

A True Community Bank

READY FOR THE FUTURE



Annual Shareholders' Meeting

May 16, 2017

Forward Looking Statements



This document contains forward-looking statements as defined in 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. For a 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. The Company does not undertake any obligation to update forward-looking statements.

Non-GAAP Financial Statements

This document contains certain non-GAAP financial measures in addition to results presented in accordance with Generally Accepted Accounting Principles ("GAAP"). These non-GAAP measures provide supplemental perspectives on operating results, performance trends, and financial condition. They 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 included in the first quarter earnings release and Form 10-Q which can be found at www.bhbt.com, as well as within the Appendix of this presentation. In all cases, it should be understood that non-GAAP per share measures do not depict amounts that accrue directly to the benefit of shareholders.

The Company utilizes the non-GAAP measure of core earnings in evaluating operating trends, including components for core revenue and expense. These measures exclude items which the Company does not view as related to its normalized operations. These items include securities gains/losses, merger costs, restructuring costs, and systems conversion costs. Non-core adjustments are presented net of an adjustment for income tax expense. This adjustment is determined as the difference between the GAAP tax rate and the effective tax rate applicable to core income. The efficiency ratio is adjusted for non-core revenue and expense items and for tax preference items. The Company also calculates measures related to tangible equity, which adjust equity (and assets where applicable) to exclude intangible assets due to the importance of these measures to the investment community. Charges related to the acquisition of Lake Sunapee Bank Group consist primarily of severance and retention cost, systems conversion and integration costs, and professional fees. The Company's disclosure of organic growth of loans in 2017 is also adjusted for the acquisition of Lake Sunapee Bank Group.



A True Community Bank



- We understand the unique opportunities and challenges our customers face
- We provide exceptional support to the people, businesses and communities in the places we call home
- Our people are resourceful and friendly, and our customers can count on them to help find solutions
- We value geography, heritage and performance while balancing growth and earnings
 - Risk management and earnings sustainability while remaining true to our culture
 - Commitment to continued improvement and process discipline

We recognize, appreciate and support the unique people and culture in the places we call home



Preparing For Our Future



- Invested in Processes, Products, Technology, Training, Leadership and Infrastructure
- Expanded our brand and business model into markets with similar geographic attributes and like-minded partners
- Created opportunity and growth for existing employees, while adding catalyst recruits across all levels of the organization with broader experience and depth that value our culture
- Maintained our strong commitment to compliance and to risk management given the evolving environment within the industry
- Created a service and sales driven culture with focus on core business growth

*Employee and customer experience is the foundation of superior performance,
which leads to significant financial benefit to our shareholders*



2016 Achievements



- Announced the acquisition of Lake Sunapee Bank Group (“LSBG”) in May 2016 and closed the transaction in January 2017
- Total assets increased \$175 million in the year to \$1.8 billion
- Strong loan growth of 14% and deposit growth of 11%
- Net income of \$14.9 million, which included \$2.7 million of expenses related to the acquisition and core system conversion compared to \$15.2 million in 2015
- Non-performing assets to total assets of 0.38%, down from 0.46%
- Total non-performing loans to total loans of 0.58%, down from 0.71%



*We are now the only community bank
based in New England with a branch presence in
Maine, New Hampshire, and Vermont*



First Quarter 2017 Highlights

(comparisons are to first quarter 2016 unless otherwise stated)



- Completed acquisition of Lake Sunapee Bank Group on January 13, 2017
- \$3.4 billion in total assets, including \$1.6 billion added from the acquisition
- Achieved 13% annualized organic total loan growth with 20% annualized in commercial, while maintaining our risk appetite
- Core diluted earnings per share of \$0.43 versus \$0.38 per share
- Core net income of \$6.2 million compared to \$3.5 million
- Core return on average assets of 0.74% compared to 0.86%
- Core return on average equity of 7.88% compared to 8.76%
- Non-performing assets to total assets of 0.19% compared to 0.40%
- Completed a three-for-two split payable in the form of a large stock dividend to common stockholders of record at the close of business on March 7, 2017
- Tangible book value of \$15.07 per share after giving effect to the stock split

Highlights represent Bar Harbor Bankshares. A reconciliation of non-GAAP financial measures to GAAP measures are included in the first quarter earnings release and Form 10-Q which can be found at www.bhbt.com, as well as within the attached Appendix. As necessary for comparative purposes, amounts are restated to reflect 3-for-2 stock split completed in the first quarter of 2017.

Larger Scale . . . Same Culture and Model



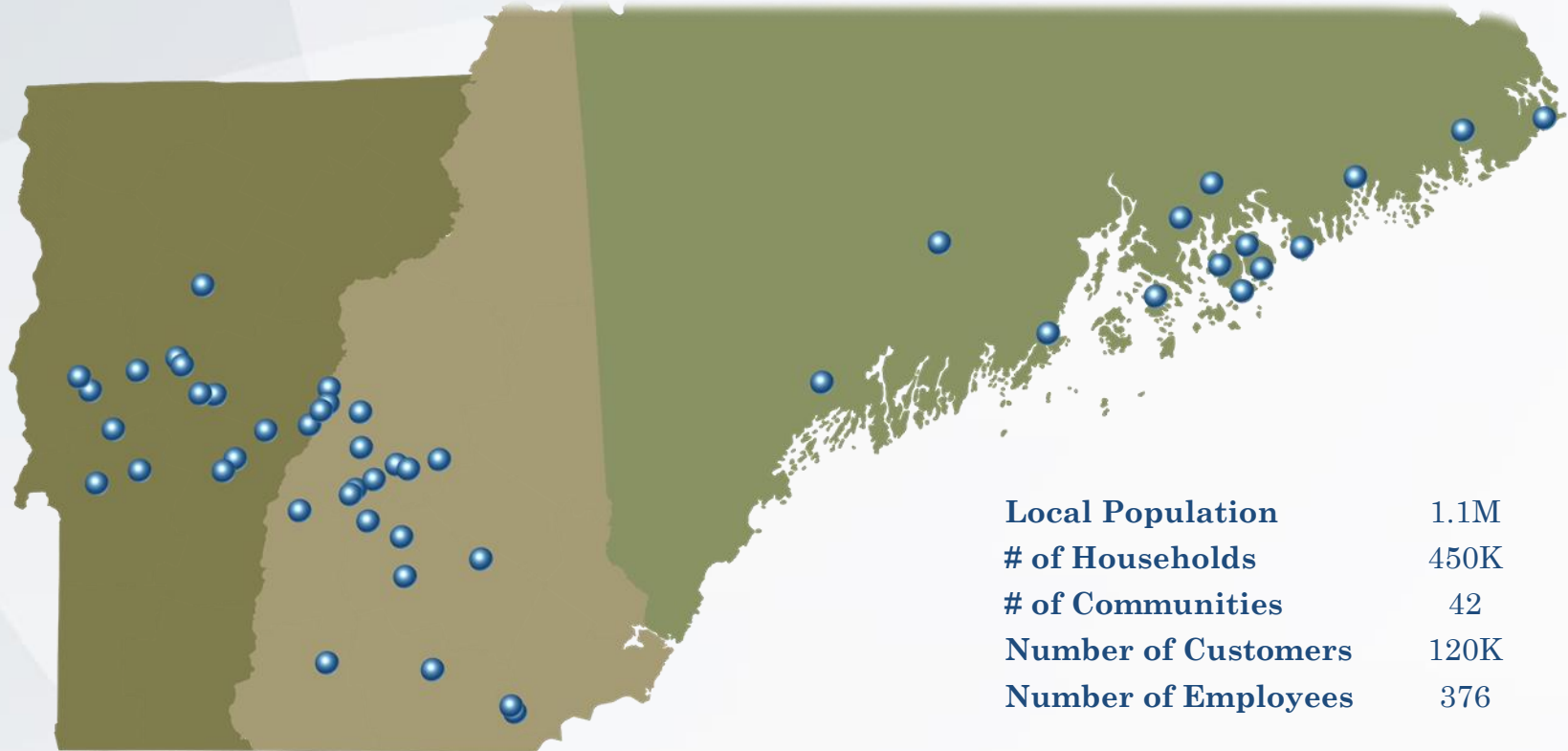
(As of 3/31/17)

- Assets: \$3.4 billion
- Loans: \$2.4 billion
- Deposits: \$2.2 billion
- Core Net Income: \$6.2 million
- AUM: \$1.8 billion
- Branches: 53 including 4 locations for Trust and Insurance only
- Footprint: Maine, New Hampshire, Vermont
- Shareholders' Equity: \$341.0 million
- Market Capitalization: \$508.9 million

Additional size and expertise to compete with larger competitors while remaining a True Community Bank



Expanded Footprint creates greater opportunities



One Bank...One Culture



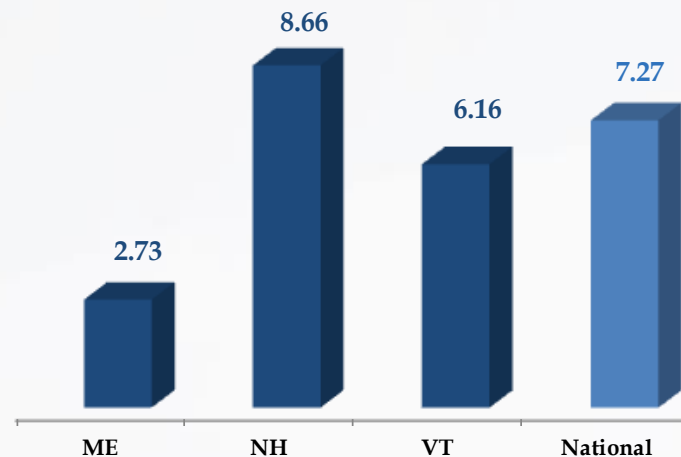
Population and number of household data based on counties in which Bar Harbor has a presence after the acquisition

Source: SNL Financial, Nielsen Estimates

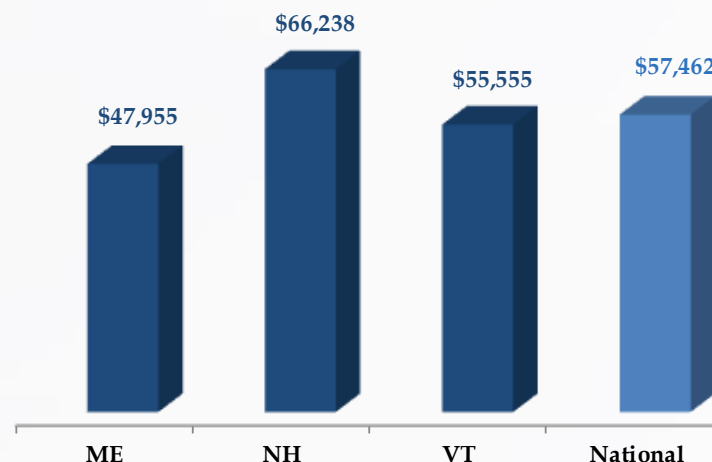
Expansion that includes Demographically Appealing Markets

- In addition to the organic growth opportunity in Maine, expansion into New Hampshire and Vermont positions BHB in attractive markets across northern New England with affluent demographics and strong growth prospects
- Comprised of 49 full service branches spanning three states across the northern New England region
- Trust operations provides scale to wealth management fee income
- Combined platform creates significant revenue and cross-selling opportunities

Projected Household Income Growth 2017-2022

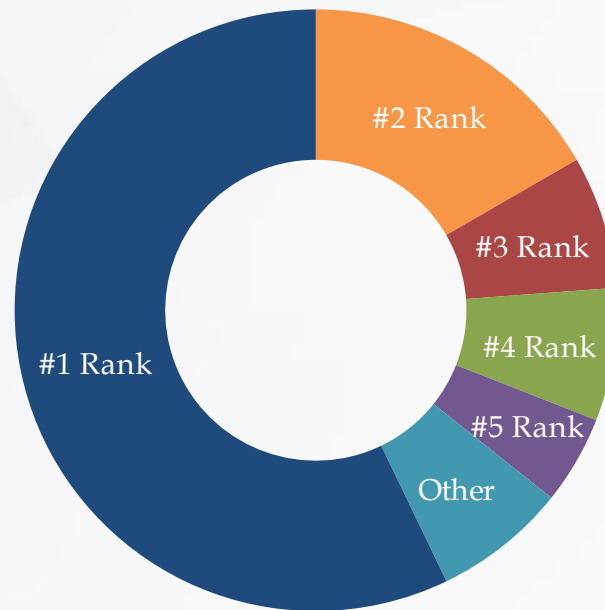


Median Household Income 2017



Strong Market Share with Growth Opportunity

- In the top 5 deposit market share position for 39 of the 42 communities we serve



- Number 1 or 2 deposit market share position in 31 of the 42 communities we serve

- Solid market share foundation with new client growth opportunity and cross-sell potential

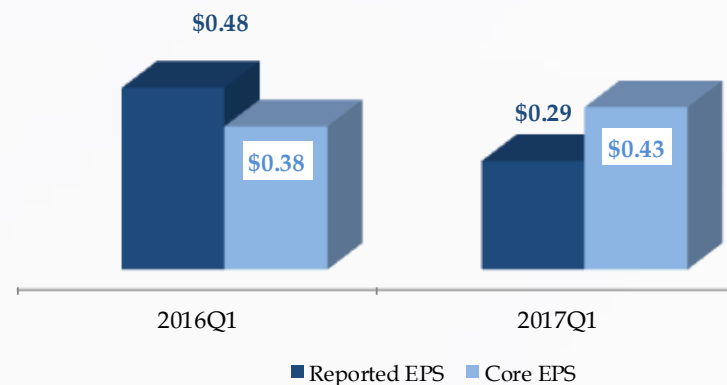
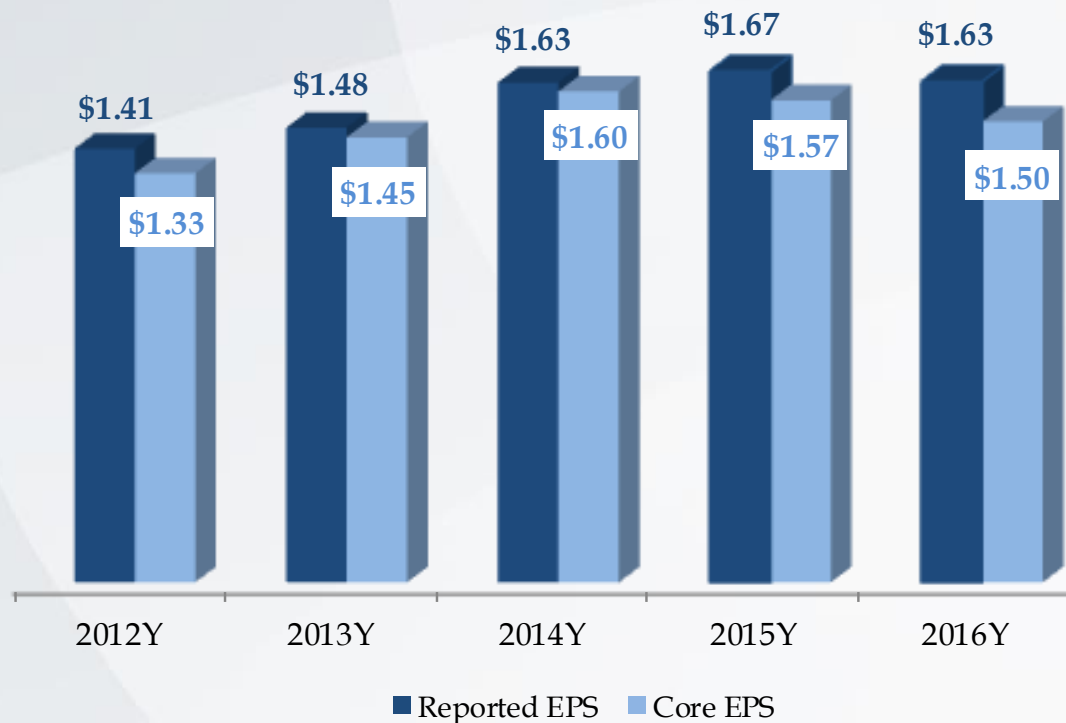


Validation of Our Approach



Financial Performance

Earnings Per Share



A reconciliation of non-GAAP financial measures to GAAP measures are included in the first quarter earnings release and Form 10-Q which can be found at www.bhbt.com, as well as within the attached Appendix. As necessary for comparative purposes, amounts are restated to reflect 3-for-2 stock split completed in the first quarter of 2017.

Financial Performance

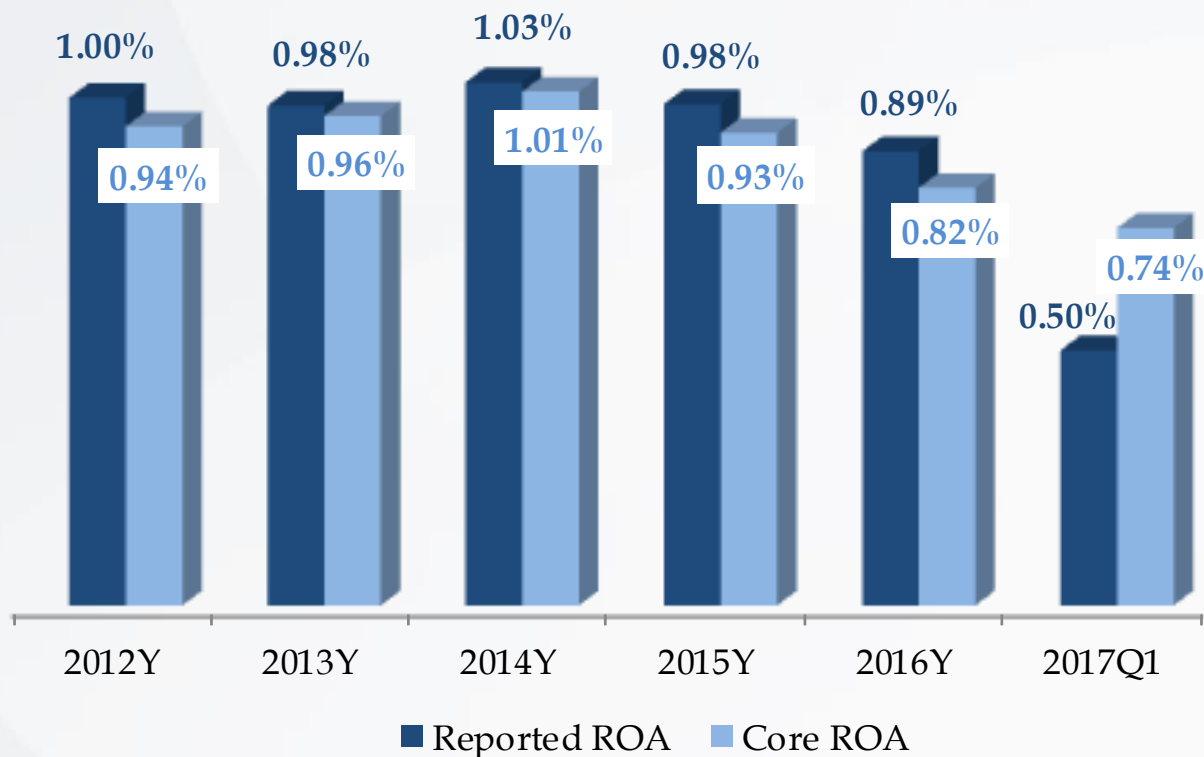
Dividends Per Share



Prior year amounts restated for 3-for-2 stock split completed in the first quarter of 2017

Financial Performance

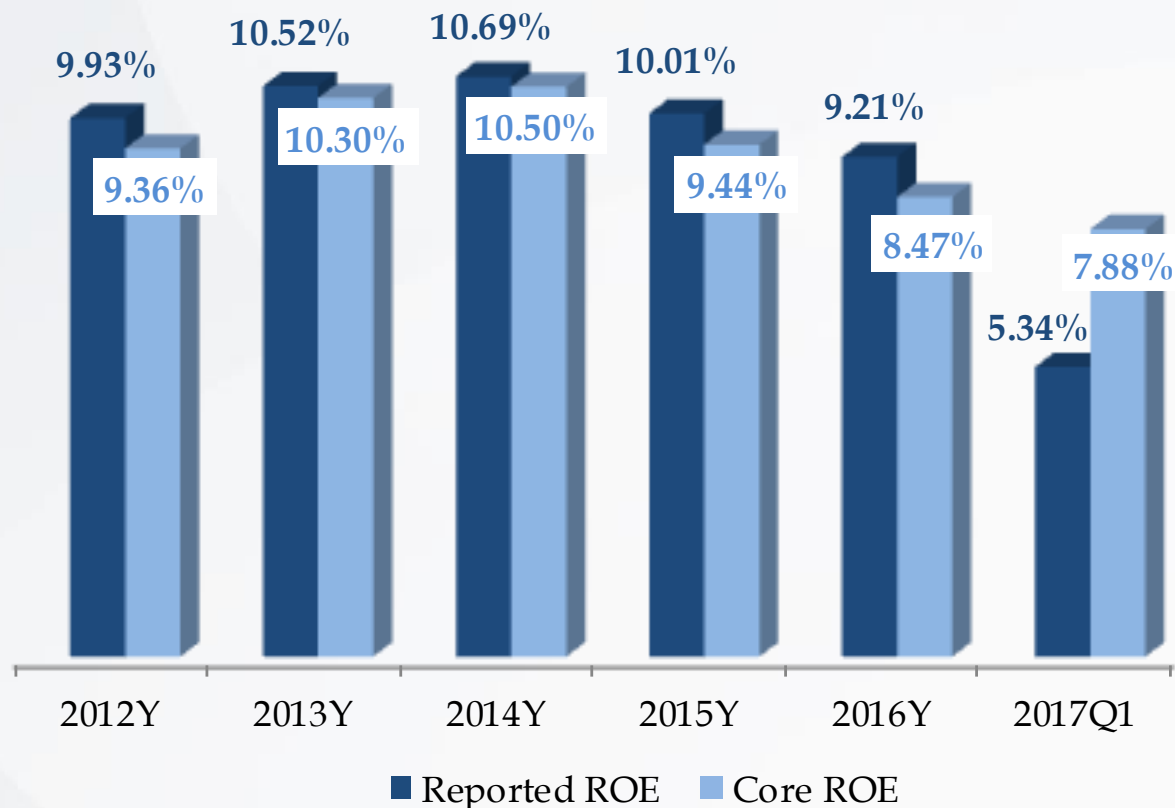
Return on Average Assets (%)



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Financial Performance

Return on Average Equity (%)



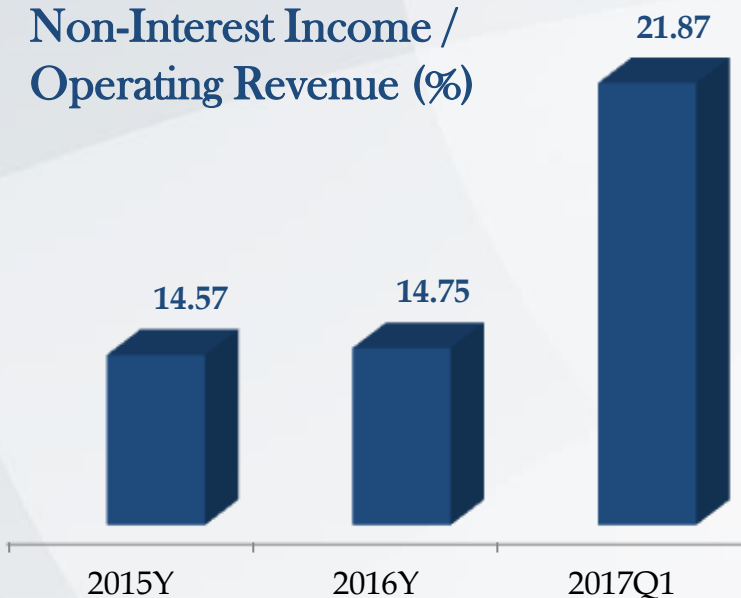
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Financial Performance

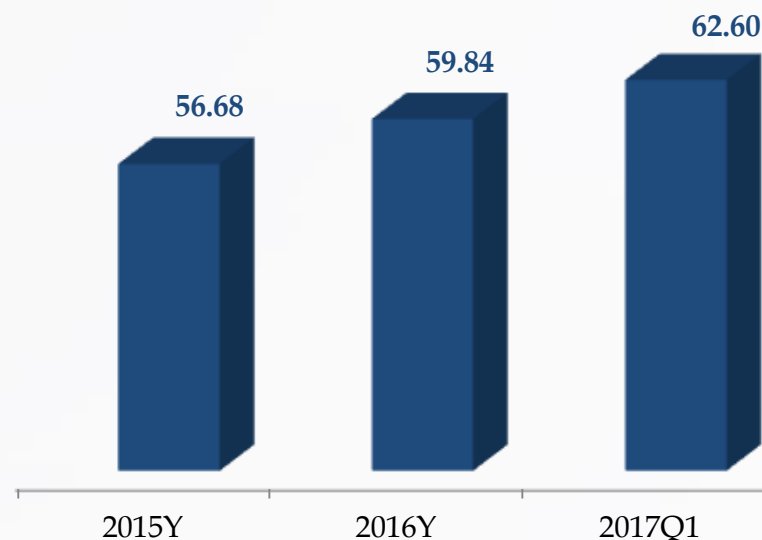
Improved Fee Income and Continued Operating Efficiency



Non-Interest Income /
Operating Revenue (%)



Efficiency Ratio (%)



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Loans

Strong organic growth complemented by Lake Sunapee acquisition in 2017



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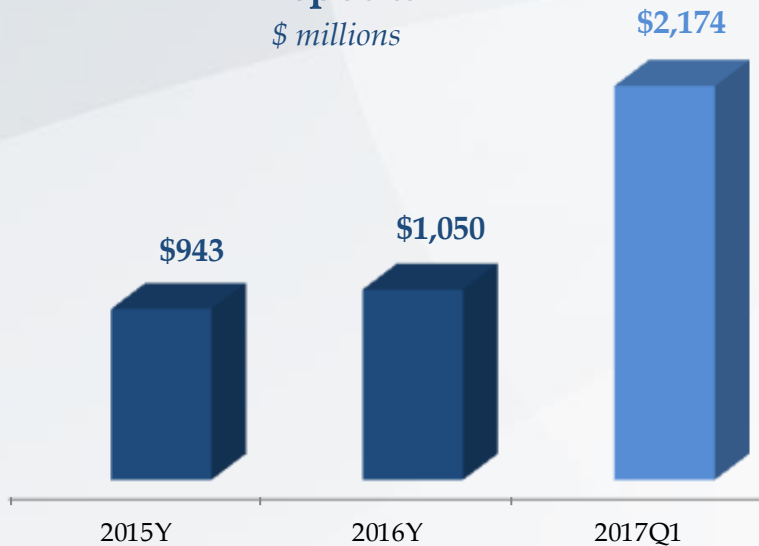
Strengthened Balance Sheet Mix

Less reliance on wholesale funding

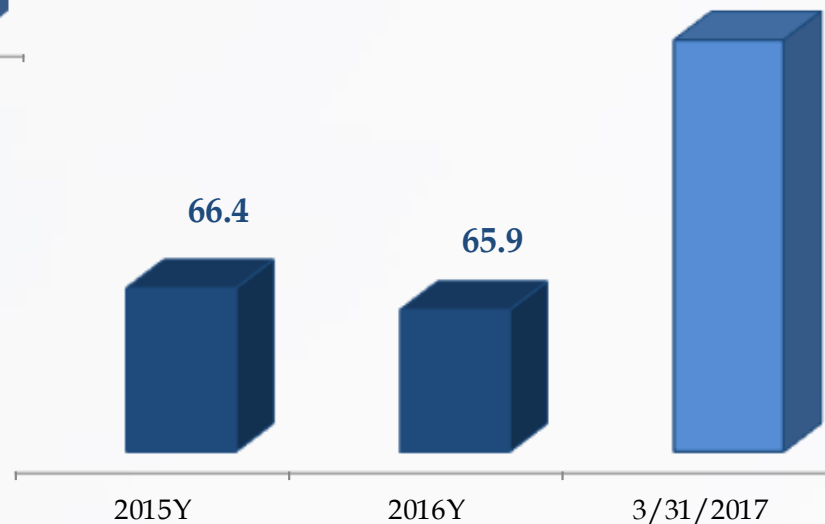


Deposits

\$ millions

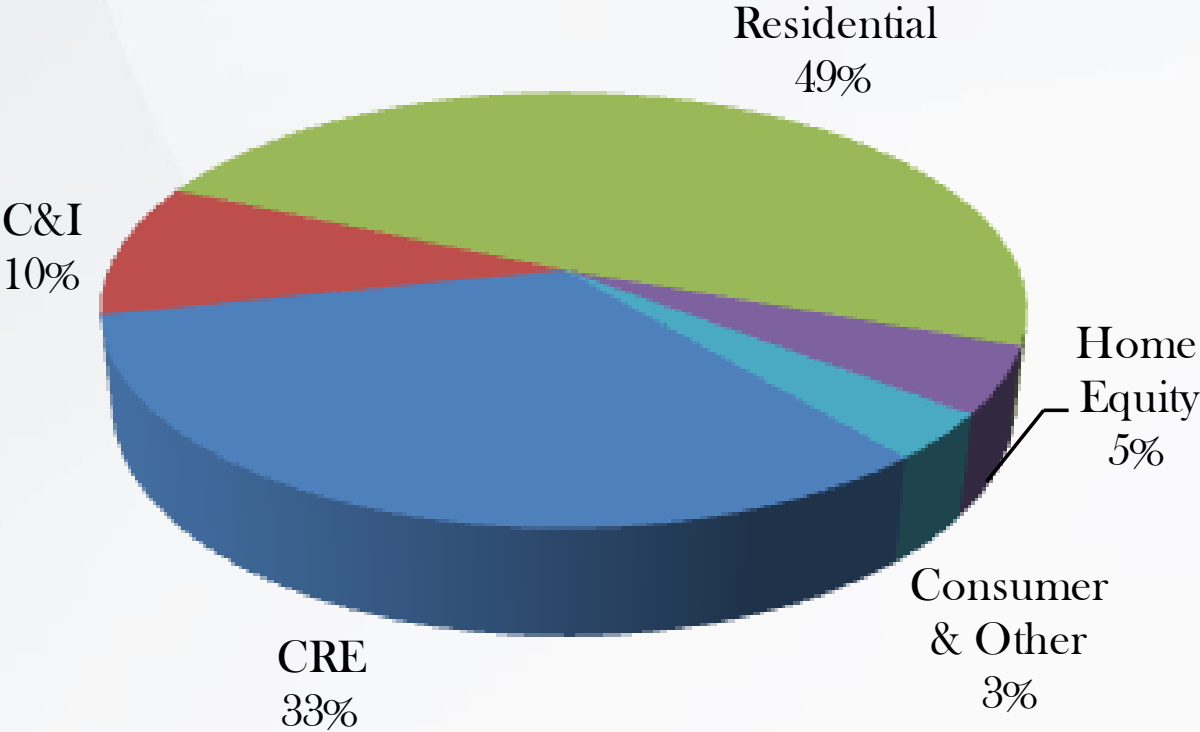


Deposits / Liabilities (%)



Liabilities exclude subordinated debt and trust preferred debt.

Loan Composition (As of 3/31/17)



Superior Credit Quality



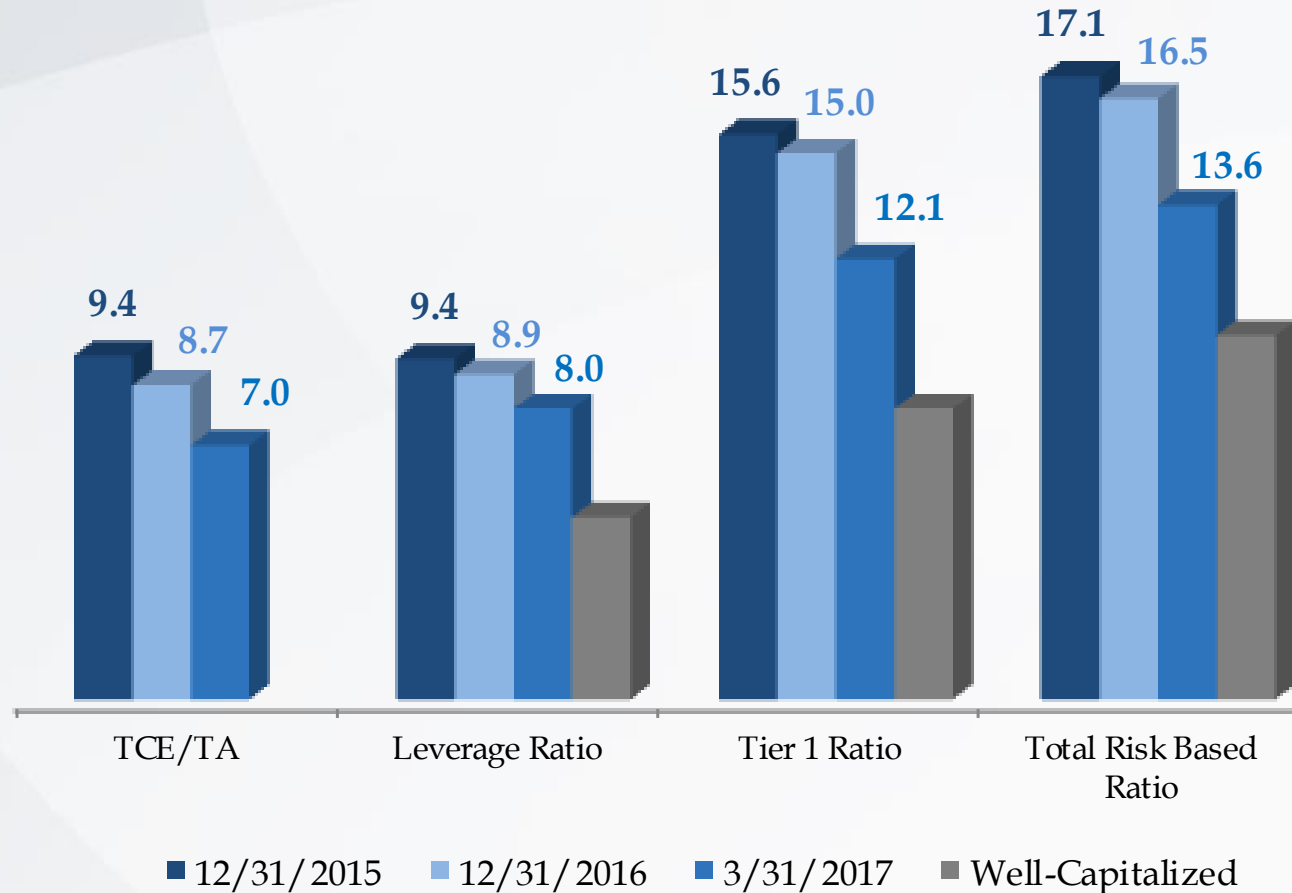
NPAs / Assets (%)



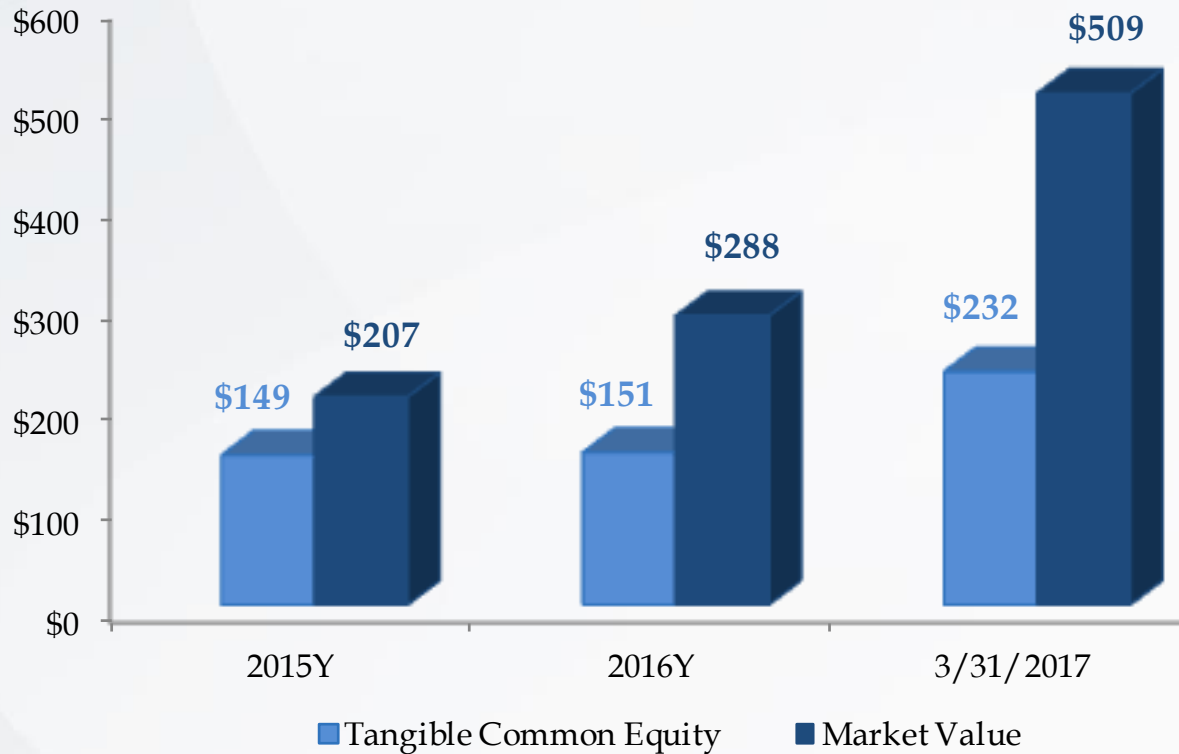
Net Charge-Offs / Average Loans (%)



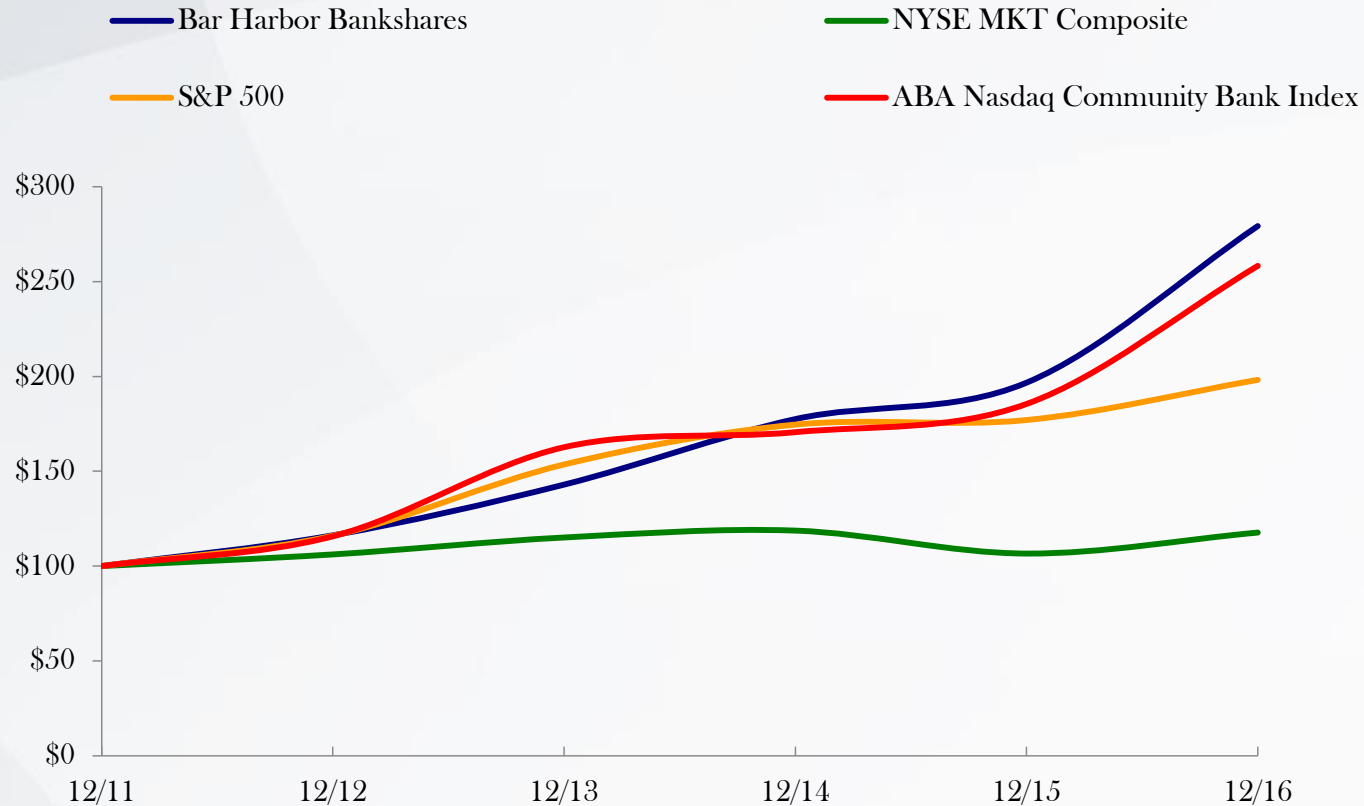
Strong Capital Position



Increasing Capital and Market Value



Comparison of 5 Year Cumulative Total Return*



*\$100 invested on 12/31/11 in stock or index, including reinvestment of dividends.
Fiscal year ending December 31.

The Path Forward



- Leverage our size and expanded footprint while maintaining our community, customer, and employee focus as our most important asset
- Maintain our traditionally strong performance metrics
 - Continually becoming more core and less wholesale with an improving product suite
 - Execute our traditional credit discipline in the face of heightening competition
- Navigate a rising rate environment for the first time in almost ten years and its impact on deposit growth and pricing
- Keep pace with evolving risk in the sector, including cyber security and other enterprise wide risks
- Focus on operating leverage - top line revenue, disciplined expense management and balance sheet growth
- Our True Community Banking culture and mission grows stronger daily





Reconciliation of GAAP to Non-GAAP Financials

	Year Ended					Three Months Ended	
	December 31,					March 31,	March 31,
	2012	2013	2014	2015	2016	2016	2017
<u>Net Income:</u>							
Net income, as reported	\$ 12,466	\$ 13,183	\$ 14,613	\$ 15,153	\$ 14,933	\$ 4,406	\$ 4,211
Merger related expense, net of tax ⁽¹⁾	-	-	-	-	1,723	-	1,943
Securities gains, net of tax ⁽¹⁾	(705)	(278)	(262)	(867)	(2,924)	(933)	-
Core Net Income	\$ 11,761	\$ 12,905	\$ 14,351	\$ 14,286	\$ 13,732	\$ 3,473	\$ 6,154
<u>Diluted EPS:</u>							
Diluted EPS ⁽²⁾	\$ 1.41	\$ 1.48	\$ 1.63	\$ 1.67	\$ 1.63	\$ 0.48	\$ 0.29
Merger related expense impact	-	-	-	-	0.19	-	0.14
Securities gains impact	(0.08)	(0.03)	(0.03)	(0.10)	(0.32)	(0.10)	-
Core Diluted EPS	\$ 1.33	\$ 1.45	\$ 1.60	\$ 1.57	\$ 1.50	\$ 0.38	\$ 0.43
<u>Return on Average Assets:</u>							
Return on average assets, as reported	1.00%	0.98%	1.03%	0.98%	0.89%	1.09%	0.50%
Merger related expense impact	0.00%	0.00%	0.00%	0.00%	0.10%	0.00%	0.24%
Securities gains impact	-0.06%	-0.02%	-0.02%	-0.06%	-0.17%	-0.23%	0.00%
Return on average assets, exclusive of merger related expense and securities gains	0.94%	0.96%	1.01%	0.93%	0.82%	0.86%	0.74%
<u>Return on Average Equity:</u>							
Return on average equity, as reported	9.93%	10.52%	10.69%	10.01%	9.21%	11.12%	5.34%
Merger related expense impact	0.00%	0.00%	0.00%	0.00%	1.06%	0.00%	2.54%
Securities gains impact	-0.56%	-0.22%	-0.19%	-0.57%	-1.80%	-2.36%	0.00%
Return on average equity, exclusive of merger related expense and securities gains	9.36%	10.30%	10.50%	9.44%	8.47%	8.76%	7.88%

(1) Assumed tax rate of 37.6% in 2017, and 35% in prior years

(2) As necessary for comparative purposes, amounts are restated to reflect 3-for-2 stock split completed in the first quarter of 2017