in general business or economic conditions (and not specifically relating t
specifically relating to or having a materially disproportionate effect on SBM or Camden, taken as a whole);

- any fact, change, event, development, effect or circumstance resulting from any change in law, generally accepted acco
regulatory accounting after the date of the merger agreement, which affects generally entities such as SBM or Camden,
specifically relating to or having the effect of specifically relating to or having a materially disproportionate effect on S
whole);

- actions and omissions of SBM or Camden taken with the prior written consent of the other party in furtherance of the tr
the merger agreement or otherwise permitted to be taken by SBM or Camden under the merger agreement;

- any fact, change, event, development, effect or circumstance resulting from the announcement or pendency of the trans
merger agreement;

- any failure by SBM or Camden to meet any internal or published industry analyst projections or forecasts or est earnings for any period; and

- changes in the trading price or trading volume of Camden's common stoc

Termination

The merger agreement may be terminated and the merger and the transactions provided for in the merger agreement aba

- by mutual written consent of the parties;

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

by Camden or SBM if the other party materially breaches any of its representations, warranties, covenants or agreemen
agreement (provided that the terminating party is not then in material breach of any representation, warranty, covenant
contained in the merger agreement), and the breach cannot be or has not been cured within 30 days of written notice of
would entitle the non-breaching party not to consummate the transactions provided for in the merger agreement;

by Camden or SBM if (1) any regulatory approval required for consummation of the merger and the other transactions
agreement (A) will impose any term, condition or restriction upon Camden or any of its subsidiaries that Camden reaso
burdensome condition, or (B) has been denied by final nonappealable action of any regulatory authority, or (2) any gov
a final nonappealable order, injunction or decree enjoining or otherwise prohibiting the transactions provided for in the
provided in either case that the terminating party has used its reasonable best efforts to have the order, injunction or dec
such burdensome condition from being imposed;

by Camden or SBM if the required approval of the merger by the SBM stockholders or the share issuance by the Camd
obtained;

· by Camden, if the SBM board of directors:

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

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

· approves or recommends another acquisition proposal; or

· resolves or otherwise determines to take, or announces an intention to take, any of the actions li

by Camden if SBM or any of SBM's representatives breaches in any material respect the provisions in the merger agre
solicitation of other offers;

· by SBM in connection with entering into a definitive agreement to effect a superior prop

by SBM, if its board of directors so determines by a majority vote of the members of its entire board, at any time during
period commencing on the latest of the date, which is referred to as the determination date, on which (1) all regulatory
received, and (2) the approval of the merger by the SBM stockholders is obtained, if both of the following conditions ar

the average of the daily closing sales prices of a share of Camden common stock as reported on NASDAQ for the ten c
immediately preceding the determination date is less than $30.65 (which represents 80% of the average of the daily clo
of Camden common stock, as reported on NASDAQ, for the ten consecutive trading days immediately preceding the da
agreement); and

the number obtained by dividing the average of the daily closing sales prices of a share of Camden common stock as re
the ten consecutive trading days immediately preceding the determination date by the average of the daily closing sales
Camden common stock, as reported on NASDAQ, for the ten consecutive trading days immediately preceding the date
less than the quotient obtained by dividing the average of the closing prices of the NASDAQ Bank Index on each of the
days immediately preceding the determination date by the average of the closing prices of the NASDAQ Bank Index fo
trading days immediately preceding the date of the merger agreement, minus 0.20.

If the SBM board of directors exercises the termination right described above, Camden will have the option to increase t common stock to be provided to SBM stockholders such that the implied value of the exchange ratio would be equivalen value that would have avoided triggering the termination right described above. If Camden elects to increase the exchan preceding sentence, no termination will occur.

Under the merger agreement, an "acquisition proposal" means any inquiry, offer or proposal (other than an inquiry, offe whether or not in writing, contemplating, relating to, or that could reasonably be expected to lead to, an acquisition trans transaction" means:

- any transaction or series of transactions involving any merger, consolidation, recapitalization, share exchange, liquidati transaction involving SBM or any of its subsidiaries;
- any transaction pursuant to which any third party or group acquires or would acquire (whether through sale, lease or oth indirectly, any assets of SBM or any of its subsidiaries representing, in the aggregate, 25% or more of the assets of SBM consolidated basis;
- any issuance, sale or other disposition of (including by way of merger, consolidation, share exchange or any similar tra options, rights or warrants to purchase or securities convertible into, such securities) representing 25% or more of the v outstanding securities of SBM or any of its subsidiaries;
- any tender offer or exchange offer that, if consummated, would result in any third party or group beneficially owning 2 equity securities of SBM or any of its subsidiaries; or
- any transaction which is similar in form, substance or purpose to any of the transactions listed above, or any combinatio transactions.

For purposes of the termination fee provisions described below, all references to 25% in the definition of "acquisition tra to 50%.

Termination Fee

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

· Camden terminates the merger agreement as a result of the SBM board of direc

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

· materially breaching its obligation to call, give notice of hold and commence the special meeting or to solicit proxies i

· approving or recommending another acquisition proposal; or

· resolving or otherwise determining to take, or announcing an intention to take, any of the actions

· Camden terminates the merger agreement as a result of a material breach by SBM or any of SBM's representatives of t agreement prohibiting the solicitation of other offers;

· SBM terminates the merger agreement in connection with entering into a definitive agreement to effect a s

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

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- the failure of the SBM stockholders to approve the merger, or the merger not having been consummated by March 1, 2
SBM stockholders to approve the merger, and both:

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

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

- Camden terminates the merger agreement as a result of a willful material breach by SBM of any of its representations,
agreements contained in the merger agreement, if both:

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

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

No Solicitation

SBM has agreed that neither it nor its subsidiaries nor any of its respective officers, directors, employees, investment ba
attorneys, accountants, consultants, affiliates and other of its agents (which we refer to as SBM's representatives) will, d

- initiate, solicit, induce or knowingly encourage, or take any action to facilitate the making of, any inquiry, offer or prop
could reasonably be expected to lead to, an acquisition proposal;

- participate in any discussions or negotiations regarding any acquisition proposal or furnish, or otherwise afford access,
Camden) any information or data with respect to SBM or any of its subsidiaries or otherwise relating to an acquisition p

- release any person from, waive any provisions of, or fail to enforce any confidentiality agreement or standstill agreeme
or

- enter into any agreement, agreement in principle or letter of intent with respect to any acquisition proposal or approve o
acquisition proposal or any agreement, agreement in principle or letter of intent relating to an acquisition proposal.

If SBM receives a bona fide unsolicited written acquisition proposal that did not result from a breach by SBM of any of merger agreement as discussed above, the SBM board of directors may participate in discussions or negotiations regardi acquisition proposal or furnish the third party with, or otherwise afford access to the third party of, any information or d any of its subsidiaries or otherwise relating to the acquisition proposal if:

- the SBM board of directors first determines in good faith, (1) after consultation with its outside legal counsel and its inc advisor, that such acquisition proposal constitutes or is reasonably likely to lead to a superior proposal, and (2) after co legal counsel, that it is required to take such actions to comply with the standard of conduct required of a board of direc other fiduciary duties owed to its shareholders under applicable law;

- SBM has provided Camden with at least two business days' prior notice of such determin

- prior to furnishing or affording access to any information or data with respect to SBM or any of its subsidiaries or other acquisition proposal, the third party enters into a confidentiality agreement with SBM containing terms no less favorable contained in its confidentiality agreement with Camden.

A "superior proposal" means any bona fide written proposal (on its most recently amended or modified terms, if amended third party to enter into an acquisition transaction on terms that the SBM board of directors determines in its good faith j consultation with outside legal counsel and its independent financial advisor:

- would, if consummated, result in the acquisition of all, but not less than all, of the issued and outstanding shares of SBM substantially all, of the assets of SBM and its subsidiaries on a consolidated basis;

- would result in a transaction that:

- involves consideration to the SBM stockholders that is more favorable, from a financial point of view, than the conside stockholders pursuant to the merger agreement, considering, among other things, the nature of the consideration being o regulatory approvals or other risks associated with the timing of the proposed transaction beyond or in addition to those in the merger agreement, and which proposal is not conditioned upon obtaining additional financing; and

- is, in light of the other terms of such proposal, more favorable to SBM stockholders than the merger and the transaction merger agreement; and

- is reasonably likely to be completed on the terms proposed,

in each case taking into account all legal, financial, regulatory and other aspects of the proposal.

SBM has agreed to promptly, and in any event within 24 hours, notify Camden in writing if any proposals or offers are r information is requested from, or any negotiations or discussions are sought to be initiated or continued with, SBM or an each case in connection with any acquisition proposal. Any such notice will indicate the name of the person initiating su negotiations or making such proposal, offer or information request, the material terms and conditions of any proposals o required to keep Camden informed, on a reasonably current basis, and in any event within 24 hours, of the status and ter developments with respect to such proposal, offer, information request, negotiations or discussions (including any amen such proposal, offer or request).

SBM has also agreed to promptly provide Camden with any non-public information about SBM or any of its subsidiarie person that was not previously provided to Camden.

In addition, under the merger agreement, SBM agreed that its board of directors, or any committee of the board, will not

- withdraw, qualify, amend or modify, or propose to withdraw, qualify, amend or modify, in a manner adverse with the transactions provided for in the merger agreement (including the merger), its recommendation that approve the merger;
- fail to reaffirm its recommendation that SBM stockholders vote to approve the merger within three business by Camden;
- make any statement, filing or release, in connection with the special meeting or otherwise, inconsistent with SBM stockholders vote to approve the merger (including taking a neutral position or no position with respe proposal);
- approve or recommend, or propose to approve or recommend, any acquisition propo

· enter into any letter of intent, agreement in principle, acquisition agreement or other agr

· related to any acquisition transaction (other than a confidentiality agreement entered into in accordance with the no soli merger agreement); or

· requiring SBM to abandon, terminate or fail to consummate the merger or any other transaction provided for in the

However, prior to the date of the special meeting of stockholders, the SBM board of directors may withdraw, qualify, ar recommendation that SBM stockholders vote to approve the merger if the SBM board reasonably determines in good fa outside legal counsel, that it is required to do so in order to comply with the standard of conduct required of a board of d or other fiduciary duties owed to the SBM stockholders under applicable law. In the event that the SBM board makes th must provide three business days' prior written notice to Camden that its board has decided that a bona fide unsolicited that SBM received (that did not result from a breach of the no solicitation provisions of the merger agreement) constitute During the three business days after Camden's receipt of the notice of a superior proposal, SBM and its board must coop faith with Camden to make any adjustments, modifications or amendments to the terms and conditions of the merger agr SBM to proceed with its board's original recommendation with respect to the merger agreement without requiring SBM to its shareholders a superior proposal and withdraw, qualify or modify its board's recommendation with respect to the m end of the three business day period, and after taking into account any such adjusted, modified or amended terms as may Camden during that period, the SBM board must again determine in good faith, after consultation with outside legal cou

· it is required to approve or recommend to its shareholders a superior proposal and withdraw, qualify, amend recommendation with respect to the merger agreement to comply with its fiduciary duties to its shareholder

· the acquisition proposal is a superior proposal.

SBM Stockholders Meeting

SBM has agreed to call, hold and convene a meeting of its stockholders as promptly as practicable (and in any event wit time when the registration statement of which this proxy statement/prospectus is a part becomes effective) to consider ar of the merger and any other matter required to be approved by the stockholders of SBM in order to consummate the mer

Camden Shareholders Meeting

Camden has agreed to call, hold and convene a meeting of its shareholders as promptly as practicable (and in any event the time when the registration statement of which this proxy statement/prospectus is a part becomes effective) to conside

approval of the share issuance and any other matter required to be approved by the shareholders of Camden in order to c

NASDAQ Listing

Under the terms of the merger agreement, Camden will file a notice of additional listing of shares with NASDAQ with r
Camden common stock to be issued to the holders of SBM common stock in the merger so that these shares will be liste
NASDAQ Global Market following the merger.

Indemnification and Insurance

Indemnification. Under the merger agreement, Camden has agreed that all rights to indemnification and all limitations o
of any director or officer of SBM or any of its subsidiaries, as provided in the articles of incorporation and bylaws of SB
documents of any SBM subsidiary or in applicable law as in effect on the date of the merger agreement with respect to m
prior to the effective time of the merger, including without limitation the right to advancement of expenses, will survive

Directors' and Officers' Insurance. The merger agreement provides for SBM to purchase an extended reporting period e existing directors' and officers' liability insurance coverage prior to the effective time of the merger in a form acceptabl reporting period endorsement will provide SBM's directors and officers with coverage for six years following the effect not less than the existing coverage under, and have other terms at least as favorable to the insured persons as, the directo insurance coverage presently maintained by SBM so long as the aggregate cost is no more than 200% of the annual pren SBM for such insurance. In the event that this premium limit is insufficient for such coverage, SBM may enter into an a that amount to purchase such lesser coverage as may be obtained with such amount.

Conduct of Business Pending the Merger

Under the merger agreement, SBM has agreed that, until the effective time of the merger or the termination of the merge expressly permitted by the merger agreement or with the prior written consent of Camden, SBM will not, and will cause to:

- conduct its business other than in the ordinary and usual course consistent with past p
- fail to use reasonable best efforts to preserve intact its business organizations and assets, and maintain its rights, franchi with customers, suppliers, employees and business associates;
- take any action that would reasonably be expected to adversely affect the ability of either SBM or Camden to obtain an approval required to complete the transactions provided for in the merger agreement or adversely affect SBM's ability t material obligations under the merger agreement;
- issue, sell or otherwise permit to become outstanding any securities or equity equivalents or enter into any agreement w foregoing, except with respect to stock options or stock based awards outstanding or authorized to be granted on the da
- accelerate the vesting of any existing stock options or other equity rights except pursuant to the merg
- effect a split, dividend, recapitalization or reclassification of its capital stoc
- declare or pay any dividend or other distribution on its capital stock other th
- regular quarterly cash dividends not to exceed the rate paid during the fiscal quarter immediately preceding the date of

- dividends paid by wholly-owned subsidiaries to SBM or any other wholly-owned subsidiar

directly or indirectly combine, redeem, reclassify, purchase or otherwise acquire, any shares of its stock, other than with
- for tax purposes upon the vesting of restricted stock awards or performance share awards or tendered to pay withholdin the exercise price of stock options;

- grant or approve any preemptive or similar rights with respect to any shares of SBM comm

enter into or amend any employment, severance or similar arrangement with any director, officer, employee or consulta wage increase, increase any employee benefit, or make any bonus or incentive payments except for normal increases no
- (5%) in compensation to employees in the ordinary course of business consistent with past practice, as may be required contractual obligations and with respect to the calendar year in which the merger becomes effective, for pro-rata bonuse consistent with past practice and in the ordinary course of business;

- enter into, establish, adopt, or amend any benefit plans or any agreement, arrangement, plan or policy betwee directors, officers or employees, except as required by law or to satisfy contractual obligations;

- hire any member of senior management or other key employee, elect to any office any person who is not a member of S of the date of the merger agreement or elect to the SBM board of directors any person who is not a member of the SBM the date of the merger agreement, except for the hiring of at-will employees having a title of manager or lower at an an exceed $65,000 in the ordinary course of business;

- sell, transfer, mortgage, encumber or otherwise dispose of or discontinue any of SBM's assets, deposits, business or pro ordinary course of business consistent with past practice and in a transaction, that, together with all other such transacti and its subsidiaries taken as a whole;

- amend its charter or bylaws;

- acquire all or any portion of the assets, business, securities, deposits or properties of any other entity, other than by way acquisitions of control in a bona fide fiduciary capacity or in satisfaction of debts previously contracted in good faith, i course of business consistent with past practice;

- except for any emergency repairs to real or personal property owned by SBM, notice of which will be provided to Cam repairs, make any capital expenditures other than capital expenditures in the ordinary course of business consistent with not to exceed $50,000 in the aggregate;

- enter into or terminate any material agreement or amend or modify in any material respect any existing ma

- settle any litigation, which settlement involves payment by SBM or any of its subsidiaries of any amount that exceeds $ $100,000 in the aggregate and/or would impose any material restriction on the business of SBM or any of its subsidiari of the merger, or waive or release any material rights or claims, or agree or consent to the issuance of any injunction, de restricting or otherwise affecting its business or operations in any material respect;

- enter into any new material line of business;

- change its material lending, investment, underwriting, risk and asset liability management or other material banking an as required by applicable law, regulation or policies imposed by any regulatory authority;

- introduce any material new products or services, any material marketing campaigns or any material new sales compens or arrangements;

- file any application or make any contract with respect to branching or site location or branching or s

- enter into any derivative transactions;

- incur, modify, extend or renegotiate any indebtedness for borrowed money (other than deposits, federal funds purchase Bank advances, and securities sold under agreements to repurchase, in each case in the ordinary course of business con

- prepay any indebtedness or other similar arrangements so as to cause SBM or any of its subsidiaries to incur any p

- assume, guarantee, endorse or otherwise as an accommodation become responsible for the obligations of any other pers ordinary course of business consistent with past practice;

acquire (other than by way of foreclosures or acquisitions in a bona fide fiduciary capacity or in satisfaction of debts pr
good faith, in each case in the ordinary course of business consistent with past practice) any debt security or equity inve
· amount not in accordance with SBM's investment policy or any other debt security other than in accordance with SBM
restructure or materially change its investment securities portfolio or its interest rate risk position, through purchases, sa
accordance with SBM's investment policy;

· make, increase or purchase any loan if, as a result of such action, the total commitment to the borrower and the borrowe
exceed $5,000,000;

· make, increase or purchase any fixed-rate loan with pricing below the applicable Federal Home Loan Bank advance rat

· renegotiate, renew, increase, extend, modify or purchase any existing loan rated "special mention" or lower by The Bar
modification that requires no additional funds and whose restructured term is less than three years;

· invest in real estate or in any real estate development project, other than by way of foreclosure or acquisitions in a bona
in satisfaction of a debt previously contracted in good faith, in each case, in the ordinary course of business consistent v

· foreclose on or take a deed or title to any real estate other than single-family residential properties without first conduct
environmental assessment of the property, or foreclose or take a deed or title to any real estate if such environmental as
presence of hazardous material;

· change its accounting principles, practices or methods other than as may be required by changes in laws or regu
accepted accounting principles;

· make or change any material (affecting or relating to more than $50,000 or more of taxable income) tax electio
accounting period, adopt or change any material accounting method, file any material amended tax return, fail
tax return, enter into any material closing agreement, settle or compromise any material liability with respect t
material adjustment of any tax attribute, surrender any material right to claim a refund of taxes, consent to any
waiver of the limitation period applicable to any tax claim or assessment, or take any other similar action relati
material tax return or the payment of any material tax;

· change its loan policies or procedures except as required by a governmental auth

· knowingly take any action that would, or would be reasonably likely to, prevent or impede the merger from qualifying
the meaning of Section 368(a) of the Code or cause a material delay in or impediment to the consummation of the merg

· take any action that is intended or is reasonably likely to result in:

- any of its representations and warranties set forth in the merger agreement being or becoming untrue in any material res the effective time of the merger;
- any of the conditions to the merger set forth in the merger agreement not being satisf
- a material violation of any provision of the merger agreement; or
- agree or commit to do any of these prohibited activities.

Camden and Atlantic Acquisitions have agreed that, except as permitted by the merger agreement or otherwise consente they will not:

- knowingly take any action that would, or would be reasonably likely to, prevent or impede the merger from qualifying
the meaning of Section 368(a) of the Code or cause a material delay in or impediment to the consummation of the merg

- take any action that would adversely affect the ability of Camden to obtain the regulatory ap

- take any action that is intended or is reasonably likely to result in any of the conditions to the merger set forth in the me
satisfied.

The agreements relating to the conduct of SBM's and Camden's business contained in the merger agreement are compli
summarized. You are urged to carefully read Article V of the merger agreement attached to this proxy statement/prospe

Employee Benefits

Under the terms of the merger agreement, after the effective time of the merger, Camden will provide the employees of
subsidiaries who remain employed after the effective time of the merger with at least the types and levels of comparable
those provided to similarly-situated employees of Camden. Camden also has the right in its sole discretion to terminate,
SBM's employee benefit plans. To the extent that SBM's employees become eligible to participate in Camden's employ
merger, Camden will:

- provide each employee with eligibility and vesting credit, but not benefit accrual credit with respect to defined benefit p
severance benefits, for any purposes under any post-termination/retiree welfare benefit plan or for purposes of any equi
benefits or profits-sharing contribution, equal to the amount of service credited by SBM prior to the merger;

- subject to the terms of Camden's employee plans, take commercially reasonable efforts to provide each employee with
credit in Camden's 401(k) plan for purposes of determining the length of vacation, sick time, paid time off and severan
applicable plan or policy;

- subject to the terms of Camden's employee plans, not treat any employee of SBM or any of its subsidiaries as a "new"
exclusions under any health or similar plan of Camden for any pre-existing medical condition, except to the extent such
"new" employee under the SBM health plan; and

- subject to the terms of Camden's employee plans, provide for any deductibles, co-payments or out-of-pocke
health plans to be credited toward deductibles, co-payments or out-of-pocket expenses under Camden's heal
Camden of appropriate documentation.

In addition, Camden has agreed to allocate an aggregate amount of $200,000 among certain of SBM's employees to be d
bonus to such employees. Camden has also agreed to honor severance guidelines in connection with the termination of e
SBM's employees. Camden also agreed to cause SBM and its subsidiaries to honor and continue to be obligated to perfo
current and former employees of SBM or any of its subsidiaries existing as of the date of the merger agreement.

Employees of SBM and any of its subsidiaries who remain employed after the effective time of the merger, and who are
employment agreement, change in control agreement or other separation agreement that provides a benefit upon a termi
be eligible to receive a lump sum severance payment equal to two weeks of weekly base salary or weekly hourly pay for
a minimum of four weeks and a maximum of 26 weeks, if their employment is terminated other than for cause (as define
guidelines) within one year following the effective time of the merger. An employee with less than one year of service w
two weeks of weekly base salary or weekly hourly salary.

Other Covenants

The merger agreement also contains covenants relating to the preparation and distribution of this proxy statement/prospe
regulatory filings.

Representations and Warranties

The merger agreement contains representations and warranties that Camden, Atlantic Acquisitions and SBM made solel
specific dates. Those representations and warranties were made only for purposes of the merger agreement and may be s
qualifications and limitations agreed to by the parties, including the schedules referenced in the merger agreement that e
other in connection with the execution of the merger agreement. Moreover, some of those representations and warranties
complete as of any specific date, may be subject to a standard of materiality provided for in the merger agreement, or ma
purpose of allocating risk among Camden and SBM rather than establishing matters as facts. Accordingly, they should n
statements of factual information. Third parties are not entitled to the benefits of the representations and warranties in th

The merger agreement contains reciprocal representations and warranties of Camden, Atlantic Acquisitions and SBM re

- due organization, existence, good standing and corporate authority;
- capitalization;
- corporate power;
- corporate authority;
- no violation or breach of certain organizational documents, agreements and government
- corporate records;
- compliance with laws;
- litigation;
- absence of certain changes;
- taxes and tax returns;

- employee benefit programs;
- labor matters;
- environmental matters;
- regulatory capitalization;
- loans and nonperforming and classified assets;
- Community Reinvestment Act, anti-money laundering and customer information security c
- investment securities;
- brokers; and
- deposit insurance.

The merger agreement contains additional representations and warranties by SBM relating to:

- subsidiaries;

- insurance;
- intellectual property;
- personal data and privacy requirements;
- material agreements and defaults;
- property and leases;
- inapplicability of takeover laws;
- investment management and related activities;
- derivative transactions;
- repurchase agreements; and
- transactions with affiliates.

The merger agreement also contains additional representations and warranties by Camden and its subsidiaries relating to filings, and the sufficiency of funds to complete the merger.

None of the representations and warranties by either party survives the effective time of the merger. The representations merger agreement are complicated and not easily summarized. You are urged to carefully read Articles III and IV of the attached to this proxy statement/prospectus as *Annex A*.

Expenses

Each party will pay all fees and expenses it incurs in connection with the merger agreement and the related transactions, SBM will share equally any printing costs and SEC filing and registration fees.

Amendments

Camden and SBM may amend the merger agreement by executing a written amendment approved by the boards of direc
However, after approval of the merger by the stockholders of SBM, no amendment of the merger agreement may be ma
further approval of the SBM stockholders without obtaining that approval.

Regulatory Approvals Required for the Merger

Before Camden, Atlantic Acquisitions and SBM may complete the merger, they must obtain a number of regulatory app
notices to, federal bank regulators.

Office of the Comptroller of the Currency. The merger of The Bank of Maine with and into Camden National Bank is su
Office of the Comptroller of the Currency (the "OCC"), under Section 18(c) of the Federal Deposit Insurance Act, as am
"Bank Merger Act." Under the Bank Merger Act, the OCC may not approve a transaction that would result in a monopo
lessen competition or restrain trade, unless it finds that the anti-competitive effects of the transaction are clearly outweig
In addition, the OCC considers the financial and managerial resources and future prospects of the depository institutions
merger, the convenience and needs of the communities to be served, and the risk to the financial stability of the United S
system. Under the Community Reinvestment Act of 1977, as amended (the "CRA"), the OCC must take into account the
each party to the proposed merger in meeting the credit needs of its entire community, including low and moderate inco
OCC also must consider the effectiveness of each party involved in the proposed transaction in combating money launde
will also consider the permissibility of activities conducted by subsidiaries of The Bank of Maine. Federal law requires p
and the opportunity for public comment on, the application submitted by Camden National Bank and The Bank of Main
public comment period commenced on May 15, 2015 and will end on June 15, 2015. As The Bank of Maine is a savings
must also provide at least 30 days' prior notice to the OCC of the proposed merger under a separate regulation of the OC
chartered savings associations.

In connection with its review of the application submitted by Camden National Bank and The Bank of Maine, the OCC competitive factors from the United States Department of Justice (the "DOJ"). The OCC or the DOJ may challenge the grounds, and may require Camden National Bank to divest certain of its branches or branches it proposes to acquire fro order to complete the merger. The level of divestitures that the OCC and the DOJ may require might be unacceptable. S the date of completion of the merger or may diminish the benefits of the merger.

Following OCC approval, the Bank Merger Act imposes a waiting period of up to 30 days after the OCC approval in or States Department of Justice to file any objections to the proposed merger of The Bank of Maine with and into Camden federal antitrust laws. This waiting period may be reduced to 15 days if the Department of Justice has not provided any to the competitive factors of the transaction, which the parties expect to occur. In reviewing these transactions, the Depa analyze the effect of the transactions on competition differently than the OCC, and thus it is possible that the Departme different conclusion than the OCC regarding the anti-competitive effects of these transactions. If the Department of Just antitrust action, it would stay the effectiveness of the OCC's approval unless a court specifically orders otherwise.

After the merger, Camden National Bank expects to relocate four of its branch offices to locations that currently serve a branches. Each of the branch relocations constitutes a "short distance relocation," as that term is defined by 12 C.F.R § Bank has filed a branch relocation application with the OCC for these branch relocations simultaneously with the applic the Bank Merger Act.

Federal Reserve. Camden's acquisition of indirect control of 100% of the outstanding shares of SBM following the mer Acquisitions is subject to approval by the Board of Governors of the Federal Reserve System, or the "Federal Reserve". to obtain such approval by submitting a notification under Section 4(j) of the Bank Holding Company Act of 1956, as a be waived in the discretion of the Federal Reserve. The Federal Reserve has waived applications or notifications otherw in situations when a transaction is also subject to review by another federal bank regulatory agency, but the Federal Res any such waiver. Camden expects to file a waiver request with the Federal Reserve, requesting confirmation that it may Bank of Maine without the filing of a formal notification. If a waiver is not received, the necessary notification will be f

If for any reason the Federal Reserve does not grant the waiver request, Camden will file a notification pursuant to Secti requesting approval to acquire 100% of the voting shares of SBM through the merger of Atlantic Acquisitions with and acquire control of The Bank of Maine. In connection with a notification under Section 4(j) of the BHCA, the Federal Re consider whether performance of a proposed nonbanking activity by a bank holding company or a subsidiary of such co expected to produce benefits to the public, such as greater convenience, increased competition, or gains in efficiency, th adverse effects, such as undue concentration of resources, decreased or unfair competition, conflicts of interests, unsoun to the stability of the United States banking or financial system.

Camden and SBM have filed all applications and notices and will take all other appropriate action with respect to any re action of any governmental authority.

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THE VOTING AGREEMENTS

In connection with the merger agreement, Camden entered into voting agreements with SBM's directors and executive c
consisting at that time of Carl Soderberg, Dennis Townley, Thomas Wiggins, Basswood Opportunity Partners, L.P., MS
Basswood Opportunity Fund, John W. Everets, Richard D. Field, Robert H. Gardiner, Edmund M. Hayden III, David J.
Ronald E. Roark. There are 80,453 shares of SBM common stock subject to the voting agreements, which represents ap
outstanding shares of SBM common stock as of the record date (excluding shares that can be acquired upon the exercise

In the voting agreements, each of these stockholders has agreed to vote all of his or its shares of SBM common stock (in
acquired after the date of the voting agreement, whether by the exercise of any stock option, purchase in the open marke

· in favor of approval of the merger and the transactions provided for in the merger agre

· against any action or agreement that would result in a breach in any material respect of any covenant, representation or
obligation or agreement of SBM contained in the merger agreement or of the stockholder contained in the voting agreer
preclude fulfillment of a condition under the merger agreement to SBM's and Camden's respective obligations to consu

· against another acquisition proposal, or any agreement or transaction that is intended, or could reasonably be expected,
delay, postpone, discourage or adversely affect the consummation of the merger or any of the transactions provided for

Under the voting agreements, each of the stockholders also agreed not to, and not to permit any of his, her or its affiliate

· initiate, solicit, induce or knowingly encourage, or take any action to facilitate the making of, any inquiry, offer or prop
could reasonably be expected to lead to, another acquisition proposal;

· participate in any discussions or negotiations regarding another acquisition proposal, or furnish, or otherwise afford acc
than Camden) any information or data with respect to SBM or any of its subsidiaries or otherwise relating to another ac

· enter into any agreement, agreement in principle or letter of intent with respect to another acquisit

· solicit proxies or become a participant in a solicitation with respect to another acquisition proposal (other than the merg
encourage or assist any party in taking or planning any action that would compete with, restrain or otherwise serve to in
timely consummation of the merger in accordance with the terms of the merger agreement;

- initiate a stockholders' vote or action by consent of SBM's stockholders with respect to another acquis

- except by reason of the voting agreement, become a member of a group with respect to any voting securities of SBM th
support of another acquisition proposal.

In addition, except under limited circumstances, these stockholders also agreed not to sell, assign, transfer or otherwise
their shares of SBM common stock while the voting agreements are in effect. The voting agreements terminate immedia
effective time of the merger, the termination of the merger agreement in accordance with its terms, or mutual written ag
stockholder.

The voting agreements expire upon the earliest to occur: (i) the effective time of the merger; (ii) the termination of the m
accordance with its terms; or (iii) the mutual agreement of the parties thereto.

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MATERIAL FEDERAL INCOME TAX CONSEQUENCES

The following is a general summary of material United States federal income tax consequences of the merger of Camde income tax laws are complex and the tax consequences of the merger may vary depending upon each stockholder's indiv status. The following discussion is based upon current provisions of the Internal Revenue Code of 1986, as amended, or temporary and final regulations under the Code and current administrative rulings and court decisions, all of which are s on a retroactive basis. No attempt has been made to comment on all United States federal income tax consequences of th relevant to SBM stockholders. The tax discussion set forth below is included for general information only. It is not inten construed to be, legal or tax advice to a particular SBM stockholder.

The following discussion may not apply to particular categories of holders of shares of SBM common stock subject to sp Code, such as insurance companies, financial institutions, broker-dealers, tax-exempt organizations, individual retiremen accounts, banks, persons subject to the alternative minimum tax, persons who hold SBM capital stock as part of a straddl transaction, persons whose functional currency is other than the United States dollar, persons eligible for tax treaty bene foreign partnerships and other foreign entities, individuals who are not citizens or residents of the United States and hold acquired pursuant to the exercise of an employee stock option or otherwise as compensation. This discussion assumes th SBM common stock hold their shares as capital assets. The following discussion does not address state, local or foreign merger. You are urged to consult your tax advisors to determine the specific tax consequences of the merger, including a tax consequences of the merger.

The Merger

Based on facts and representations and assumptions regarding factual matters that were provided by Camden and SBM a the state of facts that Camden and SBM believe will be existing as of the effective time of the merger, Goodwin Procter are each of the opinion that the merger, when consummated in accordance with the terms of the merger agreement, will within the meaning of Section 368(a) of the Code. If the merger is treated as a "reorganization," neither Camden nor SB gain or loss as a result of the merger.

The federal income tax consequences of the merger to a SBM stockholder generally will depend on whether the stockho common stock or a combination of cash and stock in exchange for the stockholder's shares of SBM common stock.

Receipt of Solely Camden Common Stock

An SBM stockholder who receives solely Camden common stock in exchange for all of that stockholder's shares of SBI to the merger will not recognize gain or loss on the exchange, except to the extent the stockholder receives cash in lieu o Camden common stock. The stockholder's tax basis in the Camden common stock received pursuant to the merger will basis in the shares of SBM common stock being exchanged, reduced by any amount allocable to a fractional share of Ca which cash is received. The holding period of Camden common stock received will include the holding period of the sha being exchanged.

Receipt of Solely Cash

A SBM stockholder who receives solely cash in exchange for all of that stockholder's shares of SBM common stock pur generally will recognize capital gain or loss in an amount equal to the difference between the amount of cash received an aggregate tax basis for such shares of SBM common stock, which gain or loss will be long-term capital gain or loss if su common stock were held for more than one year. If, however, any such SBM stockholder constructively owns shares of are exchanged for shares of Camden common stock in the merger or owns shares of Camden common stock actually or merger, such actual or constructive ownership of Camden common stock may prevent any gain recognized in the merge capital gain rates and instead result in any gain being treated as the distribution of a dividend. Under the constructive ow a stockholder may be treated as owning stock that is actually owned by another person or entity. You should consult you possibility that all or a portion of any cash received in exchange for your shares of SBM common stock will be treated a

Receipt of Camden Common Stock and Cash

A SBM stockholder who receives both Camden common stock and cash consideration in exchange for all of his, her or i
stock generally will recognize gain, but not loss, to the extent of the lesser of:

- the excess, if any, of (a) the sum of the aggregate fair market value of the Camden common stock received (including ar
Camden common stock deemed to be received and exchanged for cash) and the amount of cash received (excluding any
fractional share of common stock) over (b) the shareholder's aggregate tax basis in the shares of Camden common stock
and

- the amount of cash received by the stockholder.

For this purpose, gain or loss must be calculated separately for each block of shares surrendered in the exchange, and a l
of shares may not be used to offset gain realized on another block of shares. Any such gain will be long-term capital gai
common stock exchanged were held for more than one year, unless the receipt of cash has the effect of a distribution of
provisions of the Code, in which case such gain will be treated as a dividend to the extent of the stockholder's ratable sh
accumulated earnings and profits of SBM. You should consult your tax advisors as to the possibility that all or a portion
exchange for your SBM common stock will be treated as a dividend.

The stockholder's aggregate tax basis in the Camden common stock received pursuant to the merger will equal that stoc
in the shares of SBM common stock being exchanged, reduced by any amount allocable to a fractional share of Camden
cash is received and by the amount of any cash consideration received, and increased by the amount of taxable gain, if a
shareholder in the merger (including any portion of such gain that is treated as a dividend).

Cash in Lieu of Fractional Shares

No fractional shares of Camden common stock will be issued in the merger. An SBM stockholder who receives cash in
share will be treated as having received that fractional share pursuant to the merger and then as having exchanged such f
a redemption by Camden. An SBM stockholder will generally recognize capital gain or loss on such a deemed redempti
an amount determined by the excess of the amount of cash received and the stockholder's tax basis in the fractional shar
will be long-term capital gain or loss if the SBM common stock exchanged was held for more than one year.

Tax Opinions

Tax opinions of Goodwin Procter LLP and Luse Gorman, PC have been filed as Exhibits 8.1 and 8.2, respectively, to th
which this proxy statement/prospectus is a part. Additionally, it is a condition to the obligations of Camden and SBM to
Camden receive an opinion of Goodwin Procter LLP, counsel to Camden, or such other counsel as contemplated by the
SBM receive an opinion of Luse Gorman, PC, counsel to SBM, or such other counsel as contemplated by the merger ag
the closing date of the merger and each to the effect that, based on representations of Camden and SBM and on certain c
conditions, the merger will be treated for United States federal income tax purposes as a "reorganization" within the mea
Code. The tax opinions in Exhibits 8.1 and 8.2 are not intended to satisfy this closing condition.

The tax opinions delivered or to be delivered to Camden and to SBM in connection with the merger are not binding on t
Service, or the "IRS," or the courts, and neither Camden nor SBM have sought or will seek any ruling from the IRS, reg
the merger. Consequently, there can be no assurance that the IRS will not disagree with or challenge any of the conclusi
opinions delivered to Camden or SBM, or the federal income tax consequences of the merger described in this proxy sta

Backup Withholding

Non-corporate holders of SBM common stock may be subject to information reporting and backup withholding on any c
receive. SBM stockholders will not be subject to backup withholding, however, if they:

- furnish a correct taxpayer identification number and certify that they are not subject to backup withholding on the Form included in the election form/letter of transmittal they will receive; or
- are otherwise exempt from backup withholding.

If withholding results in an overpayment of taxes, a refund or credit against an SBM stockholder's United States federal obtained from the IRS, provided the shareholder furnishes the required information to the IRS. A holder that does not fu may be subject to penalties imposed by the IRS.

Reporting Requirements

SBM stockholders who receive Camden common stock as a result of the merger will be required to retain records pertai be required to file with their United States federal income tax return for the year in which the merger takes place a stater facts relating to the merger.

Other Tax Consequences

The state and local tax treatment of the merger may not conform to the federal income tax consequences discussed abov should consult your own tax advisors regarding the treatment of the merger under state and local tax laws.

COMPARISON OF SHAREHOLDER RIGHTS

The rights of stockholders of SBM, a Maryland corporation, are governed by the MGCL, SBM's articles of incorporatio as currently in effect. When the merger becomes effective, SBM stockholders will become shareholders of Camden, a M receive the stock consideration for any portion of their shares of SBM common stock. The rights of Camden shareholde Maine law, Camden's articles of incorporation, and Camden's bylaws, each as in effect from time to time.

The following discussion is a summary of the material differences between the rights of SBM's stockholders under the M incorporation and bylaws of SBM and the rights of Camden shareholders under Maine law and the articles of incorporat You are urged to read the documents discussed below for a more complete understanding of the differences between the stockholders and the rights of Camden shareholders. This discussion is qualified in its entirety by reference to the MGC full texts of the articles of incorporation and bylaws of Camden and SBM.

Capitalization

Camden. The total authorized capital stock of Camden consists of 20,000,000 shares of common stock, no par value. As shares of common issued and outstanding.

SBM. The total authorized capital stock of SBM consists of 100,000,000 shares of common stock, par value $0.01 per sh of preferred stock, par value $0.01 per share. As of , 2015, there were 613,434 shares of common issued and outstandi stock issued and outstanding.

Notice of Shareholder Meetings

Camden. In accordance with Maine law, Camden's bylaws provide that written notice of any shareholders' meeting mus shareholder entitled to vote not less than ten nor more than 60 days before the meeting.

SBM. In accordance with the MGCL, SBM's bylaws provide that written notice of any stockholders' meeting must be g entitled to vote and to each other stockholder entitled to notice of the meeting not less than ten nor more than 90 days be

Right to Call Special Meetings

Camden. Under Maine law, a special meeting of shareholders may be called by the board of directors, the person or pers
the articles of incorporation or the bylaws, or shareholders if the holders of at least 10% of all the votes entitled to be cas
be considered at the special meeting sign, date and deliver a demand for the meeting to the corporation.

SBM. Pursuant to MGCL and SBM's bylaws, a special meeting of stockholders may be called by the chairman or the ch
SBM, the board of directors or stockholders holding at least a majority of all the votes entitled to be cast at the special m
request.

Actions by Written Consent of Shareholders

Camden. Under Maine law, shareholders may take action by written consent in lieu of a meeting; provided that the writt
holders of shares entitled to vote at a meeting.

SBM. The MGCL permits any action required or permitted to be taken at a meeting of the stockholders to be taken witho
unanimous written or electronic consent of all stockholders entitled to vote on the matter.

Rights of Dissenting Shareholders

Camden's common stock is listed on the Nasdaq Global Market, holders of Camden common stock do not have any diss

SBM. In accordance with MGCL, SBM's articles of incorporation provides that holders of its stock are not entitled to di

Board of Directors—Removal and Classification

Camden. Camden's articles of incorporation and bylaws provide that the board of directors shall be divided into three cl practicable and one class shall be elected annually. Camden's bylaws also provide that the number of directors may be i between seven and 16 from time to time by resolution of the shareholders or of the board. Maine law provides that share or more directors with or without cause by the shareholders only at a special meeting called for the purpose of removing affirmative vote of the holders of at least two-thirds of the shares entitled to vote at the meeting.

SBM. SBM's articles of incorporation and bylaws provide that the board of directors shall be divided into three classes a reasonably practicable and one class shall be elected annually. SBM's articles of incorporation provide that any director directors, may only be removed for cause and only by the affirmative vote of the holders of 80% of the shares then outst generally in the election of directors.

Filling Vacancies on the Board of Directors

Camden. Under Maine law and Camden's articles of incorporation, a vacancy on the board of directors, including a vaca increase in the number of directors, may be filled by the shareholders, by the board of directors or, if the directors remai fewer than a quorum of the board, by the affirmative vote of a majority of all the directors remaining in office.

SBM. In accordance with MGCL, SBM's bylaws provide that any vacancy on the board resulting from an increase in the death, resignation or removal of a director, may be filled only by the affirmative vote of a majority of the remaining dire remaining directors do not constitute a quorum, and any director elected to fill a vacancy shall hold office for the remain class of directors in which the vacancy occurred and until a successor is elected and qualified.

Preemptive Rights

Preemptive rights generally allow a shareholder to maintain its proportionate share of ownership of a corporation by per purchase a proportionate share of any new stock issuances. Preemptive rights protect the shareholders from dilution of v stock issuances. Neither Camden nor SBM shareholders have preemptive rights.

Dividends

Camden. Pursuant to Maine law, a corporation may make a distribution to its shareholders upon the authorization of its b
after giving effect to that distribution:

- the corporation would be unable to pay its debts as they become due in the usual course of bu
- the corporation's total assets would be less than the sum of its total liabilities plus the amount that would be needed, if t dissolved at the time of the distribution, to satisfy, upon dissolution, the preferential rights of shareholders whose prefe those receiving the distribution.

SBM. Pursuant to the MGCL, a corporation may make distributions to its stockholders upon the authorization of its boar
to its articles of incorporation, unless after giving effect to that distribution:

- the corporation would be unable to pay its debts as they become due in the usual course of bu
- the corporation's total assets would be less than the sum of its total liabilities plus the amount that would be needed, if t dissolved at the time of the distribution, to satisfy, upon dissolution, the preferential rights of stockholders whose prefe those receiving the distribution, subject to certain exceptions, including that the distribution may be paid from the net e precedent fiscal year.

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Each of Camden and SBM are subject to certain regulatory restrictions on the payment of dividends to holders of their c

Shareholder Nominations and Proposals

Camden. Camden's bylaws include advance notice and informational requirements for any proposal that a shareholder w annual meeting. A shareholder's notice of a proposal will be timely if delivered to Camden's corporate secretary not late than 120 days prior to the anniversary date of the preceding year's annual meeting of Camden's shareholders.

SBM. SBM's bylaws include advance notice and informational requirements for any proposal that a stockholder wishes meeting. A stockholder's notice of a proposal will be timely if delivered to SBM's corporate secretary not less than 80 d prior to the annual meeting of SBM's stockholders; provided, however, that if less than 90 days' notice or prior public d meeting is given to stockholders, such notice must be delivered not later than the tenth day following the day on which n disclosure was made.

Amendments to Articles of Incorporation

Camden. Under Maine law, a board of directors may adopt one or more amendments to the articles of incorporation to m changes without shareholder action, including certain changes to the corporate name and, if the corporation has only one outstanding, changes to the number of shares in order to effectuate a stock split or stock dividend. Other amendments to incorporation must be recommended to the shareholders by the board of directors and the holders of a majority of the ou entitled to vote on the amendment must approve the amendment.

SBM. Under the MGCL, a corporation's articles of incorporation maybe amended by the adoption of a resolution by the forth the proposed amendment and declaring it advisable, and the affirmative vote of at least two-thirds of the outstandi entitled to be cast on the matter; provided, however, that action by stockholders is not required for amendments increasi aggregate number of shares of stock of the corporation or of any class or series, or effecting a reverse stock-split under c each case if approved by a majority of the board. SBM's articles of incorporation provide that the articles of incorporati repealed in the manner prescribed by the MGCL, except that a proposed amendment or repeal approved by at least two- directors needs only be approved by the vote of a majority of all shares entitled to be cast on the matter. Furthermore, un incorporation, approval by at least 80% of the outstanding capital stock entitled to vote generally in the election of direc certain provisions regarding, but not limited to, the limitation of voting rights, classification of the board, board vacancie amendment of the bylaws, acquisition offers, issuance of preferred stock, a shareholder quorum, indemnification of offi cumulative voting, advance notice requirements for stockholder proposals and nominations, and the provision requiring capital stock approval to amend the aforementioned provisions.

Amendments to Bylaws

Camden. Camden's articles of incorporation provide that the bylaws may be amended by either the board of directors or two-thirds vote of the shareholders.

SBM. SBM's articles of incorporation provide that the bylaws may be amended by either a majority vote of the board of least 80% of the outstanding capital stock entitled to vote generally in the election of directors voting as a single class.

Shareholder Approval of a Merger

Camden. To the extent shareholders are entitled to vote on a merger under Maine law, a corporation's board of directors merger and recommend it to the shareholders and the agreement must be approved by the holders of a majority of all the on the plan of merger.

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SBM. Under the MGCL and SBM's articles of incorporation, all matters to be voted on by stockholders shall be approve
the holders of a majority of the shares of all classes entitled to vote on such matter.

Indemnification and Limitation of Liability

Camden. Under Maine law, a corporation may indemnify its directors, officers and employees; provided, that, the perso
in good faith, in a manner the person reasonably believed to be in the best interests of the corporation (or, if the director
her official capacity with the corporation, the director reasonably believed his or her conduct was at least not opposed to
interests). Furthermore, if the person is an officer, indemnification is prohibited where liability arises from receipt of a f
the officer is not entitled, an intentional infliction of harm on the corporation or its shareholders, or an intentional violati
Indemnification is permissive under Maine law, except that corporations must indemnify a present or former director or
on the merits or otherwise in the defense of any proceeding to which the director was a party for reasonable expenses in
that proceeding.

SBM. Under the MGCL, a corporation may indemnify any director or officer made a party to any proceeding by reason
unless it is established that:

- the act or omission of the director was material to the matter giving rise to the proceedi
- was committed in bad faith; or
- was the result of active and deliberate dishonesty; or
- the director actually received an improper personal benefit in money, property, or serv
- in the case of any criminal proceeding, the director had reasonable cause to believe that the act or omissio

However, if the proceeding was won by or in the right of the corporation, indemnification may not be made in respect o
the director is adjudged to be liable to the corporation. The MGCL also provides that a corporation may not indemnify a
proceeding brought by that director or officer, except in limited circumstances, including proceedings to enforce indemn
articles of incorporation or bylaws expressly provide otherwise. SBM's articles of incorporation provide that SBM shall
former directors and officers to the fullest extent required or permitted by the MGCL and other employees and agents to
authorized by the board of directors and permitted by law.

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CERTAIN BENEFICIAL OWNERS OF CAMDEN COMMON STOCK

Security Ownership of 5% or More Beneficial Owners and Directors and Officers

The following table sets forth certain information, as of May 1, 2015, regarding the beneficial owners of more than 5% o
common stock:

	Common Stock	Options Exercisable Within 60 days	Total Beneficial Ownership	Percentage o Common Sh Outstanding
5% or Greater Shareholders:				
Royce & Associates, LLC 745 Fifth Avenue, New York, NY 10151	614,023	—	614,023	8.22
BlackRock, Inc. 40 East 52nd Street, New York, NY 10022	497,644	—	497,644	6.66
Directors and Executive Officers:				
Ann W. Bresnahan	24,468	—	24,468	*
Joanne T. Campbell	8,337	2,500	10,837	*
Gregory A. Dufour	34,891	4,000	38,891	*
David C. Flanagan	4,516	—	4,516	*
Peter F. Greene	9,891 (1)	—	9,891	*
Craig S. Gunderson	2,210	—	2,210	*
John W. Holmes	11,528	—	11,528	*
Deborah A. Jordan, CPA	13,473	5,500	18,973	*
S. Catherine Longley	1,528	—	1,528	*
Timothy P. Nightingale	11,500	6,000	17,500	*
James H. Page, Ph.D.	2,028	—	2,028	*
June B. Parent	8,747 (2)	4,000	12,747	*
John M. Rohman	1,711 (3)	—	1,711	*
Robin A. Sawyer, CPA	2,015 (3)	—	2,015	*
Karen W. Stanley	3,079	—	3,079	*
Lawrence J. Sterrs	345	—	345	*
All directors and executive officers as a group (16 persons):	140,267	22,000	162,267	2.17

* Less than 1%.

(1) Includes 5,876 shares over which voting and dispositive power are shared jointly with Mr. Gre

(2) Includes 11 shares over which voting and dispositive power are shared jointly with Ms. Parent's spouse and 556 shar spouse, as to which Ms. Parent disclaims any beneficial interest.

(3) Shares over which voting and dispositive power are shared jointly with spo

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CERTAIN BENEFICIAL OWNERS OF SBM COMMON STOCK

Security Ownership of 5% or More Beneficial Owners and Directors and Officers

The following table sets forth certain information, as of May 1, 2015, regarding the beneficial owners of more than 5% o common stock issued and outstanding, the beneficial ownership of SBM common stock by the SBM directors and execu ownership includes shares as to which the listed holder has or shares voting or dispositive power:

	Common Stock	Options Exercisable Within 60 days	To Be Ow
5% or Greater Shareholders:			
Basswood Opportunity Partners LP 70 Westchester Ave., White Plains, NY 10604	38,000	—	3
Endeavour Regional Bank Opportunities Fund LP 289 Greenwich Avenue, Greenwich, CT 06830	55,000	—	5
Endicott Opportunity Partners III LP 360 Madison Ave., 21st Fl., New York, NY 10017	55,000	—	5
Financial Stocks Capital Partners V LP 441 Vine Street, Ste. 1300, Cincinnati, OH 45202	55,000	—	5
Ithan Creek Master Investors Partnership (Cayman) II LP Wellington Management Co. LLP, 75 State Street, Boston, MA 02109	55,000	—	5
IWC-SBM LLC Intermountain Industries Co., University Plaza, 960 Broadway Ave., Ste. 500, PO Box 70019, Boise, ID 83707	55,000	—	5
Northaven Capital Partners LP 375 Park Ave., Ste. 2709, New York, NY 10152	50,000	—	5
Samylyn Offshore Master Fund Ltd. c/o Samlyn Capital LLC, 500 Park Ave., 2nd Floor, New York, NY 10022	50,000	—	5
Directors and Executive Officers:			
John W. Everets	22,103 (1)	10,000	3
Edmund Hayden	1,000	901	1
Thomas Wiggins	—	—	–
Stephen Ballou	—	881	8
Dennis W. Townley	—	881	8
David J. Ott	3,100	600	3
James H. Ozanne	1,500 (2)	600	2
Ronald E. Roark	1,000	600	1
Carl Sodeberg	5,250	600	5
Richard D. Field	9,000	600	9
Bennett Lindenbaum	38,000 (3)	—	3

Robert H. Gardiner	1,000	600	1
All directors and executive officers as a group (12 persons):	80,453	16,263	9

** Does not include RSUs which are not yet vested, but will vest upon a change of control.

(1) Includes 4,250 shares and 3,500 shares held by John W. Everets IRA and John W. Everets Profit Shari

(2) Includes 500 shares owned by Greenrange Partners LLC, a limited liability company owned by Jan

(3) Represents shares as to which Basswood Opportunity Partners, LP has beneficial ow

UNAUDITED PRO FORMA COMBINED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The following unaudited pro forma combined condensed consolidated financial information has been prepared using the accounting, giving effect to the proposed merger. The unaudited pro forma combined condensed consolidated statement combines the historical financial information of Camden and SBM as of March 31, 2015 and assumes that the merger w The unaudited pro forma combined consolidated statements of income combine the historical financial information of C effect to the merger as if it had been completed as of January 1, 2014 or January 1, 2015. The unaudited pro forma comb consolidated financial information is presented for illustrative purposes only and is not necessarily indicative of the resu financial condition had the merger been completed on the dates described above, nor is it necessarily indicative of the re future periods or the future financial position of the combined entities. Certain reclassifications have been made to SBM information in order to conform to Camden's presentation of financial information. The actual value of Camden commo consideration in the merger will be based on the closing price of Camden common stock at the time of the merger comp merger is expected to be completed in the fall of 2015, but there can be no assurance that the merger will be completed a of the pro forma financial information, the fair value of Camden common stock to be issued in connection with the merg closing price of $39.84 as of March 31, 2015.

The pro forma financial information includes estimated adjustments, including adjustments to record assets and liabiliti and represents the pro forma estimates by Camden based on available fair value information as of the date of the merger

The pro forma adjustments included herein are subject to change depending on changes in interest rates and the compon liabilities, and as additional information becomes available and additional analyses are performed. The final allocation o merger will be determined after it is completed and after completion of thorough analyses to determine the fair value of identifiable intangible assets and liabilities as of the date the merger is completed. Increases or decreases in the estimate assets as compared with the information shown in the unaudited pro forma combined condensed consolidated financial i the amount of the purchase price allocated to goodwill and other assets and liabilities and may impact Camden's stateme adjustments in yield and/or amortization of the adjusted assets or liabilities. Any changes to SBM's shareholders' equity operations from March 31, 2015 through the date the merger is completed, will also change the purchase price allocation recording of a lower or higher amount of goodwill. The final adjustments may be materially different from the unaudited presented herein.

Camden anticipates that the merger will provide the combined company with financial benefits that include reduced op cost savings are not included in these pro forma statements and there can be no assurance that expected cost savings wil forma information, while helpful in illustrating the financial characteristics of the combined company under one set of a reflect the benefits of expected cost savings or opportunities to earn additional revenue and, accordingly, does not attem future results. It also does not necessarily reflect what the historical results of the combined company would have been h combined during the period.

The unaudited pro forma combined condensed consolidated financial information has been derived from and should be
the historical consolidated financial statements and the related notes of SBM, which are included in this proxy statement
which are incorporated in this proxy statement/prospectus by reference.

**The unaudited pro forma shareholders' equity and net income are qualified by the statements set forth under thi
be considered indicative of the market value of Camden common stock or the actual or future results of operatio
period. Actual results may be materially different than the pro forma information presented.**

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Unaudited Pro Forma Combined Condensed Consolidated Balance Sheet
as of March 31, 2015

(In Thousands)

	Camden	SBM	Pro Forma Adjustments		Pro Forma Combined
ASSETS					
Cash and due from banks	$53,074	$32,444	$ (26,557)	(1)	$58,961
Securities	813,565	85,275	2,459	(2)	901,299
Loans receivable and loans held for sale	1,791,705	650,436	(7,276)	(3)	2,434,865
Allowance for loan losses	(21,265)	(7,656)	7,656	(4)	(21,265)
Net loans	1,770,440	642,780	380		2,413,600
Goodwill	44,806	-	56,396	(5)	101,202
Other intangible assets	3,078	36	4,600	(6)	7,714
Bank-owned life insurance	58,222	397	-		58,619
Premises and equipment, net	23,606	20,206	1,500	(7)	45,312
Deferred tax asset	14,118	25,428	(13,008)	(8)	26,538
Other assets	30,295	6,933	-		37,228
Total Assets	$2,811,204	$813,499	$ 25,770		$3,650,473
LIABILITIES AND SHAREHOLDERS' EQUITY					
Deposits	$1,966,174	$659,041	$ 915	(9)	$2,626,130
Borrowings and repurchase agreements	503,550	60,097	-		563,647
Junior subordinated debentures	44,050	-	-		44,050
Other liabilities	45,631	8,061	-		53,692
Shareholders' equity					
Common stock	41,889	6	111,363	(10)	153,258
Retained earnings	215,361	86,508	(86,508)	(11)	215,361
Total accumulated other comprehensive loss	(5,451)	(214)	-		(5,665)
Total shareholders' equity	251,799	86,300	24,855		362,954
Total Liabilities and Shareholders' Equity	$2,811,204	$813,499	$ 25,770		$3,650,473

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Unaudited Pro Forma Combined Consolidated Statements of Income
For the Twelve Months Ended December 31, 2014

(In Thousands, Except Number of Shares and Per Share Data)

	Camden	SBM	Pro Forma Adjustments		Pro For Combi
Interest Income					
Interest and fees on loans	$70,654	$26,316	$ 675	(3)	$97,64
Interest on U.S. government and sponsored enterprise obligations	16,118	2,416	(378)	(2)	18,15
Interest on state and political subdivision obligations	1,256	-	-		1,256
Interest on federal funds sold and other investments	393	132	-		525
Total interest income	88,421	28,864	297		117,5
Interest Expense					
Interest on deposits	6,267	2,587	610	(9)	9,464
Interest on borrowings	3,329	553	-		3,882
Interest on junior subordinated debentures	2,532	-	-		2,532
Total interest expense	12,128	3,140	610		15,87
Net interest income	76,293	25,724	(313)		101,7
Provision for credit losses	2,220	1,000	-		3,220
Net interest income after provision for credit losses	74,073	24,724	(313)		98,48
Non-Interest Income					
Service charges on deposit accounts	6,229	1,983	-		8,212
Other service charges and fees	6,136	1,819	-		7,955
Income from fiduciary services	4,989	-	-		4,989
Brokerage and insurance commissions	1,766	540	-		2,306
Bank-owned life insurance	1,437	15	-		1,452
Mortgage banking income, net	282	3,509	-		3,791
Net gain on sale of securities	451	94	-		545
Other income	3,044	607	-		3,651
Total non-interest income	24,334	8,567	-		32,90
Non-Interest Expense					
Salaries and employee benefits	32,669	15,725	-		48,39
Furniture, equipment and data processing	7,316	2,299	-		9,615
Net occupancy	5,055	3,113	75	(7)	8,243
Consulting and professional fees	2,368	756	-		3,124
Other real estate owned and collection costs	2,289	622	-		2,911
Regulatory assessments	1,982	1,283	-		3,265
Amortization of intangible assets	1,148	-	900	(6)	2,048
Other expenses	9,570	6,790	-		16,36
Total non-interest expense	62,397	30,588	975		93,96
Income before income tax	36,010	2,703	(1,288)		37,42
Income Tax Expense	11,440	1,017	(451)	(12)	12,00
Net income	$24,570	$1,686	$ (837)		$25,41

Per Share Data:			
Basic earnings per share	$3.29	$2.75	$2.51
Diluted earnings per share	$3.28	$2.75	$2.50
Weighted average number of common shares outstanding	7,450,980	613,459	10,11
Diluted weighted average number of common shares outstanding	7,470,593	613,459	10,13

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Unaudited Pro Forma Combined Consolidated Statements of Income
For the Three Months Ended March 31, 2015

(In Thousands, Except Number of Shares and Per Share Data)

	Camden	SBM	Pro Forma Adjustments		Pro For Combi
Interest Income					
Interest and fees on loans	$18,084	$6,826	$ 169	(3)	$25,07
Interest on U.S. government and sponsored enterprise obligations	3,872	558	(95)	(2)	4,335
Interest on state and political subdivision obligations	387	-	-		387
Interest on federal funds sold and other investments	108	27	-		135
Total interest income	22,451	7,411	74		29,93
Interest Expense					
Interest on deposits	1,529	629	153	(9)	2,311
Interest on borrowings	860	138	-		998
Interest on junior subordinated debentures	625	-	-		625
Total interest expense	3,014	767	153		3,934
Net interest income	19,437	6,644	(79)		26,00
Provision for credit losses	446	300	0		746
Net interest income after provision for credit losses	18,991	6,344	(79)		25,25
Non-Interest Income					
Service charges on deposit accounts	1,487	397	-		1,884
Other service charges and fees	1,510	470	-		1,980
Income from fiduciary services	1,220	-	-		1,220
Brokerage and insurance commissions	449	150	-		599
Bank-owned life insurance	422	7	-		429
Mortgage banking income, net	239	1,213	-		1,452
Other income	817	68	-		885
Total non-interest income	6,144	2,305	-		8,449
Non-Interest Expense					
Salaries and employee benefits	8,375	4,473	-		12,84
Furniture, equipment and data processing	1,923	484	-		2,407
Net occupancy	1,472	1,006	19	(7)	2,497
Consulting and professional fees	591	137	-		728
Other real estate owned and collection costs	562	22	-		584
Regulatory assessments	510	185	-		695
Amortization of intangible assets	287	-	225	(6)	512
Merger and acquisition costs	735	215	-		950
Other expenses	2,346	1,645	-		3,991
Total non-interest expense	16,801	8,167	244		25,21
Income before income tax	8,334	482	(323)		8,493
Income Tax Expense	2,723	170	(113)	(12)	2,780
Net income	$5,611	$312	$ (210)		$5,713

Per Share Data:			
Basic earnings per share	$0.75	$0.51	$0.56
Diluted earnings per share	$0.75	$0.51	$0.56
Weighted average number of common shares outstanding	7,431,065	614,155	10,09
Diluted weighted average number of common shares outstanding	7,453,875	614,170	10,11

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Footnotes to the Unaudited Pro Forma Combined Condensed Consolidated Financial Statements

(In Thousands)

		Balance Sheet 3/31/15
(1)	Cash consideration paid to SBM shareholders plus merger related expenses.	
	Cash portion of deal value at 20% of SBM shares outstanding at $206.00 per share	$ 26,557
(2)	Adjustment to securities.	
	To reflect fair value of SBM's held-to-maturity investment securities	$ 2,459
	Reduction in interest income on securities to reflect the amortization from interest rate fair value adjustment; amortization based on estimated weighted average life of 6.5 years	
(3)	Adjustment to record loan portfolio at fair value.	
	Interest rate adjustment to record loans at fair value	$ 3,442
	Credit adjustment to record loans at fair value	(10,718
		$ (7,276
	Additional interest income on loans to reflect the amortization from interest rate fair value adjustment; amortization based on estimated weighted average life of 5.1 years	
	No proforma earnings impact was assumed from the loan credit adjustment. The estimated fair value of the covered loans approximates their carrying value	
(4)	Elimination of existing SBM allowance for loan losses.	$ 7,656
(5)	Excess of purchase price less SBM tangible equity, net fair value adjustments and creation of core deposit intangible ("CDI").	
	SBM tangible equity:	
	Common stock	$ 6
	Retained earnings	86,508
	Tangible equity	$ 86,514
	Purchase price	$ 137,926
	Tangible equity of SBM	(86,514
		51,412

Estimated CDI	(4,600
Net fair value adjustments	9,584
	$ 56,396

(6) Adjustment to record Core Deposit Intangible.

Estimated CDI at 1% of SBM's non time deposits	$ 4,600

Amortization of CDI using a 10-year amortization period and sum-of-the-years-digits amortization method

(7) Adjustment to record premises and equipment at fair value.

Estimated fair value of premises and equipment, net	$ 1,500

Additional depreciation expense included in net occupancy. Amortization based on an estimated average life of 20 years

(8) Current/deferred income taxes created as a result of purchase accounting adjustments.

Adjustment to securities - interest rate mark	$ (2,459
Adjustment to loans - interest rate mark	(3,442
Adjustment to loans - expected credit losses	10,718
Adjustment to allowance for loan losses	(7,656
Adjustment to core deposit intangible	(4,600
Adjustment to properties and equipment, net	(1,500
Adjustment to deposits	915
Subtotal for fair value adjustments	(8,024
Calculated deferred taxes at Camden's estimated statutory rate of 35%	(2,808
Valuation on deferred tax asset for limitation on net operating loss carryforward	(10,200
	$ (13,008

(9) Adjustment to record time deposits at fair value.

Estimated fair value of time deposits	$ 915

Additional interest expense on deposits; amortization based on estimated life of 1.5 years

(10) Elimination of SBM's common stock and issuance of 2,806,857 shares of Camden common stock, no par value, as consideration.

Elimination of SBM's common stock	$ (6
Camden common stock issued as consideration	111,369
	$ 111,363

(11) Elimination of SBM's retained earnings. $ (86,508

(12) Adjustment to income tax provision.

To reflect the income tax effect of pro forma adjustments at 35%

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LEGAL MATTERS

The validity of the Camden common stock to be issued in the merger will be passed upon by Goodwin Procter LLP, cou
Gorman, PC, on behalf of SBM, and Goodwin Procter LLP, on behalf of Camden, will pass upon certain legal matters to
will constitute a tax-free "reorganization" within the meaning of Section 368(a) of the Code.

EXPERTS

The consolidated financial statements of Camden and the effectiveness of internal control over financial reporting (whic
management's report on internal control over financial reporting) incorporated in this proxy statement/prospectus by ref
Report on Form 10-K for the year ended December 31, 2014, have been so incorporated in reliance on the reports of Be
LLC, an independent registered public accounting firm, given on the authority of said firm as experts in auditing and acc

The consolidated financial statements of SBM which are attached as *Annex D* in reliance on the reports of Berry Dunn M
independent registered public accounting firm, given on the authority of said firm as experts in auditing and accounting.

COMMUNICATING WITH CAMDEN DIRECTORS

Camden shareholders may communicate directly with the members of the board of directors by writing directly to those
National Corporation at the following address: 2 Elm Street, Camden, Maine 04843. Camden's policy is to forward, and
any mail received at our corporate office that is sent directly to an individual director.

FUTURE SHAREHOLDER PROPOSALS

Shareholder proposals submitted pursuant to Rule 14a-8 of the Securities Exchange Act of 1934 for inclusion in Camde
form of proxy for the 2016 Annual Meeting of Shareholders must be received by Camden by November 13, 2015. Such
comply with the requirements as to form and substance established by the SEC for such a proposal to be included in the
of proxy. Shareholders may also propose business to be brought before an annual meeting pursuant to Camden's bylaws
to be timely, a shareholder's notice must be received by Camden no earlier than December 31, 2015 and no later than Ja

WHERE YOU CAN FIND MORE INFORMATION

Camden files annual, quarterly and current reports, proxy statements and other information with the SEC. You may read
statements or other information that Camden files with the SEC at the SEC's Public Reference Room at 100 F Street, N.
20549.

You may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. Th
are also available to the public from commercial document retrieval services and at the website maintained by the SEC a
proxy statements and other information concerning Camden also may be inspected at the offices of The NASDAQ Stock
K Street, N.W., Washington, D.C. 20006.

Camden has filed a registration statement on Form S-4 to register with the SEC the shares of Camden common stock tha
receive in the merger. This proxy statement/prospectus is part of the registration statement of Camden on Form S-4 and
and a proxy statement of Camden and SBM for their respective special meetings.

The SEC permits Camden to "incorporate by reference" information into this proxy statement/prospectus. This means th
important information to you by referring to another document filed separately with the SEC. The information incorpora
considered a part of this proxy statement/prospectus, except for any information superseded by information contained di
statement/prospectus or by information contained in documents filed with or furnished to the SEC after the date of this p
that is incorporated by reference in this proxy statement/prospectus.

This proxy statement/prospectus incorporates by reference the documents set forth below that have been previously filed
documents contain important information about Camden and its financial conditions.

Camden Filings	**Period or Date Filed**
Annual Report on Form 10-K	Year ended December 31, 20 2015
Quarterly Report on Form 10-Q	Quarter ended March 31, 20
Current Reports on Form 8-K	Filed on January 27, 2015, M 2015, April 29, 2015 (Item 5 2015
The description of Camden common stock contained in Camden's Registration Statement on Form 8-A/A and any amendment or report filed with the SEC for the purpose of updating this description.	

In addition, this proxy statement/prospectus also incorporates by reference additional documents that Camden may file v
date of this proxy statement/prospectus and the dates of the Camden and SBM special meetings (other than the portions
deemed to be filed). These documents include periodic reports, such as Annual Reports on Form 10-K, Quarterly Repor
Current Reports on Form 8-K, as well as proxy statements. To the extent that any information contained in any Current
any exhibit to such report, was furnished to, rather than filed with, the SEC, such information or exhibit is not specifical
reference into this proxy statement/prospectus.

Documents incorporated by reference are available from the companies without charge, excluding any exhibits to those
exhibit is specifically incorporated by reference as an exhibit into this proxy statement/prospectus. You can obtain docu
reference into this proxy statement/prospectus by requesting them in writing or by telephone from the appropriate comp
addresses:

Camden National Corporation

2 Elm Street

Camden, Maine 04843

(207) 236-8821

Attn: Investor Relations

If you would like to request documents, please do so by , 2015 in order to receive them before the Camden and SBM s

SBM has supplied all information contained in this proxy statement/prospectus relating to SBM, as well as all pro forma related to the proposed merger.

Neither Camden nor SBM have authorized anyone to give any information or make any representation about the merger different from, or in addition to, that contained in this proxy statement/prospectus or in any of the materials that we have proxy statement/prospectus. Therefore, if anyone does give you information of this sort, you should not rely on it. If you offers to exchange or sell, or solicitations of offers to exchange or purchase, the securities offered by this proxy statement solicitation of proxies is unlawful, or if you are a person to whom it is unlawful to direct these types of activities, then th proxy statement/prospectus does not extend to you. The information contained in this proxy statement/prospectus speaks proxy statement/prospectus unless the information specifically indicates that another date applies.

IMPORTANT NOTICE REGARDING DELIVERY OF SHAREHOLDER DOCUMENTS

For shareholders of Camden common stock who share a single address, only one copy of this proxy statement/prospectu address unless Camden has received contrary instructions from any shareholder at that address. This practice, known as to reduce Camden's printing and postage costs. However, if any shareholder residing at such an address wishes to receiv proxy statement/prospectus, he or she may contact Camden National Corporation, 2 Elm Street, Camden, Maine 04843, Holmes, Secretary, Tel: (207) 236-8821, and Camden will deliver this document to such shareholder promptly upon rec such shareholder may also contact John W. Holmes, Secretary, using the above contact information if he or she would li proxy statements and annual reports in the future. If you are receiving multiple copies of Camden's annual report and pr request householding in the future by contacting John W. Holmes, Secretary.

ANNEX A

AGREEMENT AND PLAN OF MERGER

by and between

CAMDEN NATIONAL CORPORATION

ATLANTIC ACQUISITIONS, LLC

and

SBM FINANCIAL, INC.

Dated as of March 29, 2015

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AGREEMENT AND PLAN OF MERGER, dated as of March 29, 2015 (this "Agreement"), by and among Camden N Maine corporation ("Buyer"), ATLANTIC ACQUISITIONS, LLC, a Maryland limited liability company of which Buye ("Merger LLC"), and SBM Financial, Inc., a Maryland corporation (the "Company").

RECITALS

WHEREAS, the respective Boards of Directors of Buyer and the Company and the managing member of Merger LLC h the best interests of their respective corporations and shareholders or sole member to enter into this Agreement and to co business combination provided for herein;

WHEREAS, as a condition to the willingness of Buyer and Merger LLC to enter into this Agreement, each of the direct of the Company (the "Voting Agreement Stockholders") has entered into a Voting Agreement, dated as of the date hereo Agreement"), pursuant to which each Voting Agreement Stockholder has agreed, among other things, to vote such Votin shares of common stock, par value $0.01 per share, of the Company ("Company Common Stock") in favor of the approv transactions contemplated hereby, upon the terms and subject to the conditions set forth in the Voting Agreement;

WHEREAS, Buyer, Merger LLC, and the Company intend to effect a merger (the "Merger") of Merger LLC with and i accordance with this Agreement and the Maryland General Corporation Law (the "MGCL") and the Maryland Limited L amended (the "MLLCA"), which Merger will be followed immediately by a merger of the Company with and into Buye with the Buyer to be the surviving entity in the Upstream Merger. It is intended that the Merger be mutually interdepend precedent to the Upstream Merger and that the Upstream Merger shall, through the binding commitment evidenced by th immediately following the Effective Time (as defined below) without further approval, authorization or direction from a hereto;

WHEREAS, the parties intend the Merger and the Upstream Merger, considered together as a single integrated transact "reorganization" within the meaning of Section 368(a) of the Internal Revenue Code of 1986, as amended (the "Code"), constitute a "plan of reorganization" for purposes of Sections 354 and 361 of the Code; and

WHEREAS, the parties desire to make certain representations, warranties and agreements in connection with the Merge certain conditions to the Merger.

NOW, THEREFORE, in consideration of the mutual covenants, representations, warranties and agreements contained legally bound hereby, the parties agree as follows:

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ARTICLE I - THE MERGER

1.1 The Merger . Subject to the terms and conditions of this Agreement, in accordance with the MGCL and MLLC the representations, warranties and covenants set forth herein, at the Effective Time, Merger LLC shall merge with and i separate corporate existence of Merger LLC shall cease and the Company shall survive (the Company, as the surviving c sometimes referred to herein as the "Interim Surviving Corporation").

1.2 Effective Time. On the Closing Date, as promptly as practicable after all of the conditions set forth in Article V satisfied or, if permissible, waived by the party entitled to the benefit of the same, Buyer, the Company and Merger LLC the Secretary of State of the State of Maryland articles of merger in a form reasonably satisfactory to Buyer, Merger LLC accordance with the MGCL and the MLLCA. The Merger shall become effective on the date of such filings at the time s "Effective Time").

1.3 Effects of the Merger. At the Effective Time, the effect of the Merger shall be as provided herein and as provi provisions of the MGCL and the MLLCA.

1.4 Upstream Merger. Immediately following the Merger, in accordance with the Maine Business Corporation Ac the Company will merge with and into Buyer in the Upstream Merger, the separate existence of the Company will cease its corporate existence under its Articles of Incorporation, Bylaws and the laws of the State of Maine (Buyer, as the surv Upstream Merger, being sometimes referred to herein as the "Surviving Corporation").

1.5 Closing. The transactions contemplated by this Agreement shall be consummated at a closing (the "Closing") or electronic delivery, or, at the option of Buyer at the offices of Goodwin Procter LLP, Exchange Place, Boston, Massa to be specified by the parties, which shall be no later than five Business Days (as defined in Section 9.3) after all of the c set forth in Article VII (other than conditions to be satisfied at the Closing, which shall be satisfied or waived at the Clos waived in accordance with the terms hereof, such day being referred to herein as the "Closing Date." Notwithstanding th take place at such other place, time or date as may be mutually agreed upon in writing by Buyer, the Company and Merg

1.6 Charter and Bylaws.

(a) The Charter of the Company, as in effect immediately prior to the Effective Time, shall be the Charter of the In Corporation as amended by the Initial Articles of Merger. The Bylaws of the Company, as in effect immediately prior to be the Bylaws of the Interim Surviving Corporation, until thereafter amended as provided therein and in accordance with

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(b) The Articles of Incorporation of Buyer, as in effect immediately prior to the Effective Time, shall be the Articl Surviving Corporation, until thereafter amended as provided therein and in accordance with applicable law. The Bylaws immediately prior to the Effective Time, shall be the Bylaws of the Surviving Corporation, until thereafter amended as p accordance with applicable law.

1.7 Directors of the Interim Surviving Corporation and the Surviving Corporation. The directors of the Company Effective Time shall be the directors of the Interim Surviving Corporation, each of whom shall serve in accordance with the Interim Surviving Corporation. The directors of Buyer immediately prior to the Effective Time shall be the directors Corporation, each of whom shall serve in accordance with the Charter and Bylaws of the Surviving Corporation; provid immediately after the Effective Time, Buyer shall expand the size of its Board of Directors, and shall cause Buyer Bank Board of Directors, by two seats and appoint two directors of the Company as mutually agreed upon by Buyer and the C Board of Directors of the Surviving Corporation (the "New Directors") and the Buyer Bank. Subject to the exercise of th and Buyer Bank's Board of Directors, each of Buyer and Buyer Bank shall cause its Corporate Governance and Risk Co shall cause its Board to recommend for election, each New Director at Buyer's and Buyer Bank's next annual meeting o are standing for election.

1.8 Officers of the Interim Surviving Corporation and the Surviving Corporation. The officers of the Company im Effective Time shall be the officers of the Interim Surviving Corporation, each to hold office in accordance with the Cha Interim Surviving Corporation. The officers of Buyer immediately prior to the Effective Time shall be the officers of the each to hold office in accordance with the Articles of Incorporation and Bylaws of the Surviving Corporation.

1.9 Bank Merger. Buyer intends to cause the merger of The Bank of Maine (the "Company Bank") with and into ("Buyer Bank"), with Buyer Bank as the surviving institution (the "Bank Merger"). Subject to the foregoing and, as dete sole discretion, following the execution and delivery of this Agreement, Buyer will cause Buyer Bank, and the Company Bank, to execute and deliver an agreement and plan of merger in respect of the Bank Merger.

1.10 Tax Consequences. It is intended that the Merger shall qualify as a "reorganization" under Section 368(a) of th Agreement shall constitute a "plan of reorganization" for purposes of Sections 354 and 361 of the Code.

ARTICLE II - MERGER CONSIDERATION;
ELECTION AND EXCHANGE PROCEDURES

2.1 Merger Consideration. Subject to the provisions of this Agreement, at the Effective Time, automatically by vi without any action on the part of Buyer, the Company and Merger LLC or any stockholder of the Company:

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(a) Each share of common stock, no par value per share, of Buyer ("Buyer Common Stock") that is issued and outs the Effective Time shall remain outstanding following the Effective Time and shall be unchanged by the Merger.

(b) Each share of Buyer Company Stock immediately prior to the Effective Time shall be cancelled and retired at t any conversion thereof, and no payment shall be made with respect thereto.

(c) Each share of Company Common Stock and Company RSU (as defined in Section 2.8(b)) issued and outstandi Effective Time (other than Buyer Company Stock) shall become and be converted into, as provided in and subject to the Agreement, the right to receive at the election of the holder thereof as provided in Section 2.4 either (1) $206.00 in cash Consideration"), or (2) 5.421 shares (the "Exchange Ratio") of Buyer Common Stock (the "Stock Consideration"). The Stock Consideration are sometimes referred to herein collectively as the "Merger Consideration."

2.2 Rights as Stockholders; Stock Transfers. All shares of Company Common Stock, when converted as provided longer be outstanding and shall automatically be cancelled and retired and shall cease to exist, and each certificate (a "C evidencing such shares shall thereafter represent only the right to receive, for each such share of Company Common Sto Consideration and, if applicable, any cash in lieu of fractional shares of Buyer Common Stock in accordance with Sectio Time, holders of Company Common Stock shall cease to be, and shall have no rights as, stockholders of the Company, receive the Merger Consideration and cash in lieu of fractional shares of Buyer Common Stock as provided under this A Effective Time, there shall be no transfers on the stock transfer books of the Company of shares of Company Common S of Company Common Stock that have occurred prior to the Effective Time.

2.3 Fractional Shares. Notwithstanding any other provision hereof, no fractional shares of Buyer Common Stock a therefor, or other evidence of ownership thereof, will be issued in the Merger. In lieu thereof, Buyer shall pay to each ho Buyer Common Stock an amount of cash (without interest) determined by multiplying the fractional share interest to wh otherwise be entitled by the average of the daily closing prices during the regular session of Buyer Common Stock on T LLC ("NASDAQ") (as reported in *The Wall Street Journal* or, if not reported therein, in another authoritative source) fo days ending on the fifth Business Day immediately prior to the Closing Date, rounded to the nearest whole cent.

2.4 Election Procedures.

(a) An election form and other appropriate and customary transmittal materials (which shall specify that delivery s loss and title to Certificates shall pass, only upon proper delivery of such Certificates to a bank or trust company designa reasonably satisfactory to the Company (the "Exchange Agent")) in such form as the Company and Buyer shall mutuall shall be mailed no less than 20 Business Days prior to the anticipated Closing Date or such other date as the Company a agree (the "Mailing Date") to each holder of record of Company Common Stock and Company RSU (as defined in Sect Business Days prior to the Mailing Date. Each Election Form shall permit the holder of record of Company Common St nominee record holders, the beneficial owner through proper instructions and documentation) to (i) elect to receive the C or a portion of such holder's shares (a "Cash Election"), (ii) elect to receive the Stock Consideration for all or a portion "Stock Election"), or (iii) make no election with respect to the receipt of the Cash Consideration or the Stock Considerat provided, however, that, notwithstanding any other provision of this Agreement to the contrary, but subject to Section 2. the shares of Company Common Stock issued and outstanding immediately prior to the Effective Time (the "Stock Con converted into the Stock Consideration and the remaining shares of Company Common Stock shall be converted into the "Cash Consideration Number"). A record holder acting in different capacities or acting on behalf of other Persons (as de way will be entitled to submit an Election Form for each capacity in which such record holder so acts with respect to eac acts. Shares of Company Common Stock as to which a Cash Election has been made are referred to herein as "Cash Ele Company Common Stock as to which a Stock Election has been made are referred to herein as "Stock Election Shares." Common Stock as to which no election has been made (or as to which an Election Form is not properly completed and r fashion) are referred to herein as "Non-Election Shares." The aggregate number of shares of Company Common Stock w Election has been made is referred to herein as the "Stock Election Number."

(b) To be effective, a properly completed Election Form shall be received by the Exchange Agent on or before 5:0 the 25th day following the Mailing Date (or such other time and date as mutually agreed upon by the parties (which date announced by Buyer as soon as practicable prior to such date)) (the "Election Deadline"), accompanied by the Certificat Form is being made or by an appropriate guarantee of delivery of such Certificates, as set forth in the Election Form, fro registered national securities exchange or a commercial bank or trust company in the United States (provided, however, in fact delivered to the Exchange Agent by the time required in such guarantee of delivery; failure to deliver shares of C covered by such guarantee of delivery within the time set forth on such guarantee shall be deemed to invalidate any othe election, unless otherwise determined by Buyer, in its sole discretion). If a holder of Company Common Stock either (i) completed Election Form in a timely fashion or (ii) revokes the holder's Election Form prior to the Election Deadline (w properly completed Election Form prior to the Election Deadline), the shares of Company Common Stock held by such Non-Election Shares. Subject to the terms of this Agreement and of the Election Form, the Exchange Agent shall have r determine whether any election, revocation or change has been properly or timely made and to disregard immaterial defe and any good faith decisions of the Exchange Agent regarding such matters shall be binding and conclusive. Neither Bu Agent shall be under any obligation to notify any Person of any defect in an Election Form.

(c) The allocation among the holders of shares of Company Common Stock of rights to receive the Cash Considera Consideration will be made as set forth in this Section 2.4(c) (with the Exchange Agent to determine, consistent with Se fractions of Cash Election Shares, Stock Election Shares or Non-Election Shares, as applicable, shall be rounded up or d

(i) If the Stock Election Number exceeds the Stock Conversion Number, then all Cash Election Shares and all Non converted into the right to receive the Cash Consideration, and, subject to Section 2.3 hereof, each holder of Stock Elect to receive the Stock Consideration in respect of that number of Stock Election Shares held by such holder equal to the pr multiplying (x) the number of Stock Election Shares held by such holder by (y) a fraction, the numerator of which is the and the denominator of which is the Stock Election Number, with the remaining number of such holder's Stock Election into the right to receive the Cash Consideration;

(ii) If the Stock Election Number is less than the Stock Conversion Number (the amount by which the Stock Conve Stock Election Number being referred to herein as the "Shortfall Number"), then all Stock Election Shares shall be conv the Stock Consideration and the Non-Election Shares and the Cash Election Shares shall be treated in the following man

(A) if the Shortfall Number is less than or equal to the number of Non-Election Shares, then all Cash Election Shar the right to receive the Cash Consideration and, subject to Section 2.3 hereof, each holder of Non-Election Shares shall r Consideration in respect of that number of Non-Election Shares held by such holder equal to the product obtained by mu Non-Election Shares held by such holder by (y) a fraction, the numerator of which is the Shortfall Number and the deno total number of Non-Election Shares, with the remaining number of such holder's Non-Election Shares being converted Cash Consideration; or

(B) if the Shortfall Number exceeds the number of Non-Election Shares, then all Non-Election Shares shall be conv receive the Stock Consideration, and, subject to Section 2.3 hereof, each holder of Cash Election Shares shall receive the respect of that number of Cash Election Shares equal to the product obtained by multiplying (x) the number of Cash Ele holder by (y) a fraction, the numerator of which is the amount by which (1) the Shortfall Number exceeds (2) the total n Shares and the denominator of which is the total number of Cash Election Shares, with the remaining number of such ho being converted into the right to receive the Cash Consideration.

2.5 Adjustments to Preserve Tax Treatment. If either the tax opinion referred to in Section 7.2(b) or the tax opinio 7.3(b) cannot be rendered (as reasonably determined, in each case, by the counsel charged with giving such opinion) as potentially failing to satisfy the "continuity of interest" requirements under applicable federal income tax principles rela Section 368(a) of the Code, then Buyer shall increase the Stock Conversion Number to the minimum extent necessary to opinions to be rendered.

2.6 Exchange Procedures.

(a) On or before the Closing Date, for the benefit of the holders of Certificates, (i) Buyer shall cause to be delivere for exchange in accordance with this Article II, certificates representing the shares of Buyer Common Stock issuable pu ("New Certificates") and (ii) Buyer shall deliver, or shall cause to be delivered, to the Exchange Agent an aggregate am the aggregate amount of cash payable pursuant to this Article II (including the estimated amount of cash to be paid in lie Buyer Common Stock) (such cash and New Certificates, being hereinafter referred to as the "Exchange Fund").

(b) As promptly as practicable following the Effective Time, and provided that the Company has delivered, or cau Exchange Agent all information which is necessary for the Exchange Agent to perform its obligations as specified herei shall mail to each holder of record of a Certificate or Certificates who has not previously surrendered such Certificate or Election Form, a form of letter of transmittal (which shall specify that delivery shall be effected, and risk of loss and titl pass, only upon delivery of the Certificates to the Exchange Agent) and instructions for use in effecting the surrender of exchange for the Merger Consideration into which the shares of Company Common Stock represented by such Certifica been converted pursuant to Sections 2.1, 2.3 and 2.4 of this Agreement. Upon proper surrender of a Certificate for excha Exchange Agent, together with a properly completed letter of transmittal, duly executed, the holder of such Certificate s in exchange therefor, as applicable, (i) a New Certificate representing that number of shares of Buyer Common Stock (i holder of Company Common Stock shall have become entitled pursuant to this Agreement, (ii) a check representing tha which such former holder of Company Common Stock shall have become entitled pursuant to this Agreement and/or (ii amount of cash (if any) payable in lieu of a fractional share of Buyer Common Stock which such former holder has the r of the Certificate surrendered pursuant to this Agreement, and the Certificate so surrendered shall forthwith be cancelled contemplated by this Section 2.6(b), each Certificate (other than Certificates representing Treasury Stock) shall be deem Effective Time to represent only the right to receive upon such surrender the Merger Consideration provided in Sections unpaid dividends and distributions thereon as provided in Section 2.6(c). No interest shall be paid or accrued on (x) any Consideration (including any cash in lieu of fractional shares) or (y) any such unpaid dividends and distributions payabl

(c) No dividends or other distributions with a record date on or after the Effective Time with respect to Buyer Com the holder of any unsurrendered Certificate until the holder thereof shall surrender such Certificate in accordance with th surrender of a Certificate in accordance with this Section 2.6, the record holder thereof shall be entitled to receive any su distributions, without any interest thereon, which theretofore had become payable with respect to shares of Buyer Comm such Certificate.

(d) The Exchange Agent and Buyer, as the case may be, shall not be obligated to deliver cash and/or a New Certifi representing shares of Buyer Common Stock to which a holder of Company Common Stock would otherwise be entitled until such holder surrenders the Certificate or Certificates representing the shares of Company Common Stock for excha Section 2.6, or an appropriate affidavit of loss and indemnity agreement and/or a bond in an amount as may be required any New Certificates evidencing shares of Buyer Common Stock are to be issued in a name other than that in which the Company Common Stock surrendered in exchange therefor is registered, it shall be a condition of the issuance thereof th surrendered shall be properly endorsed or accompanied by an executed form of assignment separate from the Certificate form for transfer, and that the Person requesting such exchange pay to the Exchange Agent any transfer or other tax requ issuance of a New Certificate for shares of Buyer Common Stock in any name other than that of the registered holder of or otherwise establish to the satisfaction of the Exchange Agent that such tax has been paid or is not payable.

(e) Any portion of the Exchange Fund that remains unclaimed by the stockholders of the Company for six months (as well as any interest or proceeds from any investment thereof) shall be delivered by the Exchange Agent to Buyer. An Company who have not theretofore complied with Section 2.6(b) shall thereafter look only to the Surviving Corporation Consideration deliverable in respect of each share of Company Common Stock such stockholder holds as determined pu in each case without any interest thereon. If outstanding Certificates for shares of Company Common Stock are not surr them is not claimed prior to the date on which such shares of Buyer Common Stock or cash would otherwise escheat to any governmental unit or agency, the unclaimed items shall, to the extent permitted by abandoned property and any othe the property of Buyer (and to the extent not in its possession shall be delivered to it), free and clear of all claims or interes previously entitled to such property. Neither the Exchange Agent nor any party to this Agreement shall be liable to any h Company Common Stock represented by any Certificate for any consideration paid to a public official pursuant to applic escheat or similar laws. Buyer and the Exchange Agent shall be entitled to rely upon the stock transfer books of the Com identity of those Persons entitled to receive the Merger Consideration specified in this Agreement, which books shall be thereto. In the event of a dispute with respect to ownership of any shares of Company Common Stock represented by an the Exchange Agent shall be entitled to deposit any Merger Consideration represented thereby in escrow with an indepe thereafter be relieved with respect to any claims thereto.

(f) Buyer (through the Exchange Agent, if applicable) shall be entitled to deduct and withhold from any amounts o to this Agreement to any holder of shares of Company Common Stock such amounts as Buyer is required to deduct and law. Any amounts so deducted and withheld shall be treated for all purposes of this Agreement as having been paid to th Common Stock in respect of which such deduction and withholding was made by Buyer.

2.7 Anti-Dilution Provisions. In the event Buyer or the Company changes (or establishes a record date for changin provides for the exchange of, shares of Buyer Common Stock or Company Common Stock issued and outstanding prior result of a stock split, stock dividend, recapitalization, reclassification, or similar transaction with respect to the outstand or Company Common Stock and the record date therefor shall be prior to the Effective Time, the Exchange Ratio and/or shall be proportionately and appropriately adjusted; provided, however, that, for the avoidance of doubt, no such adjustm regard to the Buyer Common Stock if (i) Buyer issues additional shares of Buyer Common Stock and receives considera bona fide third party transaction or (ii) Buyer issues employee or director stock grants or similar equity awards.

2.8 Options and Other Stock-Based Awards.

(a) At the Effective Time, each option to purchase shares of Company Common Stock (a "Company Stock Option Company's Equity Incentive Plan, (the "Company Equity Plan") that is outstanding and unexercised immediately prior t or not then vested or exercisable, shall be assumed by Buyer and shall become fully vested in accordance with their term stock option (an "Assumed Option") to acquire shares of Buyer Common Stock in accordance with this Section 2.8(a). E so assumed and converted shall continue to have, and shall be subject to, the same terms and conditions as applied to the immediately prior to the Effective Time (but, taking into account any changes or adjustments thereto, including any nece adjustments to any performance vesting provisions, provided for in the Company Equity Plan, in any award agreement o Option by reason of this Agreement or the transactions contemplated hereby). As of the Effective Time, each such Assu and converted shall be for that number of whole shares of Buyer Common Stock (rounded down to the nearest whole sh (i) the number of shares of Company Common Stock subject to such Company Stock Option and (ii) the Exchange Ratio share of Buyer Common Stock (rounded up to the nearest whole cent) equal to the quotient obtained by dividing (x) the Company Common Stock of such Company Stock Option by (y) the Exchange Ratio. At all times after the Effective Tim for issuance such number of shares of Buyer Common Stock as necessary to permit the exercise of the Assumed Option with terms and conditions as applied to the Company Stock Option immediately prior to the Effective Time. Shares of B issuable upon exercise of the Assumed Options shall be covered by an effective registration statement on Form S-8, and registration statement on Form S-8 covering such shares as soon as practicable after the Effective Time, but in no event days thereafter.

(b) At the Effective Time, all outstanding restricted stock units with respect to shares of Company Common Stock under any Company Equity Plan that are outstanding immediately prior to the Effective Time shall fully vest (with any p condition applicable to each Company RSU deemed satisfied) and shall be converted to the right to receive the Merger C accordance with this Article II.

(c) Not later than the Closing Date, the Company shall deliver to the holders of Company Stock Options any requi such holders' rights pursuant to the relevant Company Equity Plan and award documents and stating that such Company assumed by Buyer and shall continue in effect on the same terms and conditions (subject to the adjustments required by giving effect to the Merger and the terms of the relevant Company Equity Plan).

(d) The Company and the Board of Directors of the Company (the "Company Board") (or, if appropriate, any com the Company Equity Plan) shall adopt such resolutions or take such other necessary or appropriate actions in order to ef provisions of this Section 2.8.

2.9 Reservation of Right to Revise Structure. Buyer may at any time change the method of effecting the business by this Agreement if and to the extent that it deems such a change to be desirable; provided, however, that no such chan the amount of the consideration to be issued to holders of Company Common Stock as merger consideration as currentl Agreement, (ii) reasonably be expected to materially impede or delay consummation of the Merger, (iii) adversely affec treatment of holders of Company Common Stock in connection with the Merger, or (iv) require submission to or approv Buyer's stockholders after the plan of merger set forth in this Agreement has been approved by the Company's stockhol elects to make such a change, the parties agree to execute appropriate documents to reflect the change.

ARTICLE III - REPRESENTATIONS AND WARRANTIES OF THE COMPANY

3.1 Making of Representations and Warranties.

(a) As a material inducement to Buyer and Merger LLC to enter into this Agreement and to consummate the transa hereby, the Company hereby makes to Buyer and Merger LLC the representations and warranties contained in this Artic standards established by Section 9.1.

(b) On or prior to the date hereof, the Company has delivered to Buyer a schedule (the "Company Disclosure Sche things, items the disclosure of which is necessary or appropriate in relation to any or all of the Company's representatio in this Article III; provided, however, that no such item is required to be set forth on the Company Disclosure Schedule representation or warranty if its absence is not reasonably likely to result in the related representation or warranty being the standards established by Section 9.1.

3.2 Organization, Standing and Authority. The Company is a corporation duly organized, validly existing and in g
laws of the State of Maryland. The Company is duly registered as a savings and loan holding company under the Home
regulations of the Board of Governors of the Federal Reserve System (the "FRB") promulgated thereunder. The Compa
business and is in good standing in the jurisdictions where its ownership or leasing of property or the conduct of its busi
qualified, except where the failure to so qualify has not had and would not reasonably be expected to have, individually
Company Material Adverse Effect. A complete and accurate list of all such jurisdictions is set forth on Schedule 3.2 of t
Schedule.

3.3 Capitalization.

(a) As of the date hereof, the authorized capital stock of the Company consists solely of 50,000,000 shares of prefe
per share, of which no shares are issued and outstanding, 100,000,000 shares of common stock, par value $0.01 per shar
are issued and outstanding. In addition, as of the date hereof, there are 27,500 shares of Company Common Stock reserv
exercise of outstanding Company Stock Options and 18,897 shares of Company Common Stock reserved for issuance w
Company RSUs. The outstanding shares of Company Common Stock are validly issued, fully paid and nonassessable w
attaching to the ownership thereof, and subject to no preemptive or similar rights (and were not issued in violation of an
rights and the Company Board has not granted or approved any such preemptive or similar rights). Except as set forth o
Company Disclosure Schedule, there are no additional shares of the Company's capital stock authorized or reserved for
does not have any securities (including units of beneficial ownership interest in any partnership or limited liability comp
exchangeable for any additional shares of stock, any stock appreciation rights, or any other rights to subscribe for or acq
stock issued and outstanding, and the Company does not have, and is not bound by, any commitment to authorize, issue
other rights. There are no agreements to which the Company is a party with respect to the voting, sale or transfer, or regi
of the Company. To the Knowledge of the Company, there are no agreements among other parties, to which the Compa
respect to the voting or sale or transfer of any securities of the Company. All of the issued and outstanding shares of Co
were issued in compliance with applicable securities laws.

(b) Except as set forth on Schedule 3.3 of the Company Disclosure Schedule, there are no outstanding contractual
Company to repurchase, redeem or otherwise acquire any shares of capital stock of, or other equity interests in, the Com
to, or make any investment (in the form of a loan, capital contribution or otherwise) in, any Subsidiary of the Company.

(c) Schedule 3.3 of the Company Disclosure Schedule sets forth, as of the date hereof, for each Company Stock Op
other Company stock-based award, the name of the grantee, the date of grant, the type of grant, the status of any option
non-qualified under Section 422 of the Code, the number of shares of Company Common Stock subject to each award, t
each award, the number of shares of Company Common Stock that are currently exercisable or vested with respect to su
date, and the exercise price per share for each option grant.

3.4 Subsidiaries.

(a) (i) Schedule 3.4 of the Company Disclosure Schedule sets forth a complete and accurate list of all of the Comp including the jurisdiction of organization of each such Subsidiary, (ii) the Company owns, directly or indirectly, all of th equity securities of each Subsidiary, (iii) no equity securities of any of the Company's Subsidiaries are or may become r than to the Company) by reason of any contractual right or otherwise, (iv) there are no contracts, commitments, understa which any of such Subsidiaries is or may be bound to sell or otherwise transfer any of its equity securities (other than to wholly-owned Subsidiary of the Company), (v) there are no contracts, commitments, understandings or arrangements re rights to vote or to dispose of such securities and (vi) except as set forth on Schedule 3.4 of the Company Disclosure Sch securities of each such Subsidiary held by the Company, directly or indirectly, are validly issued, fully paid and nonasse preemptive or similar rights and are owned by the Company free and clear of all mortgages, pledges, liens, security inter installment sale agreements, encumbrances, charges or other claims of third parties of any kind (collectively, "Liens").

(b) Except as set forth on Schedule 3.4 of the Company Disclosure Schedule, the Company does not own (other th capacity or in satisfaction of a debt previously contracted) beneficially, directly or indirectly, any equity securities or sim Person, or any interest in a partnership or joint venture of any kind.

(c) Each of the Company's Subsidiaries has been duly organized and qualified under the laws of the jurisdiction of qualified to do business and in good standing in the jurisdictions where its ownership or leasing of property or the condu it to be so qualified, except where the failure to so qualify has not had and would not reasonably be expected to have, in aggregate, a Company Material Adverse Effect. A complete and accurate list of all such jurisdictions is set forth on Sche Company Disclosure Schedule.

3.5 Corporate Power. Each of the Company and its Subsidiaries has the corporate power and authority to carry on being conducted and to own all of its properties and assets; and the Company has the corporate power and authority to e Agreement, to perform its obligations under this Agreement and to consummate the transactions contemplated hereby, s Regulatory Approvals and stockholder approval.

3.6 Corporate Authority.

(a) This Agreement and the transactions contemplated hereby, subject to approval by the holders of the shares of C required by law, have been authorized by all necessary corporate action of the Company and the Company Board. The C unanimously approved the Merger and this Agreement and determined that this Agreement and the transactions contemp Merger, are advisable and in the best interests of the holders of Company Common Stock, (ii) directed that the Merger b consideration at a meeting of the stockholders of the Company, and (iii) unanimously resolved to recommend that the ho Common Stock vote for the approval of the Merger at a meeting of the stockholders of the Company. The Company has

delivered this Agreement and, assuming the due authorization, execution and delivery by Merger LLC and Buyer, this A
and binding agreement of the Company, enforceable in accordance with its terms (except as such enforceability may be
bankruptcy, insolvency, reorganization, moratorium, fraudulent transfer and similar laws of general applicability relatin
rights or by general principles of equity). The affirmative vote of the holders of a majority of the outstanding shares of C
the only vote of any class of capital stock of the Company required by the MGCL, the Charter of the Company or the By
approve this Agreement, the Merger and the transactions contemplated hereby.

(b) In connection with the Merger and the transactions contemplated by this Agreement, holders of shares of Comp not entitled to any rights of an objecting stockholder provided under Title 3, Subtitle 2 of the MGCL, "appraisal", dissen value" for stock, or any other similar rights under the MCGL or otherwise.

3.7 Non-Contravention.

(a) Subject to the receipt of the Regulatory Approvals (as defined in Section 9.3), the required filings under federal and the affirmative vote of the holders of a majority of the outstanding shares of Company Common Stock, and except a of the Company Disclosure Schedule, the execution, delivery and performance of this Agreement and the consummation contemplated hereby (including, without limitation, the Merger) by the Company do not and will not (i) constitute a brea default under, result in a right of termination or the acceleration of any right or obligation under, any law, rule or regulat decree, order, permit, license, credit agreement, indenture, loan, note, bond, mortgage, reciprocal easement agreement, l concession, franchise or other agreement of the Company or any of its Subsidiaries or to which the Company or any of i or assets is subject or bound, (ii) constitute a breach or violation of, or a default under, the Company's Charter or Bylaw or approval of any third party or Governmental Authority (as defined in Section 9.3) under any such law, rule, regulation permit, license, credit agreement, indenture, loan, note, bond, mortgage, reciprocal easement agreement, lease, instrume other agreement.

(b) As of the date hereof, the Company has no Knowledge of any reasons relating to the Company or the Company Regulatory Approvals shall not be procured from the applicable Governmental Authorities having jurisdiction over the t by this Agreement or (ii) why any Burdensome Condition (as defined in Section 6.8) would be imposed.

3.8 Charter; Bylaws; Corporate Records. The Company has made available to Merger LLC and Buyer a complete Articles of Incorporation and the Bylaws or equivalent organizational documents, each as amended to date, of the Comp Subsidiaries. The Company is not in violation of any of the terms of its Charter or Bylaws. The minute books of the Cor Subsidiaries contain complete and accurate records of all meetings held by, and complete and accurate records of all oth their respective stockholders and boards of directors (including committees of their respective boards of directors).

3.9 Compliance with Laws. The Company and each of its Subsidiaries:

(a) has been and is in compliance with all applicable federal, state and local statutes, laws, regulations, ordinances, decrees applicable thereto or to the employees conducting their businesses, including, without limitation, the Truth in Le Settlement Procedures Act, the Consumer Credit Protection Act, the Equal Credit Opportunity Act, the Fair Credit Repo Ownership and Equity Protection Act, the Fair Debt Collections Act, CRA, and other federal, state, local and foreign law ("Finance Laws"), and all other applicable fair lending laws and other laws relating to discriminatory business practices addition, there is no pending or, to the Knowledge of the Company, threatened charge by any Governmental Authority t and its Subsidiaries has violated, nor any pending or, to the Knowledge of the Company, threatened investigation by any with respect to possible violations of, any applicable Finance Laws;

(b) has all permits, licenses, authorizations, orders and approvals of, and has made all filings, applications and regi Governmental Authorities that are required in order to permit them to own or lease their properties and to conduct their conducted; all such permits, licenses, authorizations, orders and approvals are in full force and effect and, to the Knowle suspension or cancellation of any of them is threatened; and

(c) except as set forth on Schedule 3.9 of the Company Disclosure Schedule, has received, since January 1, 2012, communication from any Governmental Authority (i) asserting that the Company or any of its Subsidiaries is not in com statutes, regulations, or ordinances which such Governmental Authority enforces, (i) threatening to revoke any license, f governmental authorization, (iii) threatening or contemplating revocation or limitation of, or which would have the effec federal deposit insurance or (iv) failing to approve any proposed acquisition, or stating its intention not to approve acqui effected by the Company within a certain time period or indefinitely (nor, to the Knowledge of the Company, do any gro foregoing exist).

3.10 Litigation; Regulatory Action.

(a) Except as set forth on Schedule 3.10 of the Company Disclosure Schedule, no litigation, claim, suit, investigati before any court, governmental agency or arbitrator is pending against the Company or any of its Subsidiaries, and, to th Company, (i) no such litigation, claim, suit, investigation or other proceeding has been threatened and (ii) there are no fa reasonably be expected to give rise to such litigation, claim, suit, investigation or other proceeding.

(b) Neither the Company nor any of its Subsidiaries nor any of their respective properties is a party to or is subject agreement, board resolution, order, decree, supervisory agreement, memorandum of understanding, condition or similar commitment letter or similar submission to, any Governmental Authority charged with the supervision or regulation of f issuers of securities or engaged in the insurance of deposits (including, without limitation, the FRB, the Federal Deposit ("FDIC") and the Office of the Comptroller of the Currency (the "OCC")) or the supervision or regulation of the Compa Except as set forth on Schedule 3.10 of the Company Disclosure Schedule, neither the Company nor any of its Subsidiar order or directive by, or been ordered to pay any civil money penalty by, or has been since January 1, 2012, a recipient o from, or since January 1, 2012, has adopted any board resolutions at the request of, any Governmental Authority that cu material respect the conduct of its business or that in any manner relates to its capital adequacy, its ability to pay dividen management policies, its management or its business, other than those of general application that apply to similarly-situa holding companies or their subsidiaries.

(c) Neither the Company nor any of its Subsidiaries has been advised by a Governmental Authority that it will issu any facts which would reasonably be expected to give rise to the issuance by any Governmental Authority or has Knowl Governmental Authority is contemplating issuing or requesting (or is considering the appropriateness of issuing or reque decree, agreement, board resolution, memorandum of understanding, supervisory letter, commitment letter, condition or

3.11 Financial Reports and Regulatory Reports.

(a) The Company has previously delivered to Buyer true, correct and complete copies of the consolidated balance its Subsidiaries as of December 31, 2014, 2013 and 2012 and the related consolidated statements of income, stockholder the fiscal years 2014 through 2013, inclusive, in each case accompanied by the audit report of the Company's independe accounting firm. The financial statements referred to in this Section 3.11 (including the related notes and schedules, whe "Company Financial Statements") fairly present, and the financial statements referred to in Section 6.12 will fairly prese of operations and consolidated financial condition of the Company and its Subsidiaries for the respective fiscal years or therein set forth, in each case in accordance with GAAP consistently applied during the periods involved, except in each therein, subject to normal year-end audit adjustments in the case of unaudited financial statements. Except for those liab reflected or reserved against on the most recent audited consolidated balance sheet of the Company and its Subsidiaries as set forth in the Company's call report for the period ended December 31, 2014 (the "Company Balance Sheet") or inc of business consistent with past practice or in connection with this Agreement, since December 31, 2014, neither the Co Subsidiaries has any liabilities or obligations of any nature (whether accrued, absolute, contingent or otherwise).

(b) The Company and its Subsidiaries maintain internal controls which provide reasonable assurance that (i) transa management's authorization, (ii) transactions are recorded as necessary to permit preparation of the consolidated financi Company and its Subsidiaries, (iii) access to assets of the Company and its Subsidiaries is permitted only in accordance authorization, (iv) the reporting of assets of the Company and its Subsidiaries is compared with existing assets at regular and liabilities of the Company and its Subsidiaries are recorded accurately in the Company's financial statements.

(c) Since January 1, 2012, the Company and its Subsidiaries have duly filed with the FRB, the FDIC, the OCC and Governmental Authority, in correct form the reports required to be filed under applicable laws and regulations and such accurate and in compliance with the requirements of applicable laws and regulations.

3.12 Absence of Certain Changes or Events. Except as set forth on Schedule 3.12 of the Company Disclosure Sche Financial Statements, or as otherwise expressly permitted or expressly contemplated by this Agreement, since Decembe been (i) any change or development in the business, operations, assets, liabilities, condition (financial or otherwise), resu flows or properties of the Company or any of its Subsidiaries which has had, or would reasonably be expected to have, i aggregate, a Company Material Adverse Effect, (ii) any change by the Company or any of its Subsidiaries in its account practices, other than changes required by applicable law or GAAP or regulatory accounting as concurred in by the Comp registered public accounting firm, (iii) any entry by the Company or any of its Subsidiaries into any contract or commitm $100,000 or (B) $50,000 per annum with a term of more than one year, other than loans and loan commitments in the or (iv) any declaration, setting aside or payment of any dividend or distribution in respect of any capital stock of the Comp Subsidiaries or any redemption, purchase or other acquisition of any of its securities, other than in the ordinary course o past practice or with respect to shares tendered in payment for the exercise of stock options or withheld for tax purposes restricted stock awards or performance share awards or upon the exercise of stock options, (v) establishment or amendm insurance, severance, deferred compensation, pension, retirement, profit sharing, stock option (including, without limita options, stock appreciation rights, performance awards, or restricted stock awards), stock purchase or other employee be in the compensation payable or to become payable to any directors or executive officers of the Company or any of its Su or arrangement entered into to make or grant any severance or termination pay, or the taking of any action not in the ord with respect to the compensation or employment of directors, officers or employees of the Company or any of its Subsid closing agreement, settlement, election or other action made by Company or any of its Subsidiaries for federal or state in any material change in the credit policies or procedures of the Company or any of its Subsidiaries, the effect of which w policy or procedure less restrictive in any respect, (viii) any material acquisition or disposition of any assets or properties such acquisition or disposition entered into, other than loans and loan commitments, or (ix) any material lease of real or into, other than in connection with foreclosed property or in the ordinary course of business consistent with past practice

3.13 Taxes and Tax Returns. For purposes of this Section 3.13, any reference to the Company or its Subsidiaries sh
reference to the Company's predecessors or the predecessors of its Subsidiaries, respectively, and any reference to the C
include its Subsidiaries, including any predecessors of its Subsidiaries, except where explicitly inconsistent with the lang

(a) The Company and each of its Subsidiaries has filed all Tax Returns that it was required to file under applicable
than Tax Returns that are not yet due or for which a request for extension was filed consistent with requirements of appl
All such Tax Returns were correct and complete in all material respects and have been prepared in substantial compliance
and regulations. Taxes due and owing by the Company or any of its Subsidiaries (whether or not shown on any Tax Retu
than Taxes that have been reserved or accrued on the balance sheet of the Company and which the Company is contestin
Company is not the beneficiary of any extension of time within which to file any Tax Return and neither the Company n
currently has any open tax years. No claim has ever been made by an authority in a jurisdiction where the Company doe
it is or may be subject to taxation by that jurisdiction. There are no Liens for Taxes (other than Taxes not yet due and pa
assets of the Company or any of its Subsidiaries.

(b) The Company has withheld and paid all Taxes required to have been withheld and paid in connection with any
any employee, independent contractor, creditor, stockholder, or other third party.

(c) No foreign, federal, state, or local tax audits or administrative or judicial Tax proceedings are being conducted
Knowledge are pending with respect to the Company. Other than with respect to audits that have already been complete
Company has not received from any foreign, federal, state, or local taxing authority (including jurisdictions where the C
Returns) any (i) notice indicating an intent to open an audit or other review, (ii) request for information related to Tax m
deficiency or proposed adjustment for any amount of Tax proposed, asserted, or assessed by any taxing authority agains

(d) The Company has made available to Buyer true and complete copies of the United States federal, state, local, a
Returns filed with respect to the Company for taxable periods ended on or after December 31, 2010. The Company has
and complete copies of all examination reports, letter rulings, technical advice memoranda, and similar documents, and
assessed against or agreed to by the Company filed for the years ended on or after December 31, 2010. The Company ha
taken such actions in response to and, in compliance with notices, the Company has received from the IRS in respect of
backup and nonresident withholding as are required by law.

(e) The Company has not waived any statute of limitations in respect of Taxes or agreed to any extension of time v
assessment or deficiency.

(f) The Company has not been a United States real property holding corporation within the meaning of Code Secti applicable period specified in Code Section 897(c)(1)(A)(ii). The Company has disclosed on its federal income Tax Retu therein that could give rise to a substantial understatement of federal income Tax within the meaning of Code Sections 6 participated in a "reportable transaction" within the meaning of Section 1.6011-4(b) of the Treasury Regulations. The C bound by any Tax allocation or sharing agreement. The Company (i) has not been a member of an affiliated group filing income Tax Return (other than a group the common parent of which was the Company), and (ii) has no liability for the T bank, corporation, partnership, association, joint stock company, business trust, limited liability company, or unincorpor than the Company) under Reg. Section 1.1502-6 (or any similar provision of state, local, or foreign law), as a transferee or otherwise.

(g) The unpaid Taxes of the Company (i) did not, as of December 31, 2014, exceed the reserve for Tax liability (w different from any reserve for deferred Taxes established to reflect timing differences between book and Tax income) se Company Financial Statements (rather than in any notes thereto), and (ii) do not exceed that reserve as adjusted for the p accordance with the past custom and practice of the Company in filing its Tax Returns. Since December 31, 2014, the C any liability for Taxes arising from extraordinary gains or losses, as that term is used in GAAP, outside the ordinary cou with past custom and practice.

(h) The Company will not be required to include any item of income in, or exclude any item of deduction from, tax taxable period (or portion thereof) ending after the Closing Date as a result of any: (i) change in method of accounting fo on or prior to the Closing Date; (ii) "closing agreement" as described in Code Section 7121 (or any corresponding or sim or foreign income Tax law) executed on or prior to the Closing Date; (iii) intercompany transactions or any excess loss a Treasury Regulations under Code Section 1502 (or any corresponding or similar provision of state, local or foreign inco installment sale or open transaction disposition made on or prior to the Closing Date; (v) prepaid amount received on or (vi) election with respect to the discharge of indebtedness under Section 108(i) of the Code; or (vii) any similar election would have the effect of deferring any liability for Taxes of the Company from any period ending on or before the Closi ending after the Closing Date.

(i) The Company has not distributed stock of another Person or had its stock distributed by another Person in a tran or intended to be governed in whole or in part by Section 355 or Section 361 of the Code.

(j) As of the date hereof, the Company is aware of no reason why the Merger will fail to qualify as a "reorganizatio the Code.

3.14 Employee Benefit Plans.

(a) Schedule 3.14 of the Company Disclosure Schedule sets forth a true, complete and correct list of every Employ below) that is maintained by the Company or any ERISA Affiliate (as defined below) or with respect to which the Com Affiliate has or may have any liability (the "Company Employee Programs").

(b) True, complete and correct copies of the following documents, with respect to each Company Employee Progr previously been made available to Buyer: (i) all documents embodying or governing such Company Employee Program for the Company Employee Program; (ii) the most recent IRS determination or opinion letter; (iii) the two most recently the most recent actuarial valuation report; (v) the most recent summary plan description (or other descriptions provided modifications thereto; and (vi) all non-routine correspondence to and from any state or federal agency.

(c) Each Company Employee Program that is intended to qualify under Section 401(a) or 501(c)(9) of the Code is received a favorable determination or approval letter from the IRS with respect to such qualification, or may rely on an IRS with respect to a prototype plan adopted in accordance with the requirements for such reliance, or has time remainin IRS for a determination of the qualified status of such Company Employee Program for any period for which such Com would not otherwise be covered by an IRS determination and, to the Knowledge of the Company, no event or omission cause any Company Employee Program to lose such qualification.

(d) Each Company Employee Program is, and has been operated, in compliance with applicable laws and regulatio administered in accordance with applicable laws and regulations and with its terms, in each case, in all material respects governmental administrative proceeding, audit or other proceeding (other than those relating to routine claims for benefi Knowledge of the Company, threatened with respect to any Company Employee Program or any fiduciary or service pr payments and/or contributions required to have been made with respect to all Company Employee Programs either have accrued in accordance with the terms of the applicable Company Employee Program and applicable law and with respec premiums, or other payments required to be made under or with respect to any Company Employee Program that are no extent required by GAAP, adequate reserves are reflected on the Company Balance Sheet.

(e) No Company Employee Program is a single employer pension plan (within the meaning of Section 4001(a)(15) below)) for which the Company or any ERISA Affiliate could incur liability under Section 4063 or 4064 of ERISA or a than one employer as described in Section 413(c) of the Code.

(f) Neither the Company nor any ERISA Affiliate maintains or contributes to, or within the past six years has mai any Employee Program that is or was subject to Title IV of ERISA, Section 412 of the Code, Section 302 of ERISA or i defined below) and neither the Company nor any ERISA Affiliate has incurred any liability under Title IV of ERISA tha

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(g) Except as set forth on Schedule 3.14 of the Company Disclosure Schedule, none of the Company Employee Pr
care or any other non-pension welfare benefits to any employees after their employment is terminated (other than as req
B of Title I of ERISA or similar state law) and the Company has never promised to provide such post-termination benef

(h) Each Company Employee Program may be amended, terminated, or otherwise modified by the Company to the
by applicable law, including the elimination of any and all future benefit accruals thereunder and no employee communi
Company Employee Program has failed to effectively reserve the right of the Company or the ERISA Affiliate to so am
modify such Company Employee Program. Neither the Company nor any of its ERISA Affiliates has announced its inte
terminate any Company Employee Program or adopt any arrangement or program which, once established, would come
Company Employee Program. Each asset held under each Company Employee Program may be liquidated or terminated
any redemption fee, surrender charge or comparable liability.

(i) The per share exercise price of each Option is no less than the fair market value of a share of Company Commo
grant of such Option (and as of each later modification thereof within the meaning of Section 409A of the Code) determ
with Section 409A of the Code. Since December 31, 2004 and through December 31, 2008, each Company Employee P
any part a nonqualified deferred compensation plan within the meaning of Section 409A of the Code has been operated
operational and documentary compliance with Section 409A of the Code and applicable guidance thereunder. No payme
Company Employee Program is, or to the Knowledge of the Company, will be, subject to the penalties of Section 409A

(j) No Company Employee Program is subject to the laws of any jurisdiction outside the United States.

(k) Except as set forth and quantified in reasonable detail on Schedule 3.14 of the Company Disclosure Schedule,
delivery of this Agreement, the stockholder approval of this Agreement, nor the consummation of the transactions conte
(either alone or in conjunction with any other event) (i) result in, or cause the accelerated vesting payment, funding or de
amount or value of, any payment or benefit to any employee, officer, director or other service provider of the Company
Affiliates; (ii) limit the right of the Company or any of its ERISA Affiliates to amend, merge, terminate or receive a reve
Company Employee Program or related trust; (iii) result in any "parachute payment" as defined in Section 280G(b)(2) o
such payment is considered to be reasonable compensation for services rendered); or (iv) result in a requirement to pay a
"make-whole" payments to any employee, director or consultant of the Company or an ERISA Affiliate. Schedule 3.14
Schedule lists the Company's "disqualified individuals" for purposes of Section 280G of the Code.

(l) For purposes of this Agreement:

(i) "Employee Program" means (A) an employee benefit plan within the meaning of Section 3(3) of ERISA wheth (B) stock option plans, stock purchase plans, bonus or incentive award plans, severance pay plans, programs or arrangen compensation arrangements or agreements, employment agreements, executive compensation plans, programs, agreeme change in control plans, programs, agreements or arrangements, supplemental income arrangements, supplemental exec arrangements, vacation plans, and all other employee benefit plans, agreements, and arrangements, not described in (A) arrangements providing compensation to employee and non-employee directors. In the case of an Employee Program fu described in Section 401(a) of the Code or an organization described in Section 501(c)(9) of the Code, or any other fund to such Employee Program shall include a reference to such trust, organization or other vehicle.

(ii) "ERISA" means the Employee Retirement Income Security Act of 1974, as amended.

(iii) An entity "maintains" an Employee Program if such entity sponsors, contributes to, or provides benefits under Program, or has any obligation to contribute to or provide benefits under or through such Employee Program, or if such provides benefits to or otherwise covers any current or former employee, officer or director of such entity (or their spous beneficiaries).

(iv) An entity is an "ERISA Affiliate" of the Company (or other entity if the context of this Agreement requires) if considered a single employer with the Company (or other entity if the context of this Agreement requires) under Section of the same "controlled group" as the Company for purposes of Section 302(d)(3) of ERISA.

(v) "Multiemployer Plan" means an employee pension or welfare benefit plan to which more than one unaffiliated which is maintained pursuant to one or more collective bargaining agreements.

3.15 Labor Matters. The Company and its Subsidiaries are in compliance with all federal, state and local laws respe employment practices, terms and conditions of employment, and wages and hours, and other than normal accruals of wa cycles, there are no arrearages in the payment of wages. Neither the Company nor any of its Subsidiaries is a party to, o bargaining agreement, contract or other agreement or understanding with a labor union or labor organization, nor is the Subsidiaries the subject of a proceeding asserting that the Company or any of its Subsidiaries has committed an unfair la meaning of the National Labor Relations Act) or seeking to compel the Company or any of its Subsidiaries to bargain w as to wages and conditions of employment. No work stoppage involving the Company or any of its Subsidiaries is pendi the Company, threatened. Neither the Company nor any of its Subsidiaries is involved in, or, to the Knowledge of the C affected by, any dispute, arbitration, lawsuit or administrative proceeding relating to labor or employment matters that w expected to interfere in any respect with the respective business activities represented by any labor union, and to the Kn no labor union is attempting to organize employees of the Company or any of its Subsidiaries.

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3.16 Insurance. The Company and each of its Subsidiaries is insured, and during each of the past three calendar yea reasonable amounts with financially sound and reputable insurance companies against such risks as companies engaged would, in accordance with good business practice customarily be insured, and has maintained all insurance required by a regulations. Schedule 3.16 of the Company Disclosure Schedule lists all insurance policies maintained by the Company as of the date hereof, including, without limitation, any bank-owned life insurance policies ("BOLI"). Except as set forth Company Disclosure Schedule, all of the policies and bonds maintained by the Company or any of its Subsidiaries are in all claims thereunder have been filed in a due and timely manner and, to the Knowledge of the Company, no such claim the Company nor any of its Subsidiaries is in breach of or default under any insurance policy, and there has not occurred lapse of time or the giving of notice or both, would constitute such a breach or default. The value of the BOLI set forth o Company Disclosure Schedule is fairly and accurately reflected on the Company Balance Sheet. Except as set forth on S Company Disclosure Schedule, the BOLI, and any other life insurance policies on the lives of any current and former of Company and its Subsidiaries that are maintained by the Company or any such Subsidiary or otherwise reflected on the are, and will at the Effective Time be, owned by the Company or such Subsidiary, as the case may be, free and clear of a officers, directors or members of their families.

3.17 Environmental Matters.

(a) To the Knowledge of the Company, (i) each of the Company and its Subsidiaries and each property owned, lea them (the "Company Property") and, (ii) the Company Loan Properties (as defined below), are, and have been, in compl with all Environmental Laws (as defined below).

(b) There is no suit, claim, action or proceeding pending or, to the Knowledge of the Company, threatened, before Authority or other forum in which the Company or any of its Subsidiaries has been or, with respect to threatened procee defendant, responsible party or potentially responsible party (i) for alleged noncompliance (including by any predecesso Law or (ii) relating to the release or presence of any Hazardous Material (as defined below) at, in, to, on, from or affecti Company Loan Property, or any property previously owned, operated or leased by the Company or any of its Subsidiari

(c) Neither the Company nor any of its Subsidiaries, nor to the Knowledge of the Company, any Company Loan P
been named in any written notice regarding a matter on which a suit, claim, action or proceeding as described in subsect
could reasonably be based. To the Knowledge of the Company, no facts or circumstances exist which would reasonably
suit, claim, action or proceeding as described in subsection (b) of this Section 3.17 would reasonably be expected to occ

(d) To the Knowledge of the Company, no Hazardous Material is present or has been released at, in, to, on, under,
Company Property, any Company Loan Property or any property previously owned, operated or leased by the Company
in a manner, amount or condition that would result in any liabilities or obligation pursuant to any Environmental Law.

(e) Neither the Company nor any of its Subsidiaries is an "owner" or "operator" (as such terms are defined under t
Environmental Response, Compensation, and Liability Act, as amended, 42 U.S.C. Section 9601 et seq. ("CERCLA")) o
Property and there are no Company Participation Facilities (as defined below).

(f) Except as set forth on Schedule 3.17 of the Company Disclosure Schedule, to the Knowledge of the Company,
(i) active or abandoned underground storage tanks, (ii) gasoline or service stations, or (iii) dry-cleaning facilities or oper
any Company Property.

(g) For purposes of this Section 3.17, (i) "Company Loan Property" means any property in which the Company or
a security interest, and, where required by the context (as a result of foreclosure), said term includes any property owned
Company or any of its Subsidiaries, and (ii) "Company Participation Facility" means any facility in which the Company
participates or has participated in the management of environmental matters.

(h) For purposes of this Section 3.17 and Section 4.15, (i) "Hazardous Material" means any compound, chemical,
substance, hazardous waste, hazardous material, or hazardous substance, as any of the foregoing may be defined, identif
pursuant to any Environmental Laws, and including without limitation, Oil, asbestos, asbestos-containing materials, poly
toxic mold, or fungi, or any other material that may pose a threat to the Environment or to human health and safety; (ii)
of any kind or origin or in any form, as defined in or regulated pursuant to the Federal Clean Water Act, 33 U.S.C. Secti
other Environmental Law; (iii) "Environment" means any air (including indoor air), soil vapor, surface water, groundwa
surface soil, subsurface soil, sediment, surface or subsurface strata, plant and animal life, and any other environmental m
and (iv) "Environmental Laws" means any applicable federal, state or local law, statute, ordinance, rule, regulation, cod
consent, order, judgment, decree, injunction or agreement with any Governmental Authority relating to (A) the protectio
restoration of the Environment, (B) the protection of human or worker health and safety, and/or (C) the use, storage, rec
generation, transportation, processing, handling, labeling, production, release or disposal of, or exposure to, Hazardous M
Environmental Law includes without limitation (a) CERCLA; the Resource Conservation and Recovery Act, as amende
the Clean Air Act, as amended, 42 U.S.C. § 7401 et seq.; the Federal Water Pollution Control Act, as amended, 33 U.S.C
Substances Control Act, as amended, 15 U.S.C. § 2601 et seq.; the Emergency Planning and Community Right to Know
seq.; the Safe Drinking Water Act, 42 U.S.C. § 300f et seq.; and all comparable state and local laws, and (b) any commo
limitation, common law that may impose strict liability) that may impose liability or obligations for injuries or damages

exposure to any Hazardous Material as in effect on or prior to the date of this Agreement.

3.18 Intellectual Property. Schedule 3.18 of the Company Disclosure Schedule contains a complete and accurate lis
below) and Patents (as defined below) owned or purported to be owned by the Company and its Subsidiaries or used or
Company and its Subsidiaries in the Business (as defined below). Except as set forth on Schedule 3.18 of the Company

(a) the Company and its Subsidiaries exclusively own or possess adequate and enforceable rights to use, without p
of the Intellectual Property Assets (as defined below) necessary for the operation of the Business, free and clear of all m
liens, equities, security interests, or other encumbrances or similar agreements;

(b) all Company Intellectual Property Assets (as defined below) owned or purported to be owned by the Company
which have been issued by or registered with the U.S. Patent and Trademark Office or in any similar office or agency ar
been duly maintained (including the payment of maintenance fees) and are not expired, cancelled or abandoned and are

(c) there are no pending, or, to the Knowledge of the Company, threatened claims against the Company or any of i
that any activity by the Company or any of its Subsidiaries or any Product (as defined below) infringes on or violates (o
violated) the rights of others in or to any Intellectual Property Assets ("Third Party Rights") or that any of the Company
is invalid or unenforceable;

(d) to the Knowledge of the Company, neither any activity of the Company or any of its Subsidiaries nor any Prod
(or in the past infringed on or violated) any Third Party Right;

(e) to the Knowledge of the Company, no third party is violating or infringing any of the Company Intellectual Pro

(f) the Company and its Subsidiaries have taken reasonable security measures to protect the secrecy, confidentialit
Secrets (as defined below) owned by the Company and its Subsidiaries or used or held for use by the Company and its S

(g) For purposes of this Section 3.18, (i) "Business" means the business of the Company and its Subsidiaries as cu
"Company Intellectual Property Assets" means all Intellectual Property Assets owned or purported to be owned by the C
Subsidiaries or used or held for use by the Company or any of its Subsidiaries in the Business which are material to the
Property Assets" means, collectively, (A) patents and patent applications ("Patents"); (B) trade names, logos, slogans, In
media accounts, pages and registrations, registered and unregistered trademarks and service marks and related registratio
registration ("Marks"); (C) copyrights in both published and unpublished works, including without limitation all compil
computer programs, manuals and other documentation and all copyright registrations and applications; and (D) rights un
trade secret laws as are applicable to know-how and confidential information ("Trade Secrets"); and (iv) "Products" mea
services researched, designed, developed, manufactured, marketed, performed, licensed, sold and/or distributed by the C
Subsidiaries.

(h) All computer systems, servers, network equipment and other computer hardware and software owned, leased o
and its Subsidiaries and used in the Business ("IT Systems") are adequate and sufficient (including with respect to work
for the operations of the Company and its Subsidiaries. The Company and its Subsidiaries have (i) continuously operate
and maintain the performance, security and integrity of the IT Systems (and all Software, information or data stored on a
continuously maintained all licenses necessary to use its IT Systems, and (iii) maintains reasonable documentation regar
methods of operation and their support and maintenance. During the two (2) year period prior to the date of this Agreem
failure with respect to any IT Systems that has had a material effect on the operations of the Business nor has there been
or use of any IT Systems.

3.19 Personal Data; Privacy Requirements. In connection with the collection and/or use of an individual's name,
information, email address, social security number, and account numbers ("Personal Data"), the Company and its Subsi
complied with and currently comply with all applicable statutes and regulations in all relevant jurisdictions where the Co
business, its publicly available privacy policy, and any third party privacy policies which the Company has been contrac
with, in each case relating to the collection, storage, use and onward transfer of all Personal Data collected by or on beha
"Privacy Requirements"). The Company and its Subsidiaries will have the right after the execution of this Agreement to
substantially the same manner as used by the Company and its Subsidiaries prior to the execution of this Agreement. Th
Subsidiaries (A) have security measures in place to protect all Personal Data under its control and/or in its possession an
Data from unauthorized access by any parties and (B) the Company and its Subsidiaries hardware, software, encryption,
procedures are sufficient to protect the privacy, security and confidentiality of all Personal Data in accordance with the P
the Knowledge of the Company and its Subsidiaries, the Company has not suffered any breach in security that has perm
access to the Personal Data under the Company and its Subsidiaries control or possession. The Company and its Subsidi
require all third parties to which any of them provide Personal Data and/or access thereto to maintain the privacy, securi
such Personal Data, including by contractually obliging such third parties to protect such Personal Data from unauthoriz
disclosure to any unauthorized third parties.

3.20 Material Agreements; Defaults

(a) Except as set forth on Schedule 3.20 of the Company Disclosure Schedule, and except for this Agreement and t
contemplated hereby, neither the Company nor any of its Subsidiaries is a party to or is bound by to any agreement, con
commitment or understanding (whether written or oral), or amendment thereto, (i) with respect to the employment or se
officers, employees or consultants; (ii) which would entitle any present or former director, officer, employee or agent of
Subsidiaries to indemnification from the Company or any of its Subsidiaries; (iii) the benefits of which will be increased
of which will be accelerated, by the occurrence of any of the transactions contemplated by this Agreement, or the value
which will be calculated on the basis of any of the transactions contemplated by this Agreement; (iv) by and among the
Subsidiaries, and/or any Affiliate thereof, other than intercompany agreements entered into in the ordinary course of bus
right of first refusal, right of first offer or similar right with respect to any material assets or properties of the Company a
which provides for payments to be made by the Company or any of its Subsidiaries upon a change in control thereof; (v
lease of personal property having a value in excess of $100,000 individually or $250,000 in the aggregate; (viii) which r
expenditures and involves future payments in excess of $50,000 individually or $100,000 in the aggregate; (ix) which re
acquisition of assets or any interest in any business enterprise outside the ordinary course of Company's business; (x) wi
sixty (60) days or less notice and involving the payment of more than $50,000 per annum; or (xi) which materially restri
business by the Company or any of its Subsidiaries. Each agreement, contract, arrangement, commitment or understandi
this Section 3.20(a), whether or not set forth on Schedule 3.20 of the Company Disclosure Schedule, is referred to herein
Contract." The Company has previously made available to Buyer complete and correct copies of all of the Company Ma
any and all amendments and modifications thereto.

(b) Each Company Material Contract is legal, valid and binding upon the Company or its Subsidiaries, as the case
Knowledge of the Company, all other parties thereto, and is in full force and effect. Neither the Company nor any of its
or default under any Company Material Contract, or, to the Knowledge of the Company, any other agreement or instrum
by which its assets, business, or operations may be bound or affected, or under which it or its respective assets, business
benefits, and there has not occurred any event that, with the lapse of time or the giving of notice or both, would constitu
To the Knowledge of the Company, (i) no other party to any Company Material Contract is in breach of or default under
Contract, and (ii) there has not occurred any event that, with the lapse of time or the giving of notice or both, would con
default.

3.21 Property and Leases

(a) Each of the Company and its Subsidiaries has good, record and marketable title to all the real property and all o owned or leased by it and included in the Company Balance Sheet, free and clear of all Liens, other than (i) Liens that se reflected in the Company Balance Sheet or incurred in the ordinary course of business after the date of such balance she repairmen's, warehousemen's and carriers' Liens arising in the ordinary course of business of the Company or any of its past practice, and (iii) those items that secure public or statutory obligations or any discount with, borrowing from, or ob Federal Home Loan Bank, interbank credit facilities, or any transaction by the Company's Subsidiaries acting in a fiduc Company nor any of its Subsidiaries has received written notice of any violation of any recorded easements, covenants o the real property and all other property interests owned or leased by it and included in the Company Balance Sheet that w expected to require expenditures by the Company or any of its Subsidiaries or to result in an impairment in or limitation conducted there, and, to the knowledge of the Company, no other party is in violation of any such easements, covenants

(b) Each lease or sublease of real property to which the Company or any of its Subsidiaries is a party is listed on Sc Company Disclosure Schedule, including all amendments and modifications thereto, and is in full force and effect. There default under any such lease by the Company or any of its Subsidiaries, nor any event which with notice or lapse of time breach or default thereunder by the Company or any of its Subsidiaries, and, to the Knowledge of the Company, there ex such lease or sublease by any other party, nor any event which with notice or lapse of time or both would constitute a br by such other party. The Company has previously made available to Buyer complete and correct copies of all such lease amendments and modifications thereto.

(c) Schedule 3.21(c) of the Company Disclosure Schedule sets forth a complete and accurate list of all real propert or any of its Subsidiaries. No tenant or other party in possession of any of such property has any right to purchase, or ho to purchase, such properties.

(d) Except as set forth on Schedule 3.21(d) of the Company Disclosure Schedule, none of the properties required to 3.21(c) of the Company Disclosure Schedule and, to the Knowledge of the Company, none of the properties required to 3.21(b) of the Company Disclosure Schedule, or the buildings, structures, facilities, fixtures or other improvements there contravenes or violates any building, zoning, administrative, occupational safety and health or other applicable statute, l regulation in any respect that would reasonably be expected to require expenditures by the Company or any of its Subsid impairment in or limitation on the activities presently conducted there. Except as set forth on Schedule 3.21(d) of the Co Schedule, the plants, buildings, structures and equipment located on the properties required to be listed on Schedule 3.21 Disclosure Schedule, and to the Knowledge of the Company, the plants, buildings, structures and equipment located on be listed on Schedule 3.21(b) of the Company Disclosure Schedule are in good operating condition and in a state of goo ordinary wear and tear excepted, are adequate and suitable for the purposes for which they are presently being used and, Company, there are no condemnation or appropriation proceedings pending or threatened against any of such properties other structures thereon.

3.22 Inapplicability of Takeover Laws. The Company has taken all action required to be taken by it to render inap this Agreement, the Voting Agreements and the transactions contemplated thereby the restrictions on business combinat of Title 3 of the MGCL and the restrictions contained in Article 5 Section D of the Company's Charter. No other "busin share acquisition", "fair price", "moratorium" or other takeover or anti-takeover statute or similar federal or state law (c Title 3 of the MGCL and the restrictions contained in Article 5 Section D of the Company's Charter, "Takeover Laws") this Agreement, the Voting Agreements and the transactions contemplated thereby.

3.23 Regulatory Capitalization. The Company Bank is, and as of the Effective Time will be, "well capitalized," a rules and regulations promulgated by the OCC. The Company is, and immediately prior to the Effective Time will be, " is defined in the rules and regulations promulgated by the FRB.

3.24 Loans; Nonperforming and Classified Assets

(a) Each loan agreement, note or borrowing arrangement, including, without limitation, portions of outstanding lin accounts, and loan commitments, on the Company's or its applicable Subsidiary's books and records (collectively, "Loa agreements, other evidences of indebtedness, security instruments (if applicable) that are true, genuine, enforceable and and documentation appropriate and sufficient to enforce such loan in accordance with its terms, complete and correct se documents which (or, to the extent an original is not necessary for the enforcement thereof, true, correct and complete c in such books and records; (ii) represents the legal, valid and binding obligation of the related borrower, enforceable in a except as enforcement may be limited by receivership, conservatorship and supervisory powers of bank regulatory agen bankruptcy, insolvency, reorganization, moratorium or other laws of general applicability relating to or affecting creditо effect of rules of law governing specific performance, equitable relief and other equitable remedies or the waiver of righ complies with applicable law, including the Finance Laws and any other applicable lending laws and regulations. With r extent applicable, the Loan file contains (i) all original notes, agreements, other evidences of indebtedness, security instr statements. Each Loan file contains true, complete and correct copies of all Loan documents evidencing, securing, gover to the Loan and such documents and instruments are in due and proper form.

(b) Other than Loans that have been pledged to the Federal Home Loan Bank in the ordinary course of business, ne or pledged, and the Company or its applicable Subsidiary has good and marketable title thereto, without any basis for fo Company or its applicable Subsidiary is the sole owner and holder of the Loans free and clear of any and all Liens other Company or its applicable Subsidiary.

(c) Each Loan, to the extent secured by a Lien of the Company or its applicable Subsidiary, is secured by a valid, p Lien of the Company or its applicable Subsidiary in the collateral for such Loan.

(d) Each Loan was underwritten and originated by the Company or its applicable Subsidiary (i) in the ordinary cou consistent with the Company's or its applicable Subsidiary's policies and procedures for loan origination and servicing i Loan was made, (ii) in a prudent manner, and (iii) in accordance with applicable law, including without limitation, laws truth-in-lending, real estate settlement procedures, consumer credit protection, predatory lending, abusive lending, fair c collection practice, origination, collection and servicing.

(e) Each Loan has been marketed, solicited, brokered, originated, made, maintained, serviced and administered in a applicable law, including the Equal Credit Opportunity Act, Regulation B of the Consumer Financial Protection Bureau (ii) the Company's or its applicable Subsidiary's applicable loan origination and servicing policies and procedures; and governing each Loan.

(f) No Loan is subject to any right of rescission, set-off, claim, counterclaim or defense, including the defense of u of any of the terms of the note or the mortgage (if applicable), or the exercise of any right thereunder, render either the n applicable) unenforceable, in whole or in part, or subject to any right of rescission, set-off, counterclaim or defense, incl

(g) Each Loan that is covered by an insurance policy or guarantee was (i) originated or underwritten in accordance policies, procedures and requirements of the insurer or guarantor of such Loan at the time of origination or underwriting comply with the applicable policies, procedures and requirements of the insurer or guarantor, such that the insurance po the Loan is in full force and effect.

(h) Schedule 3.24 of the Company Disclosure Schedule discloses as of February 28, 2014: (i) any Loan under the t is sixty (60) or more days delinquent in payment of principal or interest, or to the Knowledge of the Company, in violati any other provision thereof, including a description of such breach or default; (ii) each Loan which has been classified a maintained," "classified," "criticized," "substandard," "doubtful," "credit risk assets," "watch list assets," "loss" or "spe the Company, its Subsidiaries or a Governmental Authority (the "Classified Loans"); (iii) a listing of the real estate own or by deed-in-lieu thereof, including the book value thereof; and (iv) each Loan with any director, executive officer or fi stockholder of the Company, or to the Knowledge of the Company, any Person controlling, controlled by or under comm foregoing. All Loans which are classified as "Insider Transactions" by Regulation O of the FRB, as made applicable to a

Section 11(b)(1) of the Home Owners' Loan Act, as amended, have been made by the Company or any of its Subsidiarie made on substantially the same terms, including interest rates and collateral, as those prevailing at the time for comparab Persons and do not involve more than normal risk of collectability or present other unfavorable features.

(i) The allowance for Loan losses reflected in the Company Financial Statements, as of their respective dates, is ad
all regulatory requirements applicable to financial institutions.

(j) The Company has previously made available to Buyer and Merger LLC complete and correct copies of its and i
lending and servicing and policies and procedures.

(k) No error, omission, misrepresentation, negligence, fraud or similar occurrence with respect to any Loan has tak
Company, any Subsidiary or any other person, including, without limitation, any borrower, any broker, any corresponde
service provider.

(l) The Company or any Subsidiary is not in breach, and has not breached, any provision contained in any agreeme
Company has brokered, originated, made, sold, participated or performed any activity in connection with any Loan.

(m) There is no action, suit, proceeding, investigation, or litigation pending, or to the best of the Company's Know
respect to any Loan.

(n) There are no defaults as to the Company's or any Subsidiary's compliance with the terms of any Loan.

3.25 Deposits.

(a) The deposits of the Company Bank have been solicited, originated and administered by the Company Bank in a
of their governing documents in effect from time to time and with applicable law.

(b) Each of the agreements relating to the deposits of the Company Bank is valid, binding, and enforceable upon it
accordance with its terms except as enforceability may be limited by bankruptcy, insolvency, reorganization, moratoriu
affecting creditors' rights, and by the exercise of judicial discretion in accordance with general principles applicable to e
remedies.

(c) The Company Bank has complied with applicable law relating to overdrafts, overdraft protection and payment

(d) Any debit cards issued by the Company Bank with respect to the deposits of the Company Bank have been issu
accordance with applicable law, including the Electronic Fund Transfer Act of 1978, as amended, and Regulation E of C
Protection Bureau.

3.26 Investment Securities. Each of the Company and its Subsidiaries has good title to all securities owned by it (repurchase agreements or held in any fiduciary or agency capacity), free and clear of any Liens, except to the extent suc the ordinary course of business to secure obligations of the Company or its Subsidiaries. Such securities are valued on th in accordance with GAAP. The Company and its Subsidiaries and their respective businesses employ investment, securi other policies, practices and procedures which the Company believes are prudent and reasonable in the context of such b and its Subsidiaries have complied with the requirements of Section 13 of the Bank Holding Company Act of 1956, as a the regulations promulgated thereunder (the "Volcker Rule") and neither the Company nor any of its Subsidiaries will b during the Volcker Rule conformance period.

3.27 Investment Management; Trust Activities

(a) Except as set forth on Schedule 3.27 of the Company Disclosure Schedule, none of the Company, any of its Su or its Subsidiaries' directors, officers or employees is required to be registered, licensed or authorized under the laws or Governmental Authority as an investment adviser, a broker or dealer, an insurance agency or company, a commodity tra pool operator, a futures commission merchant, an introducing broker, a registered representative or associated person, in representative or solicitor, a counseling officer, an insurance agent, a sales person or in any similar capacity with a Gove

(b) Except as set forth on Schedule 3.27 of the Company Disclosure Schedule, neither the Company nor any of its any trust business, nor administers or maintains accounts for which it acts as fiduciary (other than individual retirement accounts), including accounts for which it serves as trustee, custodian, agent, personal representative, guardian or conse

3.28 Derivative Transactions. All Derivative Transactions (as defined below) entered into by the Company or any entered into in accordance with applicable rules, regulations and policies of any Governmental Authority, and in accorda securities, commodities, risk management and other policies, practices and procedures employed by the Company and it entered into with counterparties believed at the time to be financially responsible and able to understand (either alone or advisers) and to bear the risks of such Derivative Transactions. The Company and its Subsidiaries have duly performed under the Derivative Transactions to the extent that such obligations to perform have accrued, and, to the Knowledge of breaches, violations or defaults or allegations or assertions of such by any party thereunder. The Company and its Subsi policies and procedures consistent with the requirements of Governmental Authorities with respect to their derivatives p this Section 3.28, "Derivative Transactions" shall mean any swap transaction, option, warrant, forward purchase or forw transaction, cap transaction, floor transaction or collar transaction relating to one or more currencies, commodities, bond interest rates, credit related events or conditions or any indexes, or any other similar transaction or combination of any o including collateralized mortgage obligations or other similar instruments or any debt or equity instruments evidencing types of transactions, and any related credit support, collateral or other similar arrangements related to such transactions

3.29 Repurchase Agreements. With respect to all agreements pursuant to which the Company or any of its Subsid securities subject to an agreement to resell, if any, the Company or any of its Subsidiaries, as the case may be, has a vali security interest in the government securities or other collateral securing the repurchase agreement, and, as of the date he collateral equals or exceeds the amount of the debt secured thereby.

3.30 Deposit Insurance. The deposits of the Company Bank are insured by the FDIC in accordance with the Fede ("FDIA") to the fullest extent permitted by law, and each Subsidiary has paid all premiums and assessments and filed al FDIA. No proceedings for the revocation or termination of such deposit insurance are pending or, to the Knowledge of t

3.31 CRA, Anti-money Laundering and Customer Information Security. Neither the Company nor any of its Subs agreement with any individual or group regarding matters related to the Community Reinvestment Act of 1977, as amen applicable state laws (collectively, the "CRA"). The Company Bank is in compliance with all applicable requirements o

(a) The Company and each of its Subsidiaries, including the Company Bank, is in compliance, and in the past has applicable laws relating to the prevention of money laundering of any Governmental Authority applicable to it or its pro operations, including all applicable financial record-keeping, know-your-customer and reporting requirements of the Cu Transactions Reporting Act of 1970, as amended from time to time, including by the Uniting and Strengthening Americ Tools Required to Intercept and Obstruct Terrorism Act of 2001 (the "USA PATRIOT Act" and all such applicable laws Laws"). The Board of Directors of the Company Bank has adopted and the Company Bank has implemented a written a program that contains adequate and appropriate customer identification verification procedures that has not been deeme Governmental Authority and that meets the requirements of Sections 352 and 326 and all other applicable provisions of and the regulations thereunder.

(b) None of (i) the Company, (ii) any Subsidiary of the Company, (iii) any Person on whose behalf the Company c Company is acting, or (iv) to the Company's Knowledge, any Person who directly or indirectly beneficially owns securi or any Subsidiary of the Company, is (A) named on the most current list of "Specially Designated Nationals" published the Treasury's Office of Foreign Assets Control ("OFAC") or the most recent Consolidated Sanctions List published by country, territory or Person that is the target of sanctions administered by OFAC or the U.S. Department of State, (C) a I indirectly, in any transactions or other activities with any country, territory or Person prohibited by OFAC, (D) a Person of business in a country or territory named on such lists or which is designated as a Non-Cooperative Jurisdiction by the Force on Money Laundering, (E) a "Foreign Shell Bank" within the meaning of the USA PATRIOT Act, (F) a Person th under the laws of, a jurisdiction designated by the Secretary of the Treasury under Section 311 or Section 312 of the US warranting special measures due to money laundering concerns, (G) a Person that is designated by the Secretary of the T special measures due to money laundering concerns or (H) a Person that otherwise appears on any U.S.-government pro suspected terrorists or terrorist organizations. Neither the Company and nor any of its Subsidiaries, including the Compa transactions of any type with any party described in clauses (A) through (H) in the past and neither the Company nor an including the Company Bank, is currently engaging in such transactions. The Company and its subsidiaries, including th place and maintain internal policies and procedures that are reasonably designed to ensure the foregoing.

(c) The Company has no Knowledge of, and none of the Company and its Subsidiaries has been advised of, or has (because of the Company Bank's Home Mortgage Disclosure Act data for the year ended December 31, 2014, filed with that any facts or circumstances exist, which would cause the Company or any Subsidiary of the Company, including the deemed not to be in compliance with the CRA, the Money Laundering Laws, any economic or trade sanctions programs the U.S. Department of State, or the Privacy Requirements. No action, suit or proceeding by or before any Governmenta arbitrator involving the Company or its Subsidiaries, including the Company Bank, with respect to the Money Launderi trade sanctions administered by OFAC or the U.S. Department of State or the Privacy Requirements is pending or, to the Company, threatened.

3.32 Transactions with Affiliates. There are no outstanding amounts payable to or receivable from, or advances b its Subsidiaries to, and neither the Company nor any of its Subsidiaries is otherwise a creditor or debtor to, any stockhol the outstanding Company Common Stock, director, employee or Affiliate (as defined in Section 9.3) of the Company or other than as part of the normal and customary terms of such persons' employment or service as a director with the Com Subsidiaries. Neither the Company nor any of its Subsidiaries is a party to any transaction or agreement with any of its stockholders owning 5% or more of the outstanding Company Common Stock, directors or executive officers or any ma agreement with any employee other than executive officers. All agreements between the Company and any of its Affilia applicable, with Regulation W of the FRB.

3.33 Brokers; Opinion of Financial Advisor. No action has been taken by the Company or any of its Subsidiaries valid claim against the Company for a brokerage commission, finder's fee or other like payment with respect to the trans this Agreement, except in connection with the engagement of Keefe, Bruyette and Woods, Inc. (the "Financial Advisor" payable to the Financial Advisor in connection with the transactions contemplated by this Agreement is described in an the Company and the Financial Advisor, a complete and correct copy of which has been previously provided to Buyer. T the Company has received the opinion of the Financial Advisor, to the effect that, as of the date of such opinion and bas various limitations and assumptions contained therein, the Merger Consideration to be received by holders of Company from a financial point of view, to such holders.

ARTICLE IV - REPRESENTATIONS AND WARRANTIES
OF BUYER AND MERGER LLC

4.1 Making of Representations and Warranties

(a) As a material inducement to the Company to enter into this Agreement and to consummate the transactions con and Merger LLC hereby make to the Company the representations and warranties contained in this Article IV, subject to by Section 9.1.

(b) On or prior to the date hereof, Buyer and Merger LLC have delivered to the Company a schedule (the "Buyer D among other things, items the disclosure of which is necessary or appropriate in relation to any or all of its representatio provided, however, that no such item is required to be set forth on the Buyer Disclosure Schedule as an exception to a re its absence is not reasonably likely to result in the related representation or warranty being untrue or incorrect under the Section 9.1.

4.2 Organization, Standing and Authority. Buyer is a corporation duly organized, validly existing and in good st the State of Maine. Buyer is a bank holding company under the BHCA and the regulations of the FRB promulgated ther qualified to do business and is in good standing in the jurisdictions where its ownership or leasing of property or the con requires it to be so qualified, except where the failure to so qualify has not had and would not reasonably be expected to aggregate, a Buyer Material Adverse Effect. Each of Buyer's Subsidiaries has been duly organized and qualified under t of its organization and is duly qualified to do business and in good standing in the jurisdiction where its ownership or lea conduct of its business requires such Subsidiary to be so qualified, except where the failure to so qualify has not had and expected to have, individually or in the aggregate, a Buyer Material Adverse Effect. Buyer owns, directly or indirectly, a outstanding equity securities of each of its Subsidiaries. Merger LLC was formed solely for the purpose of engaging in t contemplated by this Agreement. Except for obligations and liabilities incurred in connection with its formation and the by this Agreement, Merger LLC has not, and will not have, incurred, directly or indirectly, any obligations or liabilities activities of any type or kind whatsoever or entered into any agreements or arrangements with any Person.

4.3 Capitalization. As of the date hereof, the authorized capital stock of Buyer consists of 20,000,000 shares of I which 7,438,929 shares are outstanding. The outstanding shares of Buyer's capital stock are validly issued, fully paid an personal liability attaching to the ownership thereof, and subject to no preemptive rights or similar rights (and were not i preemptive or similar rights). The outstanding membership interests of Merger LLC are validly issued membership inter shares of Buyer Common Stock to be issued in the Merger have been duly and validly reserved for issuance, and when i the terms of this Agreement, will be duly authorized, validly issued, fully paid and nonassessable and free of any preemp Except as set forth on Schedule 4.3 of the Buyer Disclosure Schedule, as of the date hereof, there are no additional share authorized or reserved for issuance, Buyer does not have any securities (including units of beneficial ownership interest limited liability company) convertible into or exchangeable for any additional shares of stock, any stock appreciation rig subscribe for or acquire shares of its capital stock issued and outstanding, and Buyer does not have, and is not bound by authorize, issue or sell any such shares or other rights.

4.4 Corporate Power. Each of Buyer and Merger LLC has the power and authority to execute and deliver this A obligations hereunder and to consummate the transactions contemplated hereby, subject to the receipt of Regulatory App approval.

4.5 Corporate Authority. This Agreement and the transactions contemplated hereby have been authorized by all of Buyer and Merger LLC and no action is required of the shareholders of Buyer or the members of Merger LLC with re transactions contemplated hereby except (a) with respect to Buyer, to obtain shareholder approval of the Stock Issuance set forth in Section 6.1(b) and (b) with respect to Merger LLC, to obtain the approval of Buyer, as sole member of Merg Each of Buyer and Merger LLC has duly executed and delivered this Agreement and, assuming the due authorization, ex the Company, this Agreement is a legal, valid and binding agreement of each of Buyer and Merger LLC, enforceable in (except as such enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium, fraudu laws of general applicability relating to or affecting creditors' rights or by general principles of equity).

4.6 Non-Contravention

(a) Subject to the receipt of the Regulatory Approvals, and the required filings under federal and state securities law and performance of this Agreement and the consummation of the transactions contemplated hereby (including, without l Buyer and Merger LLC do not and will not (i) constitute a breach or violation of, or a default under, result in a right of t acceleration of any right or obligation under, any law, rule or regulation or any judgment, decree, order, permit, license, indenture, loan, note, bond, mortgage, reciprocal easement agreement, lease, instrument, concession, franchise or other a Merger LLC or of any of their Subsidiaries or to which Buyer, Merger LLC or any of their Subsidiaries, properties or as (ii) constitute a breach or violation of, or a default under the organizational documents of Buyer or Merger LLC, or (iii) approval of any third party or Governmental Authority under any such law, rule, regulation, judgment, decree, order, pe agreement, indenture, loan, note, bond, mortgage, reciprocal easement agreement, lease, instrument, concession, franchi

(b) As of the date hereof, Buyer and Merger LLC have no Knowledge of any reasons relating to Buyer or Buyer B Regulatory Approvals shall not be procured from the applicable Governmental Authorities having jurisdiction over the t by this Agreement or (ii) why any Burdensome Condition would be imposed.

4.7 Articles of Incorporation; Bylaws. Buyer has made available to the Company a complete and correct copy o Incorporation and Bylaws, each as amended to date, of Buyer. Merger LLC has made available to the Company a compl Articles of Organization and Operating Agreement. Buyer and Merger LLC are not in violation of any of the terms of th documents. The minute books of Buyer and each of its Subsidiaries contain complete and accurate records of all meetin and accurate records of all other corporate actions of, their respective shareholders and boards of directors (including co respective boards of directors).

4.8 Compliance with Laws. Buyer and each of its Subsidiaries:

(a) has been and is in compliance with all applicable federal, state and local statutes, laws, regulations, ordinances, decrees applicable thereto or to the employees conducting their businesses, including, without limitation, all Finance La fair lending laws and other laws relating to discriminatory business practices. In addition, there is no pending or, to the K threatened charge by any Governmental Authority that any of Buyer and its Subsidiaries has violated, nor any pending c Buyer, threatened investigation by any Governmental Authority with respect to possible violations of, any applicable Fi

(b) has all permits, licenses, authorizations, orders and approvals of, and has made all filings, applications and regi Governmental Authorities that are required in order to permit them to own or lease their properties and to conduct their b conducted; all such permits, licenses, authorizations, orders and approvals are in full force and effect and, to the Knowle suspension or cancellation of any of them is threatened; and

(c) except as set forth on Schedule 4.8 of the Buyer Disclosure Schedule, has received, since January 1, 2012, no n communication from any Governmental Authority (i) asserting that Buyer or any of its Subsidiaries is not in compliance regulations, or ordinances which such Governmental Authority enforces, (ii) threatening to revoke any license, franchise authorization, (iii) threatening or contemplating revocation or limitation of, or which would have the effect of revoking insurance or (iv) failing to approve any proposed acquisition, or stating its intention not to approve acquisitions, propose within a certain time period or indefinitely (nor, to the Knowledge of Buyer, do any grounds for any of the foregoing ex

4.9 Litigation

(a) Except as set forth on Schedule 4.9 of the Buyer Disclosure Schedule, no litigation, claim, suit, investigation or
any court, governmental agency or arbitrator is pending against Buyer or any of its Subsidiaries, and, to the Knowledge
claim, suit, investigation or other proceeding has been threatened and (ii) there are no facts which would reasonably be e
such litigation, claim, suit, investigation or other proceeding.

(b) Except as set forth on Schedule 4.9 of the Buyer Disclosure Schedule, neither Buyer nor any of its Subsidiaries
properties is a party to or is subject to any assistance agreement, board resolution, order, decree, supervisory agreement,
understanding, condition or similar arrangement with, or a commitment letter or similar submission to, any Government
the supervision or regulation of financial institutions or issuers of securities or engaged in the insurance of deposits or th
of Buyer or any of its Subsidiaries. Except as set forth on Schedule 4.9 of the Buyer Disclosure Schedule, neither Buyer
has been subject to any order or directive by, or been ordered to pay any civil money penalty by, or has been since Janua
any supervisory letter from, or since January 1, 2012, has adopted any board resolutions at the request of, any Governme
currently regulates in any material respect the conduct of its business or that in any manner relates to its capital adequacy
dividends, its credit or risk management policies, its management or its business, other than those of general application
similarly-situated bank or financial holding companies or their subsidiaries.

(c) Neither Buyer nor any of its Subsidiaries, has been advised by a Governmental Authority that it will issue, or h
which would reasonably be expected to give rise to the issuance by any Governmental Authority or has Knowledge that
Authority is contemplating issuing or requesting (or is considering the appropriateness of issuing or requesting) any such
board resolution, memorandum of understanding, supervisory letter, commitment letter, condition or similar submission

4.10 SEC Documents; Financial Reports; and Regulatory Reports

(a) Buyer's Annual Report on Form 10-K, as amended through the date hereof, for the fiscal year ended December
Form 10-K"), and all other reports, registration statements, definitive proxy statements or information statements require
Buyer or any of its Subsidiaries subsequent to January 1, 2008 under the Securities Act, or under Sections 13(a), 13(c),
Exchange Act (collectively, the "Buyer SEC Documents"), with the SEC, and all of the Buyer SEC Documents filed wit
hereof, in the form filed or to be filed, (i) complied or will comply as to form with the applicable requirements under the
Exchange Act, as the case may be, and (ii) did not and will not contain any untrue statement of a material fact or omit to
required to be stated therein or necessary to make the statements made therein, in light of the circumstances under which
misleading; and each of the balance sheets contained in or incorporated by reference into any such Buyer SEC Documen
notes and schedules thereto) fairly presents and will fairly present the financial position of the entity or entities to which
as of its date, and each of the statements of income and changes in stockholders' equity and cash flows or equivalent sta
Documents (including any related notes and schedules thereto) fairly presents and will fairly present the results of opera
stockholders' equity and changes in cash flows, as the case may be, of the entity or entities to which such statement rela
it relates, in each case in accordance with GAAP consistently applied during the periods involved, except in each case as

subject to normal year end audit adjustments in the case of unaudited financial statements. Except for those liabilities tha
reserved against in the most recent audited consolidated balance sheet of Buyer and its Subsidiaries contained in the Buy
except for liabilities reflected in Buyer SEC Documents filed prior to the date hereof or incurred in the ordinary course o
past practices or in connection with this Agreement, since December 31, 2014, neither Buyer nor any of its Subsidiaries
obligations of any nature (whether accrued, absolute, contingent or otherwise) required by GAAP to be set forth on its c
or in the notes thereto.

(b) Buyer and each of its Subsidiaries, officers and directors are in compliance with, and have complied, with (1) t Sarbanes-Oxley and the related rules and regulations promulgated under such act and the Exchange Act and (2) the appl governance rules and regulations of NASDAQ. Buyer (i) has implemented and maintains a system of internal control ov required by Rule 13a-15(a) of the Exchange Act) that is designed to provide reasonable assurances regarding the reliabil and the preparation of its financial statements for external purposes in accordance with GAAP and to provide reasonable transactions are executed in accordance with management's general or specific authorizations, (y) transactions are recor preparation of financial statements in accordance with GAAP and to maintain accountability for assets and (z) access to accordance with management's general or specific authorization, (ii) has established and maintained disclosure controls control over financial reporting (as such terms are defined in paragraphs (e) and (f), respectively, of Rule 13a-15 under t required by Rule 13a-15 under the Exchange Act, and (iii) has disclosed based on its most recent evaluations, to its outs committee of the Buyer Board (A) all significant deficiencies and material weaknesses in the design or operation of inte reporting (as defined in Rule 13a-15(f) of the Exchange Act) which are reasonably likely to adversely affect Buyer's abi summarize and report financial data and (B) any fraud, whether or not material, that involves management or other empl significant role in Buyer's internal control over financial reporting.

(c) Since January 1, 2012, Buyer and its Subsidiaries have duly filed with the FRB, the OCC, the FDIC and any ot Governmental Authority, in correct form the reports required to be filed under applicable laws and regulations and such accurate and in compliance with the requirements of applicable laws and regulations.

4.11 Absence of Certain Changes or Events. Except as disclosed in the Buyer SEC Documents filed or furnished as otherwise expressly permitted or expressly contemplated by this Agreement, since December 31, 2014, there has beer development in the business, operations, assets, liabilities, condition (financial or otherwise), results of operations, cash Buyer or any of its Subsidiaries which has had, or would reasonably be expected to have, individually or in the aggregat Adverse Effect.

4.12 Taxes and Tax Returns. For purposes of this Section 4.12, any reference to Buyer or its Subsidiaries shall be reference to Buyer's predecessors or the predecessors of its Subsidiaries, respectively, and any reference to Buyer shall l Subsidiaries, including any predecessors of its Subsidiaries, except where explicitly inconsistent with the language of th set forth on Schedule 4.12 of the Buyer Disclosure Schedule:

(a) Buyer and each of its Subsidiaries has filed all Tax Returns that it was required to file under applicable laws an Tax Returns that are not yet due or for which a request for extension was filed consistent with requirements of applicabl such Tax Returns were correct and complete in all material respects and have been prepared in substantial compliance w regulations. Taxes due and owing by Buyer or any of its Subsidiaries (whether or not shown on any Tax Return) have be that have been reserved or accrued on the balance sheet of Buyer and which Buyer is contesting in good faith. Buyer is n extension of time within which to file any Tax Return and neither Buyer nor any of its Subsidiaries currently has any op ever been made by an authority in a jurisdiction where Buyer does not file Tax Returns that it is or may be subject to tax There are no Liens for Taxes (other than Taxes not yet due and payable) upon any of the assets of Buyer or any of its Su

(b) Buyer has withheld and paid all Taxes required to have been withheld and paid in connection with any amounts employee, independent contractor, creditor, shareholder, or other third party.

(c) No foreign, federal, state, or local tax audits or administrative or judicial Tax proceedings are being conducted are pending with respect to Buyer. Other than with respect to audits that have already been completed and resolved, Buy any foreign, federal, state, or local taxing authority (including jurisdictions where Buyer has not filed Tax Returns) any intent to open an audit or other review, (ii) request for information related to Tax matters, or (iii) notice of deficiency or any amount of Tax proposed, asserted, or assessed by any taxing authority against Buyer.

(d) Buyer has made available to the Company true and complete copies of the United States federal, state, local, an Returns filed with respect to Buyer for taxable periods ended on or after December 31, 2010. Buyer has made available and complete copies of all examination reports, letter, rulings, technical advice memoranda, and similar documents, and assessed against or agreed to by Buyer filed for the years ended on or after December 31, 2010. Buyer has timely and pr in response to and, in compliance with notices, Buyer has received from the IRS in respect of information reporting and withholding as are required by law.

(e) Buyer has not waived any statute of limitations in respect of Taxes or agreed to any extension of time with resp deficiency.

(f) Buyer has not been a United States real property holding corporation within the meaning of Code Section 897(c period specified in Code Section 897(c)(1)(A)(ii). Buyer has disclosed on its federal income Tax Returns all positions ta rise to a substantial understatement of federal income Tax within the meaning of Code Section 6662 or 6662A and has n "reportable transaction" within the meaning of Section 1.6011-4(b) of the Treasury Regulations. Buyer is not a party to allocation or sharing agreement. Buyer (i) has not been a member of an affiliated group filing a consolidated federal inc a group the common parent of which was Buyer), and (ii) has no liability for the Taxes of any individual, bank, corporat association, joint stock company, business trust, limited liability company, or unincorporated organization (other than B 1.1502-6 (or any similar provision of state, local, or foreign law), as a transferee or successor, by contract, or otherwise.

(g) The unpaid Taxes of Buyer (i) did not, as of the end of the most recent period covered by the Buyer SEC Repo date hereof, exceed the reserve for Tax liability (which reserve is distinct and different from any reserve for deferred Ta timing differences between book and Tax income) set forth on the face of the financial statements included in the Buyer prior to the date hereof (rather than in any notes thereto), and (ii) do not exceed that reserve as adjusted for the passage o the past custom and practice of Buyer in filing its Tax Returns. Since the end of the most recent period covered by the B prior to the date hereof, Buyer has not incurred any liability for Taxes arising from extraordinary gains or losses, as that outside the ordinary course of business consistent with past custom and practice.

(h) Buyer shall not be required to include any item of income in, or exclude any item of deduction from, taxable in period (or portion thereof) ending after the Closing Date as a result of any: (i) change in method of accounting for a taxa prior to the Closing Date; (ii) "closing agreement" as described in Code Section 7121 (or any corresponding or similar p foreign income Tax law) executed on or prior to the Closing Date; (iii) intercompany transactions or any excess loss acc Regulations under Code Section 1502 (or any corresponding or similar provision of state, local or foreign income Tax la open transaction disposition made on or prior to the Closing Date; (v) prepaid amount received on or prior to the Closing respect to the discharge of indebtedness under Section 108(i) of the Code; or (vii) any similar election, action, or agreem effect of deferring any liability for Taxes of Buyer from any period ending on or before the Closing Date to any period e Date.

(i) As of the date hereof, Buyer is aware of no reason why the Merger will fail to qualify as a "reorganization" und Code.

4.13 Employee Benefit Plans

(a) Schedule 4.13 of the Buyer Disclosure Schedule sets forth a list of every material Employee Program currently ERISA Affiliate of Buyer ("Buyer Employee Program").

(b) Each Buyer Employee Program that is intended to qualify under Section 401(a) or 501(c)(9) of the Code is so favorable determination or approval letter from the IRS with respect to such qualification, or may rely on an opinion lett respect to a prototype plan adopted in accordance with the requirements for such reliance, or has time remaining for app determination of the qualified status of such Buyer Employee Program for any period for which such Buyer Employee otherwise be covered by an IRS determination and, to the Knowledge of Buyer, no event or omission has occurred that Employee Program to lose such qualification.

(c) Each Buyer Employee Program is, and has been operated in compliance with applicable laws and regulations a administered in accordance with applicable laws and regulations and with its terms, in each case, in all material respects governmental administrative proceeding, audit or other proceeding (other than those relating to routine claims for benefi Knowledge of Buyer, threatened with respect to any Buyer Employee Program or any fiduciary or service provider there contributions required to have been made with respect to all Buyer Employee Programs either have been made or have b with the terms of the applicable Buyer Employee Program and applicable law.

(d) No Buyer Employee Program is a single employer pension plan (within the meaning of Section 4001(a)(15) of Company or any ERISA Affiliate could incur liability under Section 4063 or 4064 of ERISA or a plan maintained by m described in Section 413(c) of the Code.

(e) Neither Buyer nor any current ERISA Affiliate maintains or contributes to, or within the past six year has main any Employee Program that is or was subject to Title IV of ERISA, Section 412 of the Code, Section 302 of ERISA or i and neither the Company nor any ERISA Affiliate has incurred any liability under Title IV of ERISA that has not been p

4.14 Labor Matters. Buyer and its Subsidiaries are in compliance with all federal, state and local laws respecting employment practices, terms and conditions of employment, and wages and hours, and other than normal accruals of wa cycles, there are no arrearages in the payment of wages. Neither Buyer nor any of its Subsidiaries is a party to, or bound bargaining agreement, contract or other agreement or understanding with a labor union or labor organization, nor is Buy the subject of a proceeding asserting that Buyer or any of its Subsidiaries has committed an unfair labor practice (within National Labor Relations Act) or seeking to compel Buyer or any of its Subsidiaries to bargain with any labor organizat conditions of employment. No work stoppage involving Buyer or any of its Subsidiaries is pending, or to the Knowledg Neither Buyer nor any of its Subsidiaries is involved in, or, to the Knowledge of Buyer, threatened with or affected by, a lawsuit or administrative proceeding relating to labor or employment matters that would reasonably be expected to inter

respective business activities represented by any labor union, and to the Knowledge of Buyer, no labor union is attempti
of Buyer or any of its Subsidiaries.

4.15 Environmental Matters

(a) Except as disclosed on Schedule 4.15 of the Buyer Disclosure Schedule, to the Knowledge of Buyer, (i) each o and each property owned, leased or operated by any of them (the "Buyer Property") and, (ii) the Buyer Loan Properties have been, in compliance in all material respects with all Environmental Laws (as defined below).

(b) There is no suit, claim, action or proceeding pending or, to the Knowledge of Buyer, threatened, before any Go other forum in which Buyer or any of its Subsidiaries has been or, with respect to threatened proceedings, may be, name responsible party or potentially responsible party (i) for alleged noncompliance (including by any predecessor) with any relating to the release or presence of any Hazardous Material at, in, to, on, from or affecting a Buyer Property, a Buyer L property previously owned, operated or leased by Buyer or any of its Subsidiaries.

(c) Except as set forth on Schedule 4.15 of the Buyer Disclosure Schedule, neither Buyer nor any of its Subsidiarie Buyer, any Buyer Loan Property, has received or been named in any written notice regarding a matter on which a suit, c as described in subsection (b) of this Section 4.15 could reasonably be based. To the Knowledge of Buyer, no facts or ci would reasonably cause it to believe that a suit, claim, action or proceeding as described in subsection (b) of this Section expected to occur.

(d) Except as disclosed on Schedule 4.15 of the Buyer Disclosure Schedule, to the Knowledge of Buyer, no Hazard has been released at, in, to, on, under, from or affecting any Buyer Property, any Buyer Loan Property or any property p or leased by Buyer or any of its Subsidiaries in a manner, amount or condition that would result in any liabilities or oblig Environmental Law.

(e) Neither Buyer nor any of its Subsidiaries is an "owner" or "operator" (as such terms are defined under CERCL and there are no Buyer Participation Facilities.

(f) To the Knowledge of Buyer, there are and have been no (i) active or abandoned underground storage tanks, (ii) stations, or (iii) dry-cleaning facilities or operations at, on, in, or under any Buyer Property.

(g) For purposes of this Section 4.15, (i) "Buyer Loan Property" means any property in which Buyer or any of its S interest, and, where required by the context (as a result of foreclosure), said term includes any property owned or operate Subsidiaries, and (ii) "Buyer Participation Facility" means any facility in which the Buyer or any of its Subsidiaries part the management of environmental matters.

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4.16 Regulatory Capitalization. Buyer Bank is, and immediately after the Effective Time will be, "well capitalize the rules and regulations promulgated by the OCC. Buyer is, and immediately after the Effective Time will be, "well cap defined in the rules and regulations promulgated by the FRB.

4.17 CRA, Anti-money Laundering and Customer Information Security. Neither Buyer nor any of its Subsidiarie agreement with any individual or group regarding matters related to the CRA. The Buyer Bank is in compliance with all the CRA.

(a) Buyer and each of its Subsidiaries, including the Buyer Bank, is in compliance, and in the past has complied wi relating to the prevention of money laundering of any Governmental Authority applicable to it or its property or in respe including all applicable financial record-keeping, know-your-customer and reporting requirements of the Currency and I Reporting Act of 1970, as amended from time to time, including by the USA PATRIOT Act, and the Money Launderin Directors of the Buyer Bank has adopted and the Buyer Bank has implemented a written anti-money laundering progran and appropriate customer identification verification procedures that has not been deemed ineffective by any Governmen meets the requirements of Sections 352 and 326 and all other applicable provisions of the USA PATRIOT Act and the re

(b) None of (i) Buyer, (ii) any Subsidiary of Buyer, (iii) any Person on whose behalf Buyer or any Subsidiary of B Buyer's Knowledge, any Person who directly or indirectly beneficially owns securities issued by Buyer or any Subsidiar on the most current list of "Specially Designated Nationals" published by OFAC or the most recent Consolidated Sancti (B) otherwise a country, territory or Person that is the target of sanctions administered by OFAC or the U.S. Department engaged, directly or indirectly, in any transactions or other activities with any country, territory or Person prohibited by resides or has a place of business in a country or territory named on such lists or which is designated as a Non-Cooperati Financial Action Task Force on Money Laundering, (E) a "Foreign Shell Bank" within the meaning of the USA PATRI resides in, or is organized under the laws of, a jurisdiction designated by the Secretary of the Treasury under Section 31 USA PATRIOT Act as warranting special measures due to money laundering concerns, (G) a Person that is designated b Treasury as warranting such special measures due to money laundering concerns or (H) a Person that otherwise appears provided list of known or suspected terrorists or terrorist organizations. Neither Buyer and nor any of its Subsidiaries, in has engaged in transactions of any type with any party described in clauses (A) through (H) in the past and neither the B Subsidiaries, including the Buyer Bank, is currently engaging in such transactions. The Buyer and its subsidiaries, inclu in place and maintain internal policies and procedures that are reasonably designed to ensure the foregoing.

(c) Buyer is in compliance with the Privacy Requirements. The Board of Directors of the Buyer Bank has adopted implemented a written information security program that meets the requirements of applicable law.

(d) Buyer has no Knowledge of, and none of Buyer and its Subsidiaries has been advised of, or has any reason to b Bank's Home Mortgage Disclosure Act data for the year ended December 31, 2014, filed with the FDIC, or otherwise) t circumstances exist, which would cause Buyer or any Subsidiary of Buyer, including the Buyer Bank to be deemed not t the CRA, the Money Laundering Laws, any economic or trade sanctions programs administered by OFAC or the U.S. D Privacy Requirements. No action, suit or proceeding by or before any Governmental Authority or any arbitrator involvi Subsidiaries, including the Buyer Bank, with respect to the Money Laundering Laws, any economic or trade sanctions a the U.S. Department of State or the Privacy Requirements is pending or, to the knowledge of Buyer, threatened.

4.18 Brokers. No action has been taken by Buyer or any of its Subsidiaries that would give rise to any valid claim brokerage commission, finder's fee or other like payment with respect to the transactions contemplated by this Agreeme engagement of RBC Capital Markets, LLC, whose expenses shall be paid by Buyer.

4.19 Deposit Insurance. The deposits of Buyer Bank are insured by the FDIC in accordance with the FDIA to the law, and Buyer Bank has paid all premiums and assessments and filed all reports required by the FDIA. No proceedings termination of such deposit insurance are pending or, to the Knowledge of Buyer, threatened.

4.20 Insurance. The Buyer and each of its Subsidiaries is insured, and during each of the past three calendar years reasonable amounts with financially sound and reputable insurance companies against such risks as companies engaged would, in accordance with good business practice customarily be insured, and has maintained all insurance required by a regulations. Except as set forth on Schedule 4.20 of the Buyer Disclosure Schedule, all of the policies and bonds maintai its Subsidiaries are in full force and effect and all claims thereunder have been filed in a due and timely manner and, to t Buyer, no such claim has been denied. Neither the Buyer nor any of its Subsidiaries is in breach of or default under any has not occurred any event that, with the lapse of time or the giving of notice or both, would constitute such a breach or

4.21 Loans; Nonperforming and Classified Assets. Each Loan made by Buyer and on its books and records (a) wa Buyer's customary practices in the ordinary course of business; (b) constitutes the legal, valid and binding obligation of enforceable in accordance with its terms, subject to bankruptcy, insolvency, fraudulent conveyance and other laws of rel creditor's rights or equity principles; and (c) is not subject to any valid right of rescission, set-off, counterclaim or defen limitation, the defense of usury.

4.22 Investment Securities. Each of the Buyer and its Subsidiaries has good title to all securities owned by it (exc repurchase agreements or held in any fiduciary or agency capacity), free and clear of any Liens, except to the extent suc the ordinary course of business to secure obligations of the Buyer or its Subsidiaries. Such securities are valued on the b accordance with GAAP. The Buyer and its Subsidiaries and their respective businesses employ investment, securities, ri policies, practices and procedures which the Buyer believes are prudent and reasonable in the context of such businesses Subsidiaries have complied with the requirements of Section 13 of the BHCA and the Volcker Rule and neither the Buy Subsidiaries will be required to divest securities during the Volcker Rule conformance period.

4.23 Sufficient Funds. Buyer has, and will have at the Effective Time, sufficient funds to consummate the transac Agreement, subject to the terms and conditions of this Agreement.

ARTICLE V - COVENANTS RELATING TO CONDUCT OF BUSINESS

5.1 Company Forbearances. From the date hereof until the Effective Time, except as set forth on the Company D expressly contemplated by this Agreement, without the prior written consent of Buyer, the Company will not, and will c Subsidiaries not to:

(a) Ordinary Course. Conduct its business other than in the ordinary and usual course consistent with past practice, best efforts to preserve intact its business organizations and assets and maintain its rights, franchises and existing relatio suppliers, employees and business associates, or take any action that would reasonably be expected to (i) adversely affec obtain any necessary approval of any Governmental Authority required for the transactions contemplated hereby, or (ii) Company's ability to perform any of its material obligations under this Agreement.

(b) Stock. (i) Other than pursuant to stock options or stock based awards outstanding or authorized to be granted as listed on Schedule 5.1(b) of the Company Disclosure Schedule, issue, sell or otherwise permit to become outstanding, or any additional shares of stock, any securities (including units of beneficial ownership interest in any partnership or limit convertible into or exchangeable for any additional shares of stock, any stock options or stock appreciation rights, or any for or acquire shares of stock, or take any action related to such issuance or sale, (ii) enter into any agreement with respe except pursuant to Section 2.8 of this Agreement, accelerate the vesting of any existing stock options, stock appreciation subscribe for or acquire shares of stock, (iv) change (or establish a record date for changing) the number of, or provide f of its stock, any securities (including units of beneficial ownership interest in any partnership or limited liability compan exchangeable for any additional shares of stock, any stock appreciation rights, or any other rights to subscribe for or, oth shares withheld for tax purposes upon the vesting of restricted stock awards or performance share awards or tendered to in payment of the exercise price of stock options, acquire shares of stock issued and outstanding prior to the Effective Ti split, stock dividend, recapitalization, reclassification, or similar transaction with respect to its outstanding stock or any grant or approve any preemptive or similar rights with respect to any shares of Company Common Stock.

(c) Dividends, Etc. (i) Make, declare or pay any dividend on or in respect of, or declare or make any distribution o than (x) dividends from wholly owned Subsidiaries to the Company or any other wholly owned Subsidiary of the Comp regular quarterly cash dividends on Company Common Stock no greater than the rate paid during the fiscal quarter imm hereof with record and payment dates consistent with past practice (subject to the last sentence of this clause (c)), or (ii) combine, redeem, reclassify, purchase or otherwise acquire, any shares of its stock (other than with respect to shares wit upon the vesting of restricted stock awards or performance share awards or tendered to pay withholding taxes or in payn stock options). After the date hereof, the Company shall coordinate with Buyer regarding the declaration of any dividen Company Common Stock and the record dates and payment dates relating thereto, it being the intention of the parties he Company Common Stock (i) shall not receive two dividends for any single calendar quarter with respect to their shares Stock and any shares of Buyer Common Stock that such holders receive in exchange therefor in the Merger and (ii) shal dividend for any single calendar quarter with respect to shares of Company Common Stock that are exchanged for Buye Merger.

(d) Compensation; Employment Agreements; Etc. Except as set forth on Schedule 5.1(d), enter into or amend any similar agreements or arrangements with any of its directors, officers, employees or consultants, grant any salary or wag employee benefit, or make any incentive or bonus payments, except for (i) normal increases in compensation to employ of business consistent with past practice; provided, however, that such increases do not exceed five percent (5%), (ii) as (iii) to satisfy contractual obligations existing as of the date hereof and disclosed on Schedule 3.20 of the Company Disc with respect to the calendar year in which the Effective Time occurs, pro-rata bonuses that have been budgeted by the C past practice and in the ordinary course of business, payable by the Company to eligible employees at the Effective Tim monthly accruals of the aggregate bonus payments shall not exceed the amount set forth on Schedule 5.1(d).

(e) Benefit Plans. Except (i) as may be required by applicable law or (ii) to satisfy contractual obligations existing disclosed on Schedule 3.14 of the Company Disclosure Schedule, enter into, establish, adopt or amend any Company Er other pension, retirement, stock option, stock purchase, savings, profit sharing, deferred compensation, consulting, bonu employee benefit, incentive or welfare contract, plan or arrangement, or any trust agreement related thereto, in respect o other employee of the Company or any of its Subsidiaries, including, without limitation, taking any action that accelerat of any benefits payable thereunder.

(f) Company Employees. Hire any member of senior management or other key employee, elect to any office any p of the Company's management team as of the date of this Agreement or elect to the Company Board any person who is Company Board as of the date of this Agreement, except for the hiring of at-will employees having a title of manager or salary not to exceed $65,000 in the ordinary course of business.

(g) Dispositions. Sell, transfer, mortgage, encumber or otherwise dispose of or discontinue any of its assets, deposi
except in the ordinary course of business consistent with past practice and in a transaction that, together with all other su
material to the Company and its Subsidiaries taken as a whole.

(h) Governing Documents. Amend its Charter or Bylaws (or equivalent documents).

(i) Acquisitions. Acquire (other than by way of foreclosures or acquisitions of control in a bona fide fiduciary capa
debts previously contracted in good faith, in each case in the ordinary course of business consistent with past practice) a
assets, business, securities, deposits or properties of any other entity.

(j) Capital Expenditures. Except for any emergency repairs to real or personal property owned by Company, notice
provided to Buyer 48 hours prior to such repairs, make any capital expenditures other than capital expenditures in the or
consistent with past practice in amounts not exceeding $50,000 in the aggregate.

(k) Contracts. Enter into or terminate any Company Material Contract or amend or modify in any material respect
Contract.

(l) Claims. Enter into any settlement or similar agreement with respect to any action, suit, proceeding, order or inv
Company or any of its Subsidiaries is a party which settlement or similar agreement involves payment by the Company
any amount which exceeds $50,000 individually or $100,000 in the aggregate and/or would impose any material restrict
Company or any of its Subsidiaries after the Effective Time, or waive or release any material rights or claims, or agree o
any injunction, decree, order or judgment restricting or otherwise affecting its business or operations in any material res
Company for consent by Buyer to the taking of any action by the Company prohibited under this Section 5.1(l) shall be
telephone to the Chief Financial Officer and Chief Operating Officer of Buyer. If Buyer fails to respond to a request for
accordance with this Agreement within three Business Days of receipt of the request, it shall be deemed that the Buyer h
however, that the foregoing shall not apply to any stockholder litigation against the Company and/or its directors relatin
contemplated by this Agreement, or any other action, suit, proceeding, order or investigation relating to the transactions
that would reasonably be expected to result in any of the conditions to the Merger set forth in Article VII not being satis

(m) Banking Operations. Enter into any new material line of business; change its material lending, investment, und
liability management and other material banking and operating policies, except as required by applicable law, regulation
any Governmental Authority; introduce any material new products or services, any material marketing campaigns or any
compensation or incentive programs or arrangements; or file any application or make any contract with respect to branch
branching or site relocation.

(n) Derivative Transactions. Enter into any Derivative Transactions.

(o) Indebtedness. Incur, modify, extend or renegotiate any indebtedness for borrowed money (other than deposits, Federal Home Loan Bank advances, and securities sold under agreements to repurchase, in each case in the ordinary cou with past practice), prepay any indebtedness or other similar arrangements so as to cause the Company or any of its Sub prepayment penalty thereunder, or assume, guarantee, endorse or otherwise as an accommodation become responsible fo other Person, other than in the ordinary course of business consistent with past practice.

(p) Investment Securities. Acquire (other than by way of foreclosures or acquisitions in a bona fide fiduciary capac debts previously contracted in good faith, in each case in the ordinary course of business consistent with past practice) (i equity investment of a type or in an amount not in accordance with the Company's investment policy or (ii) any other de accordance with the Company's investment policy, or restructure or materially change its investment securities portfolio position, through purchases, sales or otherwise, or in accordance with the Company's investment policy.

(q) Loans. (i) Make, increase or purchase any Loan (which for purposes of this Section 5.1(q) shall include both fu commitments) if, as a result of such action, the total commitment to the borrower and the borrower's Affiliates would ex (ii) make, increase or purchase any fixed-rate Loan with pricing below the applicable Federal Home Loan Bank advance or (iii) renegotiate, renew, increase, extend, modify or purchase any existing Loan rated "special mention" or lower by th a Loan modification (i) that requires no additional funds and (ii) whose restructured term is less than three years.

(r) Investments in Real Estate. Make any investment or commitment to invest in real estate or in any real estate dev than by way of foreclosure or acquisitions in a bona fide fiduciary capacity or in satisfaction of a debt previously contrac case in the ordinary course of business consistent with past practice); or foreclose on or take a deed or title to any real es single-family residential properties without first conducting a Phase I environmental assessment of the property that sati the all appropriate inquiries standard of CERCLA, or foreclose or take a deed or title to any real estate if such environm the presence of Hazardous Material.

(s) Accounting Methods. Implement or adopt any change in its accounting principles, practices or methods, other t changes in laws or regulations or by GAAP.

(t) Tax Matters. Make or change any material Tax election, change an annual accounting period, adopt or change a method, file any material amended Tax Return, fail to timely file any material Tax Return, enter into any material closin compromise any material liability with respect to Taxes, agree to any material adjustment of any Tax attribute, surrende claim a refund of Taxes, consent to any material extension or waiver of the limitation period applicable to any Tax claim other similar action relating to the filing of any material Tax Return or the payment of any material Tax. For purposes of "material" shall mean affecting or relating to $50,000 or more of taxable income.

(u) Loan Policies. Change its loan policies or procedures in effect as of the date hereof, except as required by any

(v) Adverse Actions. (i) Knowingly take any action that would, or would be reasonably likely to, prevent or impede qualifying as a "reorganization" within the meaning of Section 368(a) of the Code or cause a material delay in or impedi the Merger; or (ii) take any action that is intended or is reasonably likely to result in (x) any of its representations and wa Agreement being or becoming untrue in any material respect at any time prior to the Effective Time, (y) any of the cond forth in Article VII not being satisfied, or (z) a material violation of any provision of this Agreement.

(w) Agreements. Agree or commit to do anything prohibited by this Section 5.1.

5.2 Forbearances of Buyer and Merger LLC. From the date hereof until the Effective Time, except as set forth o Schedule or as expressly contemplated by this Agreement, without the prior written consent of the Company, Buyer and will cause each of their respective Subsidiaries not to (i) knowingly take any action that would, or would be reasonably the Merger from qualifying as a "reorganization" within the meaning of Section 368(a) of the Code or cause a material consummation of the Merger, (ii) take any action that would adversely affect the ability of Buyer to obtain the Regulato any action that is intended or is reasonably likely to result in any of the conditions to the Merger set forth in Article VII

ARTICLE VI - ADDITIONAL AGREEMENTS

6.1 Stockholder Approval

(a) Company Stockholder Approval. Following the execution of this Agreement, the Company shall, in consultatio action necessary to convene a meeting of its stockholders (including any adjournment or postponement thereof, the "Co promptly as practicable (and in any event within 45 days following the time when the Registration Statement (as defined effective) to consider and vote upon the approval of this Agreement and the transactions contemplated hereby (including matter required to be approved by the stockholders of the Company in order to consummate the Merger and the transact (the "Company Stockholder Approval").

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(i) Subject to Section 6.5 hereof, the Company shall ensure that the Company Meeting is called, noticed, convened that all proxies solicited by the Company in connection with the Company Meeting are solicited in compliance with the Bylaws of the Company, and all other applicable legal requirements. The Company shall keep Buyer updated with respe results in connection with the Company Meeting as reasonably requested by Buyer.

(ii) Subject to Section 6.5 hereof, (i) the Company Board shall recommend that the Company's stockholders vote to Agreement and the transactions contemplated hereby and any other matters required to be approved by the Company's s consummation of the Merger and the transactions contemplated hereby (the "Company Recommendation"), and (ii) the Statement/Prospectus shall include the Company Recommendation.

(b) Buyer Shareholder Approval. Following the execution of this Agreement, Buyer shall take all action necessary shareholders (including any adjournment or postponement thereof, the "Buyer Meeting") as promptly as practicable (an following the time when the Registration Statement becomes effective), to consider and vote upon the issuance of the St pursuant to the Merger as required by NASDAQ (the "Stock Issuance").

(i) Buyer shall ensure that the Buyer Meeting is called, noticed, convened, held and conducted, and that all proxies connection with the Buyer Meeting are solicited in compliance with the MBCA, the Articles of Incorporation and Bylaw other applicable legal requirements. Buyer shall keep the Company updated with respect to the proxy solicitation results Buyer Meeting as reasonably requested by the Company.

(ii) Buyer Board shall recommend (the "Buyer Recommendation") that Buyer's shareholders vote to approve the S Shareholder Approval"), and (ii) the Joint Proxy Statement/Prospectus shall include the Buyer Recommendation.

(c) Solicitation of Proxies. Subject to the provisions of Section 6.5 hereof, the Company shall use its reasonable be Company's stockholders proxies in favor of this Agreement and the transactions contemplated hereby and shall take all advisable to secure the Company Stockholder Approval. Buyer shall use its reasonable best efforts to solicit from Buyer favor of the Stock Issuance and shall take all other action necessary or advisable to secure Buyer Shareholder Approval.

6.2 Registration Statement

(a) Buyer and the Company agree to cooperate in the preparation of a registration statement on Form S-4 (the "Reg filed by Buyer with the SEC in connection with the issuance of Buyer Common Stock in the Merger and a proxy statem Buyer in connection with the Buyer Shareholder Approval at the Buyer Meeting (including the proxy statement and pro solicitation materials of the Company constituting a part thereof (the "Joint Proxy Statement/Prospectus") and all relate and the Company agree to use its reasonable best efforts to cause the Registration Statement to be declared effective by reasonably practicable after the filing thereof. The Company agrees to cooperate with Buyer and Buyer's counsel and ac obtaining appropriate opinions, consents and letters from the Company's independent registered public accounting firm as applicable, in connection with the Registration Statement and the Joint Proxy Statement/Prospectus. After the Registr effective under the Securities Act, the Company, at its expense, shall promptly mail the Joint Proxy Statement/Prospectu the Buyer, at its expense, shall promptly mail the Joint Proxy Statement/Prospectus to its shareholders.

(b) Each of Buyer and the Company agrees, upon request, to furnish the other party with all information concernin directors, officers and shareholders and such other matters as may be reasonably necessary or advisable in connection w Statement, the Joint Proxy Statement/Prospectus or any filing, notice or application made by or on behalf of such other p Subsidiaries to any Governmental Authority in connection with the transactions contemplated hereby. Each of Buyer an to itself and its Subsidiaries, that none of the information supplied or to be supplied by it for inclusion or incorporation b Registration Statement, at the time the Registration Statement and each amendment or supplement thereto, if any, becon Securities Act, will contain any untrue statement of a material fact or omit to state a material fact necessary in order to m in the light of the circumstances under which they are made, not misleading, and (ii) the Joint Proxy Statement/Prospect supplement thereto, at the date of mailing to each party's shareholders and at the time of the Company Meeting and Buy any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, circumstances under which they are made, not misleading. Each of Buyer and the Company further agrees that if it shall Company Meeting and Buyer Meeting, of any information that would cause any of the statements in the Joint Proxy Sta false or misleading with respect to any material fact, or to omit to state any material fact necessary to make the statemen misleading, it shall promptly inform the other party thereof and shall take the necessary steps to correct the Joint Proxy S

(c) Buyer will advise the Company, promptly after Buyer receives notice thereof, of the time when the Registratio effective or any supplement or amendment has been filed, of the issuance of any stop order or the suspension of the qual Common Stock for offering or sale in any jurisdiction, of the initiation of any proceeding for any such purpose, or of an the amendment or supplement of the Registration Statement or for additional information.

6.3 Press Releases. Buyer and the Company will issue a mutually agreed upon press release announcing this Ag transactions contemplated hereby and will not issue any press release or make any public statement or other disclosure r the transactions contemplated hereby without the prior consent of the other party, which consent shall not be unreasonab provided, however, that a party may, without the prior consent of the other party (but after consultation with the other pa practicable), issue such press release or public statements as may be required by applicable law or the rules and regulatio

6.4 Access; Information

(a) Upon reasonable notice and subject to applicable laws relating to the exchange of information, the Company sh Subsidiaries to, afford Buyer and its officers, employees, counsel, accountants, advisors and other authorized representa "Buyer Representatives"), access, during normal business hours throughout the period prior to the Effective Time, to all contracts, commitments and records (including, without limitation, work papers of independent auditors), and to its offic accountants, counsel or other representatives, and, during such period, it shall, and shall cause its Subsidiaries to, furnish the Buyer Representatives (i) a copy of each material report, schedule and other document filed with any Governmental reports or documents that the Company or its Subsidiaries, as the case may be, are not permitted to disclose under applic information concerning the business, properties and personnel of the Company and its Subsidiaries as Buyer or any Buy reasonably request. Neither the Company nor any of its Subsidiaries shall be required to provide access to or to disclose access jeopardizes the attorney client privilege of the institution in possession or control of such information or contrave regulation, order, judgment or decree. Consistent with the foregoing, the Company agrees to make appropriate substitute under the circumstances in which the restrictions of the preceding sentence apply.

(b) During the period prior to the Effective Time, upon reasonable notice and subject to applicable laws relating to information, Buyer shall cause one or more of its officers, employees, counsel, accountants, advisors or other authorized (collectively, the "Buyer Representatives") to meet with a Company Representative and discuss the general status of Bu operations and business and matters relating to the completion of the transactions contemplated hereby, and, during such notify the Company and the Company Representatives of any governmental complaints, investigations or hearings (or c that the same may be contemplated), which might adversely affect the ability of the parties to obtain the Regulatory App increase the period of time necessary to obtain such approvals, or the institution of material litigation involving Buyer or shall be reasonably responsive to requests by the Company for information relating to the Buyer's representations, warra forth in this Agreement. Neither Buyer nor any of its Subsidiaries shall be required to provide access to or to disclose in access jeopardizes the attorney client privilege of the institution in possession or control of such information or contrave regulation, order, judgment or decree.

(c) Buyer and the Company agree to hold all information and documents obtained pursuant to this Section 6.4 in c and subject to the provisions of, the Confidentiality Agreement (as defined in Section 9.3), as if it were the party receivi information as described therein). No investigation by one party of the business and affairs of the other shall affect or be waive any representation, warranty, covenant or agreement in this Agreement, or the conditions to each party's obligatio transactions contemplated by this Agreement.

6.5 No Solicitation

(a) The Company shall not, and shall cause its Subsidiaries and the respective officers, directors, employees, inves
advisors, attorneys, accountants, consultants, affiliates and other agents of the Company and its Subsidiaries (collectivel
Representatives") not to, directly or indirectly, (i) initiate, solicit, induce or knowingly encourage, or take any action to f
inquiry, offer or proposal which constitutes, or could reasonably be expected to lead to, an Acquisition Proposal; (ii) par
or negotiations regarding any Acquisition Proposal or furnish, or otherwise afford access, to any Person (other than Buy
with respect to the Company or any of its Subsidiaries or otherwise relating to an Acquisition Proposal; (iii) release any
provisions of, or fail to enforce any confidentiality agreement or standstill agreement to which the Company is a party; o
agreement, agreement in principle or letter of intent with respect to any Acquisition Proposal or approve or resolve to ap
Proposal or any agreement, agreement in principle or letter of intent relating to an Acquisition Proposal. Any violation o
by any of the Company Representatives, whether or not such Company Representative is so authorized and whether or n
Representative is purporting to act on behalf of the Company or otherwise, shall be deemed to be a breach of this Agree
Company and its Subsidiaries shall, and shall cause each of the Company Representatives to, immediately cease and cau
and all existing discussions, negotiations, and communications with any Persons with respect to any existing or potentia

For purposes of this Agreement, "Acquisition Proposal" shall mean any inquiry, offer or proposal (other than an inquiry
Buyer), whether or not in writing, contemplating, relating to, or that could reasonably be expected to lead to, an Acquisi
purposes of this Agreement, "Acquisition Transaction" shall mean (A) any transaction or series of transactions involving
recapitalization, share exchange, liquidation, dissolution or similar transaction involving the Company or any of its Subs
transaction pursuant to which any third party or group acquires or would acquire (whether through sale, lease or other di
indirectly, any assets of the Company or any of its Subsidiaries representing, in the aggregate, 25% or more of the assets
Subsidiaries on a consolidated basis; (C) any issuance, sale or other disposition of (including by way of merger, consolid
any similar transaction) securities (or options, rights or warrants to purchase or securities convertible into, such securitie
more of the votes attached to the outstanding securities of the Company or any of its Subsidiaries; (D) any tender offer o
consummated, would result in any third party or group beneficially owning 25% or more of any class of equity securitie
its Subsidiaries; or (E) any transaction which is similar in form, substance or purpose to any of the foregoing transaction
the foregoing.

(b) Notwithstanding Section 6.5(a), prior to the date of the Company Meeting, the Company may take any of the a
(ii) of Section 6.5(a) if, but only if, (i) the Company has received a bona fide unsolicited written Acquisition Proposal th
breach of this Section 6.5; (ii) the Company Board determines in good faith, (A) after consultation with its outside legal
independent financial advisor, that such Acquisition Proposal constitutes or is reasonably likely to lead to a Superior Pro
consultation with its outside legal counsel, that it is required to take such actions to comply with the standard of conduct
directors under the MGCL or other fiduciary duties owed to the Company's shareholders under applicable law; (iii) the
Buyer with at least two Business Days' prior notice of such determination; and (iv) prior to furnishing or affording acces
with respect to the Company or any of its Subsidiaries or otherwise relating to an Acquisition Proposal, the Company re
confidentiality agreement with terms no less favorable to the Company than those contained in the Confidentiality Agre
promptly provide to Buyer any non-public information regarding the Company or its Subsidiaries provided to any other
previously provided to Buyer, such additional information to be provided no later than the date of provision of such info
party.

For purposes of this Agreement, "Superior Proposal" shall mean any bona fide written proposal (on its most recently am
amended or modified) made by a third party to enter into an Acquisition Transaction on terms that the Company Board
judgment, after consultation with outside legal counsel and its independent financial advisor (i) would, if consummated,
all, but not less than all, of the issued and outstanding shares of Company Common Stock or all, or substantially all, of t
and its Subsidiaries on a consolidated basis; (ii) would result in a transaction that (A) involves consideration to the holde
Company Common Stock that is more favorable, from a financial point of view, than the consideration to be paid to the
pursuant to this Agreement, considering, among other things, the nature of the consideration being offered and any mate
other risks associated with the timing of the proposed transaction beyond or in addition to those specifically contemplate
proposal is not conditioned upon obtaining financing and (B) is, in light of the other terms of such proposal, more favora
stockholders than the Merger and the transactions contemplated by this Agreement; and (iii) is reasonably likely to be co
proposed, in each case taking into account all legal, financial, regulatory and other aspects of the proposal.

(c) The Company shall promptly (and in any event within 24 hours) notify Buyer in writing if any proposals or off
information is requested from, or any negotiations or discussions are sought to be initiated or continued with, the Compa
Representatives, in each case in connection with any Acquisition Proposal, and such notice shall indicate the name of th
discussions or negotiations or making such proposal, offer or information request and the material terms and conditions
The Company agrees that it shall keep Buyer informed, on a reasonably current basis (and in any event within 24 hours)
any material developments with respect to such proposal, offer, information request, negotiations or discussions (includi
modifications to such proposal, offer or request).

(d) Neither the Company Board nor any committee thereof shall (i) withdraw, qualify, amend or modify, or propos amend or modify, in a manner adverse to Buyer in connection with the transactions contemplated by this Agreement (in Company Recommendation, fail to reaffirm the Company Recommendation within three Business Days following a req statement, filing or release, in connection with the Company Meeting or otherwise, inconsistent with the Company Reco understood that taking a neutral position or no position with respect to an Acquisition Proposal shall be considered an ad Company Recommendation); (ii) approve or recommend, or propose to approve or recommend, any Acquisition Propos cause the Company or any of its Subsidiaries to enter into) any letter of intent, agreement in principle, acquisition agreem (A) related to any Acquisition Transaction (other than a confidentiality agreement entered into in accordance with the pr or (B) requiring the Company to abandon, terminate or fail to consummate the Merger or any other transaction contempl

(e) Notwithstanding Section 6.5(d), prior to the date of the Company Meeting, the Company Board may withdraw, the Company Recommendation (a "Company Subsequent Determination") after the third Business Day following Buyer "Notice of Superior Proposal") from the Company advising Buyer that the Company Board has decided that a bona fide Acquisition Proposal that it received (that did not result from a breach of this Section 6.5) constitutes a Superior Proposa Company Board has reasonably determined in good faith, after consultation with outside legal counsel, that it is required comply with the standard of conduct required of a board of directors under the MGCL or other fiduciary duties owed to shareholders under applicable law, (ii) during the three Business Day period after receipt of the Notice of Superior Propo Period"), the Company and the Company Board shall have cooperated and negotiated in good faith with Buyer to make modifications or amendments to the terms and conditions of this Agreement as would enable the Company to proceed w Recommendation without a Company Subsequent Determination; provided, however, that Buyer shall not have any obli adjustments, modifications or amendments to the terms and conditions of this Agreement and (iii) at the end of the Notic account any such adjusted, modified or amended terms as may have been proposed by Buyer since its receipt of such No the Company Board has again in good faith made the determination (A) in clause (i) of this Section 6.5(e) and (B) that s constitutes a Superior Proposal. In the event of any material revisions to the Superior Proposal, the Company shall be re Notice of Superior Proposal to Buyer and again comply with the requirements of this Section 6.5(e), except that the Not to two Business Days.

(f) Nothing contained in this Section 6.5 shall prohibit the Company or the Company Board from complying with required under Rule 14e-2(a) promulgated under the Exchange Act; provided, however, that any such disclosure relating Proposal (other than a "stop, look and listen" or similar communication of the type contemplated by Rule 14d-9(f) under deemed a change in the Company Recommendation unless the Company Board reaffirms the Company Recommendatio

6.6 Takeover Laws. No party shall take any action that would cause the transactions contemplated by this Agreem requirements imposed by any Takeover Laws, as applicable, and each party shall take all necessary steps within its cont continued exemption of) the transactions contemplated by this Agreement from, or if necessary challenge the validity or applicable Takeover Laws, as now or hereafter in effect, that purports to apply to this Agreement or the transactions con

6.7 Shares Listed. Prior to the Effective Time, to the extent required by NASDAQ, Buyer shall file a notice of ad with NASDAQ with respect to the shares of Buyer Common Stock to be issued to the holders of the Company Common

6.8 Regulatory Applications; Filings; Consents. Buyer and the Company and their respective Subsidiaries shall co respective reasonable best efforts (a) to promptly prepare all documentation, effect all filings and obtain all permits, con authorizations of all third parties and Governmental Authorities necessary to consummate the transactions contemplated including, without limitation, the Regulatory Approvals, and (b) to comply with the terms and conditions of such permit authorizations; provided, however, that in no event shall Buyer be required to agree to any prohibition, limitation, condi which would (A) prohibit or materially limit the ownership or operation by the Company or any of its Subsidiaries, or by Subsidiaries, of all or any material portion of the business or assets of the Company or any of its Subsidiaries or Buyer o (B) compel Buyer or any of its Subsidiaries to dispose of or hold separate all or any material portion of the business or a any of its Subsidiaries or Buyer or any of its Subsidiaries, or (C) compel Buyer or any of its Subsidiaries to take any acti action, or agree to any condition or request, if the prohibition, limitation, condition or other requirement described in cla sentence would have a material adverse effect on the future operation by Buyer and its Subsidiaries of their business, tak "Burdensome Conditions"). Provided that the Company has cooperated as required above, Buyer agrees to file the requi be filed by it with the FRB and the OCC. Each of Buyer and the Company shall have the right to review in advance, and each will consult with the other, in each case subject to applicable laws relating to the exchange of information, with res information submitted to any third party or any Governmental Authority in connection with the transactions contemplate exercising the foregoing right, each of the parties hereto agrees to act reasonably and as promptly as practicable. Each pa will consult with the other parties hereto with respect to the obtaining of all material permits, consents, approvals and au parties and Governmental Authorities necessary or advisable to consummate the transactions contemplated by this Agre keep the other parties reasonably apprised of the status of material matters relating to completion of the transactions con

6.9 Indemnification; Directors' and Officers' Insurance.

(a) Buyer agrees that all rights to indemnification and all limitations of liability existing in favor of any director or its Subsidiaries (the "Indemnified Parties") as provided in the Company's Charter or Bylaws or in the similar governing Subsidiaries or as provided in applicable law as in effect as of the date hereof with respect to matters occurring on or pri including without limitation the right to advancement of expenses, shall survive the Merger.

(b) Prior to the Effective Time, the Company shall purchase an extended reporting period endorsement under the C directors' and officers' liability insurance coverage for the Company's directors and officers in a form acceptable to the provide such directors and officers with coverage for six years following the Effective Time of not less than the existing other terms at least as favorable to, the insured persons than the directors' and officers' liability insurance coverage pres Company, so long as the aggregate cost is not more than 200% of the annual premium currently paid by the Company fo "Premium Limit"). In the event that the Premium Limit is insufficient for such coverage, the Company may enter into an that amount to purchase such lesser coverage as may be obtained with such amount.

(c) In the event Buyer or any of its successors or assigns (i) consolidates with or merges into any other Person and or surviving corporation or entity of such consolidation or merger, or (ii) transfers or conveys all or substantially all of it any Person, then, and in each such case, to the extent necessary, proper provision shall be made so that the successors an assume the obligations set forth in this Section 6.9.

(d) The provisions of this Section 6.9 are intended to be for the benefit of, and to grant third party rights to, and sha Indemnified Party and his or her heirs and representatives.

6.10 Employees and Benefit Plans

(a) After the Effective Time, Buyer agrees to provide the employees of the Company and any of its Subsidiaries w the Effective Time (collectively, the "Company Employees") with at least the types and levels of employee benefits con those then maintained by Buyer for similarly-situated employees of Buyer (but excluding any retiree health or life insura only to the extent that other newly hired employees of Buyer are not eligible for such benefits). Buyer will treat, and cau Employee Programs to treat, the service of the Company Employees with the Company or any of its Subsidiaries as serv any of its Subsidiaries for purposes of eligibility to participate, vesting and for level of benefits (but not for benefit accru benefit plan for purposes of severance benefits, for any purposes under any post-termination/retiree welfare benefit plan equity based compensation or benefits or profit-sharing contribution) attributable to any period before the Effective Tim foregoing, but subject to the terms and conditions of Buyer's applicable Buyer Employee Programs, Buyer shall take co efforts to cause the Company's employees to receive credit for their prior service for eligibility and vesting purposes in purposes of determining the length of vacation, sick time, paid time off and severance under the Buyer's applicable plan provide that the Company's employees shall not be treated as "new" employees for purposes of any exclusions under an Buyer for a pre-existing medical condition to the extent that any such exclusion did not apply under a health or similar p Subsidiaries immediately prior to the Effective Time, and to provide that any deductibles, co-payments or out-of-pocket of the Company's or any of its Subsidiaries' health plans shall be credited towards deductibles, co-payments or out-of-p health plans upon delivery to Buyer of appropriate documentation, subject to the terms and conditions of the applicable Notwithstanding the foregoing provisions of this Section 6.10, service and other amounts shall not be credited to Compa eligible dependents) to the extent the crediting of such service or other amounts would result in the duplication of benefi the foregoing to the contrary, none of the provisions contained herein shall operate to duplicate any benefit provided to a the funding of any such benefit.

(b) Notwithstanding anything to the contrary contained herein, Buyer shall have sole discretion with respect to the whether or when to terminate, merge or continue any employee benefit plans and programs of the Company. Notwithsta a Company Employee affirmatively terminates coverage (or causes coverage to terminate) under a Company or Compar prior to the time such Company Employee becomes eligible to participate in the Buyer or Buyer Subsidiary health plan, Company Employees or their dependents shall terminate under any of the Company or Company Subsidiary health plan Company Employees and their dependents become eligible to participate in the health plans, programs and benefits com the Buyer or Buyer Subsidiary and their dependents.

(c) From and after the Effective Time, Buyer agrees to cause the Company and its Subsidiaries to honor and contin perform, in accordance with their terms, all contractual rights of current and former employees of the Company or any o as of the date hereof, including, without limitation, all employment, severance, deferred compensation and change in co Company and its Subsidiaries listed in Schedule 6.10(c).

(d) If requested by Buyer, the Company shall terminate its 401(k) plan effective as of the day prior to the Effective upon the occurrence thereof) and adopt all required compliance amendments pursuant to written resolutions, the form ar be reasonably satisfactory to Buyer. If the Company 401(k) plan is terminated, Buyer agrees to permit participants in the who are continuing employees of the Buyer to roll over their account balances and outstanding loan balances from such plan, and such continuing employees who satisfy the eligibility requirements of Buyer's 401(k) plan (taking into accoun service with the Company pursuant to Section 6.10(a), other than for purposes of profit-sharing contribution) shall be eli participate in the Buyer's 401(k) plan.

(e) Buyer agrees to honor the severance guidelines attached as Schedule 6.10(e) in connection with the termination Company Employee, other than an employee who is a party to an employment agreement, change in control agreement agreement that provides a benefit on a termination of employment, whose employment is terminated involuntarily (othe in Schedule 6.10(e)) within one year following the Effective Time, shall receive a lump sum severance payment from B such times and upon such conditions as set forth on said Schedule.

(f) Within 45 days after the date of this Agreement, Buyer shall designate, in consultation with the Company, certa
Company who will be entitled to receive a retention bonus from Buyer in the event such employee remains an employee
Date and/or through a post-Closing transition period to be determined by Buyer, including systems conversion, if applic
amount of such retention bonuses for all designated employees shall be $200,000 and the allocation and timing of paym
be determined by Buyer, in consultation with the Company, within 45 days after the date of this Agreement.

(g) From the date hereof through the Closing, the Company shall, and shall cause its applicable Subsidiaries or Aff
with reasonable access (at reasonable times, upon reasonable notice and in a manner that will not materially interfere wi
the Company) to the (i) employees of the Company and any of its Subsidiaries and (ii) the Company's human resources
records (to the extent not prohibited by Applicable Law) for purposes of (A) facilitating an orderly transition of such em
Closing, (B) making announcements concerning, and preparing for the consummation of, the transactions contemplated
engaging, communicating or meeting with and/or presenting to such employees on either an individual or group basis w
related to their prospective continued employment with Buyer on and after the Closing. The Company and Buyer shall u
to consult with each other, and will consider in good faith each other's advice, prior to sending any notices or other com
employees of the Company and its Subsidiaries regarding this Agreement, the Merger or the effects thereof on the empl
benefits of such employees and, in any case, any such notice or communication materials shall comply with applicable l

(h) Notwithstanding the foregoing, nothing contained in this Section 6.10 shall (i) be treated as an amendment of a
Program or any other employee benefit plan, program, policy, agreement or arrangement or (ii) give any third party, incl
Employee, any former employee of the Company or any of its Subsidiaries or any beneficiary representative thereof, an
provisions of this Section 6.10. Nothing contained in this Agreement is intended to (x) confer upon any Company Empl
any right to continued employment after the Effective Time or (y) prevent Buyer or any of its Affiliates from amending,
any Employee Program or any other employee benefit plan, program, policy, agreement or arrangement.

6.11 Notification of Certain Matters. Each of Buyer and the Company shall give prompt notice to the other of any
known to it that (a) is reasonably likely, individually or taken together with all other facts, events and circumstances kno
condition set forth in Article VII not being satisfied, or (b) notwithstanding the standards set forth in Section 9.1, would
material breach of any of its representations, warranties, covenants or agreements contained herein. No such notice by B
affect or be deemed to modify or waive any representation, warranty, covenant or agreement in this Agreement, or the c
Company's obligations to consummate the transactions contemplated by this Agreement.

6.12 Financial Statements and Other Current Information. As soon as reasonably practicable after they become ava more than 15 days after the end of each calendar month ending after the date of this Agreement, the Company shall furn consolidated financial statements (including balance sheets, statements of operations and stockholders' equity) of the Co Subsidiaries as of and for such month then ended, (b) internal management financial control reports showing actual fina plan and previous period and (c) any reports provided to the board of directors of the Company or any committee thereo performance and risk management of the Company and its Subsidiaries. All information furnished by the Company to B Section 6.12 shall be held in confidence to the same extent of Buyer's obligations under Section 6.4(b).

6.13 Confidentiality Agreement. The Confidentiality Agreement shall remain in full force and effect after the date its respective terms.

6.14 Certain Tax Matters. During the period from the date of this Agreement to the Effective Time, the Company s of its Subsidiaries to: (a) timely file (taking into account any extensions of time within which to file) all Tax Returns req such Tax Returns shall be prepared in a manner reasonably consistent with past practice; (b) timely pay all Taxes shown such Tax Returns that are so filed; (c) establish an accrual in its books and records and financial statements in accordanc Taxes payable by it for which a Tax Return is due prior to the Effective Time; and (d) promptly notify Buyer of any suit investigation, proceeding or audit pending against or with respect to the Company or any of its Subsidiaries in respect of without limitation, Tax liabilities and refund claims.

6.15 Certain Litigation. The Company shall provide Buyer the opportunity to participate at its own expense in the any stockholder litigation against the Company and/or its directors relating to the transactions contemplated by this Agre settlement shall be agreed to without Buyer's prior written consent (such consent not to be unreasonably withheld).

6.16 Section 16 Votes. Prior to the Effective Time, the Company shall approve in accordance with the procedures promulgated under the Exchange Act and the Skadden, Arps, Slate, Meagher & Flom LLP SEC No-Action Letter (Janua disposition of equity securities of the Company (including derivative securities) resulting from the transactions contemp each officer and director of the Company who is subject to Section 16 of the Exchange Act.

6.17 Classified Loans. The Company shall promptly after the end of each quarter after the date hereof and upon Cl complete and accurate list, including the amount, of all Classified Loans.

6.18 Leases. Upon request of Buyer, the Company shall use commercially reasonable efforts to obtain an estoppel
a lease, sublease or ground lease to which the Company or any of its Subsidiaries is a party, in the form attached to such
lease, or in a form as prepared by Buyer.

6.19 Reasonable Best Efforts. Subject to the terms and conditions of this Agreement (including, without limitation
parties to the Agreement agrees to use reasonable best efforts to take, or cause to be taken, all actions, and to do, or caus
necessary, proper or advisable under applicable laws, so as to permit consummation of the transactions contemplated he
practicable, including the satisfaction of the conditions set forth in Article VII hereof, and shall cooperate fully with the
end.

6.20 Reorganization. Neither the Company, on the one hand, nor Buyer or Merger LLC, on the other hand, shall ta
action that would prevent the Merger and the Upstream Merger, considered together as a single integrated transaction, fr
reorganization within the meaning of Section 368(a) of the Code.

ARTICLE VII - CONDITIONS TO CONSUMMATION OF THE MERGER

7.1 Conditions to Each Party's Obligations to Effect the Merger. The obligations of each of the parties to consum
conditioned upon the satisfaction at or prior to the Effective Time of each of the following conditions:

(a) Company Stockholder Vote. The Merger, this Agreement and the transactions contemplated hereby shall have
requisite affirmative vote of a majority of the shareholders of the Company at the Company Meeting in accordance with

(b) Buyer Shareholder Vote. The Stock Issuance shall have been approved by the requisite affirmative vote of the
at the Buyer Meeting in accordance with all applicable laws.

(c) Regulatory Approvals; No Burdensome Condition. All regulatory approvals required to consummate the transa
hereby, shall have been obtained and shall remain in full force and effect and all statutory waiting periods in respect ther
None of such regulatory approvals shall impose any term, condition or restriction upon Buyer or any of its Subsidiaries
determines is a Burdensome Condition.

(d) No Injunction, Etc. No order, decree or injunction of any court or agency of competent jurisdiction shall be in e
or regulation shall have been enacted or adopted, that enjoins, prohibits, materially restricts or makes illegal consummat
transactions contemplated hereby.

(e) Effective Registration Statement. The Registration Statement shall have become effective and no stop order sus
of the Registration Statement shall have been issued and no proceedings for that purpose shall have been initiated or thre
other Governmental Authority.

7.2 Conditions to the Obligations of Buyer and Merger LLC. The obligation of Buyer and Merger LLC to consun conditioned upon the satisfaction or waiver by Buyer and Merger LLC, at or prior to the Effective Time, of each of the f

(a) Representations, Warranties and Covenants of the Company. (i) Each of the representations and warranties of t herein shall be true and correct as of the date hereof and as of the Closing Date with the same effect as though all such re warranties had been made on the Closing Date, except for any such representations and warranties made as of a specifie and correct as of such date, in any case subject to the standard set forth in Section 9.1, and (ii) each and all of the agreen Company to be performed and complied with pursuant to this Agreement on or prior to the Closing Date shall have beer complied with in all material respects. Buyer shall have received a certificate, dated the Closing Date, signed by the Chi Chief Financial Officer of the Company, to the effect that the conditions set forth in this Section 7.2(a) have been satisfi

(b) Tax Opinion Relating to the Merger. Buyer shall have received an opinion from Goodwin Procter LLP, dated a substantially to the effect that, on the basis of the facts, representations and assumptions set forth in such opinion, the M federal income tax purposes as a "reorganization" within the meaning of Section 368(a) of the Code; provided, however does not render such opinion, this condition shall nonetheless be deemed satisfied if Luse Gorman, PC renders such opir of such opinion shall be conditioned upon the receipt by such counsel of customary representation letters from each of E the one hand, and the Company, on the other hand, in each case, in form and substance reasonably satisfactory to such c representation letter shall be dated on or before the date of such opinion and shall not have been withdrawn or modified

7.3 Conditions to the Obligations of the Company. The obligation of the Company to consummate the Merger is satisfaction or waiver by the Company, at or prior to the Effective Time, of each of the following conditions:

(a) Representations, Warranties and Covenants of Buyer. (i) Each of the representations and warranties of Buyer a herein shall be true and correct as of the date hereof and as of the Closing Date with the same effect as though all such re warranties had been made on the Closing Date, except for any such representations and warranties made as of a specifie and correct as of such date, in any case subject to the standard set forth in Section 9.1, and (ii) each and all of the agreen Buyer and Merger LLC to be performed and complied with pursuant to this Agreement on or prior to the Closing Date s performed and complied with in all material respects. The Company shall have received a certificate, dated the Closing Executive Officer and Chief Financial Officer of Buyer, to the effect that the conditions set forth in this Section 7.3(a) h

(b) Tax Opinion Relating to the Merger. The Company shall have received an opinion from Luse Gorman, PC, dat substantially to the effect that, on the basis of the facts, representations and assumptions set forth in such opinion, the M federal income tax purposes as a "reorganization" within the meaning of Section 368(a) of the Code; provided, however not render such opinion, this condition shall nonetheless be deemed satisfied if Goodwin Procter LLP renders such opin issuance of such opinion shall be conditioned upon the receipt by such counsel of customary representation letters from LLC, on the one hand, and the Company, on the other hand, in each case, in form and substance reasonably satisfactory representation letter shall be dated on or before the date of such opinion and shall not have been withdrawn or modified

ARTICLE VIII - TERMINATION

8.1 Termination. This Agreement may be terminated, and the Merger and the transactions contemplated hereby m

(a) by the mutual consent of Buyer and the Company in a written instrument;

(b) by Buyer or the Company, in the event that the Merger is not consummated by March 1, 2016 (the "Outside Da the failure of the Merger to be consummated shall be due to the failure of the party seeking to terminate this Agreement covenants and agreements of such party set forth herein;

(c) by Buyer or the Company (provided that the terminating party is not then in material breach of any representati other agreement contained herein), in the event of a breach by the other party of any representation, warranty, covenant contained herein, which breach cannot be or has not been cured within 30 days after the giving of written notice to the b breach or the Outside Date, if earlier, and such breach would entitle the non-breaching party not to consummate the tran hereby under Article VII;

(d) by Buyer or the Company, (i) in the event the approval of any Governmental Authority required for consumma other transactions contemplated by this Agreement shall (A) impose any term, condition or restriction upon Buyer or an Buyer reasonably determines is a Burdensome Condition, or (B) have been denied by final nonappealable action of such or (ii) any governmental entity of competent jurisdiction shall have issued a final nonappealable order, injunction or dec prohibiting the consummation of the transactions contemplated by this Agreement; provided, however, that subject to Se seeking to terminate this Agreement shall have used its reasonable best efforts to have such order, injunction or decree l Burdensome Condition from being imposed;

(e) by Buyer or the Company, if the Company Stockholder Approval shall not have been obtained at the Company

(f) by Buyer or the Company, if the Buyer Shareholder Approval shall not have been obtained by reason of the fail
Meeting;

(g) by Buyer, if (i) the Company Board (A) withdraws, qualifies, amends, modifies or withholds the Company Rec any statement, filing or release, in connection with the Company Meeting or otherwise, inconsistent with the Company understood that taking a neutral position or no position with respect to an Acquisition Proposal shall be considered an ac Company Recommendation), (B) materially breaches its obligation to call, give notice of hold and commence the Comp proxies in favor of this Agreement under Section 6.1, (C) approves or recommends an Acquisition Proposal, or (D) reso determines to take, or announces an intention to take, any of the foregoing actions or (ii) there shall have been a materia the Company or any of the Company Representatives;

(h) by the Company, in connection with entering into a definitive agreement to effect a Superior Proposal after ma Subsequent Determination in accordance with Section 6.5(e); or

(i) by the Company, if its Board of Directors so determines by a majority vote of the members of its entire Board, Business Day period commencing on the Determination Date if both of the following conditions are satisfied:

(i) the Buyer Market Value is less than 80% of the Initial Buyer Market Value; and

(ii) the number obtained by dividing the Buyer Market Value by the Initial Buyer Market Value ("Buyer Ratio") sh obtained by dividing the Final Index Price by the Initial Index Price, minus 0.20 (the "Index Ratio").

(iii) If the Company elects to exercise its termination right pursuant to this Section 8.1(i), it shall give prompt writte During the five Business Day period commencing with its receipt of such notice, Buyer shall have the option to increase sole discretion, to (x) a quotient, the numerator of which is equal to the product of the Initial Buyer Market Value, the E effect) and the Index Ratio, and the denominator of which is equal to the Buyer Market Value, or (y) the quotient determ Buyer Market Value by the Buyer Market Value, and multiplying the quotient by the product of the Exchange Ratio (as Buyer so elects, it shall give, within such five Business Day period, written notice to the Company of such election and Ratio, whereupon no termination shall be deemed to have occurred pursuant to this Section 8.1(i) and this Agreement sh effect in accordance with its terms, except as the Exchange Ratio shall have been so modified.

(iv) For purposes of this Section 8.1(i), the following terms shall have the meanings indicated below:

(A) "Buyer Market Value" shall be the average of the daily closing sales prices of a share of Buyer Common Stock the ten consecutive trading days immediately preceding the Determination Date.

(B) "Determination Date" shall mean the later of (i) the date on which all Regulatory Approvals (and waivers, if ap (disregarding any waiting period), or (ii) the date on which both the Company Stockholder Approval and the Buyer Sha been obtained.

(C) "Final Index Price" means the average of the closing price of the Index Group for the ten consecutive trading d Determination Date.

(D) Index Group means the NASDAQ Bank Index.

(E) "Initial Buyer Market Value" means the average of the daily closing sales prices of a share of Buyer Common S NASDAQ, for the ten consecutive trading days immediately preceding the date of this Agreement.

(F) "Initial Index Price" means the average closing price of the Index Group for the ten consecutive trading days im of this Agreement.

8.2 Effect of Termination and Abandonment.

(a) In the event of termination of this Agreement by either Buyer or the Company as provided in Section 8.1, this A become void and have no effect, and none of Buyer, Merger LLC, the Company, any of their respective Subsidiaries or directors of any of them shall have any liability of any nature whatsoever hereunder, or in connection with the transactio except that Sections 6.3 (Press Releases), 6.13 (Confidentiality Agreement) and 9.5 (Expenses) and this Section 8.2; pro notwithstanding anything to the contrary herein, none of Buyer, Merger LLC or the Company shall be relieved or releas damages arising out of its willful breach of any provision of this Agreement.

(b) In the event this Agreement is terminated by Buyer pursuant to Section 8.1(g) or by the Company pursuant to S Company shall pay to Buyer an amount equal to $5,400,000 (the "Termination Fee").

(c) In the event that this Agreement is terminated by Buyer or the Company pursuant to Section 8.1(e) or Section 8
obtain the approval of the Company's stockholders at the Company Meeting, and (i) an Acquisition Proposal with respe
have been publicly announced, disclosed or otherwise communicated to the Company Board or senior management of th
Company Meeting or prior to the date specified in Section 8.1(b), as applicable, and (ii) within 12 months of such termi
have (x) recommended to its stockholders or consummated a transaction qualifying as an Acquisition Transaction or (y)
agreement with respect to an Acquisition Transaction, then the Company shall pay to Buyer an amount equal to the Ter
of this Section 8.2(c), all references in the definition of Acquisition Transaction to "15%" shall instead refer to "50%."

(d) In the event that this Agreement is terminated by Buyer pursuant to Section 8.1(c) based on a willful breach by
Acquisition Proposal with respect to the Company shall have been publicly announced, disclosed or otherwise communi
Board or senior management of the Company prior to any such breach by the Company of any representation, warranty,
agreement giving rise to such termination by Buyer or during the cure period therefor provided in Section 8.1(c) and (ii)
termination, the Company shall have (x) recommended to its stockholders or consummated a transaction qualifying as a
or (y) entered into a definitive agreement with respect to an Acquisition Transaction, then the Company shall pay to Buy
Termination Fee. For purposes of this Section 8.2(d), all references in the definition of Acquisition Transaction to "25%

(e) Any payment of the Termination Fee required to be made pursuant to this Section 8.2 shall be made not more t
after the date of the event giving rise to the obligation to make such payment, unless the Termination Fee is payable as a
of this Agreement by the Company pursuant to Section 8.1(h), in which case the Termination Fee shall be payable concu
condition of, such termination. All payments under this Section 8.2 shall be made by wire transfer of immediately availa
designated by Buyer. The right to receive payment of the Termination Fee under Section 8.2(b) will constitute the sole a
Buyer against the Company and its Subsidiaries and their respective officers and directors with respect to a termination
or (d).

(f) Buyer and the Company acknowledge that the agreements contained in this Section 8.2 are an integral part of th
contemplated by this Agreement and that, without these agreements, Buyer would not have entered into this Agreement.
Company fails promptly to pay any amount due pursuant to this Section 8.2 and, in order to obtain such payment, Buyer
results in a judgment against the Company for the amount set forth in this Section 8.2, the Company shall pay to Buyer
(including reasonable attorneys' fees and expenses) in connection with such suit, together with interest on the amount of
prime rate (as reported in *The Wall Street Journal* or, if not reported therein, in another authoritative source) on the date
required to be made.

ARTICLE IX - MISCELLANEOUS

9.1 Standard. No representation or warranty of the Company contained in Article III or of Buyer or Merger LLC
shall be deemed untrue or incorrect for any purpose under this Agreement, and no party hereto shall be deemed to have
or warranty for any purpose under this Agreement, in any case as a consequence of the existence or absence of any fact,
unless such fact, circumstance or event, individually or when taken together with all other facts, circumstances or events
representations or warranties contained in Article III, in the case of the Company, or Article IV, in the case of Buyer or
would be reasonably likely to have a Company Material Adverse Effect or a Buyer Material Adverse Effect, respectivel
purposes of this Section 9.1 any materiality or Material Adverse Effect qualification contained in any representations or
Section 3.12(i) and 4.11). Notwithstanding the immediately preceding sentence, the representations and warranties conta
and 3.3(b) shall be deemed untrue and incorrect if not true and correct except to a de minimis extent, (y) Sections 3.5, 3.
3.33 and the first two sentences of Section 3.2, in the case of the Company, and Sections 4.3, 4.4, 4.5, 4.6(a)(ii), 4.19 an
Section 4.2, in the case of Buyer, shall be deemed untrue and incorrect if not true and correct in all material respects and
case of the Company, and 4.11, in the case of Buyer, shall be deemed untrue and incorrect if not true and correct in all re

9.2 Survival. No representations, warranties, agreements and covenants contained in this Agreement shall survive except for those agreements and covenants that expressly apply or are to be performed in whole or in part after the Effec

9.3 Certain Definitions.

(a) As used in this Agreement, the following terms shall have the meanings set forth below:

"Affiliate" shall mean, with respect to any Person, any other Person controlling, controlled by or under common control this definition, "control" (including, with its correlative meanings, "controlled by" and "under common control with") m indirectly, of power to direct or cause the direction of the management and policies of a Person whether through the own by contract or otherwise.

"Business Day" means Monday through Friday of each week, except any legal holiday recognized as such by the U.S. C which banking institutions in the State of Maine are authorized or obligated to close.

"Buyer Material Adverse Effect" shall mean any fact, change, event, development, effect or circumstance that, individua are, or would reasonably be expected to be, materially adverse to the business, business prospects, operations, assets, lia (financial or otherwise), results of operations, cash flows or properties of Buyer and its Subsidiaries, taken as a whole, o expected to prevent Buyer or Merger LLC from performing its obligations under this Agreement or consummating the t by this Agreement; provided, however, that notwithstanding the foregoing, the term Buyer Material Adverse Effect shal change, event, development, effect or circumstance arising after the date hereof affecting banks or their holding compan from changes in general business or economic conditions (and not specifically relating to or having the effect of specific materially disproportionate effect on Buyer and its Subsidiaries, taken as a whole); (ii) any fact, change, event, developm circumstance resulting from any change in law, GAAP or regulatory accounting after the date hereof, which affects gene Buyer and its Subsidiaries, taken as a whole (and not specifically relating to or having the effect of specifically relating t disproportionate effect on Buyer and its Subsidiaries, taken as a whole); (iii) actions and omissions of Buyer and its Sub prior written consent of the Company in furtherance of the transactions contemplated hereby or otherwise permitted to b this Agreement; (iv) any fact, change, event, development, effect or circumstance resulting from the announcement or p contemplated by this Agreement; (v) any failure by Buyer to meet any internal or published industry analyst projections revenues or earnings for any period (it being understood and agreed that the facts and circumstances giving rise to such f otherwise excluded from the definition of Buyer Material Adverse Effect may be taken into account in determining whe Material Adverse Effect); and (vi) changes in the trading price or trading volume of Buyer Common Stock.

"Buyer Company Stock" shall mean shares of Company Common Stock held by Buyer or any of its Subsidiaries, in eac
fiduciary capacity (including custodial or agency).

"Charter" shall have the meaning ascribed to it in Section 1-101(f) of the MGCL.

"Company Material Adverse Effect" shall mean any fact, change, event, development, effect or circumstance that, indiv
(a) are, or would reasonably be expected to be, materially adverse to the business, business prospects, operations, assets,
(financial or otherwise), results of operations, cash flows or properties of the Company and its Subsidiaries, taken as a w
reasonably be expected to prevent the Company from performing its obligations under this Agreement or consummating
contemplated by this Agreement; provided, however, that notwithstanding the foregoing, the term Company Material A
include (i) any fact, change, event, development, effect or circumstance arising after the date hereof affecting banks or t
generally or arising from changes in general business or economic conditions (and not specifically relating to or having
relating to or having a materially disproportionate effect on the Company and its Subsidiaries, taken as a whole); (ii) any
development, effect or circumstance resulting from any change in law, GAAP or regulatory accounting after the date he
generally entities such as the Company and its Subsidiaries, taken as a whole (and not specifically relating to or having t
relating to or having a materially disproportionate effect on the Company and its Subsidiaries taken as a whole); (iii) act
Company and its Subsidiaries taken with the prior written consent of Buyer in furtherance of the transactions contempla
permitted to be taken by the Company under this Agreement; (iv) any fact, change, event, development, effect or circum
announcement or pendency of the transactions contemplated by this Agreement; and (v) any failure by the Company to
projections or forecasts or estimates of revenues or earnings for any period (it being understood and agreed that the facts
rise to such failure that are not otherwise excluded from the definition of Company Material Adverse Effect may be take
determining whether there has been a Company Material Adverse Effect).

"Confidentiality Agreement" shall mean the Confidentiality Agreement, dated as of January 20, 2015, by and between E

"Exchange Act" shall mean the Securities Exchange Act of 1934, as amended, and the rules and regulations thereunder.

"GAAP" shall mean generally accepted accounting principles in the United States.

"Governmental Authority" shall mean any U.S. or foreign federal, state or local governmental commission, board, body authority or agency, including, without limitation, courts and other judicial bodies, bank regulators, insurance regulators authorities, the SEC, the IRS or any self-regulatory body or authority, including any instrumentality or entity designed to foregoing.

"Knowledge" shall mean, with respect to any fact, event or occurrence, (i) in the case of the Company, the actual knowl certain executive officers of the Company listed on Schedule 9.3(a)(i), or (ii) in the case of Buyer, the actual knowledge executive officers, all of whom are listed on Schedule 9.3(a)(ii).

"Person" or "person" shall mean any individual, bank, corporation, partnership, limited liability company, association, j trust or unincorporated organization.

"Regulatory Approvals" shall mean any approval or non-objection from any Governmental Authority necessary to consu other transactions contemplated by this Agreement, including, without limitation, (a) the waiver or approval of the FRB OCC.

"Securities Act" shall mean the Securities Act of 1933, as amended, and the rules and regulations thereunder.

"Subsidiary" shall mean, when used with reference to a party, any corporation or organization, whether incorporated or such party or any other Subsidiary of such party is a general partner or serves in a similar capacity, or with respect to suc organization, at least 50% of the securities or other interests having by their terms ordinary voting power to elect a majo directors or others performing similar functions is directly or indirectly owned or controlled by such party or by any one Subsidiaries, or by such party and one or more of its Subsidiaries.

"Tax" or "Taxes" shall mean (i) all taxes, charges, fees, levies or other assessments, including, without limitation, all ne receipts, sales, use, ad valorem, escheat, goods and services, capital, transfer, franchise, profits, license, withholding, pay employer health, excise, estimated, severance, stamp, occupation, property or other taxes, custom duties, fees, assessme whatsoever, together with any interest and any penalties, additions to tax or additional amounts imposed by any taxing a

or not; and (ii) any liability for the payment of amounts with respect to payments of a type described in clause (i) as a re
an affiliated, consolidated, combined or unitary group, or as a result of any obligation under any tax sharing arrangemen
agreement.

"Tax Returns" shall mean any return, declaration, report, claim for refund, or information return or statement relating to schedule or attachment thereto, and including any amendment thereof.

"Treasury Regulations" shall mean the Treasury regulations promulgated under the Code.

(b) The following terms are defined elsewhere in this Agreement, as indicated below:

"Acquisition Proposal" shall have the meaning set forth in Section 6.5(a).

"Acquisition Transaction" shall have the meaning set forth in Section 6.5(a).

"Agreement" shall have the meaning set forth in the preamble to this Agreement.

"Assumed Option" shall have the meaning set forth in Section 2.8(a).

"Assumed RSUs" shall have the meaning set forth in Section 2.8(b).

"Bank Merger" shall have the meaning set forth in Section 1.9.

"BHCA" shall have the meaning set forth in Section 3.25.

"BOLI" shall have the meaning set forth in Section 3.16.

"Burdensome Conditions" shall have the meaning set forth in Section 6.8.

"Business" shall have the meaning set forth in Section 3.18(g).

"Buyer" shall have the meaning set forth in the preamble to this Agreement.

"Buyer 2014 Form 10-K" shall have the meaning set forth in Section 4.10(a)

"Buyer Bank" shall have the meaning set forth in Section 1.9.

"Buyer Common Stock" shall have the meaning set forth in Section 2.1(a).

"Buyer Disclosure Schedule" shall have the meaning set forth in Section 4.1(b).

"Buyer Employee Program" shall have the meaning set forth in Section 4.13(a).

"Buyer Loan Property" shall have the meaning set forth in Section 4.15(f).

"Buyer Market Value" shall have the meaning set forth in Section 8.1(i)(iv).

"Buyer Meeting" shall have the meaning set forth in Section 6.1(b).

"Buyer Participation Facility" shall have the meaning set forth in Section 4.15(f).

"Buyer Property" shall have the meaning set forth in Section 4.15(a).

"Buyer Ratio" shall have the meaning set forth in Section 8.1(i)(ii).

"Buyer Recommendation" shall have the meaning as set forth in Section 6.1(b)(ii).

"Buyer Representatives" shall have the meaning set forth in Section 6.4(a).

"Buyer SEC Documents" shall have the meaning set forth in Section 4.10(a).

"Buyer Shareholder Approval" shall have the meaning as set forth in Section 6.1(b)(ii).

"Cash Consideration" shall have the meaning set forth in Section 2.1(c).

"Cash Election" shall have the meaning set forth in Section 2.4(a).

"Cash Election Shares" shall have the meaning set forth in Section 2.4(a).

"CERCLA" shall have the meaning set forth in Section 3.17(e).

"Certificate" shall have the meaning set forth in Section 2.2.

"Charitable Foundation" shall have the meaning set forth in Section 6.18.

"Classified Loans" shall have the meaning set forth in Section 3.24(h).

"Closing" shall have the meaning set forth in Section 1.5.

"Closing Date" shall have the meaning set forth in Section 1.5.

"Code" shall have the meaning set forth in the recitals to this Agreement.

"Company" shall have the meaning set forth in the preamble to this Agreement.

"Company Balance Sheet" shall have the meaning set forth in Section 3.11(a).

"Company Bank" shall have the meaning set forth in Section 1.9.

"Company Board" shall have the meaning set forth in Section 2.8(d).

"Company Common Stock" shall have the meaning set forth in the recitals to this Agreement.

"Company Disclosure Schedule" shall have the meaning set forth in Section 3.1(b).

"Company Equity Plan" shall have the meaning set forth in Section 2.8.

"Company Employees" shall have the meaning set forth in Section 6.10(a).

"Company Employee Programs" shall have the meaning set forth in Section 3.14(a).

"Company Financial Statements" shall have the meaning set forth in Section 3.11(a).

"Company Intellectual Property Assets" shall have the meaning set forth in Section 3.18(g).

"Company Loan Property" shall have the meaning set forth in Section 3.17(f).

"Company Material Contract" shall have the meaning set forth in Section 3.20(a).

"Company Meeting" shall have the meaning set forth in Section 6.1(a).

"Company Participation Facility" shall have the meaning set forth in Section 3.17(f).

"Company Property" shall have the meaning set forth in Section 3.17(a).

"Company Recommendation" shall have the meaning set forth in Section 6.1(c).

"Company Representatives" shall have the meaning set forth in Section 6.5(a).

"Company RSUs" shall have the meaning set forth in Section 2.8(b).

"Company Stock Option" shall have the meaning set forth in Section 2.8(a).

"Company Subsequent Determination" shall have the meaning set forth in Section 6.5(e).

"CRA" shall have the meaning set forth in Section 3.31.

"Derivative Transactions" shall have the meaning set forth in Section 3.27.

"Determination Date" shall have the meaning set forth in Section 8.1(i)(iv).

"Effective Time" shall have the meaning set forth in Section 1.2.

"Election Deadline" shall have the meaning set forth in Section 2.4(b).

"Election Form" shall have the meaning set forth in Section 2.4(a).

"Employee Program" shall have the meaning set forth in Section 3.14(l)(i).

"Environment" shall have the meaning set forth in Section 3.17(g).

"Environmental Laws" shall have the meaning set forth in Section 3.17(g).

"ERISA" shall have the meaning set forth in Section 3.14(l)(ii).

"ERISA Affiliate" shall have the meaning set forth in Section 3.14(l)(iv).

"Exchange Agent" shall have the meaning set forth in Section 2.4(a).

"Exchange Fund" shall have the meaning set forth in Section 2.6(a).

"Exchange Ratio" shall have the meaning set forth in Section 2.1(c).

"FDIA" shall have the meaning set forth in Section 3.30.

"FDIC" shall have the meaning set forth in Section 3.10(b).

"Final Index Price" shall have the meaning set forth in Section 8.1(i)(iv).

"Finance Laws" shall have the meaning set forth in Section 3.9(a).

"Financial Advisor" shall have the meaning set forth in Section 3.31.

"FRB" shall have the meaning set forth in Section 3.2.

"Hazardous Material" shall have the meaning set forth in Section 3.17(g).

"Indemnified Parties" shall have the meaning set forth in Section 6.9(a).

"Index Group" shall have the meaning set forth in Section 8.1(i)(iv).

"Index Ratio" shall have the meaning set forth in Section 8.1(i)(ii).

"Initial Buyer Market Value" shall have the meaning set forth in Section 8.1(i)(iv).

"Initial Index Price" shall have the meaning set forth in Section 8.1(i)(iv).

"Intellectual Property Assets" shall have the meaning set forth in Section 3.18(g).

"IRS" shall have the meaning set forth in Section 3.13(d).

"IT Systems" shall have the meaning set forth in Section 3.18(h).

"Joint Proxy Statement/Prospectus" shall have the meaning set forth in Section 6.2(a).

"Liens" shall have the meaning set forth in Section 3.4(a).

"Loans" shall have the meaning set forth in Section 3.23(a).

"Mailing Date" shall have the meaning set forth in Section 2.4(a).

"maintains" shall have the meaning set forth in Section 3.14(l)(iii).

"Marks" shall have the meaning set forth in Section 3.18(g).

"MBCA" shall have the meaning set forth in Section 1.4.

"MGCL" shall have the meaning set forth in Section 1.1.

"Merger" shall have the meaning set forth in the recitals to this Agreement.

"Merger Consideration" shall have the meaning set forth in Section 2.1(c).

"Merger LLC" shall have the meaning set forth in the Preamble to this Agreement.

"MLLCA" shall have the meaning set forth in Section 1.1

"Money Laundering Laws" shall have the meaning set forth in Section 3.31(a).

"Multiemployer Plan" shall have the meaning set forth in Section 3.14(l)(v).

"NASDAQ" shall have the meaning set forth in Section 2.1(c).

"New Certificates" shall have the meaning set forth in Section 2.6(a).

"New Directors" shall have the meaning set forth in Section 1.7.

"Non-Election" shall have the meaning set forth in Section 2.4(a).

"Non-Election Shares" shall have the meaning set forth in Section 2.4(a).

"Notice of Superior Proposal" shall have the meaning set forth in Section 6.5(e).

"Notice Period" shall have the meaning set forth in Section 6.5(e).

"OCC" shall have the meaning set forth in Section 3.10(b).

"OFAC" shall have the meaning set forth in Section 3.31(b).

"Oil" shall have the meaning set forth in Section 3.17(g).

"Outside Date" shall have the meaning set forth in Section 8.1(b).

"Patents" shall have the meaning set forth in Section 3.18(g).

"Personal Data" shall have the meaning set forth in Section 3.19.

"Premium Limit" shall have the meaning set forth in Section 6.9(b).

"Privacy Requirements" shall have the meaning set forth in Section 3.19.

"Products" shall have the meaning set forth in Section 3.18(g).

"Registration Statement" shall have the meaning set forth in Section 6.2(a).

"SEC" shall have the meaning set forth in Section 3.11(a).

"Shortfall Number" shall have the meaning set forth in Section 2.4(c)(ii).

"Stock Consideration" shall have the meaning set forth in Section 2.1(c).

"Stock Conversion Number" shall have the meaning set forth in Section 2.4(a).

"Stock Election" shall have the meaning set forth in Section 2.4(a).

"Stock Election Number" shall have the meaning set forth in Section 2.4(a).

"Stock Election Shares" shall have the meaning set forth in Section 2.4(a).

"Stock Issuance" shall have the meaning set forth in Section 6.1(b).

"Superior Proposal" shall have the meaning set forth in Section 6.5(b).

"Surviving Corporation" shall have the meaning set forth in Section 1.4.

"Takeover Laws" shall have the meaning set forth in Section 3.21.

"Termination Fee" shall have the meaning set forth in Section 8.2(b).

"Third Party Rights" shall have the meaning set forth in Section 3.18(c).

"Trade Secrets" shall have the meaning set forth in Section 3.18(g).

"Upstream Merger" shall have the meaning set forth in the Recitals to this Agreement.

"USA PATRIOT Act" shall have the meaning set forth in Section 3.31(a).

"Volcker Rule" shall have the meaning set forth in Section 3.26.

"Voting Agreement" shall have the meaning set forth in the recitals to this Agreement.

"Voting Agreement Stockholders" shall have the meaning set forth in the recitals to this Agreement.

9.4 Waiver; Amendment. Subject to compliance with applicable law, prior to the Effective Time, any provision o
(a) waived by the party intended to benefit by the provision, or (b) amended or modified at any time, by an agreement in
parties hereto approved by their respective Boards of Directors and executed in the same manner as this Agreement; pro
any approval of the transactions contemplated by this Agreement by the stockholders of the Company, no amendment o
made which by law requires further approval of the stockholders of the Company without obtaining such approval.

9.5 Expenses. Each party hereto will bear all expenses incurred by it in connection with this Agreement and the tr
hereby, except that printing expenses and SEC filing and registration fees shall be shared equally between Buyer and the

9.6 Notices. All notices, requests and other communications hereunder to a party shall be in writing and shall be d
delivered, delivered by facsimile (with confirmation) or mailed by registered or certified mail (return receipt requested)
set forth below or such other address as such party may specify by notice to the other party hereto.

If to Buyer and Merger LLC:

Camden National Corporation

Two Elm Street
Camden, ME 04843

Attention: Chief Executive Officer
Facsimile: (207) 230-5149

With a copy to (which shall not constitute notice):

Goodwin Procter LLP

Exchange Place

Boston, MA 02109

Attention: William P. Mayer, Esq.
Samantha M. Kirby, Esq.
Joseph L. Johnson III, Esq.
Facsimile: (617) 523-1231

If to the Company, to:

SBM Financial, Inc.

2 Canal Plaza
Portland, ME 04101

Attention: Chief Executive Officer
Facsimile: (207) 588-2145

With a copy to (which shall not constitute notice):

Luse Gorman, PC

5335 Wisconsin Avenue, NW

Suite 780

Washington, DC 20015

Attention: John J. Gorman, Esq.
Facsimile: (202) 274-2001

9.7 Understanding; No Third Party Beneficiaries. Except for the Confidentiality Agreement, which shall remain i
represents the entire understanding of the parties hereto with reference to the transactions contemplated hereby and there
all other oral or written agreements heretofore made. Except for Section 6.9 (Indemnification; Directors' and Officers' I
Company shareholders to receive the Merger Consideration as set forth in Article II, nothing in this Agreement, express
to confer upon any person, other than the parties hereto or their respective successors, any rights, remedies, obligations
reason of this Agreement.

9.8 Assignability; Binding Effect. Prior to the Closing, this Agreement may not be assigned by Buyer or Merger S consent of the Company and no such assignment shall release Buyer of its obligations hereunder. After the Closing, Buy hereunder shall be freely assignable. This Agreement may not be assigned by the Company without the prior written con Agreement shall be binding upon and enforceable by, and shall inure to the benefit of, the parties hereto and their respec permitted assigns, and except as expressly set forth herein, is not intended to confer upon any other person any rights or

9.9 Headings; Interpretation. The headings contained in this Agreement are for reference purposes only and are n The word "including" and words of similar import when used in this Agreement shall mean "including, without limitatio otherwise requires or unless otherwise specified. Words of number may be read as singular or plural, as required by con

9.10 Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed t facsimile copy or electronic transmission of a signature page shall be deemed to be an original signature page.

9.11 Governing Law. This Agreement shall be governed by, and interpreted in accordance with, the laws of the Sta regard to the conflict of law principles thereof. Each of the parties hereto (a) hereby irrevocably and unconditionally con to the personal jurisdiction of the state or federal courts located in the State of Maine ("Maine Courts") in any action or p relating to this Agreement or any of the transactions contemplated by this Agreement, (b) agrees that all claims in respec proceeding may be heard and determined only in any such Maine Courts, and (c) agrees that it will not attempt to deny o jurisdiction by motion or other request for leave from any such Maine Courts. Each of the parties hereto waives any defe to the maintenance of any action or proceeding so brought in any such Maine Courts and waives any bond, surety or oth required of any other party in any such Maine Courts with respect thereto. To the extent permitted by applicable law, an service on another party by sending or delivering a copy of the process to the party to be served at the address and in the giving of notices in Section 9.6. Nothing in this Section 9.11, however, shall affect the right of any party to serve legal p permitted by law. EACH OF BUYER AND THE COMPANY HEREBY IRREVOCABLY WAIVES ALL RIGHTS TO ANY ACTION, PROCEEDING OR COUNTERCLAIM (WHETHER BASED ON CONTRACT, TORT OR OTHERW OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY.

9.12 Specific Performance. The parties agree that irreparable damage would occur in the event that any of the prov were not performed in accordance with its specific terms or were otherwise breached. Each party agrees that, in the even threatened breach by any other party of any covenant or obligation contained in this Agreement, the non-breaching party (i) a decree or order of specific performance to enforce the observance and performance of such covenant or obligation, without the posting of any bond, restraining such breach or threatened breach.

9.13 Entire Agreement. This Agreement, together with the Exhibits and Schedules hereto, the Confidentiality Agre
Agreements and any documents delivered by the parties in connection herewith constitutes the entire agreement and sup
and understandings, both written and oral, among the parties hereto, or any of them, with respect to the subject matter he

9.14 Severability. In the event that any one or more provisions of this Agreement shall for any reason be held inva
unenforceable in any respect by any court of competent jurisdiction, such invalidity, illegality, or unenforceability shall
provisions of this Agreement and the parties shall use their reasonable best efforts to substitute a valid, legal, and enforc
insofar as practicable, implements the original purposes and intents of this Agreement.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement and Plan of Merger to be executed in counterp
authorized officers, all as of the day and year first above written.

CAMDEN NATIONAL CORPORATION

By: /s/ Gregory A. Dufour
Name: Gregory A. Dufour
Title: President and Chief Executive Officer

ATLANTIC ACQUISITIONS, LLC

By: /s/ Gregory A. Dufour
Name: Gregory A. Dufour
Title: President and Chief Executive Officer

SBM FINANCIAL, INC.

By: /s/ John W. Everets
Name: John W. Everets
Title: Chairman and Chief Executive Officer

ANNEX B

March 29, 2015

The Board of Directors

Camden National Corporation

2 Elm Street

Camden, ME 04843

Members of the Board:

You have requested our opinion as to the fairness, from a financial point of view, to Camden National Corporation, a M
of the Merger Consideration (as defined below) provided for under the terms of the proposed Agreement and Plan of Me
and among Parent, Atlantic Acquisitions, LLC, a Maryland limited liability company, of which Parent is the sole membe
Financial, Inc., a Maryland corporation (the "Company"). Capitalized terms used herein shall have the meanings used in
otherwise defined herein.

The Agreement provides, among other things, that (A) Merger Sub will merge with and into the Company (the "Merger"
each share of common stock, par value $0.01 ("Company Common Stock"), of the Company issued and outstanding imm
Effective Time (other than shares held by Parent, Merger Sub or any subsidiary of Parent, which will be cancelled for no
converted into the right to receive, at the election of such holder of Company Common Stock (the "Election"), either (x)
interest (the "Per Share Cash Consideration"), or (y) 5.421 shares of common stock, no par value ("Parent Common Sto
Stock Consideration"), in each case, subject to certain proration mechanisms which provide that (i) 80% of Company Co
outstanding immediately prior to the Effective Time will be converted into the Per Share Stock Consideration (such aggr
Consideration"), and (ii) the remaining shares of Company Common Stock will be converted into the Per Shares Cash C
aggregate amount, the "Cash Consideration" and, together with the Stock Consideration, the "Merger Consideration"), a
the Merger, the Company will merge with and into Parent (the "Upstream Merger" and, together with the Merger, the "M

The terms and conditions of the Mergers are more fully set forth in the Agreement.

RBC Capital Markets, LLC ("RBCCM"), as part of its investment banking services, is regularly engaged in the valuatio
securities in connection with mergers and acquisitions, corporate restructurings, underwritings, secondary distributions o
securities, private placements, and valuations for corporate and other purposes.

We are acting as a financial advisor to Parent in connection with the Mergers and we will receive a fee for our services u
opinion, which is not contingent upon the successful completion of the Mergers. In addition, for our services as financia
connection with the Mergers, if the Merger is successfully completed we will receive an additional larger fee, against wh
delivery of this opinion will be credited. In addition, if, in connection with the Merger not being completed, Parent recei
will be entitled to a specified percentage of that fee in cash, when it is received by Parent, less the fee paid by Parent to
this opinion. In the event the Merger is not completed, we will be entitled to receive a similar fee for any financial advis
opinion provided by RBCCM to Parent in connection with any other transaction or series of transactions whereby, direc
of capital stock of the Company or any of its assets is transferred to Parent, or any of its affiliates, and a similar continge
other transaction or series of transaction is consummated at any time pursuant to a definitive agreement, letter of intent o
commitment entered into during the term of our engagement or within twelve months thereafter. Parent has also agreed
liabilities that may arise out of our engagement.

In the ordinary course of business, RBCCM may act as a market maker and broker in the publicly traded securities of Pa
compensation, and may also actively trade securities of Parent for our own account and the accounts of our customers, a
and its affiliates, may hold a long or short position in such securities.

RBCCM has not provided investment banking and financial advisory services to Parent or the Company, or any of their
past two years.

For the purposes of rendering our opinion, we have undertaken such review and inquiries as we deemed necessary or ap
circumstances, including the following: (i) we reviewed the financial terms of the draft labeled "Execution Copy" of the
2015 (the "Latest Draft Agreement"); (ii) we reviewed and analyzed certain publicly available financial and other data w
Company and certain other relevant historical operating data relating to Parent and the Company made available to us fr
from the internal records of Parent and the Company, respectively; (iii) we reviewed financial projections and forecasts
post-Mergers company prepared by Parent's management, and the Company, prepared by management of Parent ("Fore
discussions with members of the senior managements of Parent and the Company with respect to the business prospects
Parent and the Company as standalone entities as well as the strategic rationale and potential benefits of the Mergers; (v
prices and trading activity for Parent Common Stock; and (vi) we performed other studies and analyses as we deemed ap

In arriving at our opinion, we performed the following analyses in addition to the review, inquiries, and analyses referre
paragraph: (i) we performed a valuation analysis of each of Parent and the Company as a standalone entity, using compa
discounted cash flow analyses with respect to each of Parent and the Company as well as precedent transaction analysis
Company; and (ii) we performed a pro forma combination analysis of Parent on a combined post-Mergers basis.

Several analytical methodologies have been employed and no one method of analysis should be regarded as critical to th
have reached. Each analytical technique has inherent strengths and weaknesses, and the nature of the available informati
value of particular techniques. The overall conclusions we have reached are based on all the analysis and factors present
also on application of our own experience and judgment. Such conclusions may involve significant elements of subjecti
analysis. We therefore give no opinion as to the value or merit standing alone of any one or more parts of the analyses.

In rendering our opinion, we have assumed and relied upon the accuracy and completeness of all the information that wa
and all of the financial, legal, tax, operating and other information provided to or discussed with us by Parent or the Com
limitation, the financial statements and related notes thereto of each of Parent and the Company, respectively), and have
for independently verifying and have not independently verified such information. We have assumed that all Forecasts p
(including Forecasts provided to us by Parent with respect to certain cost synergies expected to be realized from the Mer
prepared on bases reflecting the best currently available estimates and good faith judgments of the future financial perfo
Company (as the case may be), respectively, as standalone entities (or, in the case of the projected synergies, as a combi
no opinion as to such Forecasts or the assumptions upon which they were based.

In rendering our opinion, we have not assumed any responsibility to perform, and have not performed, an independent e
any of the assets or liabilities of Parent or the Company, and we have not been furnished with any such valuations or app
assumed any obligation to conduct, and have not conducted, any physical inspection of the property or facilities of Paren
have not investigated, and make no assumption regarding, any litigation or other claims affecting Parent or the Company

We have assumed with your consent, in all respects material to our analysis that all conditions to the consummation of t without waiver thereof. We have further assumed with your consent that the executed version of the Agreement will not material to our opinion, from the Latest Draft Agreement.

Our opinion speaks only as of the date hereof, is based on the conditions as they exist and information which we have be hereof, and is without regard to any market, economic, financial, legal, or other circumstances or event of any kind or na occur after such date. We have not undertaken to reaffirm or revise this opinion or otherwise comment upon events occu and do not have an obligation to update, revise or reaffirm this opinion. We are not expressing any opinion herein as to t Common Stock has traded or will trade following the announcement of the Mergers or the prices at which Parent Comm following the consummation of the Mergers.

The opinion expressed herein is provided for the information and assistance of the Board of Directors of Parent in conne
We express no opinion and make no recommendation to any holder of Parent Common Stock as to how such holder sho
Mergers or any other proposal to be voted upon by them in connection with the Mergers. All advice and opinions (writte
RBCCM are intended for the use and benefit of the Board of Directors of Parent. Such advice or opinions may not be re
excerpted from or referred to in any public document or given to any other person without the prior written consent of R
applicable law, such opinion may be included in any disclosure document filed by Parent with the SEC with respect to t
however, that such opinion must be reproduced in full and that any description of or reference to RBCCM be in a form r
RBCCM and its counsel. RBCCM shall have no responsibility for the form or content of any such disclosure document,
itself.

Our opinion does not address the merits of the underlying decision by Parent to engage in the Mergers or the relative me
compared to any alternative business strategy or transaction in which Parent might engage.

Our opinion addresses solely the fairness of the Merger Consideration, from a financial point of view, to Parent. Our opi
address other terms or arrangements of the Mergers or the Agreement, including, without limitation, the financial or oth
agreement contemplated by, or to be entered into in connection with, the Agreement. Further, in rendering our opinion w
about the fairness of the amount or nature of the compensation (if any) to any of Parent's officers, directors or employee
relative to the compensation to be paid to holders of Company Common Stock.

Our opinion has been approved by RBCCM's Fairness Opinion Committee.

Based on our experience as investment bankers and subject to the foregoing, including the various assumptions and limi
our opinion that, as of the date hereof, the Merger Consideration is fair, from a financial point of view, to Parent.

Very truly yours,

/s/ RBC CAPITAL MARKETS, LLC
RBC CAPITAL MARKETS, LLC

ANNEX C

March 27, 2015

The Board of Directors

SBM Financial, Inc.

2 Canal Plaza

Portland, ME 04101

Members of the Board:

You have requested the opinion of Keefe, Bruyette & Woods, Inc. ("KBW" or "we") as investment bankers as to the fai
view, to the common shareholders of SBM Financial, Inc. ("SBM") of the Merger Consideration (as defined below) to b
shareholders in the proposed merger of Atlantic Acquisitions, LLC ("Merger LLC"), which is a Maryland limited liabili
Camden National Corporation ("CAC") is the sole member, with and into SBM (the "Merger" and, together with the me
CAC immediately thereafter, the "Transaction"), pursuant to the Agreement and Plan of Merger to be entered into by an
Merger LLC (the "Agreement"). Pursuant to the Agreement and subject to the terms, conditions and limitations set forth
Time (as defined in the Agreement), automatically by virtue of the Merger and without any action of the part of SBM, C
holders of common stock, par value $0.01 per share, of SBM ("SBM Common Stock"), each share of SBM Common St
immediately prior to the Effective Time (excluding shares of SBM Common Stock held by CAC or any of its subsidiarie
in a fiduciary capacity (including custodial or agency)) shall become and be converted into the right to receive, at the ele
(subject to proration and reallocation as set forth in the Agreement, as to which we express no opinion), either: (i) $206.
(the "Cash Consideration") or (ii) 5.421 shares of common stock, par value $0.01 per share, of CAC (the "CAC Commo
Consideration"); provided that, as more fully described in the Agreement, in the aggregate, 80% of the outstanding share
immediately prior to the Effective Time will be converted into the Stock Consideration and the remaining shares of SBM
converted into the Cash Consideration. The Stock Consideration and the Cash Consideration, taken together, are referred
Consideration." The terms and conditions of the Transaction are more fully set forth in the Agreement.

The Agreement further provides that, as determined by CAC in its sole discretion, CAC and SBM will cause their respec
National Bank and The Bank of Maine, to enter into a separate agreement and plan of merger providing for the merger o
and into Camden National Bank (such transaction, the "Bank Merger").

212.887.7777 Toll Free: 800.966.1559 www.kbw.com

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KBW has acted as financial advisor to SBM and not as an advisor to or agent of any other person. As part of our investm
are continually engaged in the valuation of bank and bank holding company securities in connection with acquisitions, m
secondary distributions of listed and unlisted securities, private placements and valuations for various other purposes. A
securities of banking companies, we have experience in, and knowledge of, the valuation of banking enterprises. In the c
business as a broker-dealer, KBW and its affiliates may from time to time purchase securities from, and sell securities to
market maker in securities, KBW and its affiliates may from time to time have a long or short position in, and buy or sel
of SBM and CAC for KBW's own account and for the accounts of its customers. We have acted exclusively for the boar
"Board") in rendering this opinion and will receive a fee from SBM for our services. A portion of our fee is payable upo
opinion, and a significant portion is contingent upon the successful completion of the Transaction. In addition, SBM has
certain liabilities arising out of our engagement.

In addition to this present engagement, in the past two years, KBW has provided investment banking and financial advis
received compensation for such services. KBW served as financial advisor to SBM in connection with its sale of certain
the past two years, KBW has not provided investment banking and financial advisory services to CAC. We may in the f
banking and financial advisory services to SBM or CAC and receive compensation for such services.

In connection with this opinion, we have reviewed, analyzed and relied upon material bearing upon the financial and op
and CAC and the Transaction, including among other things, the following: (i) a draft of the Agreement dated March 27
draft made available to us); (ii) certain regulatory filings of SBM and CAC, including the quarterly call reports filed wit
during the three years ended December 31, 2014 for SBM and CAC; (iii) the audited financial statements for the three fi
31, 2013 of SBM; (iv) the audited financial statements and Annual Reports on Form 10-K for the three fiscal years ende
CAC; (v) the unaudited financial statements and Quarterly Reports on Form 10-Q for the fiscal quarters ended March 31
September 30, 2014 of CAC; (vi) the unaudited quarterly financial statements for the fiscal quarters ended March 31, 20
September 30, 2014 of SBM; (vii) certain unaudited quarterly and fiscal year-end financial results for the period ended D
SBM (provided to us by representatives of SBM); (viii) certain other interim reports and other communications of SBM
respective shareholders and investors; and (ix) other financial information concerning the businesses and operations of S
furnished to us by SBM and CAC or which we were otherwise directed to use for purposes of our analyses. Our conside
information and other factors that we deemed appropriate under the circumstances or relevant to our analyses included,
following: (i) the historical and current financial position and results of operations of SBM and CAC; (ii) the assets and
CAC; (iii) the nature and terms of certain other merger transactions and business combinations in the banking industry;
financial information for SBM and certain financial and stock market information for CAC with similar information for
the securities of which are publicly traded; (v) financial and operating forecasts and projections of SBM that were prepa
and discussed with us by, SBM management and that were used and relied upon by us at the direction of such managem
Board; (vi) financial and operating forecasts and projections of CAC and estimates regarding certain pro forma financial
on CAC (including, without limitation, the cost savings and related expenses expected to result from the Transaction), th
provided to us and discussed with us by, CAC management and that were used and relied upon by us based on such disc
the Board. We have also performed such other studies and analyses as we considered appropriate and have taken into ac
general economic, market and financial conditions and our experience in other transactions, as well as our experience in
knowledge of the banking industry generally. We have also held discussions with senior management of SBM and CAC
current business operations, regulatory relations, financial condition and future prospects of their respective companies a
we have deemed relevant to our inquiry. In addition, we have considered the results of the efforts undertaken by SBM, w
solicit indications of interest from third parties regarding a potential transaction with SBM.

Keefe, Bruyette & Woods, a Stifel Company 787 Seventh Avenue, New York, NY 10019

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In conducting our review and arriving at our opinion, we have relied upon and assumed the accuracy and completeness o other information provided to us or that was publicly available and we have not independently verified the accuracy or c information or assumed any responsibility or liability for such verification, accuracy or completeness. We have relied up managements of SBM and CAC as to the reasonableness and achievability of the financial and operating forecasts and p CAC referred to above (and the assumptions and bases therefor) and we have assumed, with the consent of SBM, that su projections were reasonably prepared on a basis reflecting the best currently available estimates and judgments of such m forecasts and projections will be realized in the amounts and in the time periods currently estimated by such managemen upon CAC management as to the reasonableness and achievability of the estimates regarding certain pro forma financial on CAC (and the assumptions and bases therefor, including without limitation, the cost savings and related expenses exp Transaction) referred to above and we have assumed, with the consent of SBM, that all such estimates were reasonably p reflecting the best currently available estimates and judgments of such management and that such estimates will be reali the time periods currently estimated by such management.

It is understood that the forecasts, projections and estimates of SBM and CAC provided to us were not prepared with the disclosure, that all such forecasts, projections and estimates are based on numerous variables and assumptions that are in including, without limitation, factors related to general economic and competitive conditions and that, accordingly, actu significantly from those set forth in such information. We have assumed, based on discussions with the respective mana and with the consent of SBM, that such information provides a reasonable basis upon which we could form our opinion to any such information or the assumptions or bases therefor. We have relied on all such information without independe and do not in any respect assume any responsibility or liability for the accuracy or completeness thereof.

We also assumed that there were no material changes in the assets, liabilities, financial condition, results of operations, b either SBM or CAC since the date of the last financial statements of each such entity that were made available to us. We independent verification of the adequacy of allowances for loan and lease losses and we have assumed, without indepen your consent, that the aggregate allowances for loan and lease losses for SBM and CAC are adequate to cover such losse opinion, we have not made or obtained any evaluations or appraisals or physical inspection of the property, assets or liab otherwise) of SBM or CAC, the collateral securing any of such assets or liabilities, or the collectability of any such asset any individual loan or credit files, nor did we evaluate the solvency, financial capability or fair value of SBM or CAC un laws, including those relating to bankruptcy, insolvency or other matters. Estimates of values of companies and assets do appraisals or necessarily reflect the prices at which companies or assets may actually be sold. Because such estimates are uncertainty, we assume no responsibility or liability for their accuracy.

We have assumed, in all respects material to our analyses, the following: (i) that the Transaction and any related transac
Merger) will be completed substantially in accordance with the terms set forth in the Agreement (the final terms of whic
not differ in any respect material to our analyses from the draft reviewed) with no additional payments or adjustments to
(ii) that the representations and warranties of each party in the Agreement and in all related documents and instruments
Agreement are true and correct; (iii) that each party to the Agreement and all related documents will perform all of the c
required to be performed by such party under such documents; (iv) that there are no factors that would delay or subject t
any necessary regulatory or governmental approval for the Transaction or any related transaction and that all conditions
Transaction and any related transaction will be satisfied without any waivers or modifications to the Agreement; and (v)
obtaining the necessary regulatory, contractual, or other consents or approvals for the Transaction and any related transa
including any divestiture requirements, termination or other payments or amendments or modifications, will be imposed
adverse effect on the future results of operations or financial condition of SBM, CAC, the combined entity, or the conte
Transaction, including the cost savings and related expenses expected to result from the Transaction. We have assumed,
our analyses, that the Transaction will be consummated in a manner that complies with the applicable provisions of the
amended, the Securities Exchange Act of 1934, as amended, and all other applicable federal and state statutes, rules and
further assumed that SBM has relied upon advice from its advisors (other than KBW) or other appropriate sources as to
reporting, tax, accounting and regulatory matters with respect to SBM, CAC, Merger LLC, The Bank of Maine, Camde
Transaction and any related transaction (including the Bank Merger), and the Agreement. KBW has not provided advice
matters.

This opinion addresses only the fairness, from a financial point of view, as of the date hereof, to the holders of SBM Co
Consideration to be received in the Merger by such holders. We express no view or opinion as to any other terms or asp
any related transaction (including the Bank Merger), including without limitation, the form or structure of the Transactio
Merger Consideration or the allocation of the Merger Consideration between stock and cash) or any related transaction,
Transaction or any related transaction to SBM, its shareholders, creditors or otherwise, or any terms, aspects, merits or i
employment, consulting, voting, support, shareholder or other agreements, arrangements or understandings contemplate
connection with the Transaction or otherwise. Our opinion is necessarily based upon conditions as they exist and can be
hereof and the information made available to us through the date hereof. It is understood that subsequent developments
reached in this opinion and that KBW does not have an obligation to update, revise or reaffirm this opinion. Our opinion
express no view or opinion with respect to, (i) the underlying business decision of SBM to engage in the Transaction or
(ii) the relative merits of the Transaction as compared to any strategic alternatives that are, have been or may be availabl
SBM or the Board, (iii) the fairness of the amount or nature of any compensation to any of SBM's officers, directors or
such persons, relative to any compensation to the holders of SBM Common Stock, (iv) the effect of the Transaction or a
or the fairness of the consideration to be received by, holders of any class of securities of SBM (other than the holders o
(solely with respect to the Merger Consideration, as described herein and not relative to the consideration to be received
class of securities)) or holders of any class of securities of CAC or any other party to any transaction contemplated by th
CAC has sufficient cash, available lines of credit or other sources of funds to enable it to pay the aggregate Cash Consid
SBM Common Stock at the closing of the Transaction, (vi) the actual value of CAC Common Stock to be issued in the M
by holders of SBM Common Stock to receive the Stock Consideration or the Cash Consideration, or any combination th
allocation between the Stock Consideration and the Cash Consideration among such holders (including, without limitati
as a result of proration pursuant to the Agreement), or the relative fairness of the Stock Consideration and the Cash Cons
adjustment (as provided in the Agreement) in the amount of Merger Consideration (including the allocation thereof amo
assumed to be paid in the Merger for purposes of our opinion, (ix) the prices, trading range or volume at which CAC Co
following the public announcement of the Transaction or the consummation of the Transaction, (x) any advice or opinio
advisor to any of the parties to the Transaction or any other transaction contemplated by the Agreement, or (xi) any lega
tax or similar matters relating to SBM, CAC, their respective shareholders, or relating to or arising out of or as a conseq
any related transaction (including the Bank Merger), including whether or not the Transaction would qualify as a tax-fre

States federal income tax purposes.

Keefe, Bruyette & Woods, a Stifel Company 787 Seventh Avenue, New York, NY 10019

212.887.7777 Toll Free: 800.966.1559 www.kbw.com

This opinion is for the information of, and is directed to, the Board (in its capacity as such) in connection with its consid terms of the Transaction. This opinion does not constitute a recommendation to the Board as to how it should vote on th holder of SBM Common Stock or any shareholder of any other entity as to how to vote in connection with the Transacti (including, with respect to holders of SBM Common Stock, what election any such shareholder should make with respe Consideration or the Cash Consideration), nor does it constitute a recommendation regarding whether or not any such sh a voting, shareholders', or affiliates' agreement with respect to the Transaction or exercise any dissenters' or appraisal ri such holder.

This opinion has been reviewed and approved by our Fairness Opinion Committee in conformity with our policies and p under the requirements of Rule 5150 of the Financial Industry Regulatory Authority.

Based upon and subject to the foregoing, it is our opinion that, as of the date hereof, the Merger Consideration to be rece SBM Common Stock in the Merger is fair, from a financial point of view, to such holders.

Very truly yours,

Keefe, Bruyette & Woods, Inc.

Keefe, Bruyette & Woods, a Stifel Company 787 Seventh Avenue, New York, NY 10019

212.887.7777 Toll Free: 800.966.1559 www.kbw.com

ANNEX D

SBM FINANCIAL, INC. aND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS

and

SUPPLEMENTARY INFORMATION

December 31, 2014, 2013 and 2012

With Report of Independent Registered Public Accounting Firm

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Board of Directors

SBM Financial, Inc. and subsidiaries

We have audited the accompanying consolidated balance sheets of SBM Financial, Inc. and subsidiaries as of December
the related consolidated statements of operations, comprehensive income (loss), changes in equity capital, and cash flow
years in the period ended December 31, 2014. These consolidated financial statements are the responsibility of the Com
responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United
The Bank of Maine (a subsidiary, the Bank), the standards applicable to financial audits contained in *Government Audit*
the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reaso
whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidenc
and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significa
management, as well as evaluating the overall financial statement presentation. We believe our audits provide a reasona

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consoli
SBM Financial, Inc. and subsidiaries as of December 31, 2014 and 2013, and the consolidated results of their operations
cash flows for each of the three years in the period ended December 31, 2014 in conformity with accounting principles g
United States of America.

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements taken as a wh
supplementary information is presented for purposes of additional analysis as required by the *Consolidated Audit Guide*
Programs issued by the U.S. Department of Housing and Urban Development (HUD), Office of Inspector General, and
consolidated financial statements. Such information is the responsibility of management and was derived from and relat
underlying accounting and other records used to prepare the consolidated financial statements. Such information has bee
procedures applied in the audits of the consolidated financial statements and certain additional procedures, including co
such information directly to the underlying accounting and other records used to prepare the consolidated financial state
consolidated financial statements themselves, and other additional procedures in accordance with the standards of the Pu
Oversight Board (United States). In our opinion, the supplementary information is fairly stated, in all material respects,
consolidated financial statements taken as a whole.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 31, 2015 on our consid
internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, c

agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over fi
compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or o
is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Bank's i
financial reporting and compliance.

/s/ Berry Dunn McNeil & Parker, LLC

Portland, Maine

March 31, 2015

SBM FINANCIAL, INC. AND SUBSIDIARIES

Consolidated Balance Sheets

December 31, 2014 and 2013

ASSETS

	201
Cash and due from banks	$10
Interest-bearing deposits in banks	24
Total cash and cash equivalents	35
Securities held-to-maturity (fair value of $84,310,626 and $77,440,447 at December 31, 2014 and 2013)	81
Securities available-for-sale	1,
Federal Home Loan Bank of Boston stock, at cost	3,
Loans held for sale	6,
Loans receivable, net of allowance for loan losses of $8,041,766 and $8,673,260 at December 31, 2014 and 2013	62
Premises and equipment, net	21
Other real estate owned	85
Accrued interest receivable	1,
Deferred tax asset	25
Loan servicing rights	1,
Other assets	3,
	$80

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

LIABILITIES AND EQUITY CAPITAL

	201
Liabilities	
Deposits	$65
Securities sold under agreements to repurchase	25
Escrow accounts	78
Accrued interest and other liabilities	8,3
Federal Home Loan Bank advances	20
Note payable	9,0
Total liabilities	72
Commitments and contingencies (Notes 11 through 16, and 18)	
Equity capital	
Preferred stock, $.01 par value; 50,000,000 shares authorized; no shares issued and outstanding at December 31, 2014 and 2013	-
Common stock, $.01 par value; 100,000,000 shares authorized; 632,750 and 630,750 shares issued, 613,424 and 612,560 shares outstanding at December 31, 2014 and 2013, respectively	6,1
Additional paid-in capital	56
Retained earnings	29
Accumulated other comprehensive income (loss)	
Net unrealized appreciation on securities available-for-sale, net of deferred income tax	52
Net unrealized loss on securities transferred to held-to-maturity, net of deferred income tax	(8
Total equity capital	85
	$80

SBM FINANCIAL, INC. AND SUBSIDIARIES

Consolidated Statements of Operations

Years Ended December 31, 2014, 2013 and 2012

	2014	2013	2012
Interest and dividend income			
Interest and fees on loans	$26,315,528	$27,143,239	$26,237,595
Interest and dividends on investments	2,415,980	984,298	1,353,648
Other interest-earning assets	132,227	171,734	152,650
Total interest and dividend income	28,863,735	28,299,271	27,743,893
Interest expense			
Deposits	2,586,669	2,823,791	3,197,053
Securities sold under agreements to repurchase	58,160	64,110	91,488
Federal Home Loan Bank advances	**39,092**	-	-
Note payable	456,250	456,250	457,500
Total interest expense	3,140,171	3,344,151	3,746,041
Net interest income	25,723,564	24,955,120	23,997,852
Provision for (reduction in) loan losses	1,000,000	500,000	(103,000)
Net interest income after provision for loan losses	24,723,564	24,455,120	24,100,852
Non-interest income			
Service charges on deposit accounts	1,982,732	2,254,177	1,972,855
Loan servicing fees and fair value adjustment	436,302	1,258,748	796,317
Rental income	243,955	396,464	498,700
Net debit and credit card income	1,063,668	1,112,743	965,998
Brokerage, advisory and insurance sales income	539,844	677,321	583,050
Net gain and fees on sale of residential loans	3,072,820	3,429,073	5,461,620
Net gain and fees on sale of commercial loans	**-**	705,309	-
Net gain on sale of other real estate owned	15,039	74,675	46,396
Net gain (loss) on sale of premises and equipment	55,830	601,881	(7,639)
Loss on asset impairment	-	(247,593)	-
Net gain on sale of branch operations	-	2,547,010	-
Net gain on sale of subsidiary	-	-	97,500
Realized gain on sale of securities	93,925	29,312	1,495,645
Other non-interest income	552,322	854,173	1,077,030

Total non-interest income	8,056,437	13,693,293	12,987,472
Non-interest expense			
Salaries and employee benefits	15,725,248	20,053,918	20,589,004
Occupancy and equipment	5,655,557	6,089,180	6,416,018
Other real estate owned write-down	49,410	349,135	1,345,486
Other non-interest expense	8,646,427	10,598,048	10,878,640
Total non-interest expense	30,076,642	37,090,281	39,229,148
Income (loss) before income taxes	2,703,359	1,058,132	(2,140,824)
Income tax expense (benefit)	1,016,870	479,435	(1,136,252)
Net income (loss)	$1,686,489	$578,697	$(1,004,572)
Per common share data:			
Basic earnings (loss) per share	$2.75	$0.95	$(1.65)
Diluted earnings (loss) per share	$2.75	$0.95	$(1.65)

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

SBM FINANCIAL, INC. AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income (Loss)

Years Ended December 31, 2014, 2013 and 2012

	2014	2
Net income (loss)	$1,686,489	$
Other comprehensive income (loss), net of tax		
Unrealized appreciation (depreciation) on securities available-for-sale:		
Unrealized gains (losses) arising during the year	168,317	
Tax effect	(57,228)	
	111,089	
Reclassification adjustment for gains included in net income or loss[1]	(93,925)	
Tax effect[3]	31,934	
	(61,991)	
	49,098	
Reclassification adjustment for amortization of unrealized losses on securities transferred to held-to-maturity [2]	182,130	
Tax effect[3]	(61,924)	
	120,206	
Other comprehensive income (loss)	169,304	
Total comprehensive income (loss)	$1,855,793	$

[1] Reclassified into the consolidated statements of operations in realized gain on sale of securities.

[2] Reclassified into the consolidated statements of operations in interest and dividends on investments.

[3] Reclassified into the consolidated statements of operations in income tax expense (benefit).

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

SBM FINANCIAL, INC. AND SUBSIDIARIES

Consolidated Statements of Changes in Equity Capital

Years Ended December 31, 2014, 2013 and 2012

	Preferred Stock	Common Stock	Additional Paid-in Capital	Retained Earnings	Acc Oth Cor Inc
Balance, December 31, 2011	$ -	$ 6,045	$55,596,020	$28,057,271	$ 20
Net loss	-	-	-	(1,004,572)	-
Other comprehensive income	-	-	-	-	38
Total comprehensive loss					
Change to fair value accounting for loan servicing rights, net of income tax expense of $231,998	-	-	-	450,339	
Issuance of common stock under stock compensation plan	-	52	(52)	-	-
Repurchase of common stock	-	(4)	(42,896)	-	-
Stock-based compensation expense	-	-	408,991	-	-
Balance, December 31, 2012	-	6,093	55,962,063	27,503,038	58
Net income	-	-	-	578,697	-
Other comprehensive loss	-	-	-	-	(1
Total comprehensive loss					
Issuance of common stock under stock compensation plan	-	33	(33)	-	-
Stock-based compensation expense	-	-	270,057	-	-
Balance, December 31, 2013	-	6,126	56,232,087	28,081,735	(4
Net income	-	-	-	1,686,489	-
Other comprehensive income	-	-	-	-	16
Total comprehensive income					
Issuance of common stock under stock compensation plan	-	8	(8)	-	-
Stock-based compensation expense	-	-	135,580	-	-
Balance, December 31, 2014	$ -	$ 6,134	$56,367,659	$29,768,224	$ (2

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

SBM FINANCIAL, INC. AND SUBSIDIARIES

Consolidated Statements of Cash Flows

Years Ended December 31, 2014, 2013 and 2012

	2014	2013
Cash flows from operating activities		
Net income (loss)	$1,686,489	$578
Adjustments to reconcile net income (loss) to net cash provided by (used) in operating activities		
Depreciation and amortization	1,746,119	2,09
Net amortization of premiums and discounts on securities	(19,677)	406
Amortization of unrealized holding losses on securities transferred to held-to-maturity	182,130	33,5
Other real estate owned write-down	49,410	349
Provision for (reduction in) loan losses	1,000,000	500
Increase in net deferred loan costs	(849,965)	(817
Net (gain) loss on sale of premises and equipment	(55,830)	(601
Net gain on sale of other real estate owned	(15,039)	(74,
Net gain on sale of branch operations	-	(2,5
Net gain on sale of loans	(2,634,121)	(3,5
Net gain on sales of securities	(93,925)	(29,
Impairment of premises and equipment	-	247
Gain on sale of subsidiary	-	-
Deferred income taxes	602,364	459
Stock-based compensation expense	135,580	270
Decrease in accrued interest receivable and other assets	762,396	19,6
(Increase) decrease in loan servicing rights	349,430	(425
(Decrease) increase in accrued expenses and other liabilities	(481,374)	1,43
Loans originated for sale	(141,677,362)	(172
Proceeds from sale of loans held for sale	140,572,132	172
Net cash provided by (used in) operating activities	1,258,757	(1,1
Cash flows from investing activities		
Proceeds from sale of premises and equipment	416,813	4,31
Net cash settlement on branch divestiture	-	(45,
Proceeds from sale of subsidiary	-	-
Additions to premises and equipment	(840,000)	(935
Loan originations and principal collections, net	(54,695,297)	(9,4
Proceeds from the sale of other real estate owned	2,132,647	6,16
Cash paid for costs capitalized in other real estate owned	(64,312)	(116

Redemption of Federal Home Loan Bank stock	-	485
Purchase of securities available-for-sale	(9,509,279)	(19,
Purchase of securities held-to-maturity	(9,560,000)	(25,
Proceeds from principal payments on securities held-to-maturity	6,480,804	996
Proceeds from sales, calls, maturities and principal payments of securities available-for-sale	9,598,830	25,7
Net cash used in investing activities	(56,039,794)	(63,

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

(Continued next page)

SBM FINANCIAL, INC. AND SUBSIDIARIES

Consolidated Statements of Cash Flows (Concluded)

Years Ended December 31, 2014, 2013 and 2012

	2014	2013	2012
Cash flows from financing activities			
Net increase in deposits	$32,327,429	$36,224,832	$8,560,322
Net (decrease) increase in escrow accounts	(207,522)	129,442	(122,986)
Net change in securities sold under agreements to repurchase	7,504,989	(6,832,910)	(1,566,395)
Net increase in short-term advances	20,000,000	-	-
Repurchase of common stock	-	-	(42,900)
Net cash provided by financing activities	59,624,896	29,521,364	6,828,041
Net increase (decrease) in cash and cash equivalents	4,843,859	(35,669,476)	10,433,085
Cash and cash equivalents, beginning of year	30,231,506	65,900,982	55,467,897
Cash and cash equivalents, end of year	$35,075,365	$30,231,506	$65,900,982
Supplementary cash flow information:			
Cash paid for interest on deposits, borrowed funds, and note payable	$2,688,543	$2,893,616	$3,788,041
Cash paid for income taxes	118,900	26,168	48,868
Non-cash transactions			
Transfers from loans receivable to other real estate owned	1,422,166	2,234,103	4,196,310
Transfer from premises and fixed assets to other real estate owned	142,964	-	-
Transfers from loans held for sale to loans held for investment	-	14,221,572	3,397,565
Transfer of securities available-for-sale to held-to-maturity	-	55,634,504	-

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

SBM FINANCIAL, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

December 31, 2014, 2013 and 2012

Nature of Business

SBM Financial, Inc. (the Company) is a federal savings bank holding company, organized under the laws of the state of
is regulated by the Federal Reserve Bank.

The Company’s wholly-owned subsidiary, The Bank of Maine (the Bank), is a federal savings bank formerly regulated
Supervision (OTS) and now regulated by the Office of the Comptroller of the Currency (OCC). The Bank’s deposits are
Deposit Insurance Corporation (FDIC), to the extent provided by FDIC.

The Bank provides a full range of banking services to individual and corporate customers from twenty-four offices in D
Southern Maine. The Bank’s wholly-owned subsidiary, Healthcare Professional Funding Corporation, has its headquarte
Massachusetts from which it engages in lending to dentists, ophthalmologists, and veterinarians throughout the United S
offered real estate title services through Yankee Title and mail processing services though Cobbossee Service Corporati
subsidiaries of the Bank. The assets of Yankee Title were sold in 2012 and the subsidiary was dissolved. The operations
Corporation were terminated in 2012 and the subsidiary was dissolved. The results of operations of these subsidiaries ar
discontinued operations in the consolidated statements of operations because they were not significant to the financial co
operations of the Company. The Bank provides investment and insurance products to the Bank's customers through Cete
LLC (formerly Primevest Financial Services, Inc.), an independently-owned company. The Bank also owns subsidiaries
estate owned.

Corporate History and Restructuring

In 2008, the ownership structure of the Bank was reorganized so that the Bank was owned by Savings Bank of Maine Ba
mid-tier holding company, and Bancorp was owned by Savings Bank of Maine, MHC (MHC), a federal mutual holding

In May 2010, MHC was merged with and into Bancorp and then Bancorp was merged with and into the Company, a new corporation. At the time of these mergers, the Company was capitalized with $60,000,000 of common stock in a private These mergers and capitalization, and the creation of the Company as a privately-owned federal savings bank holding co May 7, 2010 by the OTS pursuant to a Plan of Voluntary Supervisory Conversion (the Restructuring).

On June 21, 2012, the Bank entered into a Formal Agreement with the OCC (Formal Agreement) which required the Ba corrective actions. By virtue of the Formal Agreement, the Bank was designated in “troubled condition” as set forth in 1 October 14, 2014, the OCC terminated the Formal Agreement and the “troubled condition” designation of the Bank. Sin longer designated as in “troubled condition” as of January 13, 2015.

SBM FINANCIAL, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

December 31, 2014, 2013 and 2012

1. Summary of Significant Accounting Policies

Basis of Presentation and Consolidation

The accompanying consolidated financial statements include the accounts of SBM Financial, Inc., the Bank and the Ban subsidiaries, Healthcare Professional Funding Corporation, Whiskeag-Bath, Inc., Property T, Inc., Property T2, Inc., Pro Property A, Inc. (collectively referred to as the Company). All intercompany accounts and transactions have been elimin

Use of Estimates

In preparing consolidated financial statements in conformity with accounting principles generally accepted in the United (GAAP), management is required to make estimates and assumptions that affect the reported amounts of assets and liabi contingent assets and liabilities as of the date of the balance sheet and reported amounts of revenues and expenses durin Actual results could differ from those estimates.

Material estimates that are particularly susceptible to significant change in the near term relate to the determination of th losses, the valuation of other real estate owned (REO), loans held for sale, loan servicing rights, and deferred tax assets. determination of the allowance for loan losses and the carrying value of other real estate owned, management obtains in significant properties. The valuation of loans held for sale is based on commitments from investors or prevailing market recent purchase offers and recent sale transactions for comparable assets.

The Company records a net deferred tax asset to the extent management believes these assets will more likely than not b determinations, management considers all available positive and negative evidence, including future reversals of existin differences, projected future taxable income, tax planning strategies and recent financial operations. In the event manage Company would not be able to realize the deferred income tax assets in the future, an adjustment to the valuation allowa

that would increase income tax expense.

Reclassifications

Certain amounts in prior periods have been reclassified to conform to the current presentation.

Segments

The Company, through the operations of its subsidiary, The Bank of Maine, provides a broad range of financial services companies primarily in Maine. Operations are managed and financial performance is evaluated on a bank-wide basis. A Company's banking operations are aggregated in one reportable operating segment.

SBM FINANCIAL, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

December 31, 2014, 2013 and 2012

Significant Group Concentrations of Credit Risk

A substantial portion of the Bank's loans are collateralized by real estate located in Maine. In addition, REO held by the
Accordingly, the ultimate collectability of a substantial portion of the Bank's loan portfolio and the recovery of the carry
subject to changes in economic conditions in Maine. In addition to this geographic concentration, the Bank has a loan co
subsidiary, Healthcare Professional Funding Corporation, in loans to dentists, ophthalmologists and veterinarians. These
the United States. As of December 31, 2014 and 2013, these loans totaled $90.9 and $84.5 million, respectively, or 106%
Company's total equity capital. The collectability of this type of loan may be susceptible to changes in consumer needs a
reimbursement for medical care.

Cash and Cash Equivalents

For purposes of the consolidated statements of cash flows, cash and cash equivalents include cash and due from banks a
in banks. The Company's cash in bank deposit accounts, at times, may exceed federally insured limits. The Company ha
losses in such accounts. The Company believes it is not exposed to any significant risk with respect to cash and cash equ

Securities

Debt securities that management has the positive intent and ability to hold to maturity are classified as "held-to-maturity
amortized cost. Securities not classified as held-to-maturity, including equity securities with readily determinable fair va
"available-for-sale" and recorded at fair value, with unrealized gains and losses excluded from earnings and reported in
income or loss.

Purchase premiums and discounts are recognized in interest income using the interest method over the terms of the secu
value of individual equity securities that are deemed to be other-than-temporary are reflected in earnings when identifie
securities where the Bank does not intend to sell the security and it is not more likely than not that the Bank will be requ
before recovery of its amortized cost basis, the other-than-temporary decline in the fair value of the debt security related
recognized in earnings, and 2) other factors is recognized in other comprehensive income or loss. Credit loss is deemed
of expected future cash flows is less than the amortized cost basis of the debt security. For individual debt securities whe
the security or more likely than not will be required to sell the security before recovery of its amortized cost, the other-th
is recognized in earnings equal to the entire difference between the security's cost basis and its fair value at the balance
on the sale of securities are recorded on the trade date and are determined using the specific identification method.

SBM FINANCIAL, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

December 31, 2014, 2013 and 2012

The Bank is a member of the Federal Home Loan Bank of Boston (FHLB) and as a requirement of membership owns a stock based on the type and level of its advances as further described in Note 10. For the years ended December 31, 201 paid dividends to the Bank totaling $56,766, $15,306 and $22,684, respectively. In 2014, 2013 and 2012, respectively, F FHLB stock from the Bank in the amount of $0, $485,200 and $481,000. A market for FHLB stock is not readily availal investment is carried at par value which also represents cost. The Bank continues to monitor its investment in FHLB sto

Loans Held for Sale

Loans originated and intended for sale in the secondary market are carried at the lower of cost or estimated fair value in unrealized losses, if any, are recognized through a valuation allowance by charges to earnings. Loans held for sale that w investment are recorded at the lower of cost or estimated fair value in the aggregate. Losses upon transition from loans h held for sale are recognized through the provision for loan losses to the extent not previously provided for and the corres down to their estimated fair value through the allowance for loan losses.

Loans

The following accounting policies, related to accrual and non-accrual loans, apply to all loan segments and classes.

Loans that management has the intent and ability to hold for the foreseeable future or until maturity or pay-off are gener outstanding unpaid principal balances adjusted for charge-offs, the allowance for loan losses, and any deferred fees or co accrued on the unpaid principal balance.

Loan origination fees, net of certain direct origination costs, and fees paid on purchased loans are deferred and recognize related loan yield using the interest method.

In general, commercial non-real estate, commercial real estate and commercial construction loans are charged-off in par considered uncollectible. Residential real estate, construction and home equity loans are generally written down to the c loan is delinquent for 180 consecutive days. Secured consumer loans are charged-off if the loan is delinquent for 120 co consumer loans are charged-off when 90 days past due.

Past due status is determined based on contractual terms. In December 2014, the Bank changed its past due reporting po scheduled monthly are reported past due when the borrower is in arrears two or more monthly payments. The 2013 past has been reclassified to be on a comparative basis with 2014. The accrual of interest on all classes of loans is discontinu days delinquent. In all cases, loans are placed on non-accrual, or charged-off, at an earlier date, if collection of principal doubtful.

All interest accrued but not collected on loans that are placed on non-accrual or charged-off is reversed against interest i on these loans are applied to principal balances until the loan qualifies for return to accrual status. Loans are returned to principal and interest amounts contractually due are brought current and future payments are reasonably assured.

SBM FINANCIAL, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

December 31, 2014, 2013 and 2012

Allowance for Loan Losses

The allowance for loan losses is established for loan losses that are estimated to have occurred, through a provision for l earnings. A loan loss is charged against the allowance when management believes a loan balance is uncollectible. Subse are credited to the allowance.

The allowance for loan losses is evaluated by management on a regular basis and is based upon management's periodic r of the Bank's loans in light of the Bank's historical experience with its loan portfolio, the nature and size of the Bank's l borrowers to repay their loans, the estimated value of any collateral securing the loans and prevailing economic conditio similar process to estimate its liability for off-balance-sheet commitments to extend credit and this estimate is included i evaluation is subjective since it is based on estimates that are periodically revised to reflect current information and is su revision as more information becomes available.

The Bank periodically evaluates its larger-balance, non-homogeneous loans for impairment. A loan is considered impair determines that it is probable that the Bank will be unable to collect all amounts due according to the original contractua agreement. Impairment is measured by the difference between the recorded investment in the loan (including accrued in fees or costs, and the unamortized premium or discount) and the estimated present value of total expected future cash flo effective rate or the fair value of the collateral, if the loan is collateral-dependent.

Management identifies and reviews all loans equal to or greater than $250,000 for impairment. Identification is based on including: risk rating, delinquency, loan classification, non-accrual status, loans which are on a "watch list" and other cr by management.

If it is determined that a loan is not impaired, the loan will be grouped with other loans for consideration in developing t

If it is determined that a loan is impaired, management measures the amount of impairment, which is included as a speci
allowance for loan losses. Subsequent evaluations of impairment and adjustments to the reserve are performed on a quar
determined that an “impaired loan” has no impairment amount, the loan will remain segregated as impaired, but no reser
Subsequent evaluations of impairment, and adjustment to the reserve, are performed on a quarterly basis.

In addition, management will review for impairment any group of loans with similar risk/class characteristics but with in
$250,000, if borrowers with those risk characteristics or in that class have been adversely affected by business environm
changes.

SBM FINANCIAL, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

December 31, 2014, 2013 and 2012

The Bank may periodically agree to modify the contractual terms of loans. When a loan is modified and a concession is experiencing financial difficulty, the modification is considered a troubled debt restructuring. All troubled debt restructu impaired and are primarily measured using the present value of expected future cash flows. Troubled debt restructurings collateral-dependent are measured using the fair value of collateral. The determination of whether interest is accrued on loans is the same as for other impaired loans.

Estimating the Allowance for Loan Losses

The Bank's methodology for assessing the appropriateness of the allowance for loan losses consists of several key elem allowance based on a combination of historical loss factors and qualitative loss factors, a specific allowance for impaire unallocated allowance related to a risk assessment of the entire loan portfolio.

Qualitative factors used in calculating the general allowance include any inherent risks which may not be reflected in his each loan class, qualitative factors are graded based on credit quality factors, including Pass/Watch, Special Mention, Su well as by various loan classes as further described below. The qualitative factors which management considers are:

- National economic stability
- Regional economic stability
- Real estate prices within the region
- General loan portfolio risk/maturity of cycle
- Trends in delinquencies
- Industry concentration within the portfolio
- Growth of loan portfolio
- Portfolio management
- External loan review
- Federal and/or state guaranty programs
- Competition within the Bank's markets
- Legal and regulatory environment

The general component of the allowance for loan losses is based on historical loss experience adjusted for qualitative fac
loan portfolio categories, subcategories and segments referenced below. Management uses an average of historical losse
appropriate to capture relevant loss data for each portfolio segment. Management deems 36 months to be an appropriate
base historical losses for each portfolio segment. Management follows a similar process to estimate its liability for off-b
to extend credit.

SBM FINANCIAL, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

December 31, 2014, 2013 and 2012

The qualitative factors are determined based on the various risk characteristics of each portfolio segment. Risk character
portfolio segment are as follows:

Commercial non-real estate: Loans in this segment are made to businesses and are generally secured by assets of the b
expected from the cash flows of the business. A weakened economy will have an effect on the credit quality in this segm

Commercial real estate and construction: Loans in this segment are primarily secured by income-producing properties
businesses. The cash flows generated by the properties may be adversely affected by a downturn in the economy. This w
increased vacancy rates that will have an effect on the credit quality of this segment. Management obtains rent rolls and
statements no less than annually and continually monitors the cash flows of these loans.

Residential real estate and home equity lines of credit: All loans in this segment are collateralized by owner-occupied
repayment is dependent on the credit quality of the individual borrower. The overall health of the economy, including un
housing prices, will have an effect on the credit quality of this segment.

Consumer: Repayment of loans in this segment is generally dependent on the credit quality of the individual borrower.

The specific allowance on an impaired loan is established when a loss is probable and can be estimated. Such a provisio
estimate of the present value of total expected future cash flows or the fair value of the collateral for the loan, considerin
future market conditions, if the loan is collateral-dependent. When available information confirms that loans or portions
these amounts are charged-off against the allowance for loan losses. Subsequent recoveries, if any, are credited to the all

The general unallocated allowance is based upon management's evaluation of various factors that are not directly measu
the general and specific allowances. The unallocated component is maintained to cover uncertainties that could affect m

probable losses and reflects the margin of imprecision inherent in the underlying assumptions used in the methodologies and general reserves in the portfolio. This evaluation is subjective and revised periodically as it requires estimates that a revision as information changes.

For purposes of calculating the appropriate level of allowance for loan losses, the loan portfolio is currently segregated i Pass, Special Mention, Substandard, Doubtful and Loss. The Pass category is further segregated into two sub-categories originated under guidelines prior to the Restructuring of the Bank and loans underwritten and originated subsequent to t

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SBM FINANCIAL, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

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Each of the above categories is further segmented by loan class and includes:

Commercial non-real estate

Commercial real estate

Commercial construction

Residential real estate

Home equity advances

Consumer

There were no changes in the Bank's accounting policies or methodology pertaining to the allowance for loan losses dur
December 31, 2014, 2013 and 2012.

Loan Servicing

Effective January 1, 2012, the Bank changed its method of accounting for loan servicing rights from the amortization m
measurement method. See Note 6.

The Company capitalizes and carries loan servicing rights at their estimated fair value. Capitalized servicing rights are r
sheet. Adjustments to fair value are recorded in non-interest income over the period of servicing.

The valuation of loan servicing rights is a critical accounting policy, which requires significant estimates and assumptio
sells loans it originates and retains the servicing of such loans, receiving a fee for these services. Servicing rights are rec
separate asset when servicing rights are acquired through the sale of loans. Management uses an independent firm which
valuation of servicing rights to determine fair value for each reporting date. The most important assumption in valuing s
anticipated loan prepayment rate, with increases in prepayments resulting in lower valuations. Fair value adjustments ar
fees on the Company's consolidated statements of operations.

Other Real Estate Owned

Assets acquired through, or in lieu of, loan foreclosure (REO) are held for sale and are initially recorded at fair value, le
foreclosure, establishing a new cost basis. Subsequent to foreclosure, valuations are periodically performed by managem
carried at the lower of carrying amount or the updated fair value, less cost to sell. Revenue and expenses from operation
valuation are included in net expenses from REO.

Advertising

Advertising costs are expensed as incurred. These costs were $420,425, $886,714 and $849,863 for the years ended Dec
2012, respectively.

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Credit Related Financial Instruments

In the ordinary course of business, the Bank has entered into commitments to extend credit, including commercial letters
letters of credit. Such financial instruments are recorded when they are funded.

Premises and Equipment

Land is carried at cost. Buildings and equipment are carried at cost, less accumulated depreciation computed primarily o
over the estimated useful life of the assets. Leasehold improvements are amortized over the lesser of the lease terms or t
the assets.

Equity Incentive Plan

The Company expenses compensation costs associated with share-based payment transactions, such as options, restricte
unit awards, in the financial statements over the requisite service (vesting) period.

Income Taxes

Deferred income tax assets and liabilities are determined using the liability (or balance sheet) method. Under this metho
or liability is determined based on the tax effects of the temporary differences between the book and tax bases of balanc
and operating losses and tax credits that are available to offset future taxable income, and gives current recognition to ch
laws.

Comprehensive Income (Loss)

Accounting principles generally require that recognized revenue, expenses, gains and losses be included in net income (
changes in assets and liabilities, such as unrealized gains and losses on available-for-sale securities, are reported as a sep
equity capital section of the consolidated balance sheets, such items, along with net income (loss), are components of co
(loss).

Earnings (Loss) Per Common Share

Basic earnings (loss) per common share represents income or loss available to common stockholders divided by the adju
number of common shares outstanding during the period. The adjusted weighted average number of common shares out
weighted average of common shares issued less the average number of unvested restricted stock unit awards under the E
Diluted earnings per common share, reflects additional common shares that would have been outstanding if dilutive pote
been issued. Potential common shares that may be issued by the Company relate to outstanding vested and unvested stoc
stock unit awards and are determined using the treasury stock method.

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The following table sets forth the computation of basic and diluted earnings (loss) per common share for the years ende

	2014	2013	2012
Net income (loss)	$1,686,489	$578,697	$(1,004,572)
Weighted average number of common shares issued	630,835	627,216	620,000
Less: average number of unvested restricted stock units	17,376	16,585	11,032
Adjusted weighted average number of common shares outstanding	613,459	610,631	608,968
Plus: dilutive effect of unvested restricted stock units	-	-	1,174
Diluted weighted average number of shares outstanding	613,459	610,631	610,142
Net income (loss) per share:			
Basic earnings (loss) per common share	$2.75	$0.95	$(1.65)
Diluted earnings (loss) per common share	$2.75	$0.95	$(1.65)

Due to the net loss in 2012, the 1,174 incremental shares from assumed conversion of restricted stock units into shares a computation of diluted loss per common share as the effect would be anti-dilutive.

There were 27,500, 28,100 and 24,150 stock options for the years ended December 31, 2014, 2013 and 2012, respective earnings per share because they were out-of-the-money and their effect was anti-dilutive.

Recently Issued Accounting Pronouncements

In January 2014, Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2014-
Residential Real Estate Collateralized Consumer Mortgage Loans upon Foreclosure. The amendments in this ASU clar
repossession or foreclosure occurs, and a creditor is considered to have received physical possession of residential real e
collateralizing a consumer mortgage loan, upon either (1) the creditor obtaining legal title to the residential real estate pr
a foreclosure, or (2) the borrower conveying all interest in the residential real estate property to the creditor to satisfy tha
of a deed in lieu of foreclosure or through a similar legal agreement. Additionally, the amendments require disclosure of
foreclosed residential real estate property held by the creditor, and (2) the recorded investment in consumer mortgage lo
residential real estate property that are in the process of foreclosure. The amendments in this ASU are effective for annu
December 15, 2014. Management has reviewed the ASU and does not believe that it will have a material effect on the C
financial statements.

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In May 2014, FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers* (Topic 606). The ASU was issu
for recognizing revenue and to develop a common revenue standard. The ASU is effective for annual reporting periods b
15, 2016, including interim periods within that reporting period. The Company is currently evaluating the potential impa
consolidated financial statements.

In June 2014, FASB issued ASU No. 2014-11, Transfers and Servicing (Topic 860): *Repurchase-to-Maturity Transactio*
Financings, and Disclosures. The ASU was issued to respond to concerns about current accounting and disclosures for r
similar transactions. The concern was that under current accounting guidance there is an unnecessary distinction betwee
different types of repurchase agreements. Under current guidance, the repurchase-to-maturity transactions are accounted
agreements, whereas repurchase agreements that settle before the maturity of the transferred financial asset are accounte
borrowings. The ASU amendments require new disclosures for repurchase agreements, securities lending transactions, a
transactions accounted for as secure borrowings. The ASU is effective for annual periods, and interim periods within tho
beginning after December 15, 2014. The ASU will not have a material effect on the Company's consolidated financial st

In June 2014, FASB issued ASU No. 2014-12, Compensation - Stock Compensation (Topic 718): *Accounting for Share*
Terms of an Award Provide That a Performance Target Could Be Achieved after the Requisite Service Period. The ASU
current GAAP does not contain explicit guidance on how to account for share-based payments when a performance targ
the requisite service period. The ASU is effective for annual periods and interim periods within those annual periods beg
2015. The ASU will not have a material effect on the Company's consolidated financial statements.

In August 2014, FASB issued ASU No. 2014-14, Receivables - Troubled Debt Restructurings by Creditors (Subtopic 31
Certain Government-Guaranteed Mortgage Loans upon Foreclosure. The ASU was issued to provide specific guidance
measure foreclosed mortgage loans that are government guaranteed. The ASU is effective for annual periods, and interi
annual periods, beginning after December 15, 2014. The ASU is not expected to have a material effect on the Company'
statements.

Subsequent Events

On March 29, 2015, Camden National Corporation ("Camden National"), the holding company for Camden National Ba
entered into an Agreement and Plan of Merger (the "Merger Agreement") pursuant to which the Company will merge w
National, the separate corporate existence of the Company will thereupon cease and Camden National will continue as t
(the "Merger"). It is anticipated that the Bank, as the Company's wholly-owned subsidiary, will merge with and into Ca
Camden National Bank continuing as the surviving bank, concurrently with the Merger.

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SBM FINANCIAL, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

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Pursuant to the terms of the Merger Agreement, at the effective time of the Merger (the "Effective Time"), each outstand par value $0.01 per share, of the Company ("Company Common Stock") will be converted into the right to receive at th thereof either (1) $206.00 in cash, without interest or (2) 5.421 shares of common stock, no par value per share, of Camd proration to ensure that in the aggregate 80% of Company Common Stock will be converted to Camden National Comm remaining 20% of Company Common Stock will be converted to cash.

The Bank paid dividends of $1,530,000 and $106,250 on January 21, 2015 and March 2, 2015, respectively. The divider Company to pay its debt obligation to Bankers' Bank Northeast. The Bank expects to submit a Notice to the Federal Res seeking non-objection to the Bank's declaration of a dividend of $606,250 to be payable to the Company in two parts, th 2015 and the second on or about May 31, 2015, with the full amount of the dividend to be applied by the Company to m 1, 2015 and June 1, 2015 on its debt obligation to Bankers' Bank Northeast. See Note 10.

Subsequent events represent events or transactions occurring after the balance sheet date but before the financial stateme available to be issued. Financial statements are considered "issued" when they are widely distributed to stockholders and reliance in a form and format that complies with GAAP. Financial statements are considered "available to be issued" wh and format that complies with GAAP and all approvals necessary for their issuance have been obtained. The Company h or events occurring through March 31, 2015, which was the date the financial statements were available to be issued.

2. Branch Divestiture

On December 13, 2013, the Bank sold six branches located in Fort Kent, Mars Hill, Houlton, Presque Isle, Caribou and Savings Bank. Included in the sale were branch deposits of $68,600,000, business and consumer loans of $22,700,000 a equipment with a carrying value of $3,700,000. The Bank realized a pre-tax net gain on the sale of branch operations of net gain of approximately $600,000 on the sale of the related real estate and equipment.

3. Cash and Due from Banks

The Bank is required to maintain certain reserves of vault cash or deposits with the Federal Reserve Bank. The amount c
included in cash and due from banks, was approximately $3,802,000 and $2,561,000 as of December 31, 2014 and 2013

SBM FINANCIAL, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

December 31, 2014, 2013 and 2012

4. Securities

The amortized cost and fair value of securities, with gross unrealized gains and losses, at December 31, follows:

	2014			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Securities available-for-sale				
Marketable equity securities	$559,970	$799,630	$ -	$1,359,600
Securities held-to-maturity				
U.S. Government-sponsored enterprises debt security	$9,595,235	$204,765	-	$9,800,000
Mortgage-backed securities	72,257,199	2,253,427	-	74,510,626
	$81,852,434	$2,458,192	$ -	$84,310,626

	2013			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Securities available-for-sale				
Marketable equity securities	$559,970	$ 725,237	$-	$1,285,207
Securities held-to-maturity				
Mortgage-backed securities	$78,749,186	$ -	$1,308,739	$77,440,447

At December 31, 2014 and 2013, the carrying amount of securities pledged was $81,852,434 and $78,749,186, respectiv

The Company has only one U.S. Government-sponsored enterprises debt security, which is callable any time after five c
on this security is 2023. Contractual maturities are not presented for mortgage-backed securities because they have an u
to unscheduled prepayments.

For the years ended December 31, 2014, 2013 and 2012, proceeds from sales of securities available-for-sale amounted t
and $253,816,820, respectively. Gross realized gains related to these sales amounted to $93,925, $29,312, and $1,495,64
respectively. There were no gross realized losses for the years ended December 31, 2014, 2013 and 2012.

Management periodically evaluates the Company’s investments for other-than-temporary impairment based on the type
period of time the investment has been in an unrealized loss position. Once a decline in value is determined to be other-t
of the security is reduced and a corresponding charge to earnings is recognized. At December 31, 2014 and 2013, manag
investments are not other-than-temporarily impaired.

SBM FINANCIAL, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

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Information pertaining to securities with unrealized losses aggregated by investment category and length of time in a co
December 31, 2013 follows:

	2013					
	Less than 12 months		12 months or greater		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
Mortgage-backed securities	$61,699,142	$1,155,713	$15,741,305	$153,026	$77,440,447	$1,308,739
Total temporarily impaired securities	$61,699,142	$1,155,713	$15,741,305	$153,026	$77,440,447	$1,308,739

The Company held $77,440,447 at carrying value, in investment securities with unrealized losses that are considered ter
2013. The unrealized losses at December 31, 2013 primarily related to mortgage-backed securities which are sponsored
government. These unrealized losses were due primarily to higher current interest rates for similar types of securities. In
unrealized losses are other than temporary, management reviews the issuer's financial condition and considers, among o
securities are issued by the federal government or its agencies and whether a downgrade by a bond rating agency has oc
the ability to hold debt securities until maturity, or the foreseeable future if classified as available-for-sale, no declines w
other-than-temporary.

5. Loans Receivable

A summary of the balances of loans at December 31 follows:

	2014	2013
Real estate loans		
Residential real estate	$227,302,546	$186,215,544
Commercial real estate	189,054,511	184,813,259

Commercial construction	7,034,678	2,090,529
Home equity advances	74,689,384	72,637,866
	498,081,119	445,757,198
Commercial non-real estate	124,740,391	123,351,657
Consumer	8,188,593	9,444,645
Subtotal	631,010,103	578,553,500
Less: Allowance for loan losses	(8,041,766)	(8,673,260)
Loans, net	$622,968,337	$569,880,240

Loan balances include net deferred loan costs of $4,882,796 and $4,032,831 at December 31, 2014 and 2013, respective
at December 31, 2014, include $248,936 in unamortized loan acquisition fees. During the year ended December 31, 201
$20,332,450 in residential real estate loans and paid an acquisition fee of $259,491. The loans acquired were newly orig
loans are included in the Bank’s estimate of the allowance for loan losses.

SBM FINANCIAL, INC. AND SUBSIDIARIES

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Total loans pledged to secure borrowings and available borrowing capacity totaled $242,501,973 and $214,070,536 at D
2013, respectively.

In the ordinary course of business, the Bank has granted loans to officers and directors and their affiliates with terms tha
Bank's lending policies and regulatory requirements. The following summarizes loans to related parties at December 31

	2014	2013
Balance at beginning of year	$451,000	$262,000
Loans made, advances, and additions	-	221,000
Repayments and reductions	(34,000)	(32,000)
Balance at end of year	$417,000	$451,000

Credit Quality Indicators

The Bank identifies and categorizes loans with similar risk profiles by applying a credit quality indicator (risk rating) to
its portfolio.

The risk ratings are represented by grades of 1, 2, 3, 4, Watch, 5, 6, 7 and 8, representing the lowest to highest risk ratin
grouped for purposes of evaluating the allowance for loan losses as follows:

Risk Ratings 1 through 4 and Watch are considered "Pass" credits

Risk Rating 5 is considered "Special Mention"

Risk Rating 6 is considered “Substandard”

Risk Rating 7 is considered “Doubtful”

Risk Rating 8 is considered “Loss”

Commercial loans are grouped using all of the categories referenced above. Residential loans are grouped as Pass, Speci
Consumer loans are grouped as Performing or Non-performing.

Performing loans are loans which are current or past due less than 90 days. Non-performing loans are loans which are pa

The risk rating of loans informs management about the credit quality of the loan portfolio, its overall quality and areas c
risk. Each loan review conducted by a loan review officer will also include an evaluation of the loan’s risk rating.

SBM FINANCIAL, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

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All commercial loans are assigned a risk rating at inception by the originating loan officer. The initial rating is determin
aspects of the credit including, but not limited to:

- Financial condition of the borrower as reflected in its balance sheet;
- Results of operations of the borrower as reflected in its income and cash flow state
- Financial trends of the borrower over at least the most recent three-year period;
- Quality and reliability of the borrower's financial statements;
- Bank and trade checks, and credit bureau reports on the borrower;
- Industry outlook;
- Quality and marketability of collateral for the loan;
- Analysis of any guarantor's financial position; and
- Analysis of socio-political and economic factors.

No single factor is used to determine the degree of risk. Rather, the rating assigned reflects a composite of all of the crite
any other factors known to the loan officer or which the loan officer believes should be considered in assessing credit ris

In practice, all new loans (not involving a restructuring or absent special circumstances) receive an initial Pass risk ratin
or above.

The following definitions outline credit characteristics of loans in the risk rating categories used by the Bank.

1. *Fully Secured by Cash*

2. *Superior*

- Borrower is a major corporation or other entity
- Borrower has substantial financial capacity
- Borrower has satisfactory profit margins
- Borrower has excellent liquidity
- Borrower has consistent track record and compares favorably with industry stan
- The collateral coverage is 1.50X or better
- There is an absence of any significant credit risk
- Debt coverage is 1.50X or better
- Loan is properly structured
- No deficiencies in credit information

3. *Desirable*

·Borrower has substantial financial capacity
·Borrower has above average profit margins
·Borrower has excellent liquidity
·Borrower has consistent track record and compares favorably with industry standards
·There is an absence of any significant credit risk
·Loan is properly structured

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- The collateral coverage is 1.20X or better
- No deficiencies in credit information
- Debt coverage is 1.40X or better

4. *Satisfactory*

- Established borrower that represents acceptable credit risk
- Financial analysis displays satisfactory financial condition and earning pow
- Borrower has good asset quality and capacity to meet loan payments
- Borrower meets normal industry standards and does not require extensive monit
- Loan adheres to credit policy in every respect
- If borrowing is a line of credit, borrower should be out of debt for a minimum of 30 days per f
- Unsecured loans to individuals supported by satisfactory statements and borrower exhibits adherence to rep
- Loan secured with proper margin on equipment for which there is an active ma
- Loan is secured by real estate with a loan-to-value (LTV) that is within Bank po
- Debt coverage is 1.20X to 1.40x

W. *Fair/Pass Watch*

- Loan has demonstrated satisfactory asset quality, earnings history, liquidity and other adequate margins of c
- Loan represents a moderate credit risk and borrower has some degree of financial st
- Loan is considered collectible in full, but may require greater than average loan officer a
- Loan that is characterized by any of the following:

a) Weaker borrower whose loan is secured by properly margined business collateral such as accounts receivable, inventc equipment

b) Unseasoned smaller loan

c) Seasoned loan with satisfactory repayment history, apparent adequate collateral margin, but stale finar

d) Excessive vulnerability to competition

e) Speculative construction loan where the builder does not have a high net worth and/or

f) Dependence on limited customer base or source of supply

g) Real estate loan that may be above the standard LTV policy of 75%

h) Debt coverage is 1.00X to 1.20x

5. *Special Mention*

- Loan that does not yet warrant adverse classification, but possess credit deficiencies or potential weakness deserving m
- Adverse trends in business operations and deterioration in the balance sheet of borrower which have not reached the po the debt is jeopardized

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· Deterioration in collateral values where normal advance rates cannot be maintained because liquidation value of the col
a source of repayment due to adverse financial trends
· Failure to obtain proper loan documentation

· Inadequate loan agreement
· Inadequate loan/credit information
· Debt coverage is less than 1.00X

6. *Substandard*

· Loan which exhibits some of the following well-defined weaknesses:

a) Loan is inadequately protected by the current net worth and paying capacity of the borrower or value o
b) Loan which has well-defined weaknesses based on objective evidenc
c) Loan where future losses to the Bank are possible if the deficiencies in the collateral are not
d) Loan where the liquidation of collateral would not be timely even if there is little likelihood o
e) Loan where the primary source of payment is no longer available, and the Bank is relying on a seco
f) Loan where the guarantors are unable to generate enough cash flow for debt redu
g) Loan where collateral has deteriorated
h) Loan where flaws in documentation exist
i) Loan secured by real estate where the appraisal does not conform to the Bank's appraisal standards or where it can be
assumptions underlying the appraisal are incorrect
j) One-to-four family residential real estate loans and home equity loans and lines that are delinquent 90 days or more an
than 60%
k) Consumer loan that is delinquent 90 days or more

7. *Doubtful*

· Loan which exhibits some of the following characteristics:

a)

Loan which has all the weaknesses inherent in those classified as “Substandard” and which, in addition, has other fact
the loan or liquidation of the collateral in full highly questionable and improbable, when considering currently existin
values

b) Loan which exhibits discernible loss potential, and where some, but not a complete loss seems

c) Loan where the primary source of repayment is no longer available and serious doubt exists as to quality of a seconda

d) Loan where the possibility of loss is high, but, because of certain important and specific pending factors which may st
classification as a loss is deferred until a more exact status can be determined

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Notes to Consolidated Financial Statements

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e) Loan where a “Doubtful” classification probably would not be repeated at a later examination because of the existence to resolve pending factors which could work to strengthen the loan

f) Loan where a “Loss” classification would normally be warranted if pending events do not occur, and repaym developments

g) Loan where the entire loan should not be classified as a loss because the probability of a partial recover

8. *Loss*

· Loan which is presently uncollectible and of such little value that its continuance as an asset is not warranted. This clas that the loan has no potential recovery value, but rather that it is not practical or desirable to defer writing it off even th be obtained in the future.

Risk ratings are reviewed and generally updated on an annual basis by the Bank’s internal loan reviewer, or more freque

The following tables summarize the credit risk rating profile of the Bank’s loan portfolio, net of deferred loan fees and c

Commercial Credit Exposure

	Commercial non-real estate		Commercial real estate		Commercial construction	
Credit Risk Rating	2014	2013	2014	2013	2014	2013
1	$111,369	$185,553	$-	$-	$-	$-
2	226,601	158,168	910,418	972,515	-	-
3	2,174,167	4,767,740	8,235,711	10,389,308	-	-
4	90,475,305	85,343,395	128,337,558	114,873,436	7,034,678	711,039
W	23,216,982	28,646,921	32,578,646	28,155,969	-	-
5	3,754,578	807,677	5,113,157	4,533,114	-	949,444

6	4,781,389	3,442,203	13,879,021	25,888,917	-	430,046
7	-	-	-	-	-	-
Total	$124,740,391	$123,351,657	$189,054,511	$184,813,259	$7,034,678	$2,090,529

Residential and Consumer Credit Exposure

Credit Risk Profile Internally Assigned

	Residential		Home equity advances	
Grade	2014	2013	2014	2013
Pass	$221,735,153	$180,513,514	$73,838,681	$72,111,038
Substandard	5,567,393	5,702,030	850,703	526,828
Total	$227,302,546	$186,215,544	$74,689,384	$72,637,866

	Consumer	
	2014	2013
Performing	$7,780,844	$9,139,070
Non-performing	407,749	305,575
Total	$8,188,593	$9,444,645

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Past Due and Non-Accrual Loans

A loan is typically placed on non-accrual status when it is 90 days past due. A loan is not returned to accrual status until respect to both interest and principal and future periodic payments are reasonably assured.

The following tables summarize the aging analysis of past due loans and non-accrual loans by class within the Bank's p fees and costs, at December 31.

Past Due Loans

2014	30-59 Days Past Due	60–89 Days Past Due	90 Days and Greater	Total Past Due	Current	Total Loans
Commercial non-real estate	$ 17,778	$-	$174,727	$ 192,505	$124,547,886	$124,740,391
Commercial real estate	45,690	398,946	3,691,523	4,136,159	184,918,352	189,054,511
Commercial construction	-	-	-	-	7,034,678	7,034,678
Residential real estate	366,243	1,220,591	4,032,932	5,619,766	221,682,780	227,302,546
Home equity advances	388,418	118,120	788,786	1,295,324	73,394,060	74,689,384
Consumer	132,810	272,265	274,097	679,172	7,509,421	8,188,593
Total	$ 950,939	$2,009,922	$8,962,065	$ 11,922,926	$619,087,177	$631,010,103

2013	30-59 Days Past Due	60–89 Days Past Due	90 Days and Greater	Total Past Due	Current	Total Loans	I C I A
Commercial non-real estate	$18,760	$-	$18,032	$ 36,792	$123,314,865	$123,351,657	$
Commercial real estate	1,249,311	800,336	3,509,806	5,559,453	179,253,806	184,813,259	
Commercial construction	-	-	-	-	2,090,529	2,090,529	
Residential real estate	951,307	1,299,790	4,690,872	6,941,969	179,273,575	186,215,544	
Home equity advances	560,232	366,576	486,538	1,413,346	71,224,520	72,637,866	
Consumer	245,920	388,447	246,873	881,240	8,563,405	9,444,645	
Total	$3,025,530	$2,855,149	$8,952,121	$ 14,832,800	$563,720,700	$578,553,500	$

Non-accrual Loans

	2014	2013
Commercial non-real estate	$506,911	$362,496
Commercial real estate	4,419,580	4,774,021
Commercial construction	-	430,046
Residential real estate	4,909,894	5,565,266
Home equity advances	833,492	504,633
Consumer	282,144	289,315
	$10,952,021	$11,925,777

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The following table summarizes information pertaining to the activity in the allowance for loan losses and selected loan
the years ended December 31:

2014	Commercial non-real estate	Commercial real estate	Commercial construction	Residential real estate	Home equity advances	Consumer	U
Allowance for loan losses							
Beginning balance	$2,089,767	$4,434,012	$36,725	$1,379,681	$518,998	$52,015	$
Charge-offs	(1,081,448)	(552,911)	-	(755,005)	(383,967)	(293,974)	
Recoveries	161,571	1,119,068	-	19,422	72,555	63,195	
Provision (reduction)	2,297,926	(3,759,500)	(910)	1,112,247	935,652	276,873	
Ending balance	$3,467,816	$1,240,669	$35,815	$1,756,345	$1,143,238	$98,109	$
Ending balance:							
Individually evaluated for impairment	$2,908	$85,774	$-	$5,030	$-	$934	$
Collectively evaluated for impairment	$3,464,908	$1,154,895	$35,815	$1,751,315	$1,143,238	$97,175	$
Loans							
Ending balance							
Individually evaluated for impairment	$783,875	$6,549,928	$-	$4,958,583	$16,073	$79,267	
Collectively evaluated for impairment	$123,956,516	$182,504,583	$7,034,678	$222,343,963	$74,673,311	$8,109,326	

2013	Commercial non-real estate	Commercial real estate	Commercial construction	Residential real estate	Home equity advances	Consumer	U
Allowance for loan losses							
Beginning balance	$1,536,461	$5,121,783	$73,823	$1,409,456	$707,242	$139,768	$

Charge-offs	(232,719)	(2,908,119)	-	(1,603,857)	(266,200)	(100,725)	
Recoveries	257,661	3,417,757	-	192,940	20,385	96,742	
Provision (reduction)	528,364	(1,197,409)	(37,098)	1,381,142	57,571	(83,770)	
Ending balance	$2,089,767	$4,434,012	$36,725	$1,379,681	$518,998	$52,015	$
Ending balance:							
Individually evaluated for impairment	$-	$28,730	$-	$4,718	$-	$466	$
Collectively evaluated for impairment	$2,089,767	$4,405,282	$36,725	$1,374,963	$518,998	$51,549	$
Loans							
Ending balance							
Individually evaluated for impairment	$1,199,982	$6,055,891	$430,046	$4,171,063	$17,075	$58,769	
Collectively evaluated for impairment	$122,151,675	$178,757,368	$1,660,483	$182,044,481	$72,620,791	$9,385,876	

2012	Commercial non-real estate	Commercial real estate	Commercial construction	Residential real estate	Home equity advances	Consumer	U
Allowance for loan losses							
Beginning balance	$1,752,337	$7,998,702	$206,210	$2,485,979	$1,394,582	$231,627	$1
Charge-offs	(833,564)	(4,661,562)	(278,992)	(1,624,989)	(435,465)	(75,652)	-
Recoveries	160,918	1,198,717	-	191,192	32,419	112,832	-
Provision (reduction)	456,770	585,926	146,605	357,274	(284,294)	(129,039)	(
Ending balance	$1,536,461	$5,121,783	$73,823	$1,409,456	$707,242	$139,768	$3
Ending balance:							
Individually evaluated for impairment	$-	$790,384	$-	$4,722	$-	$2,691	$-
Collectively evaluated for impairment	$1,536,461	$4,331,399	$73,823	$1,404,734	$707,242	$137,077	$3
Loans							
Ending balance							
Individually evaluated for impairment	$92,808	$17,498,293	$-	$5,197,858	$18,143	$138,343	
Collectively evaluated for impairment	$110,906,937	$182,064,677	$5,134,497	$165,750,152	$80,507,031	$12,579,273	

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The following table summarizes information pertaining to impaired loans as of and for the years ended December 31:

2014	Recorded Investment	Unpaid Principal Balance	Related Allowance	Average Recorded Investment	Interest Income Recognized
With no related allowance:					
Commercial non-real estate	$619,178	$1,022,910	$ -	$724,378	$ 82,170
Commercial real estate	4,794,417	5,178,014	-	4,779,750	207,296
Commercial construction	-	-	-	-	-
Residential real estate	4,594,566	4,871,401	-	4,339,667	154,477
Home equity advance	16,073	16,073	-	16,444	627
Consumer	49,901	49,901	-	37,676	411
	$10,074,135	$11,138,299	$ -	$9,897,915	$ 444,981
With an allowance recorded:					
Commercial non-real estate	$164,697	$164,697	$ 2,908	$41,174	$ 5,173
Commercial real estate	1,755,511	1,866,656	85,774	1,738,846	76,026
Commercial construction	-	-	-	-	-
Residential real estate	364,017	364,017	5,030	325,035	19,168
Home equity advances	-	-	-	-	-
Consumer	29,366	29,366	934	30,284	1,497
	$2,313,591	$2,424,736	$ 94,646	$2,135,339	$ 101,864
Total:					
Commercial non-real estate	$783,875	$1,187,607	$ 2,908	$765,552	$ 87,343
Commercial real estate	6,549,928	7,044,670	85,774	6,518,596	283,322
Commercial construction	-	-	-	-	-
Residential real estate	4,958,583	5,235,418	5,030	4,664,702	173,645
Home equity advances	16,073	16,073	-	16,444	627
Consumer	79,267	79,267	934	67,960	1,908
	$12,387,726	$13,563,035	$ 94,646	$12,033,254	$ 546,845

2013	Recorded Investment	Unpaid Principal Balance	Related Allowance	Average Recorded Investment	Interest Income Recognized
With no related allowance:					
Commercial non-real estate	$1,199,982	$1,377,165	$ -	$916,773	$ 43,567
Commercial real estate	5,576,582	7,089,529	-	8,218,168	384,295
Commercial construction	430,046	646,180	-	332,858	22,752
Residential real estate	3,970,166	4,263,894	-	4,966,577	153,550
Home equity advance	17,075	17,075	-	32,275	2,087
Consumer	26,316	26,316	-	43,169	6,103
	$11,220,167	$13,420,159	$ -	$14,509,820	$ 612,354
With an allowance recorded:					
Commercial non-real estate	$-	$-	$ -	$-	$ -
Commercial real estate	479,309	479,309	28,730	482,903	7,422
Commercial construction	-	-	-	-	-
Residential real estate	200,897	200,897	4,718	202,965	6,494
Home equity advances	-	-	-	-	-
Consumer	32,453	32,453	466	33,246	1,643
	$712,659	$712,659	$ 33,914	$719,114	$ 15,559
Total:					
Commercial non-real estate	$1,199,982	$1,377,165	$ -	$916,773	$ 43,567
Commercial real estate	6,055,891	7,568,838	28,730	8,701,071	391,717
Commercial construction	430,046	646,180	-	332,858	22,752
Residential real estate	4,171,063	4,464,791	4,718	5,169,542	160,044
Home equity advances	17,075	17,075	-	32,275	2,087
Consumer	58,769	58,769	466	76,415	7,746
	$11,932,826	$14,132,818	$ 33,914	$15,228,934	$ 627,913

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2012	Recorded Investment	Unpaid Principal Balance	Related Allowance	Average Recorded Investment	Interest Income Recognized
With no related allowance:					
Commercial non-real estate	$92,808	$409,290	$-	$861,867	$190,186
Commercial real estate	14,378,205	16,339,079	-	17,498,199	1,368,166
Commercial construction	-	-	-	-	-
Residential real estate	4,959,433	5,229,777	-	5,964,424	181,896
Home equity advances	18,143	18,143	-	72,162	7,304
Consumer	75,629	75,629	-	41,995	6,872
	$19,524,218	$22,071,918	$-	$24,438,647	$1,754,424
With an allowance recorded:					
Commercial non-real estate	$-	$-	$-	$-	$-
Commercial real estate	3,120,088	5,825,182	790,384	2,458,241	242,819
Commercial construction	-	-	-	-	-
Residential real estate	238,425	238,425	4,722	240,503	8,252
Home equity advances	-	-	-	-	-
Consumer	62,714	62,714	2,691	64,431	2,779
	$3,421,227	$6,126,321	$797,797	$2,763,175	$253,850
Total:					
Commercial non-real estate	$92,808	$409,290	$-	$861,867	$190,186
Commercial real estate	17,498,293	22,164,261	790,384	19,956,440	1,610,985
Commercial construction	-	-	-	-	-
Residential real estate	5,197,858	5,468,202	4,722	6,204,927	190,148
Home equity advances	18,143	18,143	-	72,162	7,304
Consumer	138,343	138,343	2,691	106,426	9,651
	$22,945,445	$28,198,239	$797,797	$27,201,822	$2,008,274

No additional funds are committed to be advanced on impaired loans.

Troubled Debt Restructurings

A loan modification constitutes a troubled debt restructuring if the Bank, for economic or legal reasons related to the bo difficulties, grants a concession to the borrower that it would not otherwise consider. To determine whether or not a loa troubled debt restructuring, management evaluates a loan based upon the following criteria:

- The borrower demonstrates financial difficulty: common indicators include past due status on bank obligations, substa or an inability to refinance with another lender, and

- The Bank has granted a concession: common concessions include maturity date extension, interest rate adjustments to reduction of principal and deferral of payments.

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The following table presents the recorded investment in troubled debt restructurings as of December 31, 2014 and 2013 performance status:

	2014				
	Residential Real Estate	Commercial Real Estate	Commercial Non-Real Estate	Consumer	Total
Performing	$2,407,243	$2,757,536	$ 783,875	$ 29,366	$5,978,020
Non-performing	713,122	124,085	-	-	837,207
Total	$3,120,365	$2,881,621	$ 783,875	$ 29,366	$6,815,227

	2013				
	Residential Real Estate	Commercial Real Estate	Commercial Non-Real Estate	Consumer	Total
Performing	$2,080,530	$3,028,077	$ 645,553	$ 53,543	$5,807,703
Non-performing	471,017	278,370	90,076	4,226	843,689
Total	$2,551,547	$3,306,447	$ 735,629	$ 57,769	$6,651,392

Troubled debt restructured loans are considered impaired loans. As of December 31, 2014 and 2013, there were no com amounts to borrowers with outstanding loans that are classified as troubled debt restructurings. The determination of wh a troubled debt restructured loan is made on the same basis as for other impaired loans.

During the years ended December 31, 2014 and 2013, certain loan modifications were executed which constituted troub real estate loan modifications were classified as troubled debt restructurings due to payment deferrals and extensions of non-real estate loan modifications were classified as troubled debt restructurings due to payment deferrals.

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The following table summarizes troubled debt restructurings that occurred during the years ended December 31:

	Number of Loans	Pre-Modification Outstanding Recorded Investment	Post-Modification Outstanding Recorded Investment
2014			
Real estate:			
Residential	8	$ 924,517	$ 924,517
Commercial	4	680,767	680,767
Commercial non-real estate	1	164,697	164,697
Total	13	$ 1,769,981	$ 1,769,981
2013			
Real estate:			
Residential	1	$ 43,650	$ 43,650
Commercial	5	1,788,392	1,788,392
Commercial non-real estate	1	295,148	295,148
Total	7	$ 2,127,190	$ 2,127,190
2012			
Real estate:			
Residential	2	$ 1,434,180	$ 1,434,180
Commercial	7	5,208,469	5,208,469
Consumer	1	27,765	27,765
Total	10	$ 6,670,414	$ 6,670,414

The troubled debt restructurings described above required a net allocation of the allowance for loan losses of $85,251, $
December 31, 2014, 2013 and 2012, respectively. The impairment carried as a specific reserve in the allowance for loan
discounting the total expected future cash flows on the loan, or, for a collateral-dependent loan, using the fair value of th
sell. There were three charge-offs totaling $83,793 on troubled debt restructurings for the year ended December 31, 201
charge-offs totaling $202,668 on troubled debt restructurings for the year ended December 31, 2013. There were ten cha
on troubled debt restructurings for the year ended December 31, 2012.

There were no troubled debt restructurings modified within the previous twelve months for which there was a subsequen
2014 and 2013. There were two commercial real estate loans considered to be troubled debt restructurings, with an aggr
of $1,030,160, modified within the previous twelve months for which there was a subsequent payment default during 20

SBM FINANCIAL, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

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A loan is considered to be in payment default if it is greater than 30 days past due under the modified terms.

6. Loan Servicing

Loans serviced for others are not included in the accompanying balance sheets. The unpaid principal balances of mortga
for others were $277,489,427 and $309,192,534 at December 31, 2014 and 2013, respectively.

The fair value of capitalized servicing rights at December 31, 2014 and 2013 was $1,852,969 and $2,202,399, respective

In evaluating the reasonableness of the carrying value of loan servicing rights, the Bank reviews industry values and cor
rates on prepayment history. The Bank has two classes of servicing rights. The first class is mortgage servicing rights fo
sells to third parties and retains the servicing. The second class is commercial non-real estate loans which the Bank sold
and retained the servicing. The fair value of both classes of servicing rights is determined by an independent valuation s
Bank.

The following summarizes the activity in mortgage servicing rights for the years ended December 31:

	2014	2013	2012
Balance, beginning of year	$2,158,621	$1,777,281	$1,988,478
Mortgage servicing rights capitalized	116,360	45,330	127,170
Disposals	(153,596)	(114,897)	-
Adjustment to fair value	(306,777)	450,907	(338,367)

Balance, end of year	$1,814,608	$2,158,621	$1,777,281

The following summarizes the activity in commercial non-real estate loan servicing rights for the years ended December

	2014	2013
Balance, beginning of year	$43,778	$-
Commercial non-real estate servicing rights capitalized	-	61,176
Disposals	(11,591)	(2,801)
Adjustment to fair value	6,174	(14,597)
Balance, end of year	$38,361	$43,778

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December 31, 2014, 2013 and 2012

7. Premises and Equipment

A summary of the cost and accumulated depreciation and amortization of premises and equipment at December 31 follo

	2014	2013
Land and improvements	$5,723,773	$6,038,044
Buildings and improvements	19,974,504	20,320,451
Furniture and equipment	19,821,631	19,395,302
Leasehold improvements	2,721,155	2,950,003
	48,241,063	48,703,800
Less: Accumulated depreciation and amortization	27,183,510	26,236,180
	$21,057,553	$22,467,620

8. Deposits

The aggregate amount of time deposits in denominations of $250,000 or more at December 31, 2014 and 2013 was $28, respectively.

Deposits from related parties held by the Bank at December 31, 2014 and 2013 amounted to approximately $7,956,000 a respectively.

At December 31, 2014, the scheduled maturities of time deposits are as follows:

2015	$107,933,617
2016	54,866,175
2017	16,446,488
2018	8,206,700
2019	8,760,159
	$196,213,139

The composition of deposits at December 31 follows:

	2014	2013
Transaction accounts	$159,677,750	$134,635,717
Savings accounts	213,468,594	225,402,306
Non-interest-bearing deposits	19,522,771	19,396,653
Certificates of deposit	196,213,139	185,517,689
Money market accounts	68,069,295	59,671,755
	$656,951,549	$624,624,120

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Notes to Consolidated Financial Statements

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9. Securities Sold Under Agreements to Repurchase

Securities sold under retail agreements to repurchase, which are classified as secured borrowings, generally mature with
the transaction date. Securities sold under agreements to repurchase are reflected at the amount of cash received in conn
The Bank may be required to provide additional collateral based on the fair value of the underlying securities. The appro
investments pledged as collateral at December 31, 2014 and 2013 was $28,600,000 and $23,600,000, respectively.

10. Advances and Note Payable

Federal Home Loan Bank of Boston

As a member of FHLB, the Bank is required to invest in $100 par value stock of FHLB. At December 31, 2014 and 201
of such stock to satisfy this requirement. Pursuant to collateral agreements with FHLB, any advances made by FHLB to
by all of the Bank's stock in FHLB, as well as by investment securities and qualifying first mortgages. At December 31,
amount of investment securities and qualifying first mortgages that were held as collateral by FHLB to secure advances
$232,541,480, respectively. The Bank's unused borrowing capacity at FHLB on December 31, 2014 and 2013 was $124
respectively.

In addition, the Bank may borrow funds on an overnight basis from FHLB as needed. As of December 31, 2014 and 201
$20,000,000 and $0 advances outstanding at FHLB, respectively. The advances outstanding at December 31, 2014 have
interest rate of .23% and mature in 2015.

At December 31, 2014 and 2013, the Bank had $45,947,000 and $34,640,000, respectively, in letters of credit issued by
certain municipal deposit customers as collateral for the municipalities' deposits at the Bank. These outstanding letters o
collateralized by the qualifying first mortgages and investment securities held as collateral at FHLB, as referenced abov

At December 31, 2014 and 2013, the Bank had $3,000,000 available under a line of credit from FHLB which was collat
above-referenced collateral. There were no amounts outstanding on this line at December 31, 2014 and 2013.

Federal Reserve Bank

Pursuant to collateral agreements with the Federal Reserve Bank of Boston (FRB), any advances by FRB to the Bank ar
qualifying loans and investment securities. The Bank's credit capacity was upgraded to a Primary Credit classification o
the December 31, 2013 Secondary Credit classification. Advances are no longer subject to certain conditions under the I
Window program. The Bank did not have any advances outstanding with the FRB at December 31, 2014 and 2013. At D
2013, the total amount of qualifying mortgages and investment securities held as collateral was approximately $26,611,0
respectively. Available borrowing capacity with the FRB was approximately $19,395,000 at December 31, 2014 and $1
2013.

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Notes to Consolidated Financial Statements

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Note Payable

In May 2010, in connection with the Restructuring, a note payable (Bankers' Bank Note) to Bankers' Bank Northeast (E
so that the obligor under the note became the Company, as successor by merger to Bancorp. The principal amount of the
reduced to $9,000,000, all defaults and past due interest and penalties were waived, the interest rate was set at five perce
term was set at seven years. Payments of interest only are required for the first three years and principal payments of $5
of years four through seven. The balance of principal and interest on the Bankers' Bank Note is due at maturity. Eightee
Bank's stock was pledged as security for the Bankers' Bank Note. An interest reserve equal to two years' interest ($900
Bankers' Bank at the time the Bankers' Bank Note was modified. Bankers' Bank drew down the reserve for interest pay
The interest reserve was fully drawn down at December 31, 2012. In December 2012, the Company suspended payment
Note because the OCC did not permit the Bank to pay a dividend to the Company and, accordingly, the Company did no
make the scheduled payment on the Bankers' Bank Note. The Bankers' Bank Note permits the Company to defer payme
amounts are due when the Company has sufficient funds to resume payments. On January 21, 2015, the Company paid a
interest amounts. The deferred principal payment totaled $500,000, lowering the principal balance of the note to $8,500,

11. Income Taxes

Allocation of federal and state income tax expense (benefit) between current and deferred portions is as follows:

	2014	2013	2012
Current tax provision			
Federal	$386,704	$-	$-
State	105,880	19,915	28,968
	492,584	19,915	28,968
Deferred federal income tax expense (benefit)	602,364	459,520	(1,165,220)
Change in valuation allowance	(78,078)	-	-

$1,016,870	$479,435	$(1,136,252)

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The income tax provision differs from the expense that would result from applying federal statutory rates to income or l
follows:

	2014	2013	2012
Statutory rate	34.00%	34.00%	34.00%
Increase (decrease) resulting from:			
Non-deductible expenses	0.71	2.56	0.38
State tax, net of federal tax benefit	0.68	1.24	0.89
Tax credits	-	(1.01)	15.69
Tax loss valuation allowance	1.91	-	-
Equity compensation - shortfall	-	4.29	-
Other	**0.32**	4.23	2.12
Effective income tax rate	37.62%	45.31%	53.08%

The components of the net deferred tax asset at December 31 follow:

	2014	2013
Deferred tax assets		
Deferred compensation and employee benefits	$1,743,907	$1,855,149
Allowance for loan losses	2,349,685	2,528,693
Other assets	685,212	691,489
Net operating loss carryforward	23,716,647	24,666,284
Charitable contribution carryforward	17,422	19,183
Net unrealized loss on securities	150,802	228,217
Total gross deferred tax assets	28,663,675	29,989,015
Deferred tax liabilities		

Loan servicing rights	(630,009)	(748,816)
Deferred loan fees	(1,878,304)	(1,595,178)
Bank premises	(370,185)	(935,527)
Other	(70,877)	(6,791)
Total gross deferred tax liabilities	(2,949,375)	(3,286,312)
Net deferred tax asset	25,714,300	26,702,703
Valuation allowance	(78,078)	-
Net deferred tax asset	$25,636,222	$26,702,703

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FASB Accounting Standards Codification Topic (ASC) 740-10, *Income Taxes*, clarifies the accounting for income taxes minimum recognition threshold that a tax position is required to meet before being recognized in the financial statement on the recognition, measurement and classification of amounts relating to uncertain tax positions, accounting for and dis penalties, accounting in interim periods, and disclosures. The Company accounts for uncertain income tax positions base estimate of the amount that will ultimately be accepted by the applicable tax authority. The Company is currently open t Revenue Service under the statute of limitations for the years ended December 31, 2011 through 2013. It is the Compan and penalties to non-interest expense if incurred.

The Company has federal net operating loss carryforwards of $65,917,235 and state of Maine net operating loss carryfo federal net operating loss carryforwards expire in 2023 through 2032. The state of Maine net operating loss carryforward 2017. In 2014, the Company recognized a valuation allowance of $78,078 for expiring state of Maine net operating loss Company also has federal tax credits of $98,318 and state of Maine tax credits of $365,210, expiring in 2031 through 20

Retained earnings include $4,470,398, representing an allocation for income tax bad debt deductions prior to 1988, for w been provided. This amount is subject to recapture should the Bank cease operation as a qualifying financial institution,

12. Financial Instruments with Off-Balance-Sheet Risk

The Bank is a party to credit-related financial instruments with off-balance-sheet risk in the normal course of business to of its customers. These financial instruments include commitments to extend credit, standby letters of credit and comme commitments involve, to varying degrees, elements of credit and interest rate risk in excess of the amount recognized in sheets.

The Bank's exposure to credit loss is represented by the contractual amount of these commitments. The Bank follows the making commitments as it does for on-balance-sheet instruments.

At December 31, 2014 and 2013, the following financial instruments were outstanding with contract amounts representi

	Contract Amount	
	2014	2013
Unfunded commitments under lines of credit	$113,919,000	$122,427,000
Commitments to grant loans	15,322,000	3,389,000
Commercial and standby letters of credit	169,000	80,000

Unfunded commitments under commercial lines of credit, revolving credit lines and overdraft protection agreements are future extensions of credit to existing customers. These lines of credit are often secured and have a specified maturity da upon to the total extent to which the Bank is committed.

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Commitments to extend credit are agreements to lend to a customer as long as there is no violation of any condition esta
Commitments generally have fixed expiration dates or other termination clauses and may require payment of a fee. Com
credit may expire without being drawn. Therefore, the total commitment amounts do not necessarily represent future cas
amount of collateral obtained, if it is deemed necessary by the Bank, is based on management's credit evaluation of the c

Commercial and standby letters of credit are conditional commitments issued by the Bank to guarantee the performance
party. In most cases, the Bank’s existing letters of credit require an annual review and renewal. The credit risk involved
substantially the same as that involved in extending loan facilities to customers.

In connection with originating residential mortgage and commercial loans, the Company may enter into rate lock agreem
may issue commitment letters to customers, which are considered interest rate lock or forward commitments. At Decem
based upon the pipeline of mortgage loans with rate lock commitments and commercial loans with commitment letters,
of those commitments due to changes in market interest rates, the Company determined the impact of such commitment
financial statements was not material.

To reduce credit risk related to the use of credit-related financial instruments, the Bank may deem it necessary to obtain
nature of the collateral obtained is based on the Bank's credit evaluation of the customer. This collateral may include cas
receivable, inventory, property, plant and equipment, and real estate.

The Bank had letters of credit issued to municipal depositors amounting to $45,947,000 and $34,640,000 at December 3
respectively, with maturity dates of one year or less. These letters of credit provide collateral for such depositors and do
future cash requirements. The Bank will make payment under these letters of credit only if it is unable to pay the munici
See Note 10.

13. Contingencies

On September 30, 2013, the Bank sold $21,892,299 in commercial non-real estate loans. As part of the sale, the Bank ag
buyer for a portion of the premium paid by the buyer over the unpaid principal balance of the purchased loans if the bor
prepay their contractual obligations. An estimate of expected future premium reimbursement was recorded at the time o
variables including the remaining unpaid principal balance, a comparison of the interest rates on the loans to current inte
credit quality of the borrowers. During the year ended December 31, 2014, the Bank's estimate of its obligation to make
premiums was revised and an additional expense of $260,000 was incurred. The reserve for sold loan premium repayme
$196,312 as of December 31, 2014 and 2013, respectively. The potential maximum expense, net of the reserve balance,
if all borrowers were to prepay their entire obligations, was $647,142 on January 1, 2015.

SBM FINANCIAL, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

December 31, 2014, 2013 and 2012

The Bank is also subject to various legal claims from time-to-time in the normal course of business. In the opinion of ma
existing at December 31, 2014 will not have a material effect on the Company's consolidated financial statements.

14. Minimum Regulatory Capital Requirements

The Bank is subject to regulatory minimum and enhanced capital requirements administered by the OCC. If the Bank w
minimum and enhanced capital requirements, the OCC could take action that could have a direct material effect on the c
statements.

As of December 31, 2014 and 2013, the Bank was categorized as “well capitalized” under OCC minimum capital regula
“well capitalized,” the Bank must maintain minimum Tier 1 leverage, Tier 1 risk-based, and total risk-based ratios as se
December 31, 2014 and 2013, the Bank’s capital exceeded all minimum regulatory requirements and the Bank was cons
capitalized” as defined in the regulations issued by the OCC. There are no conditions or events since the notification tha
changed the Bank’s category. At December 31, 2014 and 2013, the Bank also complied with OTS (now OCC) imposed
requirements, which are higher than the OCC minimum capital requirements.

As a savings institution holding company, the Company is not subject to regulatory capital requirements separate from t

SBM FINANCIAL, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

December 31, 2014, 2013 and 2012

The Bank's actual and minimum capital amounts and ratios at December 31 are presented in the following table:

(dollars in thousands)	Actual Amount	Ratio	Standard Minimum Capital Requirement Amount	Ratio	Standard Minimum To Be Well Capitalized Under Prompt Corrective Action Provisions Amount	Ratio
December 31, 2014						
Total Risk-Based Capital to Risk-Weighted Assets	$84,432	14.53%	$46,497	8.00%	$58,122	10.00%
Tier 1 Risk-Based Capital to Risk-Weighted Assets	77,353	13.31%	23,249	4.00%	34,873	6.00%
Tier 1 Core Capital to Adjusted Total Assets	77,353	9.87%	31,347	4.00%	39,184	5.00%
December 31, 2013						
Total Risk-Based Capital to Risk-Weighted Assets	$80,915	14.22%	$45,527	8.00%	$56,908	10.00%
Tier 1 Risk-Based Capital to Risk-Weighted Assets	74,013	13.01%	22,763	4.00%	34,145	6.00%
Tier 1 Core Capital to Adjusted Total Assets	74,013	10.25%	28,881	4.00%	36,101	5.00%

Any declaration and payment of dividends by the Company or the Bank would be subject to compliance with regulatory

In July 2013, the Federal Deposit Insurance Corporation and other federal bank regulatory agencies issued a final rule th
and risk-based capital requirements and the method for calculating risk-weighted assets to make them consistent with ag

reached by the Basel Committee on Banking Supervision and certain provisions of the Dodd-Frank Act. Among other th
new common equity Tier 1 minimum capital requirement (4.5% of risk weighted assets), increases the minimum Tier 1
requirement (from 4%-6% of risk-weighted assets) and assigns a higher risk weight (150%) to exposures that are more t
non-accrual status and to certain commercial real estate facilities that finance the acquisition, development and construct
final rule also requires unrealized gains and losses on certain “available-for-sale” securities holdings to be included for p
regulatory capital unless a one-time opt-out is exercised. The rule limits a banking organization’s capital distributions ar
bonus payments if the banking organization does not hold a “capital conservation buffer” consisting of 2.5% of commor
risk-weighted assets in addition to the amounts necessary to meet its minimum risk-based capital requirements. The fina
for the Company and Bank on January 1, 2015. The capital conservation buffer requirement will be phased in beginning
ending January 1, 2019, when the full capital conservation buffer requirement will be effective.

SBM FINANCIAL, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

December 31, 2014, 2013 and 2012

15. Employee Benefit Plans

401(k) Plan

The Bank has a 401(k) Plan (the Plan) in which substantially all employees participate. For 2014, 2013 and 2012, the Ba
employee contributions up to 3% of eligible compensation. For the years ended December 31, 2014, 2013 and 2012, the
under the Plan was $310,846, $331,239, and $328,137, respectively.

The Plan permits an annual discretionary contribution for substantially all employees. The Bank made no discretionary c
2013, or 2012.

Profit Sharing Plan

The Bank has a profit sharing plan in which substantially all employees prior to 2011 were eligible to participate. The B
plan were discretionary and based on eligible compensation. No contributions to this plan were made in 2014, 2013 and
under the plan were frozen effective January 1, 2011.

Deferred Compensation Plans

Certain previous and current employees and previous directors of the Bank elected to defer compensation and/or were e
retirement benefits under several non-qualified plans maintained by the Bank prior to the Restructuring. All of these pla
Closed Plans). The liability under these Closed Plans was $9,678,542 at December 31, 2009. In connection with the Res
the Bank prior to the Restructuring who participated in three of the Closed Plans retired from their positions with the Ba

and the benefits due to them under the Closed Plans were reduced by $2,959,000. The obligation to pay benefits to these transferred from the Bank to the Company. Payments to the Retired Directors are to be made monthly over 120-months after death pursuant to an Amended and Restated Deferred Compensation Plan for Directors (Amended Plan). Amended Retired Directors no longer accrue interest. No further contributions will be made by the Bank or the Company under an interest continues to accrue on Closed Plan balances for employees and former employees, other than Retired Directors, under certain of the Closed Plans. The amounts due under the Closed Plans were $4,835,860 and $4,931,336 at Decemb respectively, and are included in accrued expenses and other liabilities in the consolidated balance sheets. Payments und 2014 and 2013 were $120,248 and $106,688, respectively. In December 2012, the Company suspended payments to Ret Amended Plan because the OCC did not permit the Bank to pay a dividend to the Company and, accordingly, the Comp funds to make the scheduled payments to the Retired Directors. The Amended Plan permits the Company to defer paym Deferred amounts will be due when the Company again has sufficient funds to resume payments to the Retired Director

SBM FINANCIAL, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

December 31, 2014, 2013 and 2012

The Company has a non-qualified deferred compensation plan for the former chief executive officer of First Citizens Ba
and merged with the Bank in 2007. The plan provides for an annual retirement benefit of $40,000, which began in Septe
until 2019. The present value of these payments has been recognized as a liability in the accompanying consolidated fin
liability was $152,219 and $181,770 as of December 31, 2014 and 2013, respectively. The Company is the owner of two
this individual, with a combined cash surrender value of $389,424 and $374,186, which is included in other assets in the
sheets as of December 31, 2014 and 2013, respectively.

16. Equity Incentive Plan

The Company adopted an Equity Incentive Plan in connection with the Restructuring under which 60,000 shares of com
for issuance to directors, officers and other eligible persons. Awards are made by the Compensation Committee of the B
take the form of options, restricted stock, restricted stock units or other incentive securities. Stock-based compensation e
$270,057 and $408,991 for the years ended December 31, 2014, 2013 and 2012, respectively, was reflected as additiona
consolidated statements of changes in equity capital, and as salaries and benefits expense in the consolidated statements

Stock Option Awards

Stock options granted under the Equity Incentive Plan vest at time of grant or over subsequent periods based on continu
achievement of performance metrics.

The fair value of each award is estimated on the date of grant using the Black-Scholes option price model based on assu
Company as follows:

· Dividend yield is based on the dividend rate of the Company's stock at the date of
.

Risk-free interest rate is based on comparable investments in 10-year U.S. Treasuries, with a term equaling the expecte
options.

- Expected volatility is based on 160 month historical volatility of a peer group of similar
- Expected life represents the period of time that granted options are expected to be outstanding based on h

A summary of the option pricing assumptions and the estimated fair value of stock options using these assumptions for 2
No stock options were issued in 2014.

	2013	2012
Dividend rate	0.00 %	0.00 %
Weighted average risk-free interest rate	1.66 %	2.53 %
Weighted average expected volatility	15.54%	16.19%
Weighted average expected life in years	6.50	9.53
Weighted average fair value of options granted	$18.09	$30.53

SBM FINANCIAL, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

December 31, 2014, 2013 and 2012

In 2010, 21,600 stock options were granted with an exercise price of $100 per share, which was the price paid for comm
placement transaction entered into by the Company at the time of the Restructuring. In 2012 and 2011, 600 and 15,700 s
respectively, each also at an exercise price of $100 per share. In 2013, 4,450 stock options were granted at a price of $88
purchase price of the Company's stock on October 18, 2012. The stock options issued in 2013 were all performance-bas
until the first day of the month after the Bank achieves a "Return on Assets" of .50%. Vesting then occurs ratably over t
period.

Of the stock options granted through December 31, 2014, 4,200 vested immediately, 14,850 were forfeited, and the rem
periods ranging from twenty- to sixty-months, 4,450 of which are performance-based and will be recognized over a twe
once it is probable the performance measure will be achieved.

Compensation expense is recognized on a straight-line basis over the option vesting periods and totaled $54,146, $107,6
years ended December 31, 2014, 2013 and 2012, respectively.

Stock options vested during the years ended December 31, 2014, 2013 and 2012 totaled 1,960, 3,518, and 6,600, respect

Unrecognized compensation cost for unvested stock options totaled $150,170 at December 31, 2014, and is expected to
remaining weighted-average vesting period of 1.54 years.

A summary of the Company's outstanding stock options as of December 31, 2014 and the changes during the year indic

	Number of	Weighted Average Exercise	Remaining Contractual	Aggregate Intrinsic

	Shares	Price	Term (Years)	Value
Options outstanding at January 1, 2014	28,100	$ 98		
Granted	-	-		
Exercised	-	-		
Forfeited	600	100		
Options outstanding at December 31, 2014	27,500	$ 98	6.00	$ -
Options exercisable at December 31, 2014	20,768	$ 100	6.00	$ -

SBM FINANCIAL, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

December 31, 2014, 2013 and 2012

A summary of the status of the Company's nonvested stock options as of December 31, 2014 and changes during the ye
below:

	Number of Shares	Weighted-Average Grant Date Fair Value
Unvested at January 1, 2014	8,912	$ 30.53
Granted	-	-
Vested	(1,960)	30.53
Forfeited	(220)	30.53
Unvested at December 31, 2014	6,732	$ 30.53

Restricted Stock Unit Awards

Restricted stock unit awards are issued to key employees. These awards generally vest over periods ranging from three-
continued service to the Company. Compensation expense, recognized on a straight-line basis over the vesting periods,
and $207,493 for the years ended December 31, 2014, 2013, and 2012, respectively.

In 2013, 10,750 restricted stock units were issued with no expiration date. These restricted stock units have the same ves
period as the performance-based stock options issued in 2013. In 2014, 2,600 restricted stock units were issued with a th
and 400 restricted stock units were issued with a five-year vesting period. These restricted stock units are not performan

At December 31, 2014, unrecognized compensation for the unvested non-performance based units is $908,700 and is ex
over the remaining weighted-average vesting period of 5.83 years. At December 31, 2014, unrecognized compensation
performance-based restricted stock units is $858,000 and will be recognized over a twenty-month service period once it

performance measure will be achieved.

The following table presents a summary of the activity related to restricted stock unit awards for the year ended Decemb

	Number of Shares	Weighted Average Grant Date Fair Value
Unvested at January 1, 2014	17,761	$ 93.00
Granted	3,000	98.00
Vested	(864)	100.00
Forfeited	(1,000)	88.00
Unvested at December 31, 2014	18,897	$ 93.00

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SBM FINANCIAL, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

December 31, 2014, 2013 and 2012

17. Non-interest Expenses

The components of non-interest expense which are in excess of one percent of total revenues (total interest and non-inte separately in the consolidated statements of operations are as follows for the years ended December 31:

	2014	2013	2012
Postage, stationery and supplies	$639,500	$742,092	$814,144
Professional fees	755,828	1,074,454	1,170,822
Telephone	483,744	550,189	627,143
Real estate and other loan expenses	573,013	1,421,660	1,047,682
FDIC and OTS assessments	1,283,382	1,334,758	1,276,731
Advertising	420,425	886,714	849,863
Travel, conventions and meetings	575,903	729,777	810,517
Insurance and bonds	*	502,154	531,535
Board fees and expenses	*	*	437,242
Audits and examinations	*	564,330	634,003
Deposit account rewards	473,552	590,427	653,476

* Amount did not exceed one percent for the stated year.

18. Operating Leases

Pursuant to the terms of non-cancelable lease agreements in effect at December 31, 2014, pertaining to banking premise minimum rent commitments under operating leases are as follows:

2015	$721,989

2016	633,968
2017	532,513
2018	435,516
2019	429,016
Thereafter	594,600
Total	$3,347,602

Certain leases contain options to extend the term for periods from three to ten years. The cost of such options to extend i
rent expense for the years ended December 31, 2014, 2013, and 2012, amounted to $816,855, $805,581, and $728,885, r

SBM FINANCIAL, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

December 31, 2014, 2013 and 2012

The Bank also owns certain premises which it leases to tenants. Future minimum rental income under these leases follov

2015	$138,403
2016	113,299
2017	91,899
2018	64,942
2019	20,768
Thereafter	-
Total	$429,311

Rental income was $243,955, $396,464, and $498,700 in 2014, 2013, and 2012, respectively.

19. Fair Value

FASB ASC 820, *Fair Value Measurement*, defines fair value, establishes a framework for measuring fair value in accor expands disclosures about fair value measurements.

ASC 820 defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an ex most advantageous market for the asset or liability in an orderly transaction between market participants on the measure also establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize th inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

Level 1: Quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to a measurement date.

Level 2: Significant other observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilit markets that are not active, and other inputs that are observable or can be corroborated by observable market data.

Level 3: Significant unobservable inputs that reflect a company's own assumptions about the assumptions that market p pricing an asset or liability.

SBM FINANCIAL, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

December 31, 2014, 2013 and 2012

Assets measured at fair value on a recurring basis are summarized below.

	Fair Value Measurements at December 31, 2014, Using			
	December 31, 2014	Quoted Prices In Active Markets for Inputs (Level 1)	Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Securities available-for-sale				
Marketable equity securities	$ 1,359,600	$ -	$ 1,359,600	$ -
Loan servicing rights	1,852,969	-	1,852,969	-

	Fair Value Measurements at December 31, 2013, Using			
	December 31, 2013	Quoted Prices In Active Markets for Inputs (Level 1)	Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Securities available-for-sale				
Marketable equity securities	$ 1,285,207	$ -	$ 1,285,207	$ -
Loan servicing rights	2,202,399	-	2,202,399	-

The following table includes assets measured at fair value on a non-recurring basis that have had a fair value adjustment recognition.

	Fair Value Measurements at December 31, 2014, Using		
	Quoted Prices In Active Markets for	Other Observable	Significant Unobservable
December 31,	Inputs	Inputs	Inputs

	2014	(Level 1)	(Level 2)	(Level 3)
Collateral-dependent impaired loans	$ 1,056,879	$ -	$ 1,056,879	$ -
Other real estate owned	858,595	-	858,595	-

	Fair Value Measurements at December 31, 2013, Using			
	December 31, 2013	Quoted Prices In Active Markets for Inputs (Level 1)	Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Collateral-dependent impaired loans	$ 3,370,508	$ -	$ 3,370,508	$ -
Other real estate owned	1,361,172	-	1,361,172	-

SBM FINANCIAL, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

December 31, 2014, 2013 and 2012

Impaired loans in the table above only include impaired loans for which a related specific reserve or partial charge-off is collateral value, a fair value measure under GAAP. These impaired loans were written down from their initial carrying a $4,985,731 to their fair value of $1,056,879 and $3,370,508 at December 31, 2014 and 2013, respectively, resulting in a through the allowance for loan losses.

REO is recorded at fair value less anticipated cost to sell. The fair value of REO is primarily based on property appraisa similar properties currently available.

The fair value of a financial instrument is the current amount that would be exchanged between willing parties, other tha Fair value is best determined based upon quoted market prices. However, in many instances, there are no quoted market various financial instruments. In cases where quoted market prices are not available, fair values are based on estimates u valuation techniques. Those techniques are significantly affected by the assumptions used, including the discount rate an flows. Accordingly, the fair value estimates may not be realized in an immediate settlement of the instrument. FASB AS *Instruments*, which governs fair value disclosures for financial instruments, excludes certain financial instruments and a from its disclosure requirements. Accordingly, the aggregate fair value amounts presented may not necessarily represent of the Company.

The following methods and assumptions were used by the Company in estimating fair value disclosures.

Cash and cash equivalents: The carrying amounts of cash and due from banks and interest-bearing deposits in banks app

Securities: The fair value of securities available-for-sale is determined by obtaining quoted prices on nationally-recogniz matrix pricing, which is a mathematical technique, used widely in the industry to value debt securities without relying ex for the specific securities, but rather by relying on the securities relationship to other benchmark quoted securities. Fair v presented as FHLB redeems the stock at par value, based on the redemption provisions of FHLB, thus fair value is not re During the second quarter of 2012, the Bank reclassified its shares in Auburn Bancorp, Inc. (Auburn) stock from Level

filed a Form 15 with the Securities and Exchange Commission to voluntarily deregister its common stock.

Loans held for sale: Fair values of loans held for sale are based on commitments from investors or prevailing market pri
recent purchase offers and recent sale transactions for comparable assets.

Loans receivable: For variable-rate loans that re-price frequently and with no significant change in credit risk, fair value
values. Fair values for other loans are estimated using discounted cash flow analyses, using interest rates currently being
similar terms to borrowers of similar credit quality. The fair value of impaired loans is primarily based upon appraisals b
and opinions by third-party brokers. The appraisals and opinions are based upon comparable prices for similar assets in
residential real estate loans and less active markets for commercial loans.

SBM FINANCIAL, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

December 31, 2014, 2013 and 2012

Loan servicing rights: The fair value of loan servicing rights is primarily based upon a valuation model that calculates th estimated net servicing income. This model incorporates certain assumptions that market participants would likely use in servicing income, such as interest rates, prepayment speeds and the cost to service (including delinquency and foreclosu

Accrued interest: The carrying amounts of accrued interest approximate fair value.

Deposit and mortgagors' escrow accounts: The fair values for demand deposits (e.g., interest and non-interest checking certain types of money market accounts) are, by definition, equal to the amount payable on demand at the reporting date amounts). The carrying amounts of variable-rate, fixed-term money market accounts and certificates of deposit approxim reporting date. Fair values for fixed-rate certificates of deposit are estimated using a discounted cash flow calculation tha currently being offered on certificates to a schedule of aggregate expected monthly maturities on time deposits.

Securities sold under retail agreements to repurchase: The carrying amounts of borrowings under repurchase agreemen four days from the transaction date approximate their fair values.

Federal Home Loan Bank advances: The fair value of those advances is estimated based on the discounted value of con discount rate is estimated using rates currently offered with similar remaining maturities.

Note payable: The fair value of the note payable approximates its carrying value.

Deferred compensation liabilities: The fair value of the deferred compensation liabilities approximates their carrying va

Off-balance-sheet instruments: The Bank's off-balance-sheet instruments consist of loan commitments. Fair values for l
been presented, as the future revenue derived from such financial instruments is not significant.

SBM FINANCIAL, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

December 31, 2014, 2013 and 2012

The following table presents the carrying amounts and estimated fair value for financial instrument assets and liabilities

		Fair Value Measurements at December 31, 2014 Using			
(dollars in thousands)	Carrying Amount	Fair Value	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Financial assets					
Cash and cash equivalents	$35,075	$ 35,075	$ 35,075	$ -	$ -
Securities available-for-sale	1,360	1,360	-	1,360	-
Securities held-to-maturity	81,852	84,311	-	84,311	-
Federal Home Loan Bank stock	3,816	**N/A**	-	-	-
Loans held for sale	6,717	6,717	-	-	6,717
Loans, net					
Commercial real estate	187,513	183,994	-	-	183,994
Commercial non-real estate	121,272	126,135	-	-	126,135
Commercial construction	6,998	6,678	-	-	6,678
Residential real estate	225,548	227,899	-	-	227,899
Home equity advances	73,546	73,104	-	-	73,104
Consumer	8,091	8,600	-	-	8,600
Loan servicing rights	1,853	1,853	-	1,853	-
Accrued interest receivable	1,743	1,743	-	1,743	-
Financial liabilities					
Deposits	656,952	657,867	-	657,867	-
Repurchase agreements	25,071	25,071	-	25,071	-
Federal Home Loan Bank advances	20,000	19,997	-	19,997	-
Deferred compensation liabilities	4,836	4,836	-	-	4,836
Mortgagors' escrow accounts	786	786	-	786	-
Note payable	9,000	9,000	-	-	9,000

Accrued interest payable	1,165	1,165	-	1,165	-

SBM FINANCIAL, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

December 31, 2014, 2013 and 2012

The following table presents the carrying amounts and estimated fair value for financial instrument assets and liabilities

		Fair Value Measurements at December 31, 2013 Using			
(dollars in thousands)	Carrying Amount	Fair Value	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Financial assets					
Cash and cash equivalents	$30,232	$ 30,232	$ 30,232	$ -	$ -
Securities available-for-sale	1,285	1,285	-	1,285	-
Securities held-to-maturity	78,749	77,440	-	77,440	-
Federal Home Loan Bank stock	3,816	N/A	-	-	-
Loans held for sale	2,978	2,978	-	-	2,978
Loans, net					
Commercial real estate	180,218	176,999	-	-	176,999
Commercial non-real estate	121,262	127,246	-	-	127,246
Commercial construction	2,053	2,058	-	-	2,058
Residential real estate	184,836	188,255	-	-	188,255
Home equity advances	72,119	71,826	-	-	71,826
Consumer	9,392	9,674	-	-	9,674
Loan servicing rights	2,202	2,202	-	2,202	-
Accrued interest receivable	1,904	1,904	-	1,904	-
Financial liabilities					
Deposits	624,624	626,116	-	626,116	-
Repurchase agreements	17,566	17,566	-	17,566	-
Deferred compensation liabilities	4,931	4,931	-	-	4,931
Mortgagors' escrow accounts	994	994	-	994	-
Note payable	9,000	9,000	-	-	9,000
Accrued interest payable	713	713	-	713	-

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The Bank of Maine

Schedule of Adjusted Net Worth

As of and for the year ended December 31, 2014

Title II Single Family Program Lenders' Adjusted Net Worth Computation

FHA servicing portfolio at December 31, 2014	$6,853,025	(a)
FHA originations - FHA-insured Title II loan originations during the fiscal year	$7,303,246	(b)
FHA purchases - FHA-insured Title II third-party originator purchases during the fiscal year	$-	(c)
Total FHA loan activity [(d) = (a)+(b)+(c)]	$14,156,271	(d)
FHA-insured Title II loan originations retained at fiscal year-end	$948,723	(e)
FHA-insured Title II third-party originator purchases retained at fiscal year-end	$-	(f)
Adjustments [(g) = (e)+(f)]	$948,723	(g)
Total adjusted FHA loan activity [(h) = (d)-(g)]	$13,207,548	(h)
Net worth required	**$1,000,000**	**(i)**
Additional net worth required	$-	(j)
Total net worth [(k) = (i)+(j)	**$1,000,000**	**(k)**
Stockholders' equity (net worth) per balance sheet	$99,138,236	(l)
Less unacceptable assets	$4,089,182	(m)
Adjusted net worth [(n) = (l)-(m)	$95,049,054	(n)
Minimum net worth required	$1,000,000	(o)
Adjusted net worth above required minimum amount [(p)=(n)-(o)]	$94,049,054	(p)

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ANNEX E

SBM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2015

SBM FINANCIAL, INC. AND SUBSIDIARIES

Consolidated Balance Sheets

ASSETS

	March 31 2015 (Unaudite
Cash and due from banks	$10,214,2
Interest-bearing deposits in banks	22,230,1
Total cash and cash equivalents	32,444,3
Securities held-to-maturity (fair value of $83,034,337 and $84,310,626 at March 31, 2015 and December 31, 2014, respectively)	80,030,7
Securities available-for-sale	1,428,03
Federal Home Loan Bank of Boston (FHLB) stock, at cost	3,816,20
Loans held for sale	10,459,5
Loans receivable, net of allowance for loan losses of $7,656,078 and $8,041,766 at March 31, 2015 and December 31, 2014, respectively	632,320
Premises and equipment, net	20,205,6
Other real estate owned	857,445
Accrued interest receivable	1,752,78
Deferred tax asset	25,428,1
Loan servicing rights	1,920,05
Other assets	2,835,82
	$813,499

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

SBM FINANCIAL, INC. AND SUBSIDIARIES

LIABILITIES AND EQUITY CAPITAL

	Ma
	201
	(Un
Liabilities	
Deposits	$65
Securities sold under agreements to repurchase	26
Escrow accounts	63
Accrued interest and other liabilities	7,4
Federal Home Loan Bank advances	25
Note payable	8,3
Total liabilities	72
Commitments and contingencies (Notes 2, and 7 through 11)	
Equity capital	
Preferred stock, $.01 par value; 50,000,000 shares authorized; no shares issued and outstanding at March 31, 2015 and December 31, 2014	-
Common stock, $.01 par value; 100,000,000 shares authorized; 632,750 and 632,750 shares issued, 613,877 and 613,424 shares outstanding at March 31, 2015 and December 31, 2014, respectively	6,3
Additional paid-in capital	56
Retained earnings	30
Accumulated other comprehensive income (loss)	
Net unrealized appreciation on securities available-for-sale, net of deferred income tax	57
Net unrealized loss on securities transferred to held-to-maturity, net of deferred income tax	(7
Total equity capital	86
	$81

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

SBM FINANCIAL, INC. AND SUBSIDIARIES

Consolidated Statements of Income

(Unaudited)

	Three Months Ended March 31,	
	2015	**2014**
Interest and dividend income		
Interest and fees on loans	$6,825,988	$6,479,414
Interest and dividends on investments	557,441	570,390
Other interest-earning assets	27,377	22,089
Total interest and dividend income	7,410,806	7,071,893
Interest expense		
Deposits	628,944	676,805
Securities sold under agreements to repurchase	17,967	11,912
Federal Home Loan Bank advances	13,736	5,324
Note payable	106,250	112,500
Total interest expense	766,897	806,541
Net interest income	6,643,909	6,265,352
Provision for loan losses	300,000	-
Net interest income after provision for loan losses	6,343,909	6,265,352
Non-interest income		
Service charges on deposit accounts	396,988	457,866
Loan servicing fees and fair value adjustment	248,187	88,180
Rental income	52,313	56,957
Net debit and credit card income	279,547	248,513
Brokerage, advisory and insurance sales income	150,349	130,571
Net gain and fees on sale of residential loans	964,810	347,460
Net gain on sale of other real estate owned	-	18,995
Net loss on sale of premises and equipment	(93,047)	-
Other non-interest income	75,124	108,452
Total non-interest income	2,074,271	1,456,994
Non-interest expense		

Salaries and employee benefits	4,473,405	3,775,573
Occupancy and equipment	1,541,895	1,513,469
Merger expense	215,418	-
Other non-interest expense	1,705,448	2,233,646
Total noninterest expense	7,936,166	7,522,688
Income before income taxes	482,014	199,658
Income tax expense	169,559	97,591
Net income	$312,455	$102,067
Per common share data:		
Basic earnings per share	$0.51	$0.17
Diluted earnings per share	$0.51	$0.17

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

SBM FINANCIAL, INC. AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

(Unaudited)

	Three M **2015**
Net income	$ 312,45
Other comprehensive income (loss), net of tax	
Unrealized appreciation (depreciation) on securities available-for-sale:	
Unrealized gains (losses) arising during the period	68,432
Tax effect	(23,26
	45,165
Reclassification adjustment for amortization of unrealized losses on securities transferred to held-to-maturity[1]	44,704
Tax effect[2]	(15,20
	29,504
Other comprehensive income (loss)	74,669
Total comprehensive income	$ 387,12

(1) Reclassified into the consolidated statements of income in interest and dividends on inv

(2) Reclassified into the consolidated statements of income in income tax expe

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

SBM FINANCIAL, INC. AND SUBSIDIARIES

Consolidated Statements of Changes in Equity Capital

(Unaudited)

	Preferred Stock	Common Stock	Additional Paid-in Capital	Retained Earnings	Accu Othe Comp Loss
Balance, December 31, 2013	$ -	$ 6,126	$ 56,232,087	$28,081,735	$ (45
Net income	-	-	-	102,067	-
Other comprehensive loss	-	-	-	-	(40
Total comprehensive income					
Issuance of common stock under stock compensation plan	-	2	(2)	-	-
Stock-based compensation expense	-	-	29,530	-	-
Balance, March 31, 2014	$ -	$ 6,128	$ 56,261,615	$28,183,802	$ (49
Balance, December 31, 2014	$ -	$ 6,134	$ 56,367,659	$29,768,224	$ (28
Net income	-	-	-	312,455	-
Other comprehensive income	-	-	-	-	74,
Total comprehensive income					
Issuance of common stock under stock compensation plan	-	5	(5)	-	-
Stock-based compensation expense	-	-	59,374	-	-
Balance, March 31, 2015	$ -	$ 6,139	$ 56,427,028	$30,080,679	$ (21

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

SBM FINANCIAL, INC. AND SUBSIDIARIES

Consolidated Statements of Cash Flows

(Unaudited)

	Three Months Ended March 31,	
	2015	**2014**
Cash flows from operating activities		
Net income	$312,455	$102,067
Adjustments to reconcile net income to net cash provided by (used) in operating activities		
Depreciation and amortization	404,204	458,548
Net (accretion) amortization of discounts and premiums on securities	(15,329)	5,367
Amortization of unrealized holding losses on securities transferred to held-to-maturity	44,704	53,262
Provision for loan losses	300,000	-
Decrease (increase) in net deferred loan costs	89,515	(490,263
Net loss on sale of premises and equipment	93,047	-
Net gain on sale of other real estate owned	-	(18,995
Net gain on sale of loans	(964,810)	(347,460
Deferred income taxes	169,559	49,026
Stock-based compensation expense	59,374	29,530
Decrease (increase) in accrued interest receivable and other assets	443,637	(294,048
(Increase) decrease in loan servicing rights	(67,087)	118,238
Decrease in accrued expenses and other liabilities	(1,137,945)	(89,907
Loans originated for sale	(39,520,846)	(9,918,18
Proceeds from sale of loans held for sale	36,743,444	10,347,3
Net cash (used) provided by operating activities	(3,046,078)	4,491
Cash flows from investing activities		
Proceeds from sale of premises and equipment	392,422	-
Additions to premises and equipment	(37,797)	(155,027
Loan originations and principal collections, net	(9,740,169)	(7,191,49
Proceeds from the sale of other real estate owned	-	165,000
Purchase of securities available-for-sale	-	(9,509,27
Purchase of securities held-to-maturity	-	(9,560,00
Proceeds from principal payments on securities held-to-maturity	1,836,977	1,428,18
Proceeds from calls, maturities and principal payments of securities available-for-sale	-	50,444
Net cash used in investing activities	(7,548,567)	(24,772,1

Cash flows from financing activities		
Net increase in deposits	$2,089,777	$4,459,51
Net decrease in escrow accounts	(152,339)	(20,420
Net increase (decrease) in securities sold under agreements to repurchase	1,526,229	(224,304
Net increase in short-term advances	5,000,000	20,000,0
Repayment of long-term debt	(500,000)	-
Net cash provided by financing activities	7,963,667	24,214,7
Net increase (decrease) in cash and cash equivalents	2,630,978	(552,894
Cash and cash equivalents, beginning of period	35,075,365	30,231,5
Cash and cash equivalents, end of period	$32,444,387	$29,678,6
Supplementary cash flow information:		
Cash paid for interest on deposits, borrowed funds, and note payable	$1,796,897	$694,041
Cash paid for income taxes	16,000	72,000
Non-cash transactions		
Transfers from loans receivable to other real estate owned	-	405,100

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

SBM FINANCIAL, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

1. Basis of Presentation

The accompanying unaudited consolidated financial statements include the accounts of SBM Financial, Inc., its wholly-
Bank of Maine (the Bank) and the Bank's wholly-owned subsidiaries, Healthcare Professional Funding Corporation, Co
Property P, Inc. and SBM Property A, Inc. (collectively referred to as the Company).

The accompanying unaudited consolidated financial statements were prepared in accordance with instructions for Form
include all disclosures required by accounting principles generally accepted in the United States of America (GAAP) fo
financial statements. In the opinion of management, the consolidated financial statements contain all adjustments (consi
recurring accruals) necessary to present fairly the consolidated balance sheets of SBM Financial, Inc. and subsidiaries as
December 31, 2014, the consolidated statements of income for the three months ended March 31, 2015 and March 31, 2
statements of comprehensive income for the three months ended March 31, 2015 and March 31, 2014, the consolidated
equity capital for the three months ended March 31, 2015 and March 31, 2014, and the consolidated statements of cash f
ended March 31, 2015 and March 31, 2014. All significant intercompany transactions and balances are eliminated in co
from the prior year were reclassified to conform to the current period presentation. The income reported for the three mo
2015 is not necessarily indicative of the results that may be expected for the full year. The information in this report sho
with the consolidated financial statements and accompanying notes for the three-year period ended December 31, 2014.

2. Plan of Merger

On March 29, 2015, Camden National Corporation (Camden National), the holding company for Camden National Bank
entered into an Agreement and Plan of Merger (the Merger Agreement) pursuant to which the Company will merge with
National, the separate corporate existence of the Company will thereupon cease and Camden National will continue as t
(the Merger). It is anticipated that, concurrently with the Merger, the Bank, as the Company's wholly-owned subsidiary,
Camden National Bank, with Camden National Bank continuing as the surviving bank.

Pursuant to the terms of the Merger Agreement, at the effective time of the Merger (the Effective Time), each outstandi
par value $0.01 per share, of the Company common stock will be converted into the right to receive at the election of the
$206.00 in cash, without interest or (2) 5.421 shares of common stock, no par value per share, of Camden National, subj
that in the aggregate 80% of Company common stock will be converted to Camden National common stock and the rem
common stock will be converted to cash.

The merger is subject to regulatory approvals.

SBM FINANCIAL, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

3. Earnings Per Common Share

Basic earnings per common share represents income or loss available to common stockholders divided by the adjusted w
common shares outstanding during the period. The adjusted weighted average number of common shares outstanding eq
of common shares issued less the average number of unvested restricted stock unit awards under the Equity Incentive Pl
common share, reflects additional common shares that would have been outstanding if dilutive potential common shares
common shares that may be issued by the Company relate to outstanding vested and unvested stock options and restricte
are determined using the treasury stock method.

The following table sets forth the computation of basic and diluted earnings per common share:

	Three Months Ended March	
	2015	**2014**
Net income	$ 312,455	$ 102,067
Weighted average number of common shares issued	632,750	630,750
Less: average number of unvested restricted stock units	18,595	17,617
Adjusted weighted average number of common shares outstanding	614,155	613,133
Plus: dilutive effect of unvested restricted stock units	15	-
Diluted weighted average number of shares outstanding	614,170	613,133
Net income per share:		
Basic earnings per common share	$ 0.51	$ 0.17
Diluted earnings per common share	$ 0.51	$ 0.17

There were 27,500 and 28,100 stock options for the three months ended March 31, 2015 and 2014, respectively, exclude
per share, as the exercise prices of these options were greater than the average market price of the common stock for the

4. Securities

The amortized cost and fair value of securities, with gross unrealized gains and losses, at March 31, 2015 and December

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	F
March 31, 2015				
Securities available-for-sale				
Marketable equity securities	$ 559,970	$ 868,061	$ -	$
Securities held-to-maturity				
U.S. Government-sponsored enterprises debt security	$ 9,606,302	$ 367,728	-	$
Mortgage-backed securities	70,424,484	2,635,823	-	
	$ 80,030,786	$ 3,003,551	$ -	$

SBM FINANCIAL, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
December 31, 2014				
Securities available-for-sale				
Marketable equity securities	$ 559,970	$ 799,630	$ -	$ 1,359,600
Securities held-to-maturity				
U.S. Government-sponsored enterprises debt security	$ 9,595,235	$ 204,765	-	$ 9,800,000
Mortgage-backed securities	72,257,199	2,253,427	-	74,510,626
	$ 81,852,434	$ 2,458,192	$ -	$ 84,310,626

On March 31, 2015 and December 31, 2014, the carrying amount of securities pledged was $80,030,786 and $81,852,43

The Company has only one U.S. Government-sponsored enterprises debt security, which is callable any time after five c on this security is 2023. Contractual maturities are not presented for mortgage-backed securities because they have an u to unscheduled prepayments.

There were no sales of securities available-for-sale during the three months ended March 31, 2015 and 2014.

Management periodically evaluates the Company's investments for other-than-temporary impairment based on the type period of time the investment has been in an unrealized loss position. Once a decline in value is determined to be other-t of the security is reduced and a corresponding charge to earnings is recognized. At March 31, 2015 and December 31, 2 these investments are not other-than-temporarily impaired. The Company held no investment securities with unrealized

5. Loans Receivable and Allowance for Loan Losses

A summary of the balances of loans follows:

	March 31, 2015	December 31, 2014
Real estate loans		
Residential real estate	$231,099,469	$227,302,546
Commercial real estate	192,365,174	189,054,511
Commercial construction	9,968,417	7,034,678
Home equity advances	74,026,242	74,689,384
	507,459,302	498,081,119
Commercial non-real estate	124,579,992	124,740,391
Consumer	7,936,925	8,188,593
Subtotal	639,976,219	631,010,103

SBM FINANCIAL, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

	March 31, 2015	December 31, 2014
Less: Allowance for loan losses	(7,656,078)	(8,041,766)
Loans, net	$632,320,141	$622,968,337

Loan balances include net deferred loan costs of $4,793,280 and $4,882,796 at March 31, 2015 and December 31, 2014,

Total loans pledged to secure borrowings and available borrowing capacity totaled $225,829,028 and $242,501,973 at M
December 31, 2014, respectively.

SBM FINANCIAL, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

A substantial portion of the Bank's loans are collateralized by real estate located in Maine. Accordingly, the ultimate col portion of the Bank's loan portfolio is subject to changes in economic conditions in Maine. In addition to this geographic has a loan concentration, through its subsidiary, Healthcare Professional Funding Corporation, in loans to dentists, ophth veterinarians. These loans are made throughout the United States. As of March 31, 2015 and December 31, 2014, these l and $90.9 million, respectively, or 106% of the Company’s total equity capital. The collectability of this type of loan ma in consumer needs and the availability of reimbursement for medical care.

The allowance for loan losses is established for loan losses that are estimated to have occurred, through a provision for l earnings. A loan loss is charged against the allowance when management believes a loan balance is uncollectible. Subse are credited to the allowance.

The allowance for loan losses is evaluated by management on a regular basis and is based upon management's periodic r of the Bank’s loans in light of the Bank’s historical experience with its loan portfolio, the nature and size of the Bank’s l borrowers to repay their loans, the estimated value of any collateral securing the loans and prevailing economic conditio similar process to estimate its liability for off-balance-sheet commitments to extend credit and this estimate is included i evaluation is subjective since it is based on estimates that are periodically revised to reflect current information and is su revision as more information becomes available.

The Bank periodically evaluates its larger-balance, non-homogeneous loans for impairment. A loan is considered impair determines that it is probable that the Bank will be unable to collect all amounts due according to the original contractua agreement. Impairment is measured by the difference between the recorded investment in the loan (including accrued in fees or costs, and the unamortized premium or discount) and the estimated present value of total expected future cash flo effective rate or the fair value of the collateral, if the loan is collateral-dependent.

Management identifies and reviews all loans equal to or greater than $250,000 for impairment. Identification is based on including: risk rating, delinquency, loan classification, non-accrual status, loans which are on a “watch list” and other cr by management.

If it is determined that a loan is not impaired, the loan will be grouped with other loans for consideration in developing t

If it is determined that a loan is impaired, management measures the amount of impairment, which is included as a speci
allowance for loan losses. Subsequent evaluations of impairment and adjustments to the reserve are performed on a quar
determined that an “impaired loan” has no impairment amount, the loan will remain segregated as impaired, but no reser
Subsequent evaluations of impairment, and adjustment to the reserve, are performed on a quarterly basis.

SBM FINANCIAL, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

In addition, management will review for impairment any group of loans with similar risk/class characteristics but with in $250,000, if borrowers with those risk characteristics or in that class have been adversely affected by business environm changes.

The Bank may periodically agree to modify the contractual terms of loans. When a loan is modified and a concession is experiencing financial difficulty, the modification is considered a troubled debt restructuring. All troubled debt restructu impaired and are primarily measured using the present value of expected future cash flows. Troubled debt restructurings collateral-dependent are measured using the fair value of collateral. The determination of whether interest is accrued on loans is the same as for other impaired loans.

Estimating the Allowance for Loan Losses

The Bank's methodology for assessing the appropriateness of the allowance for loan losses consists of several key elem allowance based on a combination of historical loss factors and qualitative loss factors, a specific allowance for impaire unallocated allowance related to a risk assessment of the entire loan portfolio.

Qualitative factors used in calculating the general allowance include any inherent risks which may not be reflected in his each loan class, qualitative factors are graded based on credit quality factors, including Pass/Watch, Special Mention, Su well as by various loan classes as further described below. The qualitative factors which management considers are:

- National economic stability
- Regional economic stability
- Real estate prices within the region
- General loan portfolio risk/maturity of cycle
- Trends in delinquencies
- Industry concentration within the portfolio
- Growth of loan portfolio
- Portfolio management
- External loan review
- Federal and/or state guaranty programs

- Competition within the Bank's markets
- Legal and regulatory environment

The general component of the allowance for loan losses is based on historical loss experience adjusted for qualitative fac loan portfolio categories, subcategories and segments referenced below. Management uses an average of historical losse appropriate to capture relevant loss data for each portfolio segment. Management deems 36 months to be an appropriate base historical losses for each portfolio segment. Management follows a similar process to estimate its liability for off-b to extend credit.

SBM FINANCIAL, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

The qualitative factors are determined based on the various risk characteristics of each portfolio segment. Risk character
portfolio segment are as follows:

Commercial non-real estate: Loans in this segment are made to businesses and are generally secured by assets of the b
expected from the cash flows of the business. A weakened economy will have an effect on the credit quality in this segm

Commercial real estate and construction: Loans in this segment are primarily secured by income-producing properties
businesses. The cash flows generated by the properties may be adversely affected by a downturn in the economy. This w
increased vacancy rates that will have an effect on the credit quality of this segment. Management obtains rent rolls and
statements no less than annually and continually monitors the cash flows of these loans.

Residential real estate and home equity lines of credit: All loans in this segment are collateralized by owner-occupied
repayment is dependent on the credit quality of the individual borrower. The overall health of the economy, including un
housing prices, will have an effect on the credit quality of this segment.

Consumer: Repayment of loans in this segment is generally dependent on the credit quality of the individual borrower.

The specific allowance on an impaired loan is established when a loss is probable and can be estimated. Such a provisio
estimate of the present value of total expected future cash flows or the fair value of the collateral for the loan, considerin
future market conditions, if the loan is collateral-dependent. When available information confirms that loans or portions
these amounts are charged-off against the allowance for loan losses. Subsequent recoveries, if any, are credited to the all

The general unallocated allowance is based upon management's evaluation of various factors that are not directly measu
the general and specific allowances. The unallocated component is maintained to cover uncertainties that could affect m
probable losses and reflects the margin of imprecision inherent in the underlying assumptions used in the methodologies
and general reserves in the portfolio. This evaluation is subjective and revised periodically as it requires estimates that a
revision as information changes.

For purposes of calculating the appropriate level of allowance for loan losses, the loan portfolio is currently segregated i
Pass, Special Mention, Substandard, Doubtful and Loss.

Each of the above categories is further segmented by loan class and includes:

Commercial non-real estate

Commercial real estate

Commercial construction

Residential real estate

Home equity advances

Consumer

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SBM FINANCIAL, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

There were no changes in the Bank's accounting policies or methodology pertaining to the allowance for loan losses dur
March 31, 2015 and 2014, and the year ended December 31, 2014.

Credit Quality Indicators

The Bank identifies and categorizes loans with similar risk profiles by applying a credit quality indicator (risk rating) to
its portfolio.

The risk ratings are represented by grades of 1, 2, 3, 4, Watch, 5, 6, 7 and 8, representing the lowest to highest risk ratin
grouped for purposes of evaluating the allowance for loan losses as follows:

Risk Ratings 1 through 4 and Watch are considered "Pass" credits

Risk Rating 5 is considered "Special Mention"

Risk Rating 6 is considered "Substandard"

Risk Rating 7 is considered "Doubtful"

Risk Rating 8 is considered "Loss"

Commercial loans are grouped using all of the categories referenced above. Residential loans are grouped as Pass, Speci
Consumer loans are grouped as Performing or Non-performing.

Performing loans are loans which are current or past due less than 90 days. Non-performing loans are loans which are pa

The risk rating of loans informs management about the credit quality of the loan portfolio, its overall quality and areas c
risk. Each loan review conducted by a loan review officer will also include an evaluation of the loan's risk rating.

All commercial loans are assigned a risk rating at inception by the originating loan officer. The initial rating is determin
aspects of the credit including, but not limited to:

- Financial condition of the borrower as reflected in its balance sheet;
- Results of operations of the borrower as reflected in its income and cash flow statements;
- Financial trends of the borrower over at least the most recent three-year period;
- Quality and reliability of the borrower's financial statements;
- Bank and trade checks, and credit bureau reports on the borrower;
- Industry outlook;
- Quality and marketability of collateral for the loan;
- Analysis of any guarantor's financial position; and
- Analysis of socio-political and economic factors.

No single factor is used to determine the degree of risk. Rather, the rating assigned reflects a composite of all of the crite
any other factors known to the loan officer or which the loan officer believes should be considered in assessing credit ris

SBM FINANCIAL, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

In practice, all new loans (not involving a restructuring or absent special circumstances) receive an initial Pass risk ratin
or above.

The following definitions outline credit characteristics of loans in the risk rating categories used by the Bank.

1. ***Fully Secured by Cash***

2. ***Superior***

- Borrower is a major corporation or other entity
- Borrower has substantial financial capacity
- Borrower has satisfactory profit margins
- Borrower has excellent liquidity
- Borrower has consistent track record and compares favorably with industry stan
- The collateral coverage is 1.50X or better
- There is an absence of any significant credit risk
- Debt coverage is 1.50X or better
- Loan is properly structured
- No deficiencies in credit information

3. ***Desirable***

- Borrower has substantial financial capacity
- Borrower has above average profit margins
- Borrower has excellent liquidity
- Borrower has consistent track record and compares favorably with industry standards
- There is an absence of any significant credit risk
- Loan is properly structured
- The collateral coverage is 1.20X or better
- No deficiencies in credit information
- Debt coverage is 1.40X or better

4. ***Satisfactory***

- Established borrower that represents acceptable credit risk
- Financial analysis displays satisfactory financial condition and earning pov
- Borrower has good asset quality and capacity to meet loan payments
- Borrower meets normal industry standards and does not require extensive monit
- Loan adheres to credit policy in every respect
- If borrowing is a line of credit, borrower should be out of debt for a minimum of 30 days per f
- Unsecured loans to individuals supported by satisfactory statements and borrower exhibits adherence to rep
- Loan secured with proper margin on equipment for which there is an active ma
- Loan is secured by real estate with a loan-to-value (LTV) that is within Bank po
- Debt coverage is 1.20X to 1.40x

SBM FINANCIAL, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

W. ***Fair/Pass Watch***

- Loan has demonstrated satisfactory asset quality, earnings history, liquidity and other adequate margins of c
- Loan represents a moderate credit risk and borrower has some degree of financial st
- Loan is considered collectible in full, but may require greater than average loan officer a
- Loan that is characterized by any of the following:

a) Weaker borrower whose loan is secured by properly margined business collateral such as accounts receivable, invento equipment

b) Unseasoned smaller loan

c) Seasoned loan with satisfactory repayment history, apparent adequate collateral margin, but stale finar

d) Excessive vulnerability to competition

e) Speculative construction loan where the builder does not have a high net worth and/or

f) Dependence on limited customer base or source of supply

g) Real estate loan that may be above the standard LTV policy of 75%

h) Debt coverage is 1.00X to 1.20x

5. ***Special Mention***

- Loan that does not yet warrant adverse classification, but possess credit deficiencies or potential weakness deserving m
- Adverse trends in business operations and deterioration in the balance sheet of borrower which have not reached the po the debt is jeopardized
- Deterioration in collateral values where normal advance rates cannot be maintained because liquidation value of the col a source of repayment due to adverse financial trends
- Failure to obtain proper loan documentation
  - Inadequate loan agreement
  - Inadequate loan/credit information
  - Debt coverage is less than 1.00X

6. ***Substandard***

- Loan which exhibits some of the following well-defined weaknesses:

a) Loan is inadequately protected by the current net worth and paying capacity of the borrower or value o

b) Loan which has well-defined weaknesses based on objective evidenc

c) Loan where future losses to the Bank are possible if the deficiencies in the collateral are not

d) Loan where the liquidation of collateral would not be timely even if there is little likelihood o

e) Loan where the primary source of payment is no longer available, and the Bank is relying on a seco

f) Loan where the guarantors are unable to generate enough cash flow for debt redu

g) Loan where collateral has deteriorated

h) Loan where flaws in documentation exist

i) Loan secured by real estate where the appraisal does not conform to the Bank's appraisal standards or where it can be assumptions underlying the appraisal are incorrect

j) One-to-four family residential real estate loans and home equity loans and lines that are delinquent 90 days or more an than 60%

k) Consumer loan that is delinquent 90 days or more

SBM FINANCIAL, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

7. ***Doubtful***

· Loan which exhibits some of the following characteristics:

Loan which has all the weaknesses inherent in those classified as "Substandard" and which, in addition, has other fact
a) the loan or liquidation of the collateral in full highly questionable and improbable, when considering currently existing values
b) Loan which exhibits discernible loss potential, and where some, but not a complete loss seems
c) Loan where the primary source of repayment is no longer available and serious doubt exists as to quality of a seconda
d) Loan where the possibility of loss is high, but, because of certain important and specific pending factors which may st classification as a loss is deferred until a more exact status can be determined
e) Loan where a "Doubtful" classification probably would not be repeated at a later examination because of the existence to resolve pending factors which could work to strengthen the loan
f) Loan where a "Loss" classification would normally be warranted if pending events do not occur, and repayn developments
g) Loan where the entire loan should not be classified as a loss because the probability of a partial recover

8. ***Loss***

Loan which is presently uncollectible and of such little value that its continuance as an asset is not warranted. This clas
· that the loan has no potential recovery value, but rather that it is not practical or desirable to defer writing it off even th be obtained in the future.

Risk ratings are reviewed and generally updated on an annual basis by the Bank's internal loan reviewer, or more freque

SBM FINANCIAL, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

The following tables summarize the credit risk rating profile of the Bank's loan portfolio, net of deferred loan fees and c
December 31, 2014:

March 31, 2015

Credit Risk Rating	Commercial non-real estate	Commercial real estate	Commercial constr
1	$ 624,072	$ -	$ -
2	226,601	895,893	-
3	1,932,523	6,088,760	-
4	86,298,890	135,347,128	9,968,417
W	22,808,220	32,402,087	-
5	7,991,845	4,377,043	-
6	4,697,841	13,254,263	-
7	-	-	-
Total	$ 124,579,992	$ 192,365,174	$ 9,968,417

December 31, 2014

Credit Risk Rating	Commercial non-real estate	Commercial real estate	Commercial constr
1	$ 111,369	$ -	$ -
2	226,601	910,418	-
3	2,174,167	8,235,711	-
4	90,475,305	128,337,558	7,034,678
W	23,216,982	32,578,646	-
5	3,754,578	5,113,157	-
6	4,781,389	13,879,021	-
7	-	-	-

Total	$ 124,740,391	$ 189,054,511	$ 7,034,678

Residential and Consumer Credit Exposure

Credit Risk Profile Internally Assigned

March 31, 2015

Grade	Residential	Home equity advances
Pass	$225,675,973	$ 73,193,331
Substandard	5,423,496	832,911
Total	$231,099,469	$ 74,026,242

	Consumer
Performing	$7,538,852
Non-performing	398,073
Total	$7,936,925

SBM FINANCIAL, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

December 31, 2014

Grade	Residential	Home equity advances
Pass	$221,735,153	$ 73,838,681
Substandard	5,567,393	850,703
Total	$227,302,546	$ 74,689,384

	Consumer
Performing	$7,780,844
Non-performing	407,749
Total	$8,188,593

Past Due and Non-Accrual Loans

A loan is typically placed on non-accrual status when it is 90 days past due. A loan is not returned to accrual status until respect to both interest and principal and future periodic payments are reasonably assured.

The following tables summarize the aging analysis of past due loans and non-accrual loans by class within the Bank's p fees and costs.

Past Due Loans

March 31, 2015

	30-59 Days Past Due	60-89 Days Past Due	90 Days and Greater	Total Past Due	Current	Total
Commercial non-real estate	$347,649	$5,954	$175,480	$529,083	$124,050,909	$124,5
Commercial real estate	1,286,046	-	3,040,569	4,326,615	188,038,559	192,3
Commercial construction	-	-	-	-	9,968,417	9,968
Residential real estate	1,892,428	611,629	4,072,387	6,576,444	224,523,025	231,0
Home equity advances	648,564	193,097	893,271	1,734,932	72,291,310	74,02
Consumer	352,804	193,674	233,552	780,030	7,156,895	7,936
Total	$4,527,491	$1,004,354	$8,415,259	$13,947,104	$626,029,115	$639,9

December 31, 2014

	30-59 Days Past Due	60-89 Days Past Due	90 Days and Greater	Total Past Due	Current	Total
Commercial non-real estate	$17,778	$-	$174,727	$192,505	$124,547,886	$124,7
Commercial real estate	45,690	398,946	3,691,523	4,136,159	184,918,352	189,0
Commercial construction	-	-	-	-	7,034,678	7,034
Residential real estate	366,243	1,220,591	4,032,932	5,619,766	221,682,780	227,3
Home equity advances	388,418	118,120	788,786	1,295,324	73,394,060	74,68
Consumer	132,810	272,265	274,097	679,172	7,509,421	8,188
Total	$950,939	$2,009,922	$8,962,065	$11,922,926	$619,087,177	$631,0

SBM FINANCIAL, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

Non-accrual Loans

	March 31, 2015	December 31, 2014
Commercial non-real estate	$175,480	$506,911
Commercial real estate	3,802,354	4,419,580
Residential real estate	4,927,722	4,909,894
Home equity advances	931,084	833,492
Consumer	310,234	282,144
	$10,146,874	$10,952,021

SBM FINANCIAL, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

The following tables summarize information pertaining to the activity in the allowance for loan losses and selected loan
the three months ended March 31:

March 31, 2015	Commercial non-real estate	Commercial real estate	Commercial construction	Residential real estate	Home equity advances	Consumer	U
Allowance for loan losses							
Beginning balance	$ 3,467,816	$ 1,240,669	$ 35,815	$ 1,756,345	$ 1,143,238	$ 98,109	$
Charge-offs	(386,895)	(288,057)	-	(8,468)	(59,335)	(32,795)	
Recoveries	4,747	36,986	-	1,975	5,420	40,734	
Provision (reduction)	(242,640)	725,424	7,989	(114,304)	(430,561)	(772)	
Ending balance	$ 2,843,028	$ 1,715,022	$ 43,804	$ 1,635,548	$ 658,762	$ 105,276	$
Ending balance:							
Individually evaluated for impairment	$ -	$ 49,153	$ -	$ 5,030	$ -	$ 934	$
Collectively evaluated for impairment	$ 2,843,028	$ 1,665,869	$ 43,804	$ 1,630,518	$ 658,762	$ 104,342	$
Loans							
Ending balance							
Individually evaluated for impairment	$ 798,772	$ 5,495,489	$ -	$ 4,946,213	$ 15,830	$ 78,580	
Collectively evaluated for impairment	$ 123,781,220	$ 186,869,685	$ 9,968,417	$ 226,153,256	$ 74,010,412	$ 7,858,345	

March 31, 2014	Commercial non-real estate	Commercial real estate	Commercial construction	Residential real estate	Home equity advances	Consumer	U

Allowance for loan losses							
Beginning balance	$ 2,089,767	$ 4,434,012	$ 36,725	$ 1,379,681	$ 518,998	$ 52,015	$
Charge-offs	(215,273)	(227,937)	-	(191,606)	(9)	(19,050)	
Recoveries	4,869	680,441	-	1,165	1,347	14,106	
Provision (reduction)	304,250	(1,275,042)	(2,032)	252,388	(18,293)	11,989	
Ending balance	$ 2,183,613	$ 3,611,474	$ 34,693	$ 1,441,628	$ 502,043	$ 59,060	$
Ending balance: Individually evaluated for impairment	$ -	$ 28,730	$ -	$ 82,920	$ -	$ -	$
Collectively evaluated for impairment	$ 2,183,613	$ 3,582,744	$ 34,693	$ 1,358,708	$ 502,043	$ 59,060	$
Loans							
Ending balance							
Individually evaluated for impairment	$ 663,872	$ 6,793,869	$ -	$ 4,641,804	$ 16,812	$ 32,298	
Collectively evaluated for impairment	$ 130,038,404	$ 172,304,715	$ 1,647,192	$ 187,430,398	$ 73,133,559	$ 9,051,081	

The following table summarizes information pertaining to the activity in the allowance for loan losses and selected loan
the year ended December 31:

December 31, 2014	**Commercial non-real estate**	**Commercial real estate**	**Commercial construction**	**Residential real estate**	**Home equity advances**	**Consumer**	
Allowance for loan losses							
Beginning balance	$ 2,089,767	$ 4,434,012	$ 36,725	$ 1,379,681	$ 518,998	$ 52,015	$
Charge-offs	(1,081,448)	(552,911)	-	(755,005)	(383,967)	(293,974)	
Recoveries	161,571	1,119,068	-	19,422	72,555	63,195	
Provision (reduction)	2,297,926	(3,759,500)	(910)	1,112,247	935,652	276,873	
Ending balance	$ 3,467,816	$ 1,240,669	$ 35,815	$ 1,756,345	$ 1,143,238	$ 98,109	$
Ending balance: Individually evaluated for impairment	$ 2,908	$ 85,774	$ -	$ 5,030	$ -	$ 934	$
Collectively evaluated for impairment	$ 3,464,908	$ 1,154,895	$ 35,815	$ 1,751,315	$ 1,143,238	$ 97,175	$
Loans							
Ending balance							

Individually evaluated for impairment	$ 783,875	$ 6,549,928	$ -	$ 4,958,583	$ 16,073	$ 79,267
Collectively evaluated for impairment	$ 123,956,516	$ 182,504,583	$ 7,034,678	$ 222,343,963	$ 74,673,311	$ 8,109,326

SBM FINANCIAL, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

The following tables summarize information pertaining to impaired loans as of and for the three months ended March 3

March 31, 2015	**Recorded Investment**	**Unpaid Principal Balance**	**Related Allowance**	**Average Recorded Investment**	**Interest Income Recognized**
With no related allowance:					
Commercial non-real estate	$798,772	$ 1,588,060	$ -	$1,052,945	$ 20,699
Commercial real estate	4,374,732	4,760,928	-	4,385,459	27,879
Commercial construction	-	-	-	-	-
Residential real estate	4,590,190	4,871,484	-	4,597,665	19,506
Home equity advance	15,830	15,830	-	15,915	153
Consumer	49,950	49,950	-	49,890	31
	$9,829,474	$ 11,286,252	$ -	$10,101,874	$ 68,268
With an allowance recorded:					
Commercial non-real estate	$-	$ -	$ -	$-	$ -
Commercial real estate	1,120,757	1,120,757	49,153	1,125,792	8,821
Commercial construction	-	-	-	-	-
Residential real estate	356,023	356,023	5,030	357,132	3,484
Home equity advances	-	-	-	-	-
Consumer	28,630	28,630	934	28,792	330
	$1,505,410	$ 1,505,410	$ 55,117	$1,511,716	$ 12,635
Total:					
Commercial non-real estate	$798,772	$ 1,588,060	$ -	$1,052,945	$ 20,699
Commercial real estate	5,495,489	5,881,685	49,153	5,511,251	36,700
Commercial construction	-	-	-	-	-
Residential real estate	4,946,213	5,227,507	5,030	4,954,797	22,990
Home equity advances	15,830	15,830	-	15,915	153
Consumer	78,580	78,580	934	78,682	361
	$11,334,884	$ 12,791,662	$ 55,117	$11,613,590	$ 80,903

March 31, 2014	**Recorded Investment**	**Unpaid Principal Balance**	**Related Allowance**	**Average Recorded Investment**	**Interest Income Recognized**

With no related allowance:					
Commercial non-real estate	$663,872	$ 1,051,598	$ -	$666,334	$ 15,739
Commercial real estate	6,316,822	7,334,826	-	6,338,266	78,412
Commercial construction	-	-	-	-	-
Residential real estate	4,065,009	4,419,911	-	4,111,876	30,311
Home equity advances	16,812	16,812	-	16,901	166
Consumer	32,298	32,298	-	32,579	407
	$11,094,813	$ 12,855,445	$ -	$11,165,956	$ 125,035
With an allowance recorded:					
Commercial non-real estate	$-	$ -	$ -	$-	$ -
Commercial real estate	477,047	477,047	28,730	477,871	3,006
Commercial construction	-	-	-	-	
Residential real estate	576,795	600,795	82,920	577,322	2,430
Home equity advances	-	-	-	-	-
Consumer	-	-	-	-	-
	$1,053,842	$ 1,077,842	$ 111,650	$1,055,193	$ 5,436

SBM FINANCIAL, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

March 31, 2014	**Recorded Investment**	**Unpaid Principal Balance**	**Related Allowance**	**Average Recorded Investment**	**Interest Income Recognized**
Total:					
Commercial non-real estate	$663,872	$1,051,598	$ -	$666,334	$ 15,739
Commercial real estate	6,793,869	7,811,873	28,730	6,816,137	81,418
Commercial construction	-	-	-	-	-
Residential real estate	4,641,804	5,020,706	82,920	4,689,198	32,741
Home equity advances	16,812	16,812	-	16,901	166
Consumer	32,298	32,298	-	32,579	407
	$12,148,655	$13,933,287	$ 111,650	$12,221,149	$ 130,471

SBM FINANCIAL, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

The following table summarizes information pertaining to impaired loans as of and for the year ended December 31:

December 31, 2014	Recorded Investment	Unpaid Principal Balance	Related Allowance	Average Recorded Investment	Interest Income Recognized
With no related allowance:					
Commercial non-real estate	$619,178	$ 1,022,910	$ -	$724,378	$ 82,170
Commercial real estate	4,794,417	5,178,014	-	4,779,750	207,296
Commercial construction	-	-	-	-	-
Residential real estate	4,594,566	4,871,401	-	4,339,667	154,477
Home equity advance	16,073	16,073	-	16,444	627
Consumer	49,901	49,901	-	37,676	411
	$10,074,135	$ 11,138,299	$ -	$9,897,915	$ 444,981
With an allowance recorded:					
Commercial non-real estate	$164,697	$ 164,697	$ 2,908	$41,174	$ 5,173
Commercial real estate	1,755,511	1,866,656	85,774	1,738,846	76,026
Commercial construction	-	-	-	-	-
Residential real estate	364,017	364,017	5,030	325,035	19,168
Home equity advances	-	-	-	-	-
Consumer	29,366	29,366	934	30,284	1,497
	$2,313,591	$ 2,424,736	$ 94,646	$2,135,339	$ 101,864
Total:					
Commercial non-real estate	$783,875	$ 1,187,607	$ 2,908	$765,552	$ 87,343
Commercial real estate	6,549,928	7,044,670	85,774	6,518,596	283,322
Commercial construction	-	-	-	-	-
Residential real estate	4,958,583	5,235,418	5,030	4,664,702	173,645
Home equity advances	16,073	16,073	-	16,444	627
Consumer	79,267	79,267	934	67,960	1,908
	$12,387,726	$ 13,563,035	$ 94,646	$12,033,254	$ 546,845

No additional funds are committed to be advanced on impaired loans.

Troubled Debt Restructurings

A loan modification constitutes a troubled debt restructuring if the Bank, for economic or legal reasons related to the bo difficulties, grants a concession to the borrower that it would not otherwise consider. To determine whether or not a loa troubled debt restructuring, management evaluates a loan based upon the following criteria:

- The borrower demonstrates financial difficulty: common indicators include past due status on bank obligations, substa or an inability to refinance with another lender, and

- The Bank has granted a concession: common concessions include maturity date extension, interest rate adjustments to reduction of principal and deferral of payments.

SBM FINANCIAL, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

The following table presents the recorded investment in troubled debt restructurings as of the periods indicated based on
status:

March 31, 2015	Residential Real Estate	Commercial Real Estate	Commercial Non-Real Estate	Consumer	Total
Performing	$ 2,382,097	$ 3,169,905	$ 16,279	$ 28,631	$ 5,596,912
Non-performing	728,685	108,002	322,649	-	1,159,336
Total	$ 3,110,782	$ 3,277,907	$ 338,928	$ 28,631	$ 6,756,248

December 31, 2014	Residential Real Estate	Commercial Real Estate	Commercial Non-Real Estate	Consumer	Total
Performing	$ 2,407,243	$ 2,757,536	$ 783,875	$ 29,366	$ 5,978,020
Non-performing	713,122	124,085	-	-	837,207
Total	$ 3,120,365	$ 2,881,621	$ 783,875	$ 29,366	$ 6,815,227

Troubled debt restructured loans are considered impaired loans. As of March 31, 2015 and December 31, 2014, there we
additional amounts to borrowers with outstanding loans that are classified as troubled debt restructurings. The determina
accrued on a troubled debt restructured loan is made on the same basis as for other impaired loans.

During the three months ended March 31, 2015 and 2014, certain loan modifications were executed which constituted tr
The real estate loan modifications were classified as troubled debt restructurings due to payment deferrals and extension

SBM FINANCIAL, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

The following table summarizes troubled debt restructurings that occurred during the three months ended March 31, 201

March 31, 2015	**Number of Loans**	**Pre-Modification Outstanding Recorded Investment**	**Post-Modification Outstanding Recorded Investment**
Real estate:			
Residential	1	$ 16,637	$ 16,637
Total	1	$ 16,637	$ 16,637

March 31, 2014	**Number of Loans**	**Pre-Modification Outstanding Recorded Investment**	**Post-Modification Outstanding Recorded Investment**
Real estate:			
Residential	2	$ 274,786	$ 274,786
Total	2	$ 274,786	$ 274,786

The troubled debt restructurings required a net allocation of the allowance for loan losses of $54,722 and $85,251 as of M December 31, 2014, respectively. The impairment carried as a specific reserve in the allowance for loan losses is calcula total expected future cash flows on the loan, or, for a collateral-dependent loan, using the fair value of the collateral less no charge-offs on troubled debt restructurings for the three months ended March 31, 2015 and 2014.

There were two troubled debt restructurings modified within the previous twelve months for which there was a subseque the three months ended March 31, 2015. There were no troubled debt restructurings modified within the previous twelve was a subsequent payment default during the three months ended March 31, 2014.

A loan is considered to be in payment default if it is greater than 30 days past due under the modified terms.

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SBM FINANCIAL, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

6. Note Payable

Note Payable

In May 2010 a note payable (Bankers' Bank Note) to Bankers' Bank Northeast (Bankers' Bank) was modified so that th
became the Company, as successor by merger to Bancorp. The principal amount of the Bankers' Bank Note was reduce
and past due interest and penalties were waived, the interest rate was set at five percent (5%) per annum and the term wa
Payments of interest only are required for the first three years and principal payments of $500,000 are required in each o
The balance of principal and interest on the Bankers' Bank Note is due at maturity. Eighteen percent (18%) of the Bank
security for the Bankers' Bank Note. An interest reserve equal to two years' interest ($900,000) was established with Ba
Bankers' Bank Note was modified. Bankers' Bank drew down the reserve for interest payments as they became due. Th
drawn down at December 31, 2012. In December 2012, the Company suspended payments under the Bankers' Bank No
Comptroller of the Currency (OCC) did not permit the Bank to pay a dividend to the Company and, accordingly, the Co
sufficient funds to make the scheduled payment on the Bankers' Bank Note. The Bankers' Bank Note permits the Comp
this reason. Deferred amounts are due when the Company has sufficient funds to resume payments. On January 21, 201
deferred principal and interest amounts. The deferred principal payment totaled $500,000, lowering the principal balanc
as of March 31, 2015.

7. Financial Instruments with Off-Balance-Sheet Risk

The Bank is a party to credit-related financial instruments with off-balance-sheet risk in the normal course of business to
of its customers. These financial instruments include commitments to extend credit, standby letters of credit and comme
commitments involve, to varying degrees, elements of credit and interest rate risk in excess of the amount recognized in
sheets.

The Bank's exposure to credit loss is represented by the contractual amount of these commitments. The Bank follows th
making commitments as it does for on-balance-sheet instruments.

At March 31, 2015 and December 31, 2014, the following financial instruments were outstanding with contract amounts

	Contract Amount	
	March 31, 2015	**December 31, 2014**
Unfunded commitments under lines of credit	$111,827,000	$113,919,000
Commitments to grant loans	26,181,000	15,322,000
Commercial and standby letters of credit	500,000	169,000

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Notes to Consolidated Financial Statements

Unfunded commitments under commercial lines of credit, revolving credit lines and overdraft protection agreements are future extensions of credit to existing customers. These lines of credit are often secured and have a specified maturity da upon to the total extent to which the Bank is committed.

Commitments to extend credit are agreements to lend to a customer as long as there is no violation of any condition esta Commitments generally have fixed expiration dates or other termination clauses and may require payment of a fee. Com credit may expire without being drawn. Therefore, the total commitment amounts do not necessarily represent future cas amount of collateral obtained, if it is deemed necessary by the Bank, is based on management's credit evaluation of the c

Commercial and standby letters of credit are conditional commitments issued by the Bank to guarantee the performance party. In most cases, the Bank’s existing letters of credit require an annual review and renewal. The credit risk involved substantially the same as that involved in extending loan facilities to customers.

In connection with originating residential mortgage and commercial loans, the Company may enter into rate lock agreen may issue commitment letters to customers, which are considered interest rate lock or forward commitments. At March 31, 2014, based upon the pipeline of mortgage loans with rate lock commitments and commercial loans with commitme fair value of those commitments due to changes in market interest rates, the Company determined the impact of such co consolidated financial statements was not material.

To reduce credit risk related to the use of credit-related financial instruments, the Bank may deem it necessary to obtain nature of the collateral obtained is based on the Bank's credit evaluation of the customer. This collateral may include cas receivable, inventory, property, plant and equipment, and real estate.

The Bank had letters of credit issued to municipal depositors amounting to $43,807,000 and $45,947,000 at March 31, 2 2014, respectively, with maturity dates of one year or less. These letters of credit provide collateral for such depositors a represent future cash requirements. The Bank will make payment under these letters of credit only if it is unable to pay t balance.

8. Contingencies

On September 30, 2013, the Bank sold $21,892,299 in commercial non-real estate loans. As part of the sale, the Bank ag
buyer for a portion of the premium paid by the buyer over the unpaid principal balance of the purchased loans if the borr
prepay their contractual obligations. An estimate of expected future premium reimbursement was recorded at the time of
variables including the remaining unpaid principal balance, a comparison of the interest rates on the loans to current inte
credit quality of the borrowers. The reserve for sold loan premium repayments was $112,062 and $182,956 as of March
31, 2014, respectively. The potential maximum expense, net of the reserve balance, that the Bank could incur if all borro
entire obligations, was $601,889 on March 31, 2015.

SBM FINANCIAL, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

The Bank is also subject to various legal claims from time-to-time in the normal course of business. In the opinion of ma
existing at March 31, 2015 will not have a material effect on the Company's consolidated financial statements.

9. Minimum Regulatory Capital Requirements

The Bank is subject to regulatory minimum and enhanced capital requirements administered by the OCC. If the Bank w
minimum and enhanced capital requirements, the OCC could take action that could have a direct material effect on the c
statements.

As of March 31, 2015 and December 31, 2014, the Bank was categorized as “well capitalized” under OCC minimum ca
categorized as “well capitalized,” the Bank must maintain minimum ratios as set forth in the tables below. At March 31,
2014, the Bank’s capital exceeded all minimum regulatory requirements and the Bank was considered to be “well capita
regulations issued by the OCC. There are no conditions or events since the notification that management believes have c
category. At March 31, 2015 and December 31, 2014, the Bank also complied with OCC-imposed enhanced capital requ
than the OCC minimum capital requirements.

As a savings institution holding company, the Company is not subject to regulatory capital requirements separate from t

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

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SBM FINANCIAL, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

The Bank's actual and minimum capital amounts and ratios at March 31, 2015 and December 31, 2014 are presented in t

	Actual		Standard Minimum Capital Requirement		Standard Mi Well Capitali Prompt Corr Provisions
(dollars in thousands)	Amount	Ratio	Amount	Ratio	Amount
March 31, 2015					
Total Capital to Risk-Weighted Assets	$82,141	13.82%	$ 47,553	8.00 %	$ 59,442
Tier 1 Capital to Risk-Weighted Assets	74,135	12.47%	35,665	6.00 %	47,553
Common Equity Tier 1 Capital to Risk-Weighted Assets	74,135	12.47%	26,749	4.50 %	38,637
Tier 1 Capital to Adjusted Total Assets	74,135	9.51 %	31,169	4.00 %	38,961
December 31, 2014					
Total Risk-Based Capital to Risk-Weighted Assets	$84,432	14.53%	$ 46,497	8.00 %	$ 58,122
Tier 1 Risk-Based Capital to Risk-Weighted Assets	77,353	13.31%	23,249	4.00 %	34,873
Tier 1 Core Capital to Adjusted Total Assets	77,353	9.87 %	31,347	4.00 %	39,184

Any declaration and payment of dividends by the Company or the Bank would be subject to compliance with regulatory

10. Employee Benefit Plans

401(k) Plan

The Bank has a 401(k) Plan (the Plan) in which substantially all employees participate. For 2015, the Bank elected to ma
contributions up to 4% of eligible compensation. For 2014, the Bank matched up to 3% of eligible compensation.

The Plan permits an annual discretionary contribution for substantially all employees. The Bank made no discretionary c
2014.

Profit Sharing Plan

The Bank has a profit sharing plan in which substantially all employees prior to 2011 were eligible to participate. The B
plan were discretionary and based on eligible compensation. No contributions to this plan were made in 2015 and 2014,
the plan were frozen effective January 1, 2011. On March 24, 2015, the Board of Directors voted to terminate the Profit
or roll over all assets into the Company's 401(k) Plan. Total assets of the Profit Sharing Plan as of March 31, 2015 were

SBM FINANCIAL, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

Deferred Compensation Plans

Certain previous and current employees and previous directors of the Bank elected to defer compensation and/or were e
retirement benefits under several non-qualified plans maintained by the Bank prior to the Restructuring. All of these pla
Closed Plans). The liability under these Closed Plans was $9,678,542 at December 31, 2009. In connection with the Res
the Bank prior to the Restructuring who participated in three of the Closed Plans retired from their positions with the Ba
and the benefits due to them under the Closed Plans were reduced by $2,959,000. The obligation to pay benefits to these
transferred from the Bank to the Company. Payments to the Retired Directors are to be made monthly over 120-months
after death pursuant to an Amended and Restated Deferred Compensation Plan for Directors (Amended Plan). Amended
Retired Directors no longer accrue interest. No further contributions will be made by the Bank or the Company under an
interest continues to accrue on Closed Plan balances for employees and former employees, other than Retired Directors,
under certain of the Closed Plans. The amounts due under the Closed Plans were $4,812,192 and $4,835,860 at March 3
2014, respectively, and are included in accrued expenses and other liabilities in the consolidated balance sheets. In Dece
suspended payments to Retired Directors under the Amended Plan because the OCC did not permit the Bank to pay a di
and, accordingly, the Company did not have sufficient funds to make the scheduled payments to the Retired Directors. T
the Company to defer payments for this reason. Deferred amounts will be due when the Company again has sufficient fu
the Retired Directors.

The Company has a non-qualified deferred compensation plan for the former chief executive officer of First Citizens Ba
by and merged with the Bank in 2007. The plan provides for an annual retirement benefit of $40,000, which began in Se
continues until 2019. The present value of these payments has been recognized as a liability in the accompanying conso
statements. The liability was $142,750 and $152,219 as of March 31, 2015 and December 31, 2014, respectively. The C
two life insurance policies on this individual, with a combined cash surrender value of $396,645 and $389,424, which is
the consolidated balance sheets as of March 31, 2015 and December 31, 2014, respectively.

SBM FINANCIAL, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

11. Equity Incentive Plan

Stock Option Awards

No stock options were granted during the three months ended March 31, 2015 and 2014.

Stock options vested during the three months ended March 31, 2015 and 2014 totaled 490 and 510, respectively.

Restricted Stock Unit Awards

In 2014, 2,600 restricted stock units were granted with a three-year vesting period and 400 restricted stock units were gr
vesting period. The weighted average grant date fair value of restricted stock units granted in 2014 was $98 per unit. Re
during the three months ended March 31, 2015 and 2014 totaled 453 and 216, respectively.

12. Fair Value

Financial Accounting Standards Board (FASB) Accounting Standards Codification Topic (ASC) 820, *Fair Value Measu*
establishes a framework for measuring fair value in accordance with GAAP, and expands disclosures about fair value m

ASC 820 defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an ex
most advantageous market for the asset or liability in an orderly transaction between market participants on the measure
also establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize th
inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

Level 1: Quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to a measurement date.

Level 2: Significant other observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilit markets that are not active, and other inputs that are observable or can be corroborated by observable market data.

Level 3: Significant unobservable inputs that reflect a company's own assumptions about the assumptions that market p pricing an asset or liability.

SBM FINANCIAL, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

Assets measured at fair value on a recurring basis are summarized below.

	Fair Value Measurements at March 31, 2015, Using			
	March 31, 2015	**Quoted Prices in Active Markets for Inputs (Level 1)**	**Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**
Securities available-for-sale				
Marketable equity securities	$ 1,428,031	$ -	$ 1,428,031	$ -
Loan servicing rights	1,920,056	-	1,920,056	-

	Fair Value Measurements at December 31, 2014, Using			
	December 31, 2014	**Quoted Prices in Active Markets for Inputs (Level 1)**	**Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**
Securities available-for-sale				
Marketable equity securities	$ 1,359,600	$ -	$ 1,359,600	$ -
Loan servicing rights	1,852,969	-	1,852,969	-

The following table includes assets measured at fair value on a non-recurring basis that have had a fair value adjustment recognition.

	Fair Value Measurements at March 31, 2015, Using			
	March 31, 2015	**Quoted Prices in Active Markets for Inputs (Level 1)**	**Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**
Collateral-dependent impaired loans	$ 1,411,331	$ -	$ 1,411,331	$ -
Other real estate owned	857,445		857,445	

	Fair Value Measurements at December 31, 2014, Using			
	December 31, 2014	**Quoted Prices in Active Markets for Inputs (Level 1)**	**Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**
Collateral-dependent impaired loans	$ 1,056,879	$ -	$ 1,056,879	$ -
Other real estate owned	858,595	-	858,595	-

SBM FINANCIAL, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

Impaired loans in the table above only include impaired loans for which a related specific reserve or partial charge-off is collateral value, a fair value measure under GAAP. These impaired loans were written down from their initial carrying a $1,332,321 to their fair value of $1,141,331 and $1,056,879 at March 31, 2015 and December 31, 2014, respectively, re charge through the allowance for loan losses.

Other real estate owned (REO) is recorded at fair value less anticipated cost to sell. The fair value of REO is primarily b and an analysis of the sales of similar properties currently available.

The fair value of a financial instrument is the current amount that would be exchanged between willing parties, other tha Fair value is best determined based upon quoted market prices. However, in many instances, there are no quoted market various financial instruments. In cases where quoted market prices are not available, fair values are based on estimates u valuation techniques. Those techniques are significantly affected by the assumptions used, including the discount rate an flows. Accordingly, the fair value estimates may not be realized in an immediate settlement of the instrument. FASB AS *Instruments*, which governs fair value disclosures for financial instruments, excludes certain financial instruments and a from its disclosure requirements. Accordingly, the aggregate fair value amounts presented may not necessarily represent of the Company.

The following methods and assumptions were used by the Company in estimating fair value disclosures.

Cash and cash equivalents: The carrying amounts of cash and due from banks and interest-bearing deposits in banks app

Securities: The fair value of securities available-for-sale is determined by obtaining quoted prices on nationally-recogniz Fair value of FHLB stock is not presented as FHLB redeems the stock at par value, based on the redemption provisions not reasonably determinable.

Loans held for sale: Fair values of loans held for sale are based on commitments from investors or prevailing market pri recent purchase offers and recent sale transactions for comparable assets.

Loans receivable: For variable-rate loans that re-price frequently and with no significant change in credit risk, fair value
values. Fair values for other loans are estimated using discounted cash flow analyses, using interest rates currently being
similar terms to borrowers of similar credit quality. The fair value of impaired loans is primarily based upon appraisals b
and opinions by third-party brokers. The appraisals and opinions are based upon comparable prices for similar assets in
residential real estate loans and less active markets for commercial loans.

SBM FINANCIAL, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

Loan servicing rights: The fair value of loan servicing rights is primarily based upon a valuation model that calculates th estimated net servicing income. This model incorporates certain assumptions that market participants would likely use in servicing income, such as interest rates, prepayment speeds and the cost to service (including delinquency and foreclosu

Accrued interest: The carrying amounts of accrued interest approximate fair value.

Deposit and mortgagors' escrow accounts: The fair values for demand deposits (e.g., interest and non-interest checking certain types of money market accounts) are, by definition, equal to the amount payable on demand at the reporting date amounts). The carrying amounts of variable-rate, fixed-term money market accounts and certificates of deposit approxim reporting date. Fair values for fixed-rate certificates of deposit are estimated using a discounted cash flow calculation tha currently being offered on certificates to a schedule of aggregate expected monthly maturities on time deposits.

Securities sold under retail agreements to repurchase: The carrying amounts of borrowings under repurchase agreemen four days from the transaction date approximate their fair values.

Federal Home Loan Bank advances: The fair value of those advances is estimated based on the discounted value of con discount rate is estimated using rates currently offered with similar remaining maturities.

Note payable: The fair value of the note payable approximates its carrying value.

Deferred compensation liabilities: The fair value of the deferred compensation liabilities approximates their carrying va

Off-balance-sheet instruments: Off-balance-sheet instruments consist of loan commitments. Fair values for loan commit presented, as the future revenue derived from such financial instruments is not significant.

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SBM FINANCIAL, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

The following table presents the carrying amounts and estimated fair value for financial instrument assets and liabilities

			Fair Value Measurements at March 31, 2015 Using		
(dollars in thousands)	**Carrying Amount**	**Fair Value**	**Quoted Prices In Active Markets for Identical Assets (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**
Financial assets					
Cash and cash equivalents	$ 32,444	$ 32,444	$ 32,444	$ -	$ -
Securities available-for-sale	1,428	1,428	-	1,428	-
Securities held-to-maturity	80,031	83,034	-	83,034	-
Federal Home Loan Bank stock	3,816	N/A	-	-	-
Loans held for sale	10,460	10,460	-	-	10,460
Loans, net					
Commercial non-real estate	121,737	127,538	-	-	127,538
Commercial real estate	189,996	185,810	-	-	185,810
Commercial construction	9,924	9,651	-	-	9,651
Residential real estate	229,463	232,883	-	-	232,883
Home equity advances	73,367	73,589	-	-	73,589
Consumer	7,832	8,148	-	-	8,148
Loan servicing rights	1,920	1,920	-	1,920	-
Accrued interest receivable	1,753	1,753	-	1,753	-
Financial liabilities					
Deposits	659,041	660,193	-	660,193	-
Repurchase agreements	26,597	26,597	-	26,597	-
Federal Home Loan Bank advances	25,000	24,998	-	24,998	-
Deferred compensation liabilities	4,812	4,812	-	-	4,812
Mortgagors' escrow accounts	634	634	-	634	-
Note payable	8,500	8,500	-	-	8,500
Accrued interest payable	135	135	-	135	-

SBM FINANCIAL, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

The following table presents the carrying amounts and estimated fair value for financial instrument assets and liabilities

			Fair Value Measurements at December 31, 2014 Using		
(dollars in thousands)	**Carrying Amount**	**Fair Value**	**Quoted Prices In Active Markets for Identical Assets (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**
Financial assets					
Cash and cash equivalents	$ 35,075	$ 35,075	$ 35,075	$ -	$ -
Securities available-for-sale	1,360	1,360	-	1,360	-
Securities held-to-maturity	81,852	84,311	-	84,311	-
Federal Home Loan Bank stock	3,816	N/A	-	-	-
Loans held for sale	6,717	6,717	-	-	6,717
Loans, net					
Commercial non-real estate	121,272	126,135	-	-	126,135
Commercial real estate	187,513	183,994	-	-	183,994
Commercial construction	6,998	6,678	-	-	6,678
Residential real estate	225,548	227,899	-	-	227,899
Home equity advances	73,546	73,104	-	-	73,104
Consumer	8,091	8,600	-	-	8,600
Loan servicing rights	1,853	1,853	-	1,853	-
Accrued interest receivable	1,743	1,743	-	1,743	-
Financial liabilities					
Deposits	656,952	657,867	-	657,867	-
Repurchase agreements	25,071	25,071	-	25,071	-
Federal Home Loan Bank advances	20,000	19,997	-	19,997	-
Deferred Compensation liabilities	4,836	4,836	-	-	4,836
Mortgagors' escrow accounts	786	786	-	786	-
Note payable	9,000	9,000	-	-	9,000
Accrued interest payable	1,165	1,165	-	1,165	-

SBM FINANCIAL, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

13. Recently Issued Accounting Pronouncements

In January 2014, FASB issued Accounting Standards Update (ASU) No. 2014-04, *Reclassification of Residential Real E Consumer Mortgage Loans upon Foreclosure*. The amendments in this ASU clarify that an in substance repossession or creditor is considered to have received physical possession of residential real estate property collateralizing a consumer (1) the creditor obtaining legal title to the residential real estate property upon completion of a foreclosure, or (2) the bor interest in the residential real estate property to the creditor to satisfy that loan through completion of a deed in lieu of fo similar legal agreement. Additionally, the amendments require disclosure of both (1) the amount of foreclosed residentia by the creditor, and (2) the recorded investment in consumer mortgage loans collateralized by residential real estate prop of foreclosure. The amendments in this ASU are effective for annual periods, and interim periods within those annual pe December 15, 2014. The ASU did not have a material effect on the Company's consolidated financial statements.

In May 2014, FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers* (Topic 606). The ASU was issu for recognizing revenue and to develop a common revenue standard. The ASU is effective for annual reporting periods b 15, 2016, including interim periods within that reporting period. The Company is currently evaluating the potential impa consolidated financial statements.

In June 2014, FASB issued ASU No. 2014-11: *Repurchase-to-Maturity Transactions, Repurchase Financings, and Disc* issued to respond to concerns about current accounting and disclosures for repurchase agreements and similar transactio under current accounting guidance there is an unnecessary distinction between the accounting for different types of repu current guidance, the repurchase-to-maturity transactions are accounted for as sales with forward agreements, whereas re settle before the maturity of the transferred financial asset are accounted for as secured borrowings. The ASU amendme for repurchase agreements, securities lending transactions, and repurchase-to-maturity transactions accounted for as secu is effective for annual periods, and interim periods within those annual periods, beginning after December 15, 2014. The material effect on the Company's consolidated financial statements.

In August 2014, FASB issued ASU No. 2014-14, *Classification of Certain Government-Guaranteed Mortgage Loans up* was issued to provide specific guidance on how to classify or measure foreclosed mortgage loans that are government gu effective for annual periods, and interim periods within those annual periods, beginning after December 15, 2014. The A effect on the Company's consolidated financial statements.

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SBM FINANCIAL, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

14. Subsequent Events

On March 30, 2015, the Bank submitted a Notice to the Federal Reserve Bank of Boston seeking non-objection to the B dividend of $606,250 to be payable to SBM Financial, Inc. in two parts, the first on or about April 30, 2015 and the secc 2015, with the full amount of the dividend to be applied by SBM Financial, Inc. to make payments due on May 1, 2015 debt obligation to Bankers' Bank Northeast. On April 16, 2015, the Federal Reserve Bank of Boston notified SBM Fina Reserve Bank of Boston did not object to the dividend. On May 1, 2015, the Bank paid a dividend of $500,000 to SBM date, SBM Financial, Inc. used the proceeds from the dividend to pay down its debt obligation to Banker's Bank from $

Subsequent events represent events or transactions occurring after the balance sheet date but before the financial stateme available to be issued. Financial statements are considered "issued" when they are widely distributed to stockholders and reliance in a form and format that complies with GAAP. Financial statements are considered "available to be issued" wh and format that complies with GAAP and all approvals necessary for their issuance have been obtained. The Company h or events occurring through May 15, 2015, which was the date the financial statements were available to be issued.

PART II

INFORMATION NOT REQUIRED IN PROSPECTUS

Item 20. Indemnification of Directors and Officers.

The Maine Business Corporation Act, or MBCA, permits a corporation to indemnify a director against the obligation to
settlement, penalty, fine, including an excise tax assessed with respect to an employee benefit plan, or reasonable expens
any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative, arbitrative or in
formal or informal if: (i) the director's conduct was in good faith, (ii) the director reasonably believed, in the case of the
the conduct was in the best interests of the corporation and, in all other cases, the conduct was at least not opposed to its
criminal proceeding, the director had no reasonable cause to believe his or her conduct was unlawful. The corporation m
director in connection with a proceeding if such proceeding is by or in the right of the corporation, only if the above star
reasonable expenses incurred in connection with such proceeding. The termination of a proceeding by judgment, order,
upon a plea of nolo contendre is not, of itself, determinative that the director did not meet the standard of conduct neces
Notwithstanding the foregoing, a corporation may not indemnify a director if the director was adjudged liable on the bas
received a financial benefit to which the director was not entitled whether or not involving the director's official capacit
provides that, a corporation must indemnify a director against reasonable expenses incurred by the director in connectio
where the director was wholly successful, on the merits or otherwise, in the defense of any proceeding to which the dire
the director was a director of the corporation.

The MBCA permits a corporation to indemnify officers to the same extent as directors, except that a corporation may no
liability that arises out of conduct that constitutes: (a) receipt of a financial benefit to which the officer is not entitled, (b
harm on the corporation or the shareholders or (c) an intentional violation of criminal law.

Our bylaws provide that Camden shall indemnify any director and may indemnify any officer for liability to any person
failure to take any action except liability for: (1) receipt of a financial benefit to which the individual was not entitled, (2
of harm on Camden or its shareholders, (3) a violation of 13-C M.R.S.A. § 833, or (4) an intentional violation of crimina
whether to indemnify an officer and to what extent shall be determined by the board of directors within a reasonable tim
for indemnification. The board of directors may determinate to postpone such decision if additional information is neede
already made if the officer presents additional relevant information.

The MBCA permits a corporation to purchase and maintain insurance on behalf of an individual who is a director or offi
who, while a director or officer of the corporation, serves at the corporation's request in such role for another entity agai
or incurred by that individual in that capacity or arising from the individual's status as a director or officer, whether or n
have power to otherwise indemnify or advance expenses to the individual.

As permitted by the MBCA, we maintain directors and officers liability insurance in amounts and on terms which our bo
reasonable. In the ordinary course of business, our board of directors regularly reviews the scope and adequacy of such i

Item 21. Exhibits and Financial Statement Schedules.

(a) See Exhibit Index immediately following the signature page.

(b) The consolidated financial statements of SBM for the year ended December 31, 2014 and the consolidated financial s
three months ended March 31, 2015 are attached as *Annex D* and *Annex E*, respectively, to the proxy statement/prosp
of this Registration Statement.

(c) Not applicable.

Item 22. Undertakings.

The undersigned registrant hereby undertakes:

(1) To file, during any period in which offers or sales are being made, a post-effective amendment to this registra

(i) To include any prospectus required by section 10(a)(3) of the Securities Act of 1933, as amended;

(ii) To reflect in the prospectus any facts or events arising after the effective date of the registration statement (or th post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the inform registration statement. Notwithstanding the foregoing, any increase or decrease in volume of securities offered (if the tot offered would not exceed that which was registered) and any deviation from the low or high end of the estimated maxim reflected in the form of prospectus filed with the Commission pursuant to Rule 424(b) if, in the aggregate, the changes i represent no more than a 20 percent change in the maximum aggregate offering price set forth in the "Calculation of Reg effective registration statement; and

(iii) To include any material information with respect to the plan of distribution not previously disclosed in the regis material change to such information in the registration statement.

(2) That, for the purpose of determining any liability under the Securities Act of 1933, as amended, each such po shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such secu deemed to be the initial bona fide offering thereof.

(3) To remove from registration by means of a post-effective amendment any of the securities being registered w termination of the offering.

(4) That, for purposes of determining any liability under the Securities Act of 1933, as amended, each filing of th pursuant to Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934, as amended (and, where applicable, e benefit plan's annual report pursuant to Section 15(d) of the Securities Exchange Act of 1934, as amended) that is incorp registration statement shall be deemed to be a new registration statement relating to the securities offered therein, and th securities at that time shall be deemed to be the initial bona fide offering thereof.

(5) That prior to any public reoffering of the securities registered hereunder through use of a prospectus which is statement, by any person or party who is deemed to be an underwriter within the meaning of Rule 145(c), the issuer und prospectus will contain the information called for by the applicable registration form with respect to reofferings by perso underwriters, in addition to the information called for by the other items of the applicable form.

(6) That every prospectus (i) that is filed pursuant to paragraph (5) immediately preceding, or (ii) that purports to Section 10(a)(3) of the Securities Act of 1933, as amended, and is used in connection with an offering of securities subje filed as a part of an amendment to the registration statement and will not be used until such amendment is effective, and determining any liability under the Securities Act of 1933, as amended, each such post-effective amendment shall be dee registration statement relating to the securities offered therein, and the offering of such securities at that time shall be de fide offering thereof.

(7) Insofar as indemnification for liabilities arising under the Securities Act of 1933, as amended, may be permitt and controlling persons of the registrant pursuant to the foregoing provisions, or otherwise, the registrant has been advis the Securities and Exchange Commission such indemnification is against public policy as expressed in the Securities Ac is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any ac asserted by such director, officer or controlling person in connection with the securities being registered, the registrant w its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question indemnification by it is against public policy as expressed in the Securities Act of 1933, as amended, and will be govern of such issue.

(8) To respond to requests for information that is incorporated by reference into the prospectus pursuant to Items
Form, within one business day of receipt of such request, and to send the incorporated documents by first class mail or c
means. This includes information contained in documents filed subsequent to the effective date of the registration statem
responding to the request.

(9) To supply by means of a post-effective amendment all information concerning a transaction, and the company
therein, that was not the subject of and included in the registration statement when it became effective.

SIGNATURES

Pursuant to the requirements of the Securities Act, the Registrant has duly caused this Registration Statement to be signe
undersigned, thereunto duly authorized, in the Town of Camden, Maine, on May 15, 2015.

Camden national corporation

By: /s/ Gregory A. Dufour
Name: Gregory A. Dufour
Title: *President and Chief Executive Officer*

KNOW ALL MEN BY THESE PRESENTS, that we, the undersigned officers and directors of Camden National Corpo
constitute Gregory A. Dufour and Deborah A. Jordan and each of them singly, our true and lawful attorneys with full po
them singly, to sign for us and in our names in the capacities indicated below and in such other capacities as the undersig
time serve in the future, the Registration Statement filed herewith and any and all amendments to said Registration State
post-effective amendments), to sign any registration statement for the same offering covered by this Registration Statem
upon filing pursuant to Rule 462(b) promulgated under the Securities Act of 1933, as amended, and all post-effective an
file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange C
to do all such things in our names and in our capacities as officers and directors to enable Camden National Corporation
provisions of the Securities Act of 1933, as amended, and all requirements of the Securities and Exchange Commission,
confirming our signatures as they may be signed by our said attorneys, or any of them, to said Registration Statement an
thereto.

Pursuant to the requirements of the Securities Act of 1933, this Registration Statement has been signed by the following
and on the dates indicated.

Name	**Position**
/s/ Gregory A. Dufour Gregory A. Dufour	President, Director and Chief Executive Officer
/s/ Deborah A. Jordan Deborah A. Jordan	Chief Operating Officer and Chief Financial Officer and Principal Financial and Accounting C
/s/ Karen W. Stanley Karen W. Stanley	Chairman and Director
/s/ Ann W. Bresnahan Ann W. Bresnahan	Director
/s/ David C. Flanagan David C. Flanagan	Director
/s/ Craig S. Gunderson Craig S. Gunderson	Director

/s/ John W. Holmes John W. Holmes	Director
/s/ S. Catherine Longley S. Catherine Longley	Director
/s/ James H. Page James H. Page	Director
/s/ John M. Rohman John M. Rohman	Director
/s/ Robin A. Sawyer Robin A. Sawyer	Director
/s/ Lawrence J. Sterrs Lawrence J. Sterrs	Director

EXHIBIT INDEX

Exhibit Index	Description of Document
2.1	Agreement and Plan of Merger by and among Camden, SBM, and Atlantic Acquisitions, LLC, dated as of Ma Annex A to the proxy statement/prospectus that is part of this registration statement)
3.1	Articles of Incorporation of Camden National Corporation, as amended (incorporated herein by reference to Ex National Corporation's Form 10-K filed with the Commission on March 2, 2011)
3.2	Amended and Restated Bylaws of Camden National Corporation (incorporated herein by reference to Exhibit 3 Corporation's Form 10-K filed with the Commission on March 12, 2014)
4.1*	Specimen of Common Stock Certificate of Camden National Corporation
5.1**	Opinion of Goodwin Procter LLP regarding the validity of the securities being registered
8.1*	Tax Opinion of Goodwin Procter LLP
8.2*	Form of Tax Opinion of Luse Gorman, PC
10.1	Form of Voting Agreement, dated as of March 29, 2015, by and between Camden and directors and executive certain of their affiliates (incorporated herein by reference to Exhibit 10.1 to Camden's Form 8-K filed with the 2015)
10.2+	Camden National Corporation 2003 Stock Option and Incentive Plan (incorporated herein by reference to Exhi 10-Q filed with the Commission on August 8, 2008)
10.3+	Form of Incentive Stock Option Agreement under the Camden National Corporation 2003 Stock Option and In herein by reference to Exhibit 10.4 to Camden's Form 10-K filed with the Commission on March 2, 2011)
10.4+	Form of Restricted Stock Award Agreement under the Camden National Corporation 2003 Stock Option and In herein by reference to Exhibit 10.5 to Camden's Form 10-K filed with the Commission on March 2, 2011)
10.5+	Camden National Corporation Management Stock Purchase Plan under the Camden National Corporation 2003 Incentive Plan (incorporated herein by reference to Exhibit 10.3 to Camden's Form 8-K filed with the Commis
10.6+	Camden National Corporation 2012 Equity and Incentive Plan (incorporated herein by reference to Exhibit 10. filed with the Commission on May 8, 2012)
10.7+	Amendment to Camden National Corporation 2012 Equity and Incentive Plan, dated as of March 9, 2015 (inco reference to Exhibit 10.6 to Camden's Form 10-K filed with the Commission on March 10, 2015)
10.8+	Form of Incentive Stock Option Agreement under the Camden National Corporation 2012 Equity and Incentive by reference to Exhibit 10.6 to Camden's Form 10-K filed with the Commission on February 28, 2013)

10.9+	Form of Restricted Stock Award Agreement under the Camden National Corporation 2012 Equity and Incentiv by reference to Exhibit 10.7 to Camden's Form 10-K filed with the Commission on February 28, 2013)
10.10+	Camden National Corporation Management Stock Purchase Plan under the Camden National Corporation 2012 (incorporated herein by reference to Exhibit 10.8 to Camden's Form 10-K filed with the Commission on Febru

Exhibit Index	Description of Document
10.11+	Camden National Corporation Amended and Restated Defined Contribution Retirement Plan (incorporated here 10.10 to Camden's Form 10-K filed with the Commission on March 10, 2015)
10.12+	Camden National Corporation Confidentiality, Non-Competition and Non-Solicitation Agreement (incorporate Exhibit 10.11 to Camden's Form 10-K filed with the Commission on March 10, 2015)
10.13+	Amendment to Camden National Corporation Defined Contribution Retirement Plan, dated as of March 9, 201 reference to Exhibit 10.12 to Camden's Form 10-K filed with the Commission on March 10, 2015)
10.14+	Supplemental Executive Retirement Program (incorporated herein by reference to Exhibit 99.1 to Camden's Fo Commission on February 4, 2008)
10.15+	Union Trust Company's Amended and Restated Deferred Compensation Agreement (incorporated herein by re Camden's Form 10-Q filed with the Commission on May 12, 2008)
10.16+	Camden National Corporation Executive Deferred Compensation Plan (incorporated herein by reference to Exh Form 10-K filed with the Commission on March 17, 2008)
10.17+	Amendment to Executive Deferred Compensation Plan, dated as of February 26, 2013 (incorporated herein by to Camden's Form 10-K filed with the Commission on February 28, 2013)
10.18+	Amendment and Restatement of Camden National Corporation Director Deferred Compensation Plan (incorpo Exhibit 10.4 to Camden's Form 10-K filed with the Commission on March 9, 2007)
10.19+	2007 Amendment to the Camden National Corporation Director Deferred Compensation Plan (incorporated her 10.10 to Camden's Form 10-K filed with the Commission on March 17, 2008)
10.20	Camden National Corporation Audit Committee Complaint Procedures (incorporated herein by reference to Ex Form 10-K filed with the Commission on March 2, 2011)
10.21+	2010 Executive Incentive Compensation Program (incorporated herein by reference to Exhibit 10.19 to Camde the Commission on March 12, 2010)
10.22+	Form of Change in Control Agreement for chief executive officer and other executive officers (incorporated he Exhibit 10.21 to Camden's Form 10-K filed with the Commission on March 10, 2015)
10.23+	Amended and Restated Employment Agreement, dated as of April 29, 2008, by and between Camden and Robe herein by reference to Exhibit 10.1 to Camden's Form 8-K filed with the Commission on May 1, 2008)
10.24+	Camden National Corporation 2011-2013 Long-Term Performance Share Plan (incorporated herein by referenc Camden's Form 8-K filed with the Commission on March 30, 2011)
10.25+	Camden National Corporation 2012-2014 Long-Term Performance Plan (incorporated herein by reference to E Form 8-K filed with the Commission on March 27, 2012)

10.26+ Camden National Corporation 2013-2015 Amended and Restated Long-Term Performance Share Plan (incorpo to Exhibit 10.23 to Camden's Form 8-K filed with the Commission on March 26, 2013)

10.27+ Camden National Corporation 2014-2016 Amended and Restated Long-Term Performance Share Plan (incorpo to Exhibit 10.24 to Camden's Form 8-K filed with the Commission on March 25, 2014)

Exhibit Index	Description of Document
10.27	Consulting Agreement by and between Camden National Bank and John Everets dated March 29, 2015 (incorp to Exhibit 10.2 to Camden's Form 8-K filed with the Commission on March 30, 2015)
21.1	Subsidiaries of Camden. (incorporated herein by reference to Exhibit 21 to the Camden's Form 10-K filed with 10, 2015)
23.1*	Consent of Berry Dunn McNeil & Parker, LLC
23.2*	Consent of Berry Dunn McNeil & Parker, LLC
23.3**	Consent of Goodwin Procter LLP (to be included as part of the opinion filed as Exhibit 5.1)
23.4*	Consent of Goodwin Procter LLP (included as part of the opinion filed as Exhibit 8.1 hereto and incorporated h
23.5*	Consent of Luse Gorman, PC (included as part of the opinion filed as Exhibit 8.2 hereto and incorporated herei
24.1	Power of Attorney (included in the signature page to the filing of this Registration Statement)
99.1*	Consent of RBC Capital Markets, LLC
99.2*	Consent of Keefe, Bruyette & Woods, Inc.
99.3**	Form of Proxy Card of Camden
99.4**	Form of Proxy Card of SBM

* Filed herewith
** To be filed by amendment
+ Management contract or a compensatory plan or arrangement