



BAR HARBOR BANKSHARES

Investor Presentation

July 31, 2019



Company Overview (NYSE American: BHB)



Financial Highlights

Market Data

Stock Price	\$24.96
Market Cap (MM's)	\$388
Price / LTM Core EPS	12.22x
Price / Tangible Book Value (Non GAAP)	137%
Dividend Yield	3.53%

Balance Sheet (MM's)

Total Assets	\$3,688
Cash and Securities	\$844
Net Loans	\$2,564
Total Deposits	\$2,481
Total Equity	\$391

YTD Performance Ratios and Profitability

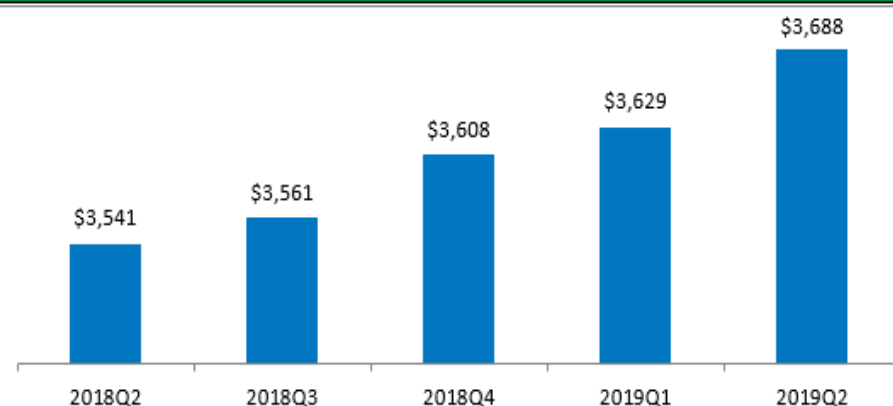
Core Return on Average Assets	0.76%
Core Return on Average Equity	7.19%
Net Interest Margin	2.71%
Efficiency Ratio	66.25%
Core Net Income (000's)	\$13,627

Capital Ratios

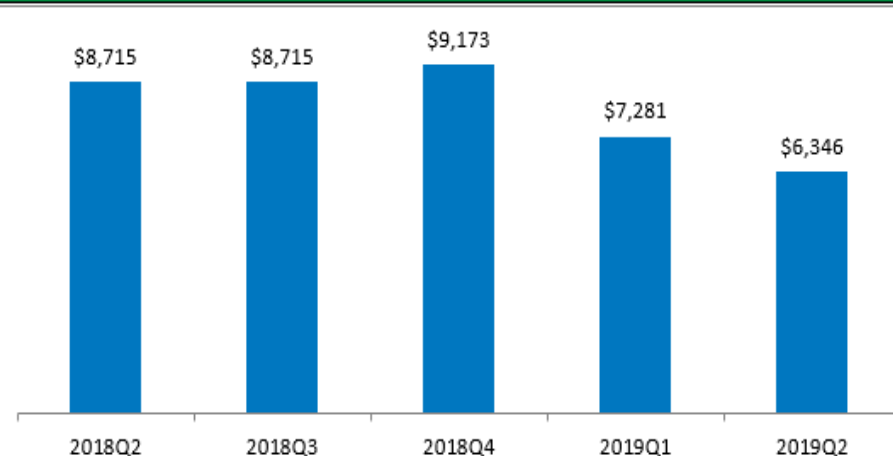
Tang. Common Equity / Tang. Assets	7.92%
Tier 1 Leverage Ratio	8.57%
Common Equity Tier 1 Risk- Based Capital Ratio	11.57%
Tier 1 Risk- Based Capital Ratio	12.42%
Total Risk-Based Capital Ratio	13.93%

Asset and Income Generation

Total Assets (MM's)



Core Net Income (000's)



All financial data as of June 30, 2019 except BHB common equity price, which is as of July 24, 2019.

Second Quarter 2019 - Highlights & Initiatives



A solid quarter that has started to show the dividends of our strategies and ability to execute those strategies. Initiatives supporting and expanding loan growth, deposits and non-interest income continue to be a core focus.

- Announced acquisition of People's United Bank (PBCT) Central Maine Franchise¹
- 8.1% annualized QTD commercial loan growth, led by CRE (29.2%) and C&I (9.0%)
- Overall deposits have increased 2.5% QTD annualized
- 10% QTD annualized growth in book value per share
- Q2 2019 Quarterly Non-Interest Income is 4.7% higher than Q2 2018
- Opened over 5,600 new deposit accounts YTD

¹ The Transaction was announced shortly after the close of the second quarter, on July 8, 2019 which includes eight branches
Note: See appendix for GAAP reconciliation

Central Maine Branch Acquisition Highlights



Supporting Strategic Goals

- Materially strengthens presence in Maine, fills in footprint around Bangor
- 8 Full-service branches across Maine, adding to our existing 14 branches
- Total estimated deposits of \$287 MM and loans of \$111 MM, as well as \$284 MM estimated wealth management AUM
- Adding lower cost-of-funds (Acquired COF \approx 0.68% vs. BHB of 1.05%)¹ and improving our loan-to-deposit ratio (102% to 96%)
- Improved access to existing customers, and new retail and commercial markets

Financially Acute

- All performance metrics improve after closing (NIM, Efficiency Ratio, EPS, ROA, and ROE)
- Immediate EPS accretion of \$0.07 cents in Q4 of 2019 and \$0.30 cents per year thereafter
- TBV dilution payback of less than 5 years
- Continued strong capital ratios and metrics post closing
- Immediate benefits to liquidity and interest rate sensitivity

Low Risk

- A proven success with acquisitive transactions
- Comprehensive due diligence process and seasoned senior management team
- Established low cost deposit base

¹ COF (Cost of Fund) based on company filings dated March 31, 2019.

Note: expected closing of the Transaction is in Q4 of 2019, see Legal Disclaimer for risk factors.

Markets we Serve: Deposit Market Share

Maine

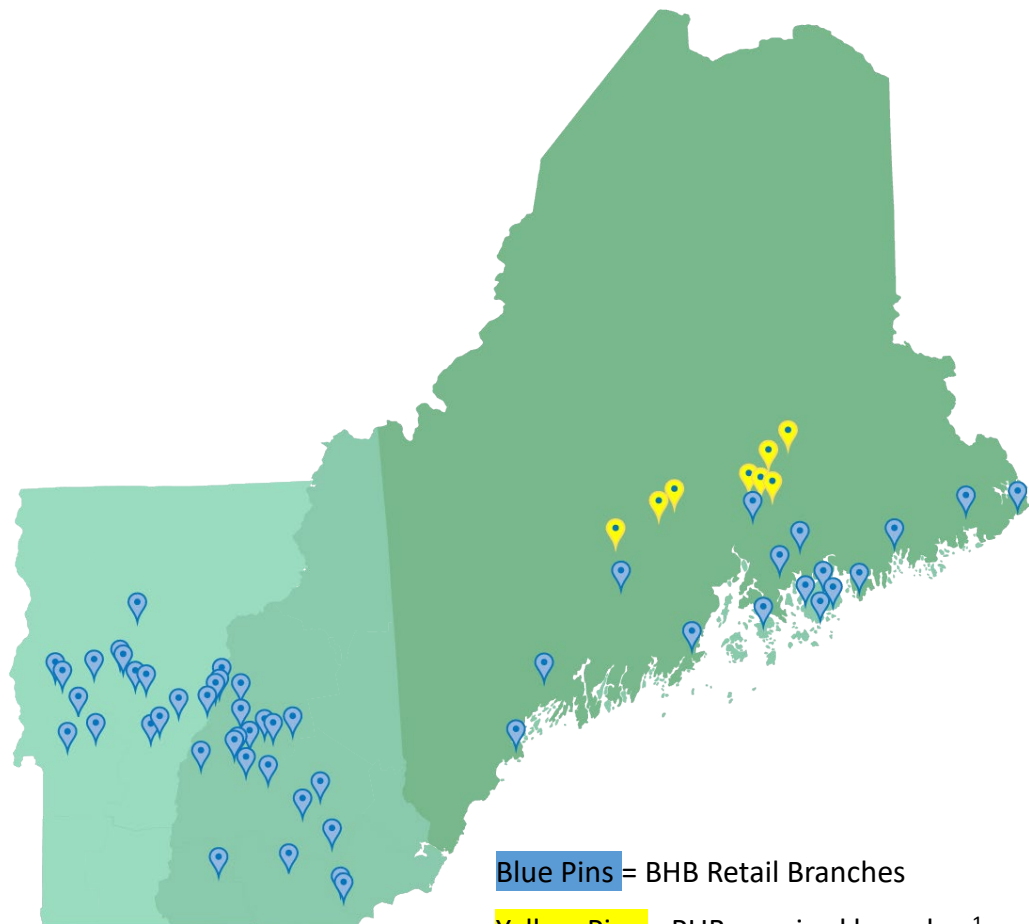
Rank	Financial Institution Name	Total Branches	Total Deposits (000's)	Market Share
1	Toronto-Dominion Bank	44	\$3,846,397	10.6%
2	Camden National Corporation	61	\$3,084,283	8.5%
3	Bangor Bancorp, MHC	53	\$3,028,010	8.4%
4	KeyCorp	43	\$2,337,286	6.5%
5	Bank of America Corporation	15	\$1,981,674	5.5%
6	Bar Harbor Bankshares	22	\$1,625,156	4.5%
Market Total		657	\$36,233,309	100.0%

New Hampshire

Rank	Financial Institution Name	Total Branches	Total Deposits (000's)	Market Share
1	Citizens Financial Group, Inc.	62	\$7,775,805	19.1%
2	Toronto-Dominion Bank	63	\$7,086,893	17.4%
3	Bank of America Corporation	21	\$5,042,608	12.4%
4	Service Credit Union	36	\$2,744,163	6.7%
5	New Hampshire Mutual Bancorp	27	\$1,747,515	4.3%
12	Bar Harbor Bankshares	21	\$751,170	1.8%
Market Total		519	\$40,761,688	100.0%

Vermont

Rank	Financial Institution Name	Total Branches	Total Deposits (000's)	Market Share
1	People's United Financial, Inc.	38	\$3,128,353	18.9%
2	Toronto-Dominion Bank	26	\$2,177,935	13.2%
3	Community Bank System, Inc.	31	\$1,262,232	7.6%
4	New England Federal Credit Union	7	\$1,096,262	6.6%
5	KeyCorp	11	\$821,253	5.0%
18	Bar Harbor Bankshares	14	\$301,169	1.8%
Market Total		304	\$16,554,949	100.0%



Blue Pins = BHB Retail Branches

Yellow Pins = PUB acquired branches¹

¹PUB (People's United Bank) acquired branches are branches acquired as part of the Transaction. Maine market data includes PUB acquired branches and deposits.
Note: See appendix for GAAP reconciliation

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.



2019 Outlook and Priorities



2019 is about continuing to improve performance metrics while fine-tuning the way we operate and conduct our business to realize our greatest potential.

- Expense and Revenue efficiency review in second half of 2019, including a branch optimization study
- Debit card instant issue
- Enhanced treasury management & merchant services
- Enhanced consumer internet banking
- Expanded small business market coverage and approval speeds
- Mortgage delivery improvements
- Expanded and improved customer contact management
- Improved enterprise workflow for efficiency

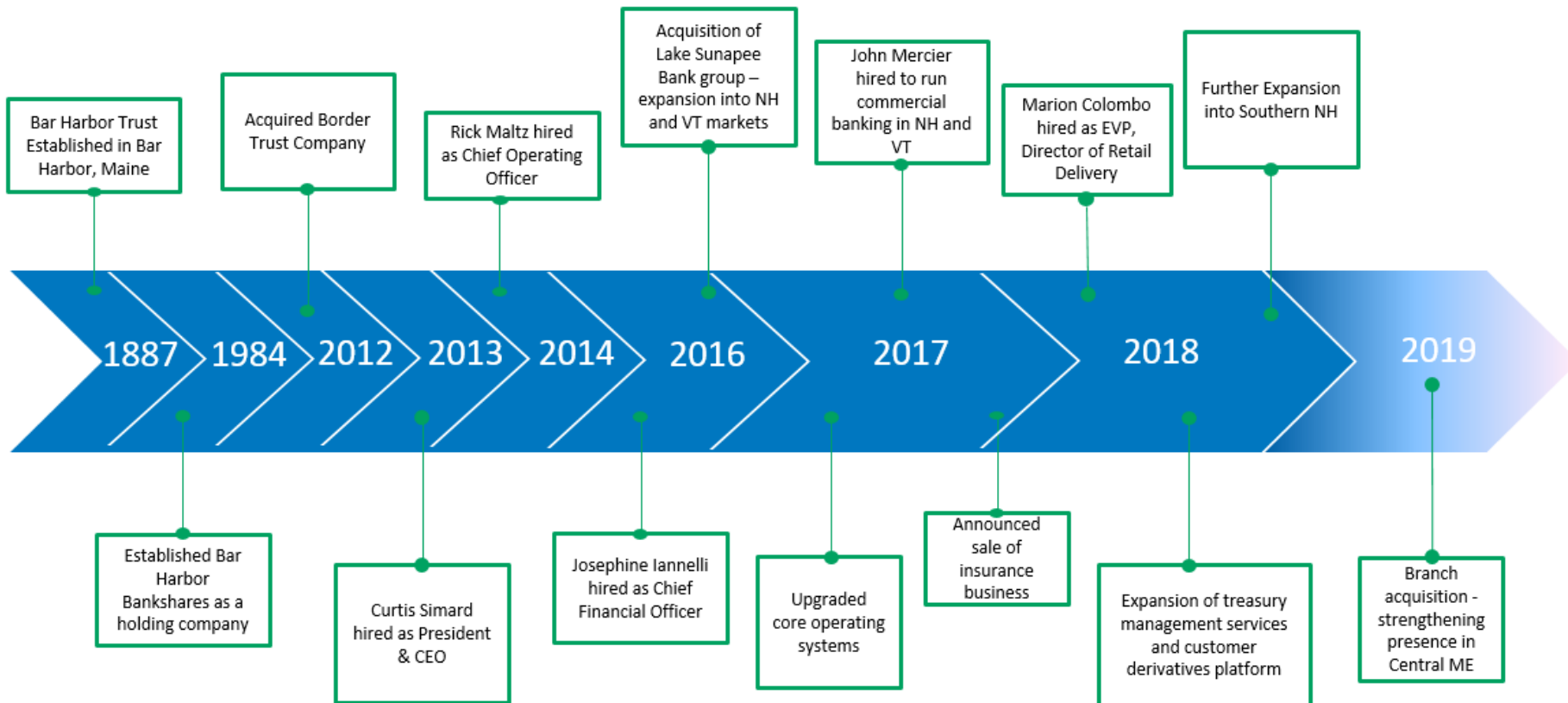
We are committed to our model and believe that we have only begun to realize the potential a united company like ours can achieve.

Management Team



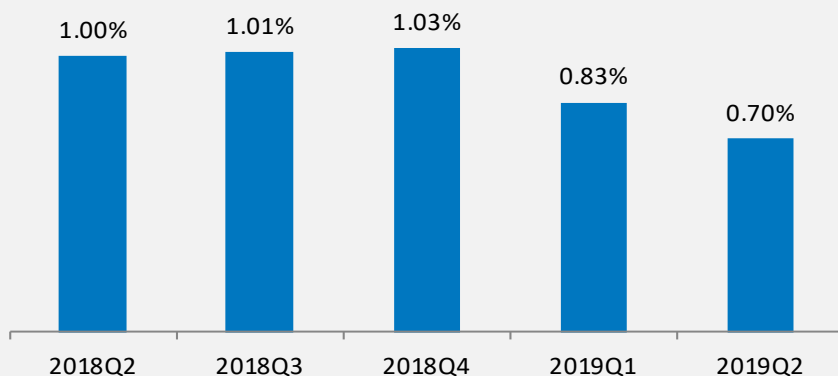
Executive	Background
<p>Curtis C. Simard <i>President and CEO</i></p>	<ul style="list-style-type: none"> • Joined as President and CEO of Bar Harbor Bankshares and Bar Harbor Bank & Trust in June 2013 • Served as Managing Director of Corporate Banking for TD Bank and various management positions at Citizens Financial Corp.
<p>Josephine Iannelli <i>EVP, Chief Financial Officer & Treasurer</i></p>	<ul style="list-style-type: none"> • Joined Bar Harbor Bankshares and Bar Harbor Bank & Trust in October 2016 as Executive Vice President, Chief Financial Officer and Treasurer • 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
<p>Richard B. Maltz <i>EVP, Chief Operating & Risk Officer</i></p>	<ul style="list-style-type: none"> • Serves as Bar Harbor Bankshares Executive Vice President, Chief Risk Officer since September 2014, and Chief Operating Officer since September 2016 • Served as Executive Vice President and Chief Risk Officer of Bangor Savings Bank
<p>John Mercier <i>EVP, Commercial Banking</i></p>	<ul style="list-style-type: none"> • Serves as Executive Vice President and Senior Lender in New Hampshire and Vermont • Veteran in retail, small business, regional banking, middle market, and large national corporate markets with over 30 years of experience
<p>Marion Colombo <i>EVP, Retail Delivery</i></p>	<ul style="list-style-type: none"> • Serves as Executive Vice President, Director of Retail Delivery since January 2018 • 25 years in retail banking, most recently serving as Market President-Retail at TD Bank
<p>Jennifer Svenson <i>SVP, Human Resources</i></p>	<ul style="list-style-type: none"> • Serves as SVP, Chief Human Resources Officer • Most recently served as VP, US Human Resources of Ironshore, Boston MA
<p>Jason P. Edgar <i>President Bar Harbor Trust Services</i></p>	<ul style="list-style-type: none"> • Serves as President of Bar Harbor Trust Services • Most recently served as SVP, Director of Wealth Management of Berkshire Bank, Boston MA

Company History

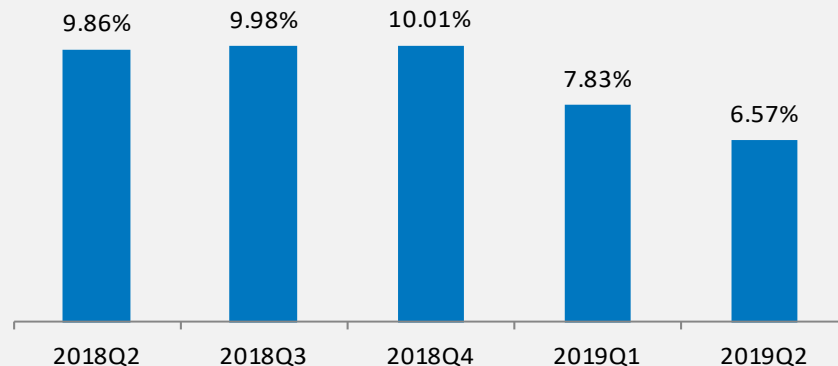


Profitability Metrics

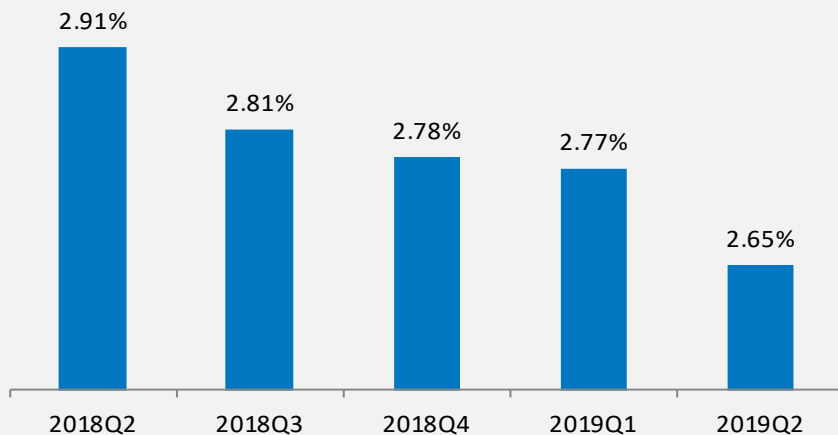
Core ROAA



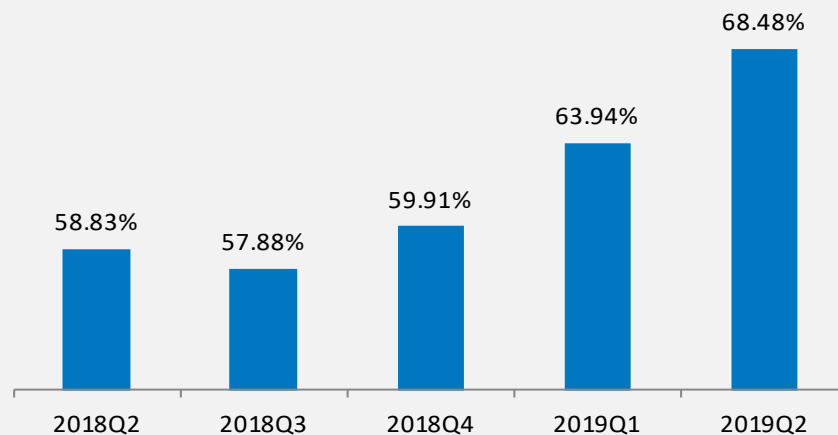
Core ROAE



Net Interest Margin



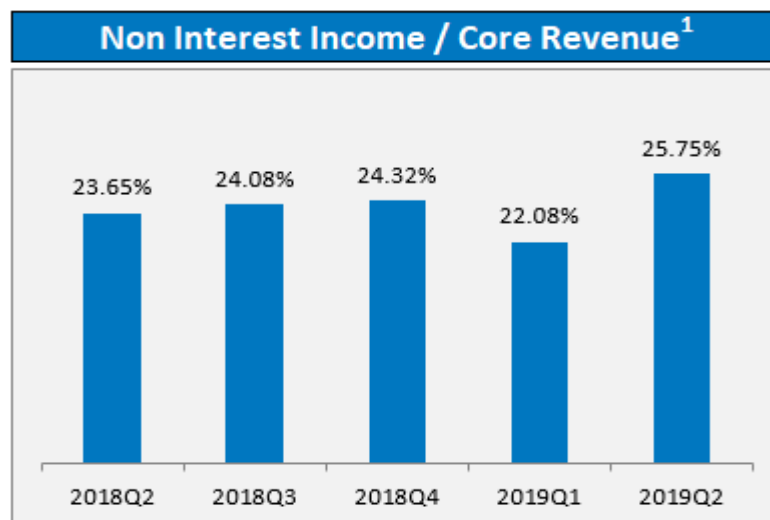
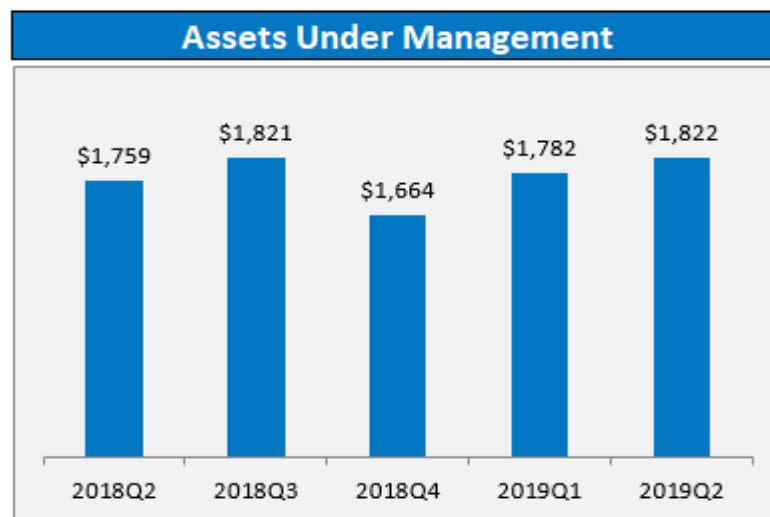
Efficiency Ratio



Focus on Non-Interest Income

Maximizing Existing Sources & Developing New Initiatives

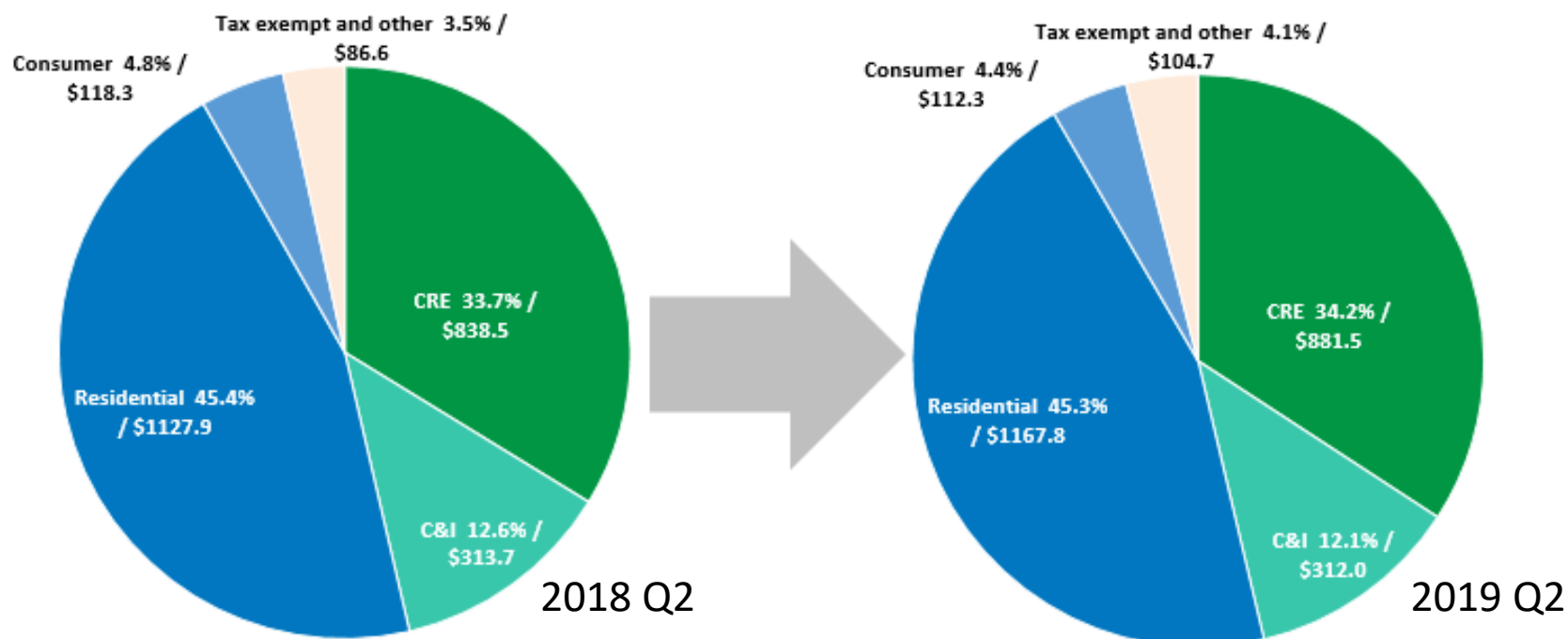
- Wealth Management and Financial Services
 - Bar Harbor Financial Services
 - Two wholly owned subsidiaries, Charter Trust and Bar Harbor Trust services offering trust management services
 - \$1.8B AUM
 - Total Revenue of \$3.07 million in Q2 2019
 - Trust, investment management and financial services represent 41% of total non-interest income (Q2 2019)
 - Improving efficiencies by migrating both Trust Companies to one operating platform
- Additional Sources
 - Mortgage Banking
 - Cash Management
 - Customer Derivatives Offerings



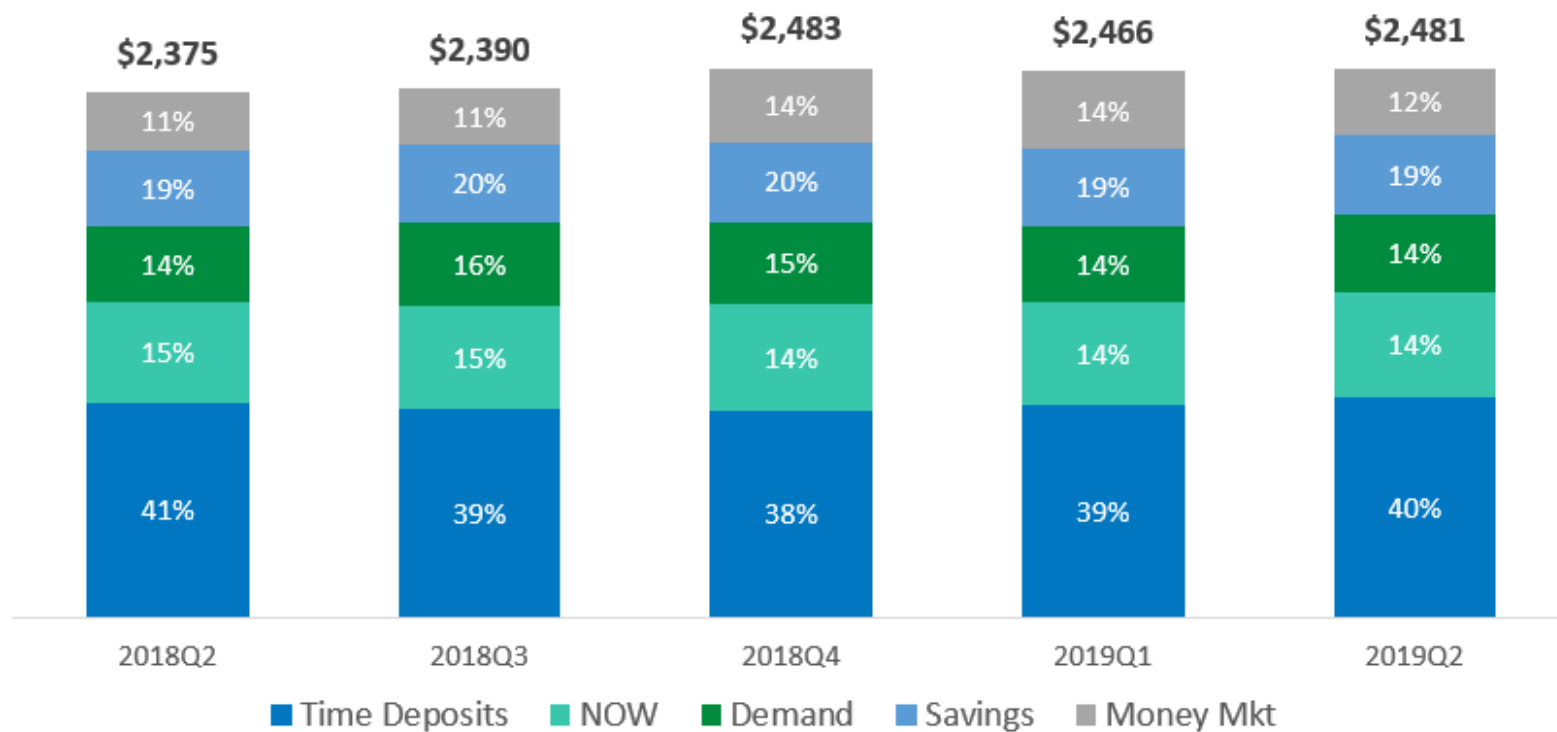
¹Excludes gain-on-sale of securities

Loan Portfolio Overview

- Net loans of \$2.6 billion as of June 30, 2019
- Yield on loans of 4.39% for the quarter ended June 30, 2019
 - Increase of 8 bps YTD
 - QTD Annualized Loan Growth of 8.1%



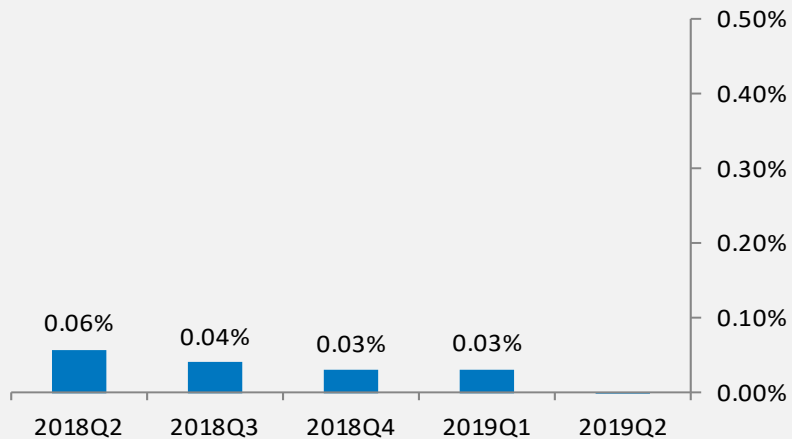
Deposit Portfolio Overview



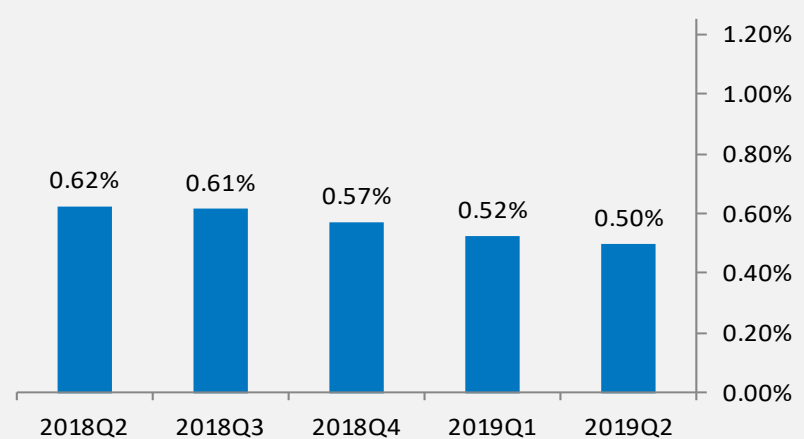
- Total deposits of \$2.48 billion as of June 30, 2019
- Year-over-Year deposit growth of 4.49%
- Loans / Deposits of 104%

Asset Quality

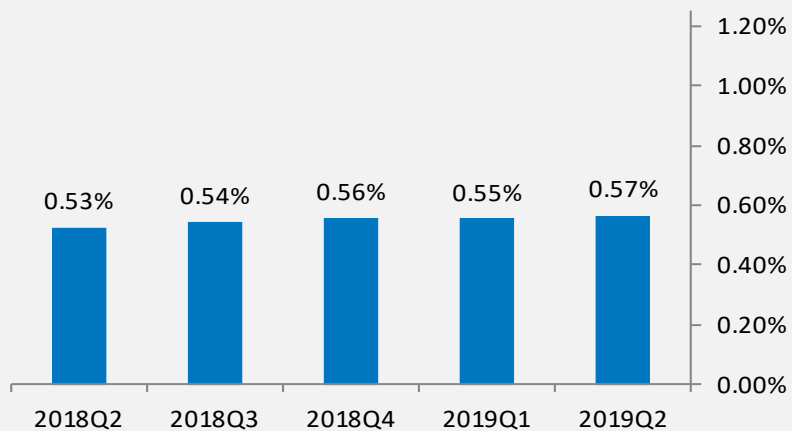
NCOs / Avg. Loans



NPAs / Assets

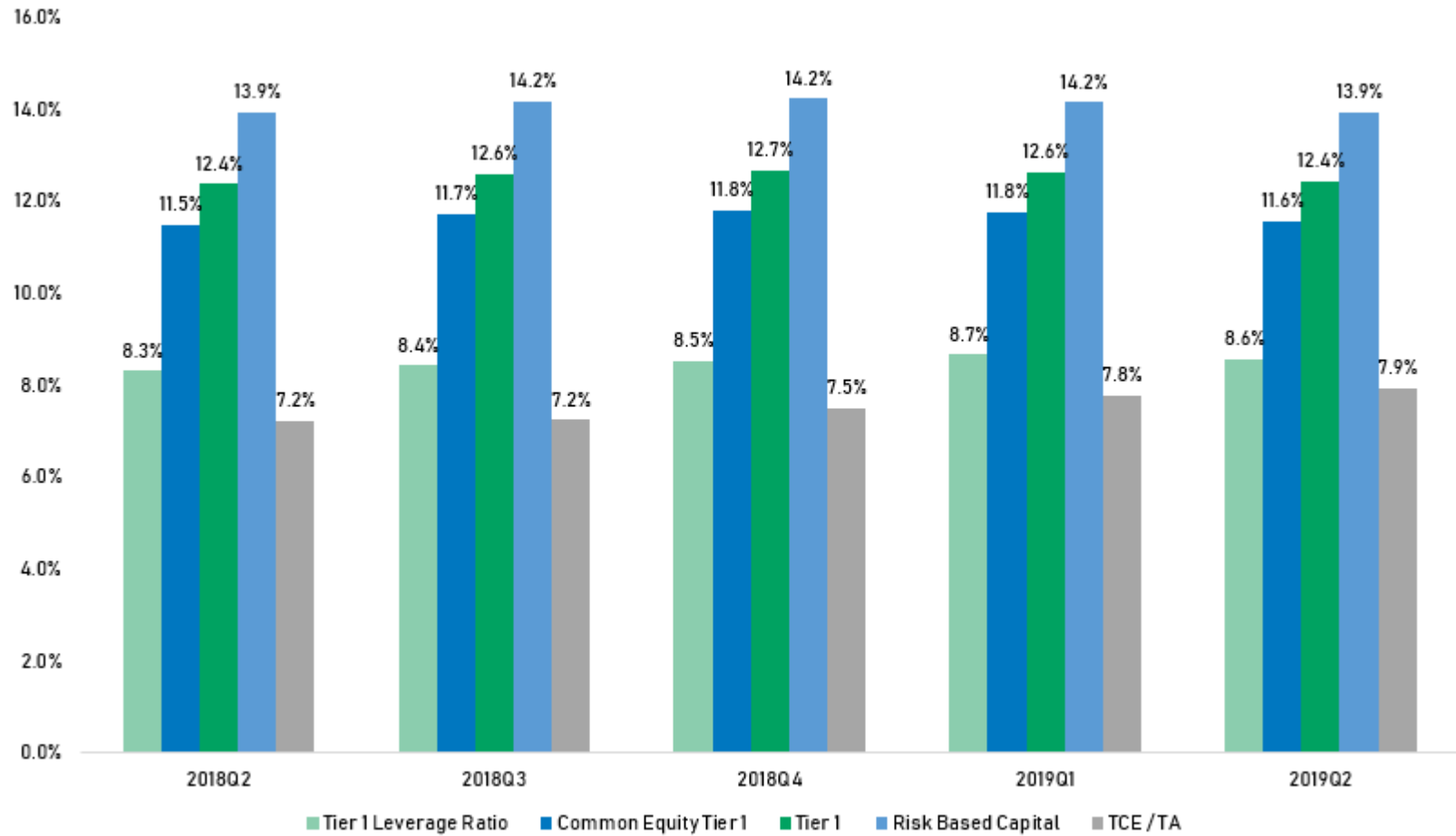


Reserves / Loans



“Average risk rating on Commercial loans remains consistent with the past several years while asset quality metrics remain strong.”

Well Capitalized Institution



Source: Company filings, calculated at holding company level

Investment Considerations



- Focused on building franchise value
- Deep and talented management team
- Team, platform and strategy in place to generate efficient growth
- 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
- Consistent dividend payments to shareholders with an attractive yield

Appendix

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. 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.

On July 8, 2019, Bar Harbor Bank & Trust, the wholly-owned banking subsidiary of the Company, entered into a definitive Purchase and Assumption Agreement with People’s United Bank, National Association (“People’s”) to acquire eight branches of People’s located in Maine, including the acquisition of certain assets and the assumption of certain liabilities related to such branches (the “Transaction”).

Risk factors relating both to the Transaction and the integration of the branch customers into Bar Harbor Bank and Trust after the completion of the transaction include, without limitation:

- Completion of the Transaction is dependent on, among other things, the ability of the parties to satisfy the conditions precedent and consummate the announced Transaction and to secure of regulatory approvals and third-party consents, the timing of which cannot be predicted with precision at this point and which may not be satisfied or received at all.
- The Transaction may be more expensive to complete, and the anticipated benefits may be significantly harder or take longer to achieve than expected or may not be achieved in their entirety as a result of unexpected factors or events.
- The integration of the acquired customers and operations into the Company, which will include conversion of data and information from the seller’s operating systems to the Company’s operating systems, may take longer than anticipated or be more costly than anticipated or may have unanticipated adverse consequences.
- The Company’s ability to achieve anticipated results from the Transaction is dependent on the state of the economic and financial markets going forward. Specifically, the Company may incur more credit losses from the acquired loan portfolio than expected, deposit costs or attrition may be greater than expected, and wealth management or treasury service income may be less than expected.

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 Appendix and in the second quarter earnings release, which can be found at 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.

Historical Financial Performance



Dollar values in thousands, except per share amounts or otherwise noted	For the Year Ended,				For the Quarter Ended,				
	2015Y	2016Y	2017Y	2018Y	2018Q2	2018Q3	2018Q4	2019Q1	2019Q2
Balance Sheet									
Total Assets	\$1,580	\$1,755	\$3,565	\$3,608	\$3,541	\$3,561	\$3,608	\$3,629	\$3,688
Net Loans	981	1,119	2,473	2,476	2,472	2,470	2,476	2,513	2,564
Total Deposits	943	1,050	2,352	2,483	2,375	2,390	2,483	2,466	2,481
Capital									
Total Equity ¹	\$154	\$157	\$355	\$371	\$356	\$358	\$371	\$381	\$391
Tang. Common Equity / Tang. Assets ¹	9.45%	8.65%	7.12%	7.51%	7.22%	7.22%	7.51%	7.77%	7.92%
Tier 1 Leverage Ratio ¹	9.37%	8.94%	8.10%	8.53%	8.30%	8.43%	8.53%	8.66%	8.57%
Total Risk-Based Capital Ratio ¹	17.12%	16.52%	13.73%	14.23%	13.92%	14.16%	14.23%	14.15%	13.93%
Commercial Real Estate Loans / Total RBC ¹	127.36%	141.82%	193.76%	193.76%	153.07%	153.07%	193.76%	193.76%	183.31%
Earnings & Profitability									
Net Income	\$15.2	\$14.9	\$26.0	\$32.9	\$8.5	\$9.0	\$7.6	\$7.3	\$6.1
Core ROAA	0.93%	0.83%	0.93%	0.99%	1.00%	1.01%	1.03%	0.83%	0.70%
Core ROAE	9.46%	8.57%	9.15%	9.79%	9.86%	9.98%	10.01%	7.83%	6.57%
Net Interest Margin	3.19%	2.96%	3.10%	2.87%	2.91%	2.81%	2.78%	2.77%	2.65%
Efficiency Ratio	56.60%	60.00%	55.50%	59.27%	58.83%	57.88%	59.91%	63.94%	68.48%
Asset Quality									
NPLs / Loans	0.71%	0.58%	0.58%	0.73%	0.62%	0.61%	0.57%	0.52%	0.50%
NPAs / Assets	0.46%	0.38%	0.41%	0.57%	0.62%	0.61%	0.57%	0.52%	0.50%
Reserves / Loans	0.95%	0.92%	0.50%	0.56%	0.53%	0.54%	0.56%	0.55%	0.57%
NCOs / Average Loans	0.14%	(0.00%)	0.04%	0.05%	0.06%	0.04%	0.03%	0.03%	0.00%
Yield and Cost									
Yield on Earning Assets	3.89%	3.72%	3.86%	4.00%	3.99%	4.00%	4.07%	4.19%	4.13%
Cost of Interest Bearing Deposits	0.72%	0.75%	0.60%	0.98%	0.90%	1.06%	1.12%	1.25%	1.32%
Cost of Total Interest Bearing Liabilities	0.80%	0.86%	0.87%	1.31%	1.25%	1.38%	1.50%	1.66%	1.71%
Market Information (7/24/2019)									
Current Stock Price	\$24.96	Price / BV		99%					
52 Week High	\$30.25	Price / TBV		137%					
52 Week Low	\$21.25	Price / LTM EPS		12.22x					
Market Capitalization	\$388.0	Dividend Yield		3.53%					

Non-GAAP to GAAP Reconciliations



<i>Dollar values in thousands, except per share amounts or otherwise noted</i>		2018Q2	2018Q3	2018Q4	2019Q1	2019Q2	YTD 2019
GAAP net income		\$8,535	\$8,970	\$7,620	\$7,281	\$6,117	\$13,398
Plus (less):							
Loss on sale of securities, net		-	-	924	-	-	-
Loss on sale of premises and equipment, net		-	-	-	-	21	21
Loss (gain) on other real estate owned		23	(8)	5	-	-	-
Acquisition, conversion and other expenses		214	70	1,109	-	280	280
Income tax expense ¹		(57)	(12)	(485)	-	(72)	(72)
Total core earnings²	(A)	\$8,715	\$9,020	\$9,173	\$7,281	\$6,346	\$13,627
Net-interest income	(B)	\$22,992	\$22,469	\$22,264	\$21,765	\$21,496	\$43,261
Plus: Non-interest income		7,121	7,126	7,450	6,167	7,453	13,620
Total Revenue		30,113	29,595	29,714	27,932	28,949	56,881
Plus: Loss on sale of securities, net		-	-	924	-	-	-
Total core revenue²	(C)	\$30,113	\$29,595	\$30,638	\$27,932	\$28,949	\$56,881
Total non-interest expense		18,685	17,906	20,096	18,624	20,906	39,530
Less: Loss on sale of premises and equipment, net		-	-	-	-	(21)	(21)
Less: (Loss) gain on other real estate owned		(23)	8	(5)	-	-	-
Less: Acquisition, conversion and other expenses		(214)	(70)	(1,109)	-	(280)	(280)
Core non-interest expense²	(D)	\$18,448	\$17,844	\$18,982	\$18,624	\$20,605	\$39,229
Averages							
Total average earning assets	(E)	\$3,235	\$3,238	\$3,246	\$3,265	\$3,330	\$3,301
Total average assets	(F)	3,512	3,533	3,546	3,561	3,646	3,630
Total average shareholders equity	(G)	355	359	364	377	388	382
Performance ratios							
GAAP return on assets		0.97%	1.01%	0.85%	0.83%	0.67%	0.74%
Core return on assets ²	(A/F)	1.00%	1.01%	1.03%	0.83%	0.70%	0.76%
GAAP return on equity		9.65%	9.92%	8.31%	7.83%	6.33%	7.07%
Core return on equity ²	(A/G)	9.86%	9.98%	10.01%	7.83%	6.57%	7.19%
Efficiency ratio ^{2,3}	(D-O-Q)/(C+N)	14.43%	14.52%	14.46%	11.19%	9.30%	10.22%
Net interest margin	(B+P)/E	58.83%	57.88%	59.91%	63.94%	68.48%	66.25%
Supplementary Data							
Taxable equivalent adjustment for efficiency ratio	(N)	\$622	\$654	\$633	\$684	\$676	\$1,360
Franchise taxes included in non-interest expense	(O)	159	129	39	120	111	231
Tax equivalent adjustment for net interest margin	(P)	502	493	488	515	514	1,029
Intangible amortization	(Q)	207	207	207	207	207	414

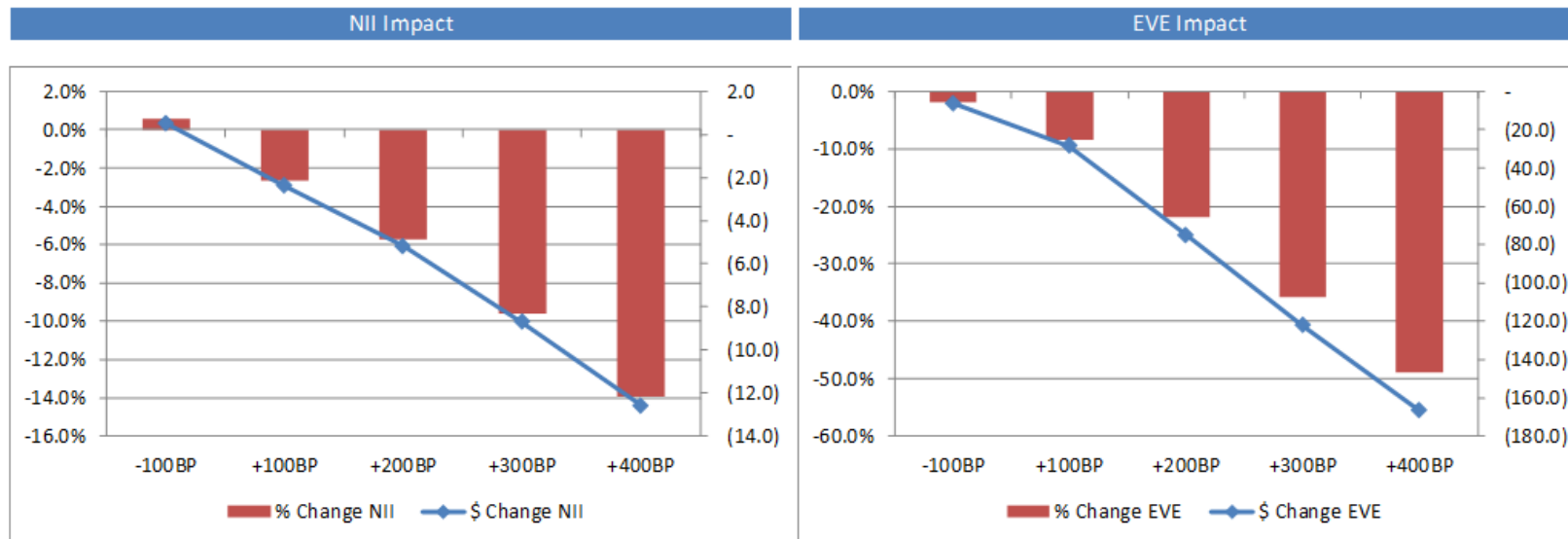
¹Assumes a marginal tax rate of 23.78% in 2019. A marginal tax rate of 24.15% was used in the first and second quarter of 2018 and 23.78% was used in the third and fourth quarter of 2018

² Non-GAAP financial measure.

³ Efficiency ratio is computed by dividing adjusted non-interest expense by the sum of net interest income on a fully taxable equivalent basis and adjusted non-interest income.

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 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.



Interest Rate Risk to Earnings (NII)
May 31, 2019

Change in Interest Rates (basis points)	\$ Change NII (millions)	% Change NII
+400BP	(12.6)	-13.9%
+300BP	(8.7)	-9.6%
+200BP	(5.2)	-5.7%
+100BP	(2.4)	-2.7%
-100BP	0.5	0.6%

Interest Rate Risk to Capital (EVE)
May 31, 2019

Change in Interest Rates (basis points)	\$ Change EVE (millions)	% Change EVE
+400BP	(166.6)	-48.8%
+300BP	(122.1)	-35.8%
+200BP	(75.0)	-22.0%
+100BP	(28.7)	-8.4%
-100BP	(6.5)	-1.9%

NII and EVE Impact is based on May 31, 2019 available data.