



# 2022

Annual  
Shareholders  
Meeting



BAR HARBOR  
FINANCIAL SERVICES

Securities offered through Inflex Investments, Inc., member FINRA/SIPC.

# Legal Disclaimer

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## Forward Looking Statements

Certain statements contained in this document that are not historical facts may constitute forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (“Securities Act”), and Section 21E of the Securities Act of 1934, as amended (“Exchange Act”), and are intended to be covered by the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. There are several factors that could cause actual results to differ significantly from expectations described in the forward-looking statements, including deterioration in local economies or real estate markets or in the general economy or financial markets, interest rate volatility, loss of deposits or changes in deposit mix, insufficient wholesale funding sources, competition from an ever-increasing array of financial service providers, and challenges from expansion, growth and acquisitions. For additional discussion of such factors, please see the Company’s most recent reports on Forms 10-K and 10-Q filed with the Securities and Exchange Commission and available on the SEC’s website at [www.sec.gov](http://www.sec.gov). The Company is not undertaking an obligation to update forward-looking statements, even though its situation may change in the future, except as required under federal securities law.

## Non-GAAP Financial Statements

This document contains certain non-GAAP financial measures in addition to results presented in accordance with accounting principles generally accepted in the United States of America (“GAAP”). These non-GAAP measures are intended to provide the reader with additional supplemental perspectives on operating results, performance trends, and financial condition. Non-GAAP financial measures are not a substitute for GAAP measures; they should be read and used in conjunction with the Company’s GAAP financial information. A reconciliation of non-GAAP financial measures to GAAP measures is provided in the first quarter of earnings release, which can be found at [www.bhbt.com/shareholder-relations](http://www.bhbt.com/shareholder-relations). In all cases, it should be understood that non-GAAP measures do not depict amounts that accrue directly to the benefit of shareholders. An item which management excludes when computing non-GAAP adjusted earnings can be of substantial importance to the Company’s results for any particular quarter or year. The Company’s non-GAAP core earnings information set forth is not necessarily comparable to non-GAAP information which may be presented by other companies. Each non-GAAP measure used by the Company in this report as supplemental financial data should be considered in conjunction with the Company’s GAAP financial information.

The Company utilizes the non-GAAP measure of core earnings in evaluating operating trends, including components for core revenue and expense. These measures exclude amounts which the Company views as unrelated to its normalized operations, including securities gains/losses, acquisition costs, restructuring costs, legal settlements, and system conversion costs. Non-GAAP adjustments are presented net of an adjustment for income tax expense.

The Company also calculates core earnings per share based on its measure of core earnings. The Company views these amounts as important to understanding its operating trends, particularly due to the impact of accounting standards related to acquisition activity. Analysts also rely on these measures in estimating and evaluating the Company’s performance. Management also believes that the computation of non-GAAP core earnings and core earnings per share may facilitate the comparison of the Company to other companies in the financial services industry. The Company also adjusts certain equity related measures to exclude intangible assets due to the importance of these measures to the investment community.

# A Bank that Thinks Differently

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*Bar Harbor Bank & Trust is the only community Bank headquartered in Northern New England with branches in Maine, New Hampshire and Vermont. The Bank is focused on exceptional commercial, retail and wealth management banking services in over 50 locations. Our business model is balancing earnings with growth by focusing on:*

- Employee and customer experience is the foundation of superior performance, which leads to significant financial benefit to shareholders
- Geography, heritage and performance are key while being relentlessly committed to a service and sales driven culture with a focus on core business growth
- Strong commitment to risk management
- Fee income is fundamental to the Company's profitability through trust and treasury management services, customer derivatives, and secondary market mortgage sales
- Investment in process, products, technology, training, leadership and infrastructure
- Expansion of the Company's brand and business to deepen market presence
- Opportunity and growth for existing employees while adding catalyst recruits across all levels of the Company

# Overview of Bar Harbor Bank & Trust



## Company Overview

- We strive to be one of the most profitable banks in New England; and to provide exceptional service to people, businesses and communities we serve
- Business overview
  - Over 50 locations spanning Northern New England<sup>1</sup>
  - \$2.4 billion in AUM in wealth management and trust
  - Commercial LPO office in Portland, Maine
  - A second LPO is scheduled to open in Vermont
  - Diverse fee income sources have been developed
- Seasoned management team with strong market knowledge and industry experience
- Track record of generating growth
- Employee and customer experience is the foundation of superior performance, which leads to significant financial benefit to shareholders
- Strong commitment to risk management
- Continued commitment to expanding customer services and products, while growing and diversifying our non-interest income sources
- Investment in process, products, technology, training, leadership and infrastructure
- Expansion of the Company's brand and business to deepen market presence

## Key Statistics as of March 31, 2022

Assets	\$3,692
Net Loans	\$2,631
Deposits	\$3,048
Shareholder Equity	\$407
NPAs / Total Assets	0.25%
Core Return on Average Assets <sup>2</sup>	1.02%
Core Return on Average Equity <sup>2</sup>	9.07%
Net Interest Margin <sup>2</sup>	2.95%

## Key Statistics as of March 31, 2022

Stock Price	\$28.62
Market cap (MM)	\$430
Price / LTM Core EPS	10.76x
Price / Tangible Book Value (Non GAAP)	153%
Dividend Yield	3.35%

• Source: Company filings, includes banking, lending and wealth management service locations across ME, VT and NH

• <sup>1</sup>Locations include banking, lending and wealth management services

• <sup>2</sup>Ratios calculated on quarter-to-date basis, totals in \$ millions unless noted



# BAR HARBOR BANKSHARES



Customers • Culture • Team



BAR HARBOR  
FINANCIAL SERVICES

Securities offered through Infinex Investments, Inc., member FINRA/SIPC.

# Positioned for Future Success



## 2012 - 2016

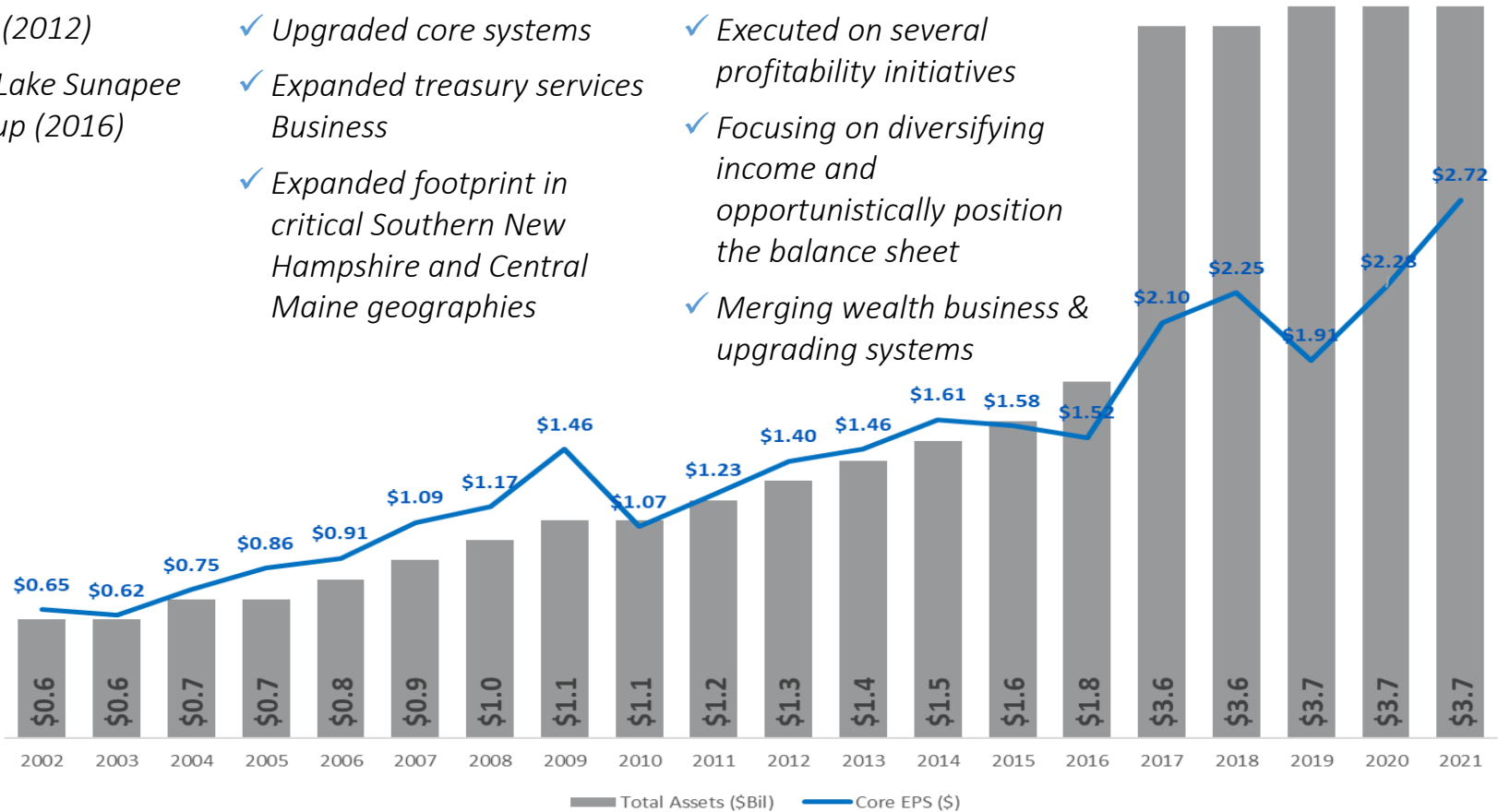
- ✓ Expanded key executives
- ✓ Acquired Border Trust Company (2012)
- ✓ Acquired Lake Sunapee Bank Group (2016)

## 2017 - 2019

- ✓ Expanded key lending and retail executives
- ✓ Upgraded core systems
- ✓ Expanded treasury services Business
- ✓ Expanded footprint in critical Southern New Hampshire and Central Maine geographies

## 2020 and Beyond

- ✓ Branch acquisition and divestiture activities
- ✓ Executed on several profitability initiatives
- ✓ Focusing on diversifying income and opportunistically position the balance sheet
- ✓ Merging wealth business & upgrading systems



# Senior Executive Team



## Curtis C. Simard

**President & Chief Executive Officer**

- Joined as President & CEO of Bar Harbor Bank & Trust in June of 2013
- Served as Managing Director of Corporate Banking for TD Bank
- Over 25+ years of industry experience



## Josephine Iannelli

**EVP, Chief Financial Officer & Treasurer**

- Joined in October of 2016
- Served as EVP CFO and Treasurer of Berkshire Hills Bancorp as well as other various management positions at PNC
- Over 25+ years of industry experience



## Marion Colombo

**EVP, Director of Retail Delivery**

- Joined in February of 2018
- Over 30+ years of experience, including Market President of Retail for TD Bank in Boston



## Jason Edgar

**President Bar Harbor Trust Services & Charter Trust Company**

- Joined in June of 2019
- Served as SVP, Director of Wealth Management at Berkshire Hills Bancorp and has over 20+ years industry experience



## John Mercier

**EVP, Chief Lending Officer**

- Joined in April of 2017
- Over 30+ years of experience in lending throughout the Northeast



## Joseph Scully

**SVP, Chief Information Officer & Director of Operations**

- Joined in January of 2015
- Over 30+ years of experience in operations, technology & security experience, including the Department of Defense and Financial Institutions



## John Williams

**SVP, Chief Risk Officer**

- Joined in December of 2014
- 10+ years in various risk management roles within banking



## Alison DiPaola

**SVP, Chief Human Resources Officer**

- Joined in June 2013
- Extensive human resources experience including being SHRM-SCP certified.
- Over 10+ years of industry experience



## Joe Schmitt

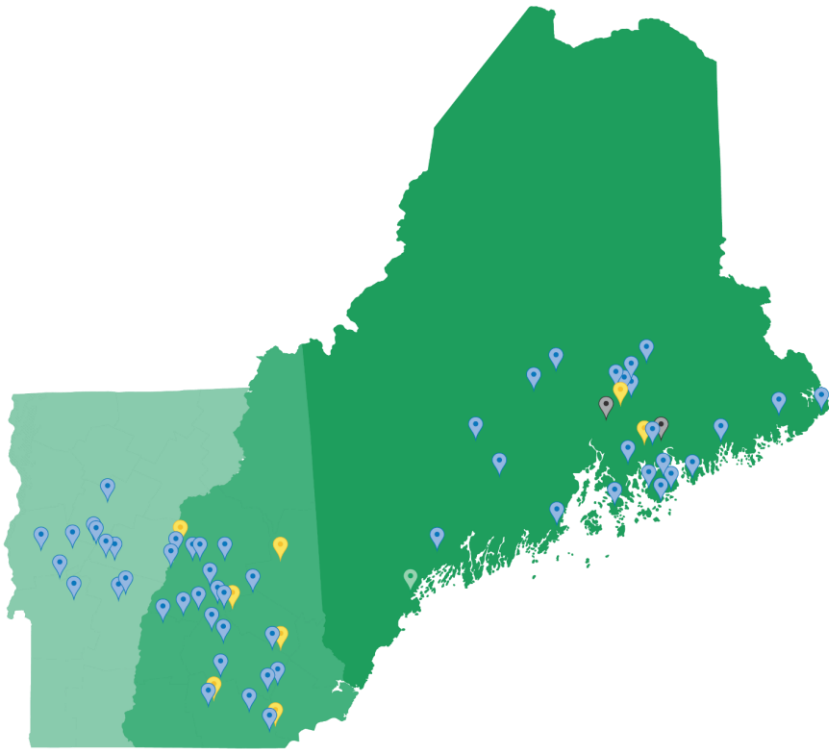
**SVP, Director of Communications & Chief Marketing Officer**

- Joined in September of 2017
- Over 25+ years of industry experience in Marketing and Product Management, including Head of Product Marketing at Santander and Chief Marketing Officer at Brookline Bank.

# Our Markets



*The Bank serves a wide range of markets in Maine, New Hampshire and Vermont. Within our markets, tourism, agriculture, and fishing remain strong and continue to drive economic activity. These core markets have also maintained their strength through diversification into various services industries.*



## Maine

- 22 full-service branches in Downeast, Midcoast and central Maine.
- Primary market areas: Hancock, Knox, Washington, Kennebec and Sagadahoc counties.

## New Hampshire

- 21 full-service branches and two stand-alone drive-up windows in New Hampshire.
- Primary market areas: Nashua, Manchester, Concord, and Upper Valley, including Lebanon, Hanover, New London and Newport.

## Vermont

- 10 full service-branches and one stand-alone drive-up windows in Vermont.
- Primary market areas: Central Vermont within the counties of Rutland, Windsor and Orange.



# Committed to Building Thriving Communities



**4,000 HOURS**

Volunteer community service hours in 2021. Over 1,000 of which was part of BHBT's paid time volunteer program.

**300+ EMPLOYEES**

Number of employees who volunteered their time to local charitable organizations.

**\$30,000 RAISED**

Dollars raised in 2021 by employees for community causes supporting over 34 nonprofits.

**450+ ORGANIZATIONS**

Number of organizations supported by the Bank.





**BAR HARBOR**  
**BANKSHARES**



**Delivering on Our Strategy**



**BAR HARBOR**  
**FINANCIAL SERVICES**

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# BHB: Investment Summary

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- We set out to build a balanced Bank that is not reliant on any one business, with a strong risk-focused credit culture, and a judicious approach to managing capital through all market conditions
  - Growing market share as our customer service differentiates us from our competition
  - Focusing on core earnings as we balance growth with profitability
  - Growing core deposits while reducing overall cost of funds
  - Adhering to a disciplined credit culture with historic low charge-off rates
  - Expanding non-interest income as a percentage of total revenue
  - Efficiently managing non-interest expenses while investing in infrastructure, digital platforms, Call Center, info security and operations
- We have a talented team and firm culture in place to carry out our strategies in all economic environments

# 2021 Achievements



## Customers, Culture and Team

- Successfully managed through COVID-19
  - Continued to make branches and services available for customers during the pandemic
  - Worked to ensure our employees had the tools necessary to effectively do their jobs which has allowed our organization to persevere
- Successfully supported our customers and business communities through SBA PPP relief programs and other loan modification arrangements

## Delivering on Our Strategy

### Focused on:

- Core relationship customer growth
- Non-interest income expansion
- Reduction in non-interest expenses
- Decrease in overall cost of funds
- Several major technology improvements including digital platform, cyber security, call center
- Major ATM Improvements

### Results:

- 10% Commercial loan growth, excluding PPP
- Fee-based income as a percentage of revenue increased to 21% in 2021 compared to 17% in 2020
- 3,374 total new net deposit accounts originated in 2021
- Grew AUM to \$2.5 billion in our wealth management business

## Commitment to Shareholders

- Prudently continue to put capital and resources to work with the most benefit to shareholders
  - Maintained dividend despite market uncertainty
  - Preserved capital as prudent risk management avoided the need for unplanned reserves

# Q1 2022 Overview

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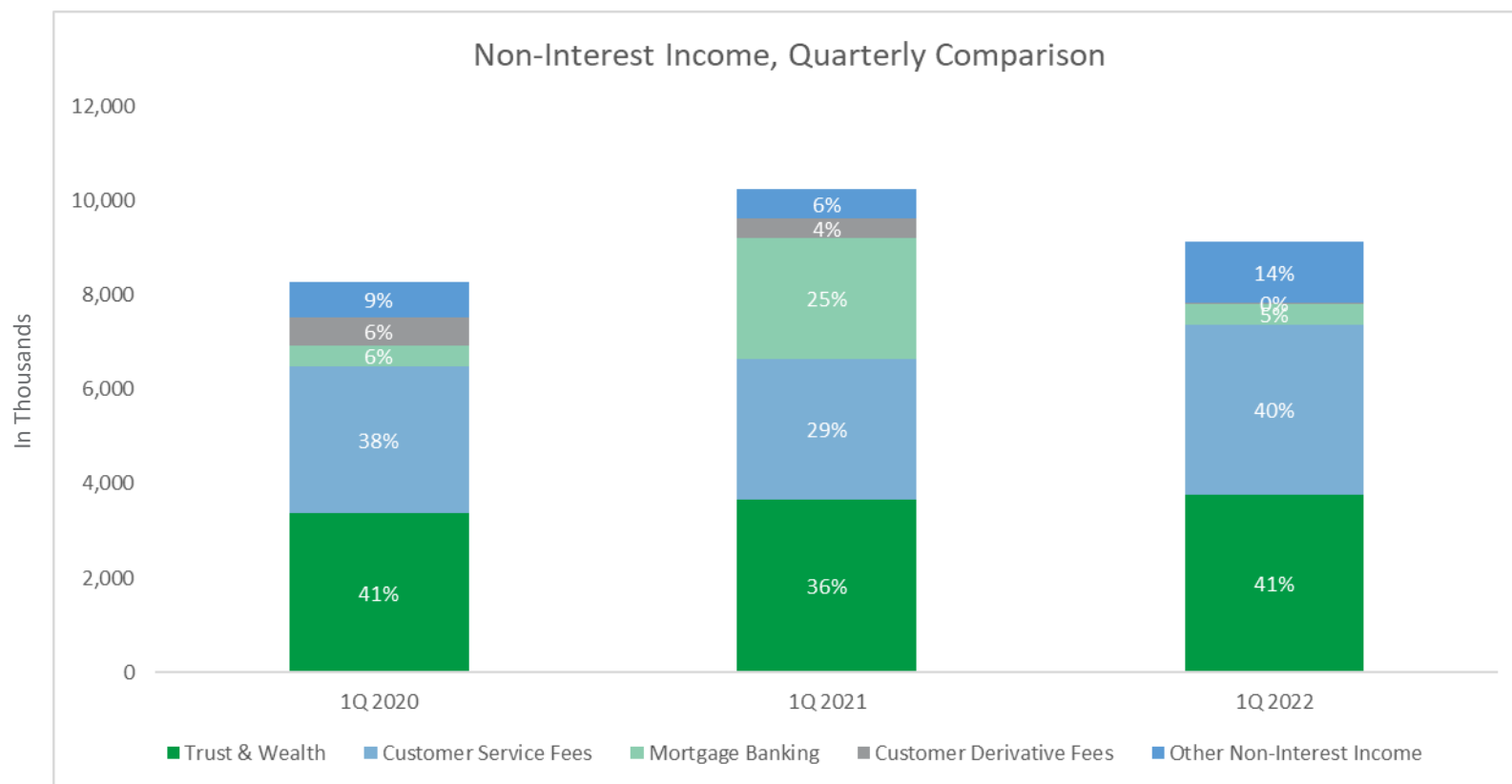


- Poised for Growth
- 21% annualized commercial loan growth
- 87% loan to deposit ratio
- 2.95% net interest margin, compared to 2.88%
- 11% increase in fee-based revenue
- 0.25% non-performing asset ratio to total assets, compared to 0.38%
- Wealth Management Conversion
  - We will operate as one entity going forward: Bar Harbor Wealth Management
  - Will provide synergies and drive more referrals to our partners in Bar Harbor Wealth Management
- Continue to “Think Differently” and “Work Together”

# Diversification and Growth of Non-Interest Income



- Wealth Management and Customer Service Fees continue to grow
- Wealth Management Fees grew 2% from Q1 2021 to Q1 2022, while Customer Service Fees grew 22%
- Market conditions drove outsized Mortgage Banking Fees in Q1 2021



# Prudent Balance Sheet Management

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## Liquidity

- Grew total deposits by 5% from Q1 2021 to Q1 2022
- Non-Maturity deposits grew from 78% to 87% of Total Deposits from Q1 2021 to Q1 2022
- Continued reduction in Wholesale Borrowings including Securities sales to prepay FHLB Advances in Q3 and Q4 2021

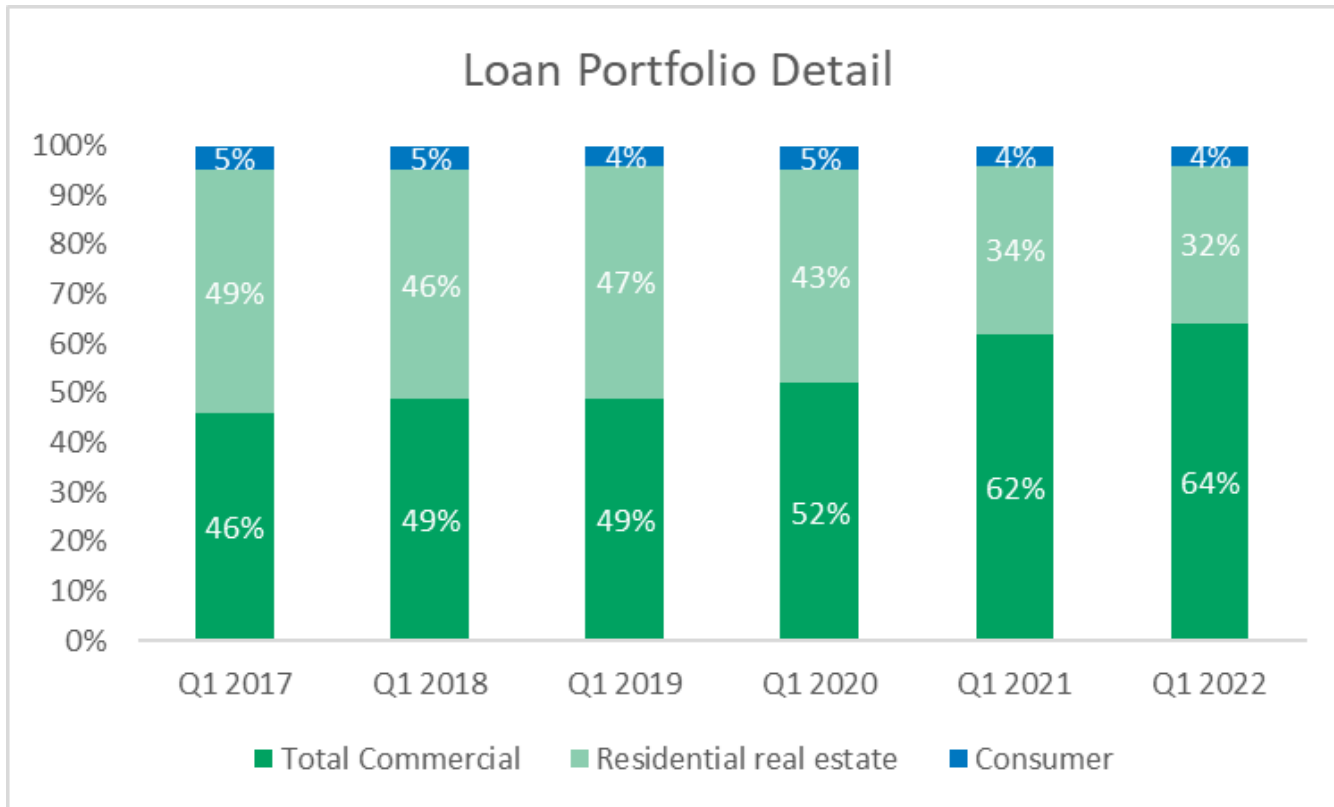
## Interest Rate Risk (IRR) Positioning & Modeling Enhancements

- The Bank remains relatively asset sensitive
- Enhanced and expanded our use of models within the organization, strengthening various ALM assumptions and testing methods

# Loans – Focus on Profitability



- Continue to prudently evaluate our loan portfolio mix & strategy, currently pushing most residential mortgage product through secondary market platform, allowing stronger growth in commercial loans
- Commercial Loans have increased from 46% to 64% of the Loan Portfolio since Q1 2017





# SBA PPP Loan Summary

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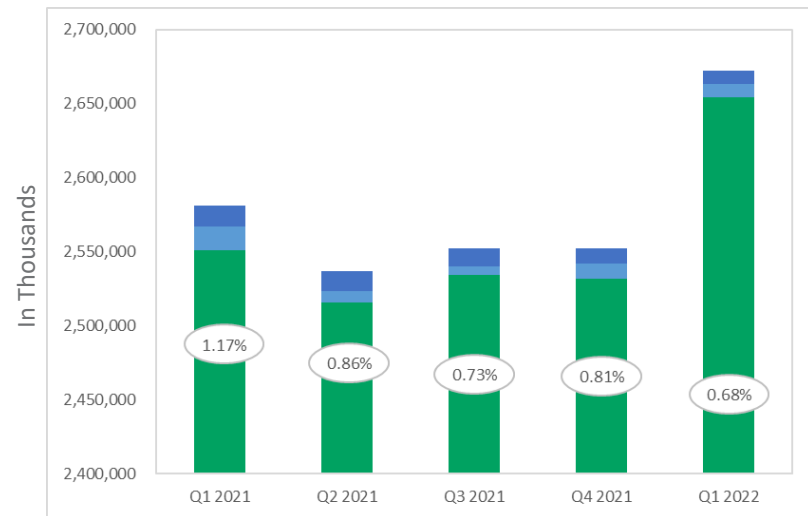
- Originated \$67.7 million in Round 2 PPP Loans in 2021
- \$6 million in income generated in 2021 by the Round 1 & 2 PPP Programs
- \$7 million in PPP Balances with a Net Fee of \$219 thousand remaining at the end of 2021
- Minimal PPP Balances remain as of 3/31/2022 and are expected to be forgiven by the end of Q2 2022

# Strong Credit-Oriented Culture



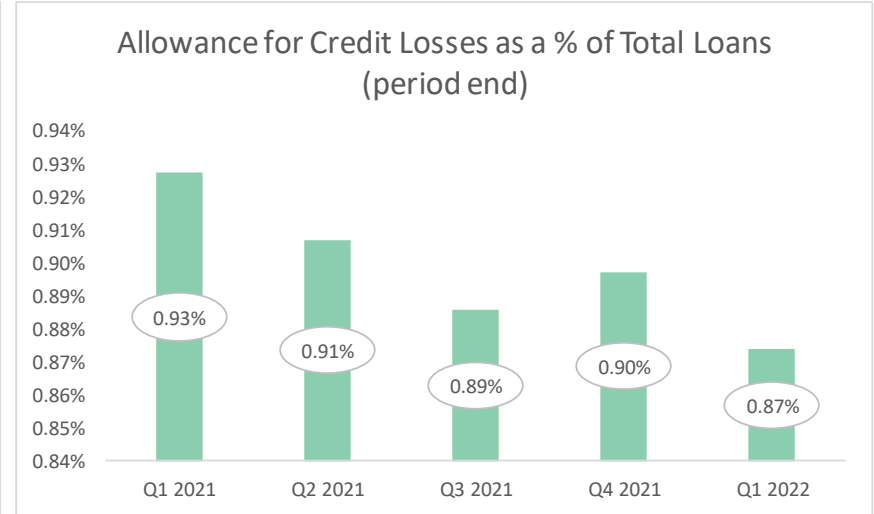
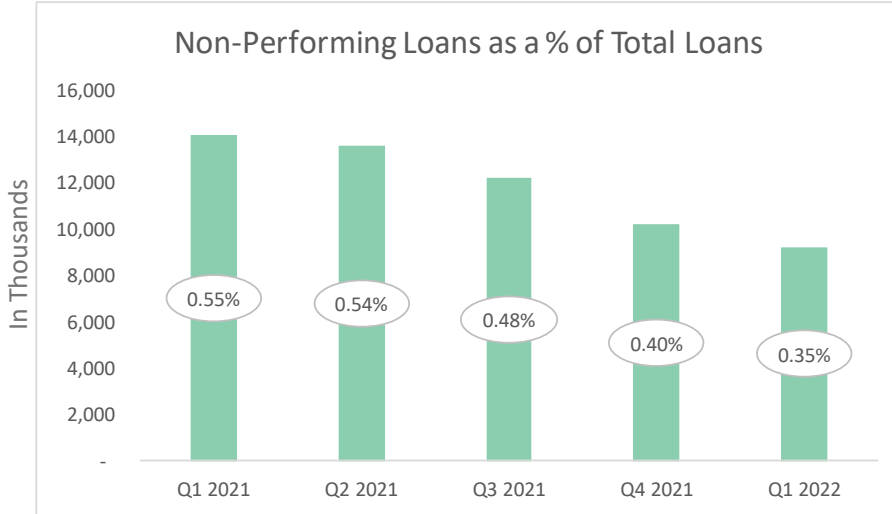
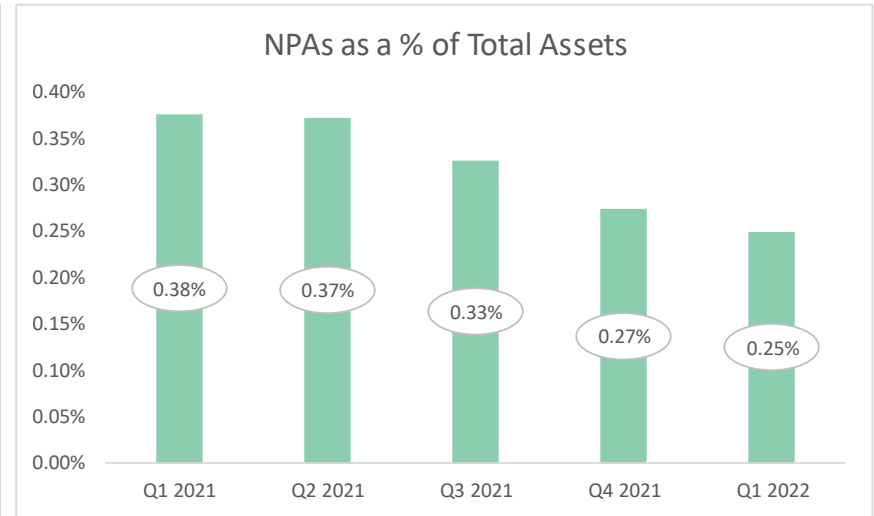
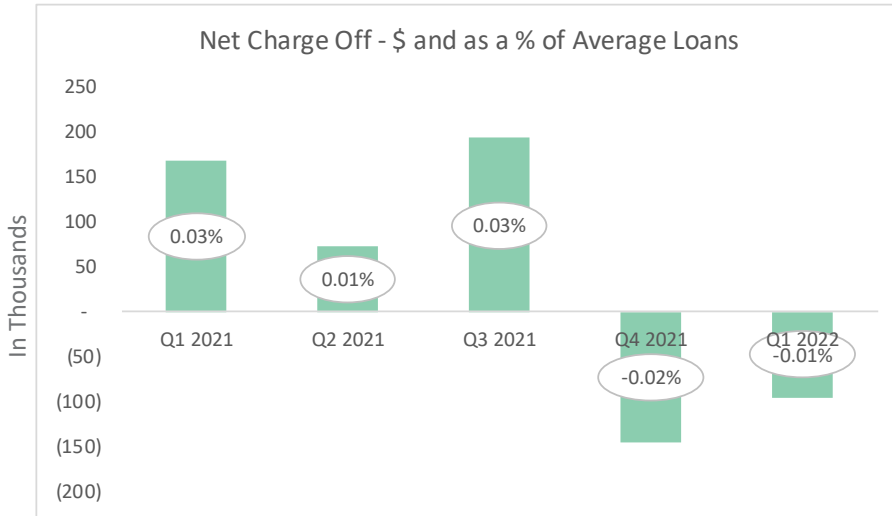
- All loans with COVID-19-related deferrals have resumed regularly scheduled P&I payments
- Net Recoveries were achieved in Q4 2021 and Q1 2022, with declining levels of non-performing loans
- Continuing to maintain \$0 in Bank-owned Real Estate (OREO) from foreclosure activity
- With CECL adoption, Q4 2021 ACL / Total Loans ratio was 0.90% vs. pre-CECL Q4 2020 of 0.74%
- During 2021, the Bank continued loan-level stress testing on more than 60% of the commercial balances outstanding:
  - All Hospitality loans over \$250M
  - All loans included in the Bank's Top 50 relationships
  - All criticized/classified relationships of \$1MM or more
  - Other targeted subsets, including restaurant industry loans, seasonal loans, and community banking loans that had operated under deferrals

## Total Non-performing Loans / Gross Loans



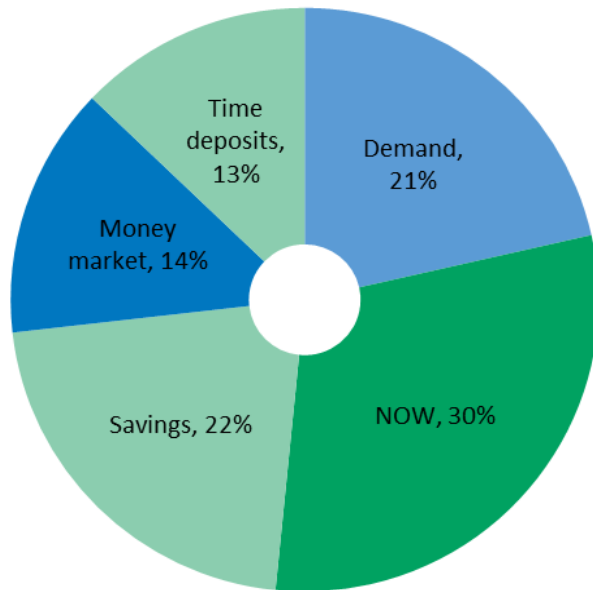
Legend:  
■ Gross Loans  
■ Delinquencies  
■ Nonaccrual Loans  
○ Delinquent & Nonaccrual Loans as a % of Gross Loans

# Asset Quality



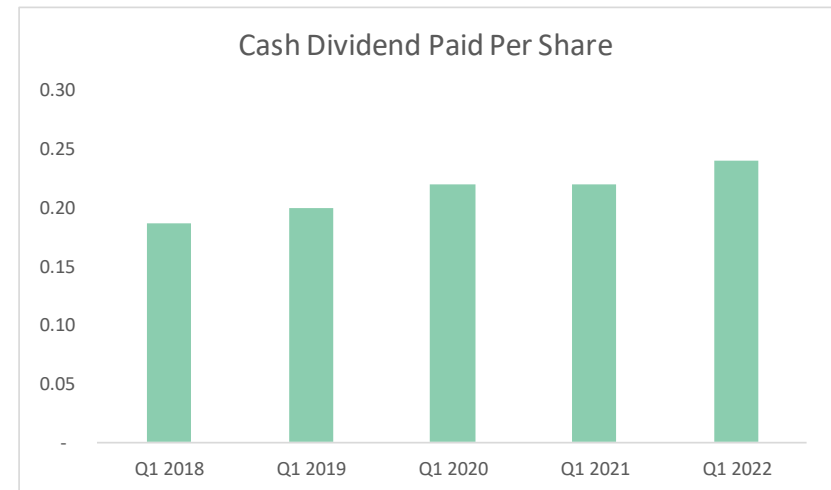
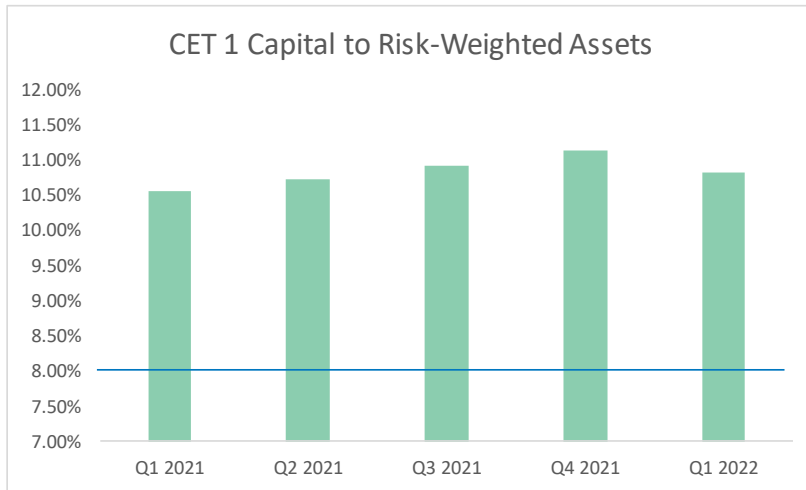
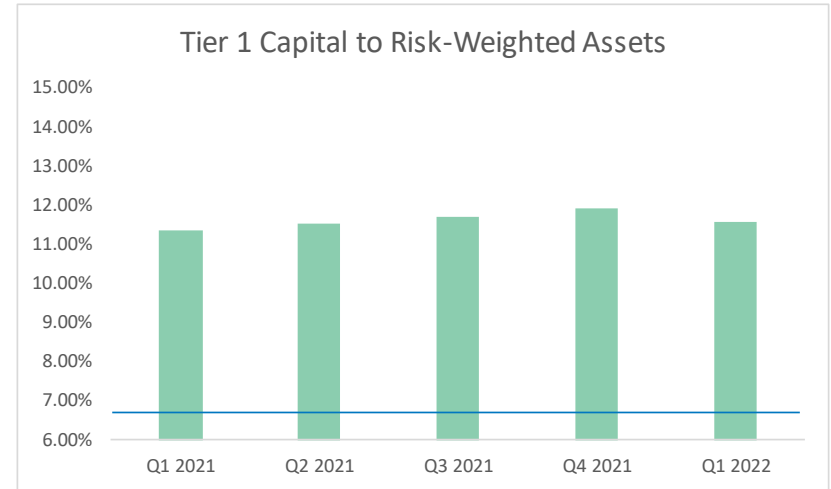
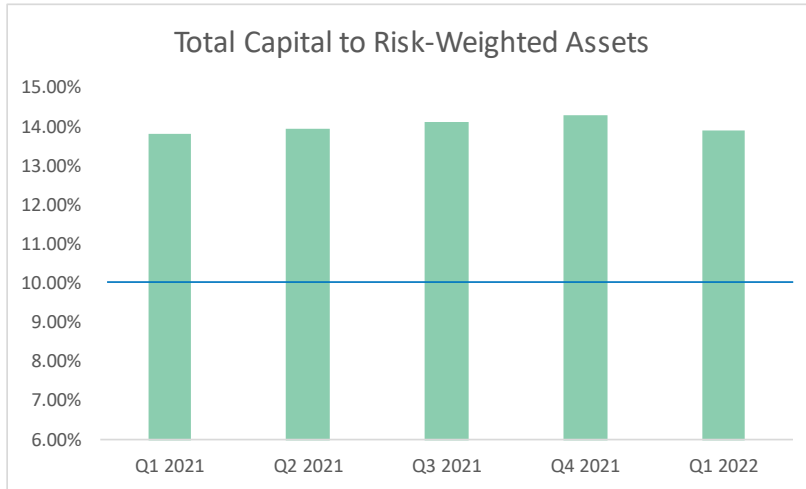
# Deposits – Growing Core

Deposit Product Mix as of 3/31/2022



- Continued focus and strong execution on moving to lower cost core deposits
- Y-o-Y reduction of time deposits from 22% to 13% of total deposits
- Non-interest bearing deposits increased from 20% to 21% of total deposits

# Continued Commitment to Strong Capital



Note: The blue horizontal lines indicate minimum required levels for “well-capitalized” banks

# Investor Relations Contact Information

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## Visit our Website

[www.barharbor.bank/shareholder-relations](http://www.barharbor.bank/shareholder-relations)



## Contact by Email

[investorrelations@barharbor.bank](mailto:investorrelations@barharbor.bank)



## Contact by Phone

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**Appendix**



# Historical Financial Performance



Dollar values in millions, except per share amounts or otherwise noted	For the Year Ended,				For the Quarter Ended,				
	2018Y	2019Y	2020Y	2021Y	2021Q1	2021Q2	2021Q3	2021Q4	2022Q1
<b>Balance Sheet</b>									
Total Assets	\$3,608	\$3,669	\$3,724	\$3,709	\$3,730	\$3,639	\$3,738	\$3,709	\$3,692
Total Loans	2,488	2,635	2,563	2,532	2,551	2,516	2,534	2,532	2,655
Total Deposits	2,483	2,696	2,906	3,049	2,651	2,695	2,935	3,049	3,048
<b>Capital</b>									
Total Equity	\$371	\$396	\$407	\$424	\$405	\$414	\$418	\$424	\$407
Tang. Common Equity / Tang. Assets	7.51%	7.60%	7.90%	8.32%	7.73%	8.22%	8.08%	8.32%	7.88%
Tier 1 Leverage Ratio	8.53%	8.13%	8.12%	8.66%	8.27%	8.36%	8.54%	8.66%	8.99%
Total Risk-Based Capital Ratio	14.23%	13.61%	13.56%	14.32%	13.83%	13.96%	14.12%	14.32%	13.90%
<b>Earnings &amp; Profitability</b>									
Net Income	\$33.0	\$22.6	\$32.2	\$39.3	\$9.0	\$9.1	\$11.0	\$9.8	\$9.1
Core ROAA	0.99%	0.82%	0.93%	1.10%	1.11%	1.01%	1.16%	1.07%	1.02%
Core ROAE	9.79%	7.65%	8.68%	9.87%	10.14%	9.14%	10.39%	9.60%	9.07%
Net Interest Margin	2.87%	2.77%	2.97%	2.88%	2.78%	2.67%	2.75%	2.79%	2.95%
Efficiency Ratio	59.27%	64.95%	61.71%	61.29%	61.95%	63.45%	59.18%	60.74%	62.40%
<b>Asset Quality</b>									
NPLs / Loans	0.73%	0.65%	0.48%	0.40%	0.55%	0.54%	0.48%	0.40%	0.35%
NPAs / Assets	0.57%	0.42%	0.33%	0.27%	0.38%	0.37%	0.33%	0.27%	0.25%
Reserves / Loans	0.56%	0.66%	0.74%	0.90%	0.93%	0.91%	0.89%	0.90%	0.87%
NCOs / Average Loans	0.05%	0.03%	0.07%	0.01%	0.03%	0.01%	0.03%	-0.02%	-0.01%
<b>Yield and Cost</b>									
Yield on Earning Assets	4.00%	4.14%	3.87%	3.33%	3.46%	3.24%	3.41%	3.10%	3.21%
Cost of Interest Bearing Deposits	0.98%	1.27%	0.78%	0.36%	0.51%	0.45%	0.27%	0.24%	0.20%
Cost of Total Interest Bearing Liabilities	1.31%	1.61%	0.96%	0.59%	0.72%	0.66%	0.50%	0.41%	0.35%
<b>Market Information</b>									



# Non-GAAP to GAAP Reconciliations



	2020Q4	2021Q1	2021Q2	2021Q3	2021Q4	YTD 2021	2022Q1
GAAP net income	8,640	9,480	9,025	11,028	9,766	39,299	9,112
Plus (less):							
Gain sale of securities, net	(3,959)	-	(50)	(1,930)	(890)	(2,870)	(9)
(Gain) loss on sale of fixed assets, net	(122)	8	1	(146)	515	378	(75)
Loss on other real estate owned	(11)	-	-	-	-	-	-
Loss on debt extinguishment	-	-	-	1,768	1,083	2,851	-
Acquisition, restructuring and other expenses	4,849	889	552	318	(92)	1,667	325
Income tax expense <sup>1</sup>	(179)	(213)	(119)	(2)	(144)	(479)	(56)
<b>Total core earnings<sup>2</sup></b>	<b>(A) \$ 9,218</b>	<b>\$ 10,164</b>	<b>\$ 9,409</b>	<b>\$ 11,036</b>	<b>\$ 10,238</b>	<b>\$ 40,846</b>	<b>\$ 9,297</b>
Net-interest income	(B) \$25,362	\$23,422	\$22,754	\$25,582	\$23,815	95,573	24,298
Plus: Non-interest income	14,723	10,248	9,505	11,350	11,158	42,261	9,309
Total Revenue	40,085	33,670	32,259	36,932	34,973	137,834	33,607
Plus: Gain on sale of securities, net	(3,959)	-	(50)	(1,930)	(890)	(2,870)	(9)
<b>Total core revenue<sup>2</sup></b>	<b>(C) \$36,126</b>	<b>\$33,670</b>	<b>\$32,209</b>	<b>\$35,002</b>	<b>\$34,083</b>	<b>134,964</b>	<b>33,598</b>
Total non-interest expense	27,816	22,491	21,724	23,372	22,921	90,508	21,886
Less: Gain (loss) on sale of premises and equipment, net	122	(8)	(1)	146	(515)	(378)	75
Less: Loss on other real estate owned	11	-	-	-	-	-	-
Less: Loss on debt extinguishment	-	-	-	(1,768)	(1,083)	(2,851)	-
Less: Acquisition, restructuring and other expenses	(4,849)	(889)	(552)	(318)	92	(1,667)	(325)
<b>Core non-interest expense<sup>2</sup></b>	<b>(D) \$23,100</b>	<b>\$21,594</b>	<b>\$21,171</b>	<b>\$21,432</b>	<b>\$21,415</b>	<b>85,612</b>	<b>21,636</b>

(1) Assumes a marginal tax rate of 23.71% in 2021 and 2020.

(2) Non-GAAP financial measure.

# Non-GAAP to GAAP Reconciliations (continued)



		2020Q4	2021Q1	2021Q2	2021Q3	2021Q4	YTD 2021	2022Q1
<b>Averages</b>								
Total average earning assets	(E)	\$3,388	\$3,359	\$3,398	\$3,412	\$3,440	\$3,373	\$3,386
Total average assets	(F)	3,756	3,717	3,746	3,764	3,764	3,718	3,712
Total average shareholders equity	(G)	408	407	413	421	423	414	416
<b>Performance ratios</b>								
GAAP return on assets		0.92%	1.03%	0.97%	1.16%	1.02%	1.06%	1.00%
Core return on assets <sup>2</sup>	(A/F)	0.98%	1.11%	1.01%	1.16%	1.07%	1.10%	1.02%
GAAP return on equity		8.42%	9.45%	8.77%	10.38%	9.16%	9.50%	8.89%
Core return on equity <sup>2</sup>	(A/G)	8.99%	10.14%	9.14%	10.39%	9.60%	9.87%	9.07%
Efficiency ratio <sup>2,3</sup>	(D-O-Q)/(C+N)	61.98%	61.95%	63.45%	59.18%	60.74%	61.29%	62.40%
Net interest margin	(B+P)/E	3.02%	2.88%	2.74%	3.02%	2.79%	2.88%	2.95%
<b>Supplementary Data</b>								
Taxable equivalent adjustment for efficiency ratio	(N)	\$542	\$595	\$586	\$576	\$573	\$2,330	\$476
Franchise taxes included in non-interest expense	(O)	117	125	128	143	132	528	141
Tax equivalent adjustment for net interest margin	(P)	396	433	430	421	369	1,653	320
Intangible amortization	(Q)	256	241	233	233	233	940	233

(1) Assumes a marginal tax rate of 23.71% in 2021 and 2020.

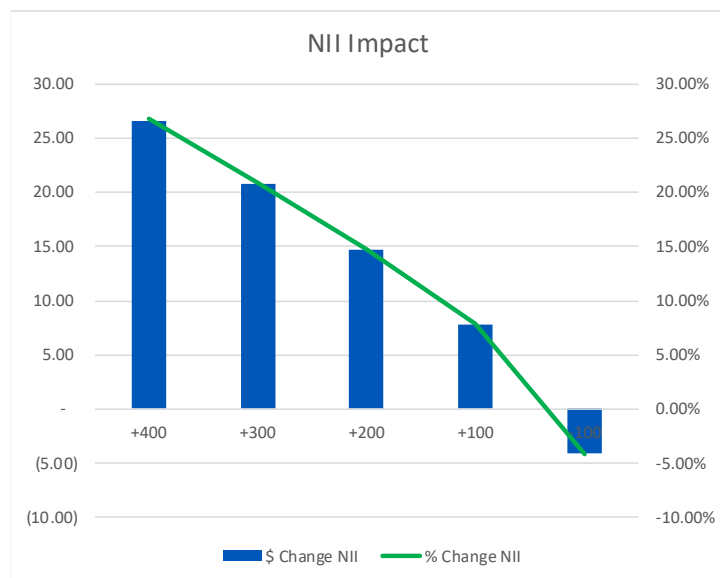
(2) Non-GAAP financial measure.

(3) Efficiency ratio is computed by dividing core non-interest expense net of franchise taxes and intangible amortization divided by core revenue on a fully taxable equivalent basis.

# Interest Rate Risk Analysis

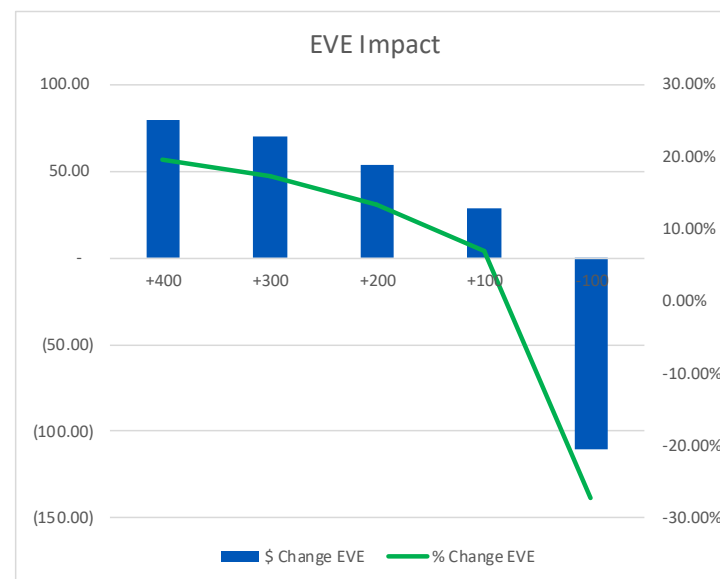


On a quarterly basis, the company measures and reports NII and EVE at risk to isolate the change in income and value related solely to interest-earning assets and interest-bearing liabilities. The NII analysis below shows the impact of instantaneous parallel shifts in the market yield curve for a period of one year while EVE shows a liquidation calculation over the same shifts in the curve.



As Of March 31, 2022

Change in Interest Rates (basis points)	Change NII (\$ millions)	Change NII (%)
+400	26.66	26.77%
+300	20.81	20.90%
+200	14.66	14.72%
+100	7.86	7.89%
-100	(4.13)	-4.15%



As Of March 31, 2022

Change in Interest Rates (basis points)	Change EVE (\$ millions)	Change EVE (%)
+400	79.47	19.62%
+300	69.98	17.28%
+200	54.10	13.36%
+100	28.65	7.07%
-100	(110.35)	-27.25%