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Bangor Savings Bank and Damariscotta Bank & Trust Announce Agreement to Merge

Bangor Savings Bank expands its footprint in Maine

BANGOR, ME and Damariscotta, ME – Bangor Bancorp, MHC, parent company of Bangor Savings Bank, and Maine-based Damariscotta Bankshares, Inc. (OTC: DMSQ) (“Damariscotta”), parent company of Damariscotta Bank and Trust Company (“DB&T”), today jointly announced entry into a definitive agreement pursuant to which Damariscotta Bankshares, Inc. will be combined with Bangor Bancorp, MHC and Damariscotta Bank & Trust (DB&T) will merge into Bangor Savings Bank. The merger agreement was unanimously approved by the Boards of Directors of both bank holding companies and their subsidiary banks.

Under the terms of the transaction, shareholders of Damariscotta will receive \$27.00 in cash in exchange for each share of Damariscotta common stock for a transaction valued in aggregate at approximately \$35 million. The consideration represents approximately 185% of Damariscotta’s tangible book value per share as of September 30, 2019.

When finalized, the merger will give Bangor Savings new branch locations in Belfast, Damariscotta, New Harbor, Union, and Warren, strengthening the Bank’s position in Maine’s midcoast region. The merger with Damariscotta Bank & Trust is in keeping with

Bangor Savings Bank's strategic goal of investing where it can best serve its customers, and these new communities are part of that.

"We're excited to welcome Damariscotta Bank & Trust to the Bangor Savings Bank family," said Bangor Savings President and CEO, Bob Montgomery-Rice. "Both banks are deeply committed to their employees, their customers, and the communities they serve. We also share similar values of developing authentic relationships with customers, and being their trusted financial advisor.

"As a mutual bank, we are accountable to our Board, our employees, our customers, and our communities. Because of that, we're able to operate independently and retain the personal approach and local perspective of a smaller bank—with a focus on valuing and listening to customers. At the same time, we've been able to drive growth and enhance our customers' experiences by significantly investing in new, convenient branches, safe and secure technology, and new products and services. We feel that makes us a good fit for a great bank like DB&T, and we're happy that they agree," stated Montgomery-Rice.

Scott Conant, Damariscotta Bank & Trust President and CEO added, "This transaction is beneficial to the shareholders, customers, and communities served by DB&T. We are proud of what we have built here at DB&T and are confident that our customers will continue to receive the community banking experience they have come to know in banking with us, while enjoying access to additional products and services that a larger community bank like Bangor Savings Bank can offer. Both organizations are consistently recognized by Best Places to Work in Maine, making this a good opportunity for our employees as well. We have confidence everyone involved will continue to be in good hands."

Pending regulatory and Damariscotta shareholder approvals, Bangor Savings Bank intends to complete the transaction in the second quarter of 2020. After completion of the merger, the combined entity is expected to have \$4.8 billion in assets and more than 60 branch offices throughout Maine and New Hampshire.

Bangor Savings Bank is committed to the success of the communities in which it operates. That commitment will extend to the existing Damariscotta Bank & Trust offices and surrounding communities that bank has served since the early 1970s.

Janney Montgomery Scott served as financial advisor to Bangor Savings Bank and Hogan Lovells US LLP served as its legal counsel. Sandler O'Neill + Partners, L.P. served as financial advisor to Damariscotta and provided a fairness opinion to its Board of Directors. Verrill Dana LLP served as Damariscotta's legal counsel.

Forward-Looking Statements

This press release contains statements that may be considered forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section

21E of the Securities Exchange Act of 1934. These forward-looking statements are intended to be covered by the safe harbor provisions of the Private Securities Litigation Reform Act of 1995, and this statement is included for purposes of complying with these safe harbor provisions. Readers should not place undue reliance on such forward-looking statements, which speak only as of the date made. These forward-looking statements are based on current plans and expectations, which are subject to a number of risk factors and uncertainties that could cause future results to differ materially from historical performance or future expectations. These differences may be the result of various factors, including, among others: (1) failure of the parties to satisfy the closing conditions in the merger agreement in a timely manner or at all; (2) failure of the shareholders of Damariscotta Bankshares, Inc. to approve the merger agreement; (3) failure to obtain governmental approvals for the merger; (4) disruptions to the parties' businesses as a result of the announcement and pendency of the merger; (5) costs or difficulties related to the integration of the business following the proposed merger; (6) the risk that the anticipated benefits, cost savings and any other savings from the transaction may not be fully realized or may take longer than expected to realize; (7) changes in general business, industry or economic conditions or competition; (8) changes in any applicable law, rule, regulation, policy, guideline or practice governing or affecting financial holding companies and their subsidiaries or with respect to tax or accounting principles or otherwise; (9) adverse changes or conditions in the capital and financial markets; (10) changes in interest rates or credit availability; (11) changes in the quality or composition of loan and investment portfolios; (12) adequacy of loan loss reserves and changes in loan default and charge-off rates; (13) increased competition and its effect on pricing, spending, third-party relationships and revenues; (14) loss of certain key officers; (15) continued relationships with major customers; (16) deposit attrition, necessitating increased borrowings to fund loans and investments; (17) rapidly changing technology; (18) unanticipated regulatory or judicial proceedings and liabilities and other costs; (19) changes in the cost of funds, demand for loan products or demand for financial services; and (20) other economic, competitive, governmental or technological factors affecting operations, markets, products, services and prices.

The foregoing list should not be construed as exhaustive, and Bangor Bancorp, MHC and Damariscotta Bankshares, Inc. undertake no obligation to subsequently revise any forward-looking statements to reflect events or circumstances after the date of such statements, or to reflect the occurrence of anticipated or unanticipated events or circumstances.

Additional Information About the Transaction

In connection with the proposed transaction, Damariscotta Bankshares, Inc. will distribute a proxy statement to its shareholders in connection with a special meeting of shareholders to be called and held for the purposes of voting on approval of the transaction and related matters.

BEFORE MAKING ANY VOTING OR INVESTMENT DECISIONS REGARDING THE PROPOSED TRANSACTION, DAMARISCOTTA BANKSHARES, INC.'s

SHAREHOLDERS AND INVESTORS ARE URGED TO READ THE PROXY STATEMENT AND ITS EXHIBITS BECAUSE THEY WILL CONTAIN IMPORTANT INFORMATION ABOUT DAMARISCOTTA BANKSHARES, INC. AND THE PROPOSED TRANSACTION.

Copies of the proxy statement will be mailed to all shareholders prior to the special meeting. Shareholders and investors may obtain additional free copies of the proxy statement when it becomes available by directing a request by telephone or mail to Damariscotta Bankshares, Inc., [25 Main Street, Damariscotta, ME 04543, Attention: Grace Shorey (telephone: 207) 563-8121).

Damariscotta Bankshares, Inc. and its directors and executive officers may be deemed to be participants in the solicitation of proxies from the shareholders Damariscotta Bankshares, Inc. in connection with the special meeting of shareholders. Information about the directors and executive officers of Damariscotta Bankshares, Inc. will appear in its proxy statement. Additional information regarding the interests of these participants and other persons who may be deemed participants in the proxy solicitation may be obtained by reading the proxy statement for the special meeting of shareholders when it becomes available.

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About Damariscotta Bank & Trust

Damariscotta Bank & Trust was started by local businessmen in the early 1970s to meet the needs of families and small businesses in the Damariscotta area. After nearly fifty years of service to the communities in the Midcoast Maine region, they are proud of their success in fulfilling those needs, and of their expansion in Lincoln, Knox and Waldo counties.

About Bangor Savings Bank

Bangor Savings Bank, with more than \$4.4 billion in assets, offers retail banking to consumers as well as comprehensive commercial, corporate, payroll administration, merchant services, and small business banking services to businesses. The Bank, founded in 1852, is in its 167th year with 57 branches in Maine and New Hampshire and on the Web at www.bangor.com. The Bangor Savings Bank Foundation was created in 1997. Together the Bank and its Foundation invested more than \$2 million into the community in the form of nonprofit sponsorships, grants and partnership initiatives last year. Bangor Savings Bank is an equal opportunity employer.

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