



## Investor Presentation

April 2018

## 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](http://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 which can be found at [www.bhbt.com](http://www.bhbt.com). 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, acquisition 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.

# Company Overview (NYSE American: BHB)



Financial Highlights	
<b>Market Data<sup>1</sup></b>	
Stock Price	\$29.98
Market Cap	\$463
Price / LTM Core EPS	13.7x
Price / Tangible Book Value	190%
Dividend Yield	2.49%
<b>Balance Sheet (\$ Million)</b>	
Total Assets	\$3,511
Cash and Securities	\$804
Net Loans	\$2,452
Total Deposits	\$2,341
Total Equity	\$952
<b>YTD Performance Ratios and Profitability</b>	
Core Return on Average Assets	0.93%
Core Return on Average Equity	9.31%
Net Interest Margin	2.97%
Efficiency Ratio	60.44%
Core Net Income	\$8,066
<b>Capital Ratios</b>	
Tang. Common Equity / Tang. Assets	7.17%
Tier 1 Leverage Ratio <sup>2</sup>	8.58%
Common Equity Tier 1 Risk-Based Capital Ratio <sup>2</sup>	11.26%
Tier 1 Risk-Based Capital Ratio <sup>2</sup>	12.19%
Total Risk-Based Capital Ratio <sup>2</sup>	13.73%



1) As of April 23, 2018

2) Data as of December 31, 2017. First quarter 2018 capital ratios will be available in Bar Harbor's Form 10-Q.

Source: S&P Global Market Intelligence & Company Filings

# First Quarter 2018 - Highlights & Initiatives




*A strong start to 2018 as BHB achieved its revenue and net income expectations in the first quarter. We continue to execute on the commitments made over a year ago in relation to our transformative acquisition. Our focus is on profitable growth through various revenue streams coupled with disciplined expense management.*

- 8% y-o-y increase in core total revenue
- 21% y-o-y increase in core EPS
- 11% commercial and industrial loan growth (annualized)
- 0.93% core ROA
- 9.31% core ROE
- Increased TBV /Share \$0.20 or 5% (annualized, excluding security adjustments)
- Opened over 3,200 new deposit accounts
- Rolled out expanded Treasury Management Services

# Strategic Objectives

*We strive to be one of the most profitable banks in New England; to provide exceptional service to the people, businesses and communities we serve; and create a corporate culture that develops and rewards existing employees and attracts outside talent.*



To be one of the most profitable banks headquartered in New England

Increase sources of fee income via Trust, Treasury Management and Mortgage Banking

Focus on the core bank: core commercial banking business, core funding, core earnings

Continued commitment to an exceptional risk management culture

Strategically fill-in and expand our New England footprint

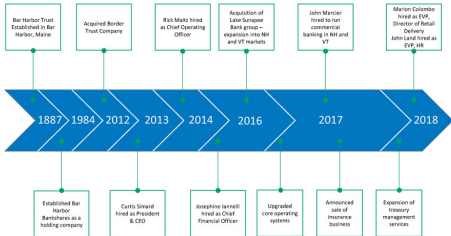
Maintain a strong capital base that supports growth opportunities

# Management Team



Executive	Background
<p>Curtis C. Simard President and CEO</p>	<ul style="list-style-type: none"> <li>• Joined as President and CEO of Bar Harbor Bankshares and Bar Harbor Bank &amp; Trust in June 2013</li> <li>• Served as Managing Director of Corporate Banking for TD Bank and various management positions at Citizens Financial Corp.</li> </ul>
<p>Josephine Iannelli EVP, Chief Financial Officer and Treasurer</p>	<ul style="list-style-type: none"> <li>• Joined Bar Harbor Bankshares and Bar Harbor Bank &amp; Trust in October 2016 as Executive Vice President, Chief Financial Officer and Treasurer</li> <li>• Served as Senior Executive VP, Chief Financial Officer and Treasurer of Berkshire Hills Bancorp in Pittsfield, Massachusetts and various management positions at PNC Financial Services Group</li> </ul>
<p>Richard B. Maltz EVP, Chief Operating Officer</p>	<ul style="list-style-type: none"> <li>• Serves as Bar Harbor Bankshares Executive Vice President, Chief Risk Officer since September 2014, and Chief Operating Officer since September 2016</li> <li>• Served as Executive Vice President and Chief Risk Officer of Bangor Savings Bank</li> </ul>
<p>John Mercier EVP, Commercial Banking</p>	<ul style="list-style-type: none"> <li>• Serves as Executive Vice President and Senior Lender in New Hampshire and Vermont</li> <li>• Veteran in retail, small business, regional banking, middle market, and large national corporate markets with over 30 years of experience</li> </ul>
<p>Gregory W. Dalton EVP, Commercial Banking</p>	<ul style="list-style-type: none"> <li>• Serves as Executive Vice President and Senior Lender in Maine since October 2011</li> <li>• Previously, was Senior Vice President of Business Banking function from 2000 through October 2011</li> </ul>
<p>Marion Colombo EVP, Retail Lending</p>	<ul style="list-style-type: none"> <li>• Serves as Executive Vice President, Director of Retail Delivery since January 2018</li> <li>• 25 years in retail banking, most recently serving as Market President-Retail at TD Bank</li> </ul>
<p>John Land EVP, Human Resources</p>	<ul style="list-style-type: none"> <li>• Serves as EVP, Chief Human Resources Officer since February 2018</li> <li>• 20 years of HR experience with Deloitte as a Senior Manager, HR Transformation Consultant, and Mercer, Principal, HR Effectiveness Consultant</li> </ul>
<p>Joseph M. Pratt President Bar Harbor Trust Services</p>	<ul style="list-style-type: none"> <li>• President of Bar Harbor Trust Services, promoted to President in December 2015, served as a Managing Director of Bar Harbor Trust Services since 2004 after joining in 2000</li> </ul>

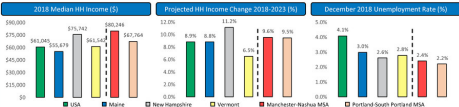
# Company History



# Markets We Serve: Demographics / Economy



- Serving affluent and growing markets in the Maine, New Hampshire and Vermont
- Strong employment evidenced by its major markets unemployment rates of 3.0% or less
- Core markets have increasingly diversified into services industries while legacy manufacturing has dissipated
- Agriculture, fishing and forestry remain strong economic drivers for this region of the country



## Major Employers





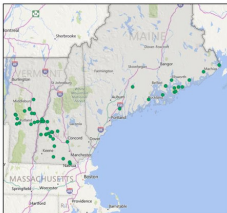
# Markets We Serve: Deposit Market Share

- Number 1 or 2 deposit market share position in 31 of the 42 communities we serve
- Top 5 deposit market share position for 39 of the 42 communities we serve
- 50 branch network provides strong geographical presence throughout our markets

Maine			
Rank	Company Name	Total Branches	Total Deposits (\$000) Market Share (%)
1	Toronto-Dominion Bank	44	3,725,156 13.41
2	Camden National Corp.	61	2,956,560 10.64
3	Bangor Bancorp NBHC	56	2,793,415 10.05
4	KeyCorp	49	2,542,925 9.15
5	Bank of America Corp.	16	1,951,295 7.02
9	Bar Harbor Bankshares	15	1,124,425 4.03
Market Total		428	27,285,120 100.00

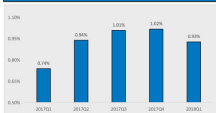
New Hampshire			
Rank	Company Name	Total Branches	Total Deposits (\$000) Market Share (%)
1	Citizens Financial Group	67	7,683,114 25.50
2	Toronto-Dominion Bank	65	6,886,398 21.00
3	Bank of America Corp.	21	4,778,817 14.62
4	New Hampshire Mutual Bancorp	27	1,627,502 4.98
5	People's United Financial Inc.	28	1,613,740 4.95
9	Bar Harbor Bankshares	21	793,810 2.42
Market Total		415	31,692,701 100.00

Vermont			
Rank	Company Name	Total Branches	Total Deposits (\$000) Market Share (%)
1	People's United Financial Inc.	40	3,034,691 28.16
2	Toronto-Dominion Bank	29	2,645,418 24.19
3	Community Bank System Inc.	31	1,317,286 12.06
4	Citizens Financial Group Inc.	17	858,416 7.85
5	KeyCorp	11	789,557 7.28
12	Bar Harbor Bankshares	14	238,544 2.20
Market Total		217	11,104,491 100.00

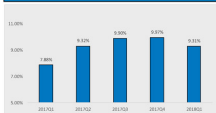


# Profitability Metrics

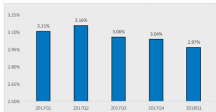
## Core ROAA



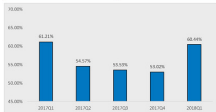
## Core ROAE



## Net Interest Margin



## Efficiency Ratio

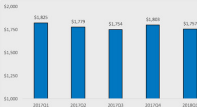


# Focus on Non-Interest Income

## *Maximizing Existing Sources & Developing New Initiatives*

- **Wealth Management and Financial Services**
  - Bar Harbor Financial Services
  - Two wholly owned subsidiaries, Charter Trust and Bar Harbor Trust services offering trust management services
    - \$1.8B AUM
  - Total Revenue of \$3.0 million
  - Trust, investment management and financial services represent 47% of total non-interest income
  - Improving efficiencies by migrating both Trust Companies to one operating platform
- **Additional Sources**
  - Mortgage Banking
  - Cash Management

### Assets Under Management

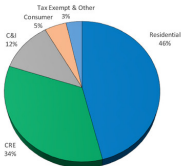


### Non-Interest Income / Operating Revenue<sup>1)</sup>



# Loan Portfolio Overview

## Portfolio Composition as of 3/31/18

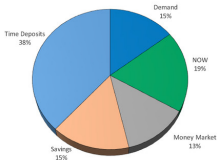


## Highlights

- Net loans of \$2.5 billion as of March 31, 2018
- Yield on loans of 4.16% for the quarter ended March 31, 2018
  - Increase of 4bps from 4Q17
  - Increase of 16bps from 1Q17
- 11% annualized commercial and industrial loan growth

# Deposit Portfolio Overview

## Portfolio Composition as of 3/31/18

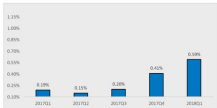


## Highlights

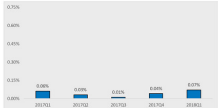
- Total deposits of \$2.3 billion as of March 31, 2018
- Opened 3,200 new deposit accounts
- Cost of interest bearing deposits of 0.82%
- Loans / Deposits of 105%

# Asset Quality

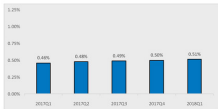
## NPAs / Assets



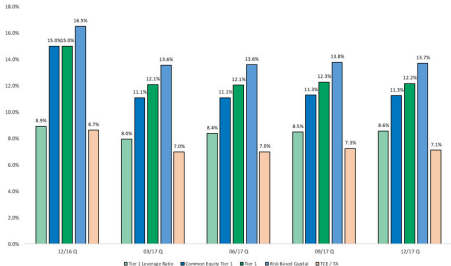
## NCOs / Avg. Loans



## Reserves / Loans



# Well Capitalized Institution



Note: First quarter 2018 capital ratios will be available in Bar Harbor's Form 10-Q.  
 Source: Company filings

# Investment Considerations

- Focused on building franchise value
- Deep and talented management team
- Profitable and efficient business model
- Clear vision to grow core loan/deposit business
- Development and expansion of non-interest income revenue
- Proven ability to grow organically and via acquisitions
- Pristine credit quality and a conservative risk management culture
- Team, platform and strategy in place to generate efficient growth
- Consistent dividend payments to shareholders



# Appendix

# Historical Financial Performance



Dollar values in thousands, except per share amounts (unless noted)	For the Year Ended				For the Quarter Ended			
	2017Y	2016Y	2016Q	2017Q	2017Q3	2017Q2	2017Q1	2016Q3
<b>Balance Sheet</b>								
Total Assets	\$1,589	\$1,580	\$1,716	\$1,585	\$1,503	\$1,476	\$1,565	\$1,511
Net Loans	910	981	1,119	2,473	2,365	2,417	2,473	2,452
Deposits	858	945	1,050	2,952	2,213	2,275	2,552	2,943
<b>Capital</b>								
Total Equity	\$146	\$154	\$157	\$255	\$347	\$353	\$355	\$352
Tangible Common Equity / Tangible Assets	9.68%	9.45%	8.65%	7.12%	7.00%	7.16%	7.12%	7.12%
Tier 1 Coverage Ratio	9.30%	9.37%	9.94%	8.10%	8.48%	8.58%	8.58%	8.58 <sup>1</sup>
Total Risk Based Capital Ratio	17.34%	17.12%	16.52%	15.73%	15.67%	15.82%	15.73%	15.73 <sup>1</sup>
Commercial Real Estate loans / Total RBC	137.57%	127.36%	141.82%	193.76%	134.97%	153.07%	193.76%	193.76 <sup>1</sup>
<b>Earnings &amp; Profitability</b>								
Net Income	\$14.6	\$15.2	\$14.9	\$26.0	\$6.6	\$8.6	\$6.6	\$7.8
Core ROAA	1.01%	0.99%	0.97%	0.97%	0.94%	1.01%	1.02%	0.97%
Core ROAE	10.51%	9.46%	8.57%	9.15%	9.32%	9.90%	9.97%	9.31%
Net Interest Margin	3.33%	3.29%	2.99%	3.29%	3.26%	3.66%	3.94%	2.97%
Efficiency Ratio	54.7%	56.6%	60.0%	55.5%	54.6%	51.5%	51.0%	60.4%
<b>Asset Quality</b>								
NPLs / Loans	1.34%	0.71%	0.58%	0.58%	0.22%	0.28%	0.58%	0.87%
NPLs / Assets	0.86%	0.46%	0.38%	0.41%	0.15%	0.20%	0.41%	0.50%
Reserves / Loans	0.98%	0.95%	0.92%	0.93%	0.48%	0.49%	0.50%	0.51%
NCDs / Average loans	0.15%	0.14%	(0.00)%	0.04%	0.03%	0.11%	0.04%	0.07%
<b>Yield and Cost</b>								
Yield on Earning Assets	4.05%	3.89%	3.72%	3.86%	3.91%	3.99%	3.87%	3.82%
Cost of Interest Bearing Deposits	0.74%	0.72%	0.75%	0.60%	0.56%	0.60%	0.70%	0.82%
Cost of Total Interest Bearing Liabilities	0.82%	0.82%	0.86%	0.87%	0.85%	0.96%	0.87%	1.11%
<b>Market Information (12/23/18)</b>								
Current Stock Price	\$29.98		Price / BV	1.02x				
52 Week High	\$32.94		Price / TUV	190%				
52 Week Low	\$25.09		Price / LTM EPS	15.7x				
Market Capitalization	\$46.3		Dividend Yield	2.49%				

(1) Data as of December 31, 2017. First quarter 2018 capital ratios will be available in Bar Harbor's Forms 10-Q.

Source: S&P Global Market Intelligence & Company filings

# Non-GAAP to GAAP Reconciliations

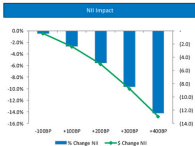


Dollar refers in thousands, except per share amounts or otherwise noted

		2017Q1	2017Q2	2017Q3	2017Q4	2018Q1
<b>Net income</b>		4,211	6,596	8,617	6,609	7,402
Adj: Security Gains		-	-	(19)	-	-
Adj: Loss on sale of fixed assets, net		95	-	(11)	-	-
Adj: Acquisition expenses		3,112	3,459	346	(2,615)	305
Adj: Income taxes (37.5% in 2017, 35.0% in 2018)		(2,200)	(824)	(1,120)	882	(81)
Adj: Tax reform change		-	-	-	3,968	-
<b>Total Core Income</b>	(A)	<b>\$6,218</b>	<b>\$8,899</b>	<b>\$8,621</b>	<b>\$8,764</b>	<b>\$8,666</b>
Net interest income	(B)	21,372	21,809	21,678	21,496	21,158
Plus: Non-interest income		5,846	6,558	6,960	6,518	6,238
<b>Total Revenue</b>		<b>27,218</b>	<b>28,367</b>	<b>28,638</b>	<b>28,014</b>	<b>27,396</b>
Adj: Net security gains		-	-	(19)	-	-
<b>Total Core Revenue</b>	(C)	<b>\$27,218</b>	<b>\$28,367</b>	<b>\$28,619</b>	<b>\$28,014</b>	<b>\$27,396</b>
Total non-interest expense		20,831	20,046	17,586	14,263	16,652
Less: Loss on sale of fixed assets, net		(95)	-	(11)	-	-
Less: Acquisition expenses		(3,112)	(3,459)	(346)	2,615	(305)
<b>Core Non-Interest Expense</b>	(D)	<b>\$17,624</b>	<b>\$17,587</b>	<b>\$17,299</b>	<b>\$16,878</b>	<b>\$16,357</b>
<b>Averages</b>						
Total average earning assets	(E)	3,890	3,139	3,157	3,387	3,233
Total average assets	(F)	3,340	3,434	3,453	3,493	3,512
Total average shareholders equity	(G)	315	347	354	357	351
<b>Performance ratios</b>						
GAAP return on assets		0.50%	0.76%	0.99%	0.75%	0.90%
Core return on assets	(A)/(E)	0.74%	0.94%	1.01%	1.02%	0.95%
GAAP return on equity		5.14%	7.55%	8.67%	7.15%	8.01%
Core return on equity	(A)/(G)	7.88%	9.32%	9.80%	9.97%	9.31%
Efficiency ratio	(D)-(F)/(C)+(F)	61.11%	54.57%	53.52%	55.02%	60.44%
Net interest margin	(B)+(G)/E	3.11%	3.16%	3.06%	3.04%	2.97%
<b>Supplementary data</b>						
Taxable equivalent adjustment for efficiency ratio	(H)	\$977	\$1,185	\$1,187	\$1,122	\$645
Franchise taxes included in non-interest expense	(I)	118	158	154	91	152
Tax equivalent adjustment for net interest margin	(J)	754	506	878	897	583
Intangible amortization	(K)	180	211	212	209	187

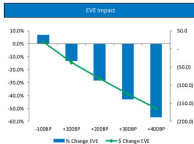
# Interest Rate Risk Analysis

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. It models instantaneous parallel shifts in the market yield curve over the next year.



Interest Rate Risk to Earnings (NII)  
March 30, 2018

Change in Interest Rates (basis points)	\$ Change NII (millions)	% Change NII
+400BP	(21.0)	-14.2%
+300BP	(8.8)	-9.7%
+200BP	(5.0)	-5.5%
+100BP	(2.4)	-2.7%
-100BP	(0.4)	-0.4%



Interest Rate Risk to Capital (EVE)  
March 30, 2018

Change in Interest Rates (basis points)	\$ Change EVE (millions)	% Change EVE
+400BP	(163.8)	-56.6%
+300BP	(125.9)	-42.8%
+200BP	(82.0)	-28.3%
+100BP	(37.7)	-13.0%
-100BP	19.5	6.8%