



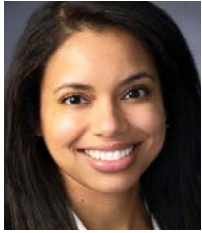
**Good Things Happen  
When We Work Together**



*2019 ANNUAL REPORT*



Personal Banking · Business Banking · Wealth Management  
*Over 50 locations in Maine, New Hampshire & Vermont*







**We understand life in northern New England.**

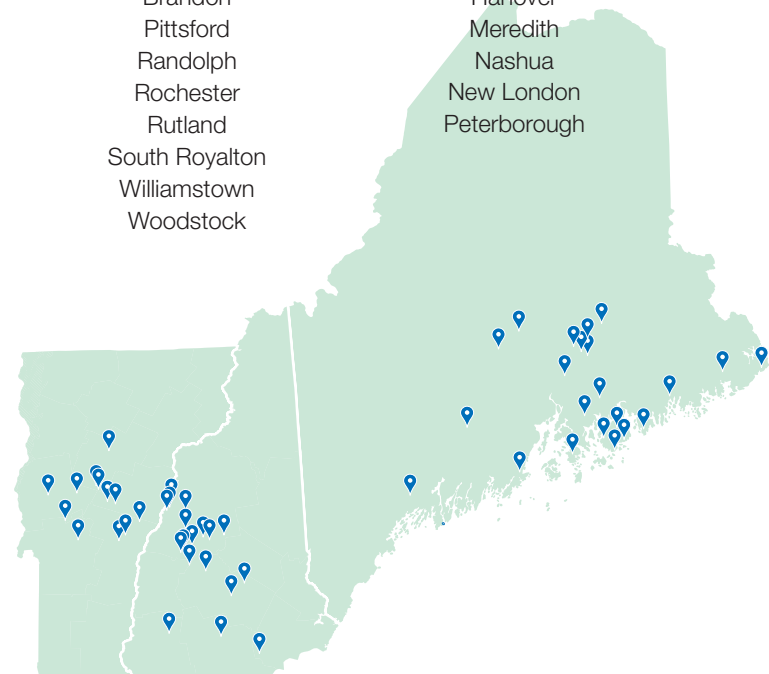
As the only bank headquartered in Northern New England with a branch presence in Maine, New Hampshire, and Vermont, we are committed to serving the region.

- Maine Branches:**
- Bangor
  - Bar Harbor
  - Blue Hill
  - Brewer
  - Deer Isle
  - Ellsworth
  - Lubec
  - Machias
  - Milbridge
  - Newport
  - Northeast Harbor
  - Orono
  - Pittsfield
  - Rockland
  - Somesville
  - South China
  - Southwest Harbor
  - Topsham
  - Waterville
  - Winter Harbor

- New Hampshire Branches:**
- Andover
  - Bradford
  - Claremont
  - Concord
  - Enfield
  - Grantham
  - Hanover
  - Hillsborough
  - Lebanon
  - Manchester
  - Milford
  - Nashua
  - New London
  - Newbury
  - Newport
  - Peterborough
  - Sunapee
  - West Lebanon

- Vermont Branches:**
- Bethel/Royalton
  - Brandon
  - Pittsford
  - Randolph
  - Rochester
  - Rutland
  - South Royalton
  - Williamstown
  - Woodstock

- Charter Trust Company NH Locations:**
- Concord
  - Hanover
  - Meredith
  - Nashua
  - New London
  - Peterborough



GOOD THINGS HAPPEN WHEN WE WORK TOGETHER

**We're dedicated to delivering solutions and driving positive change.**



**DELIVERING BUSINESS RESULTS**

Commercial Lenders generated over **\$400MM** in new loans

Bankers opened more than **13,000** core deposit accounts

**OPTIMIZING TECHNOLOGY FOR IMPROVED CUSTOMER EXPERIENCE**

**EXECUTED CENTRAL MAINE BRANCH ACQUISITION**

Acquisition and Conversion of 8 Central Maine branches with minimal disruption

More than **1,000** pieces of technology deployed over the conversion weekend

More than **9,000** debit cards issued



- Projects completed in 2019 include**
- Replaced or upgraded a significant number of ATMs
  - Upgraded Bar Harbor Mobile and Bar Harbor Online banking
  - Launched merchant service partnership with BASYS Processing
  - Updated core banking and teller system
  - Updated commercial lending underwriting system

## Letter to Shareholders

Dear Fellow Shareholders,

Our communications with you humbly focus on our meaningful evolution and the need to balance growth with earnings, whether organic or through acquisition. This has been centered in becoming a core earnings financial institution that fully embraces its origins while also understanding that banking requires:

- Superior talent that delivers unparalleled service.
- Convenient products and locations while embracing technological change.
- An unwavering commitment to risk management as a value proposition rather than a hurdle.

In an effort to meet these expectations, we always invest in people, process, and product while refining our balance sheet as a more neutral lever that can weather changing rate and economic environments. 2019 was a very important year for us as we completed several key steps in this regard while continuing to build a very credible and capable team. We achieved this through a strategic review that led us to change some funding strategies, rely more on core funding, and optimize our branch network through a review of profitability by location. Lastly, we had one of the best executions of subordinated debt placement, being oversubscribed by almost three times, aligning our capital positioning for future deployment at advantageous rates.

We communicated each of these moves to you throughout the year in addition to a meaningful

branch and wealth business acquisition in central Maine, an important geographic connection to our headquarters. This enabled further substantial reduction in wholesale funding while providing access to a region that wanted a presence on the coast as much as we wanted to bring Bar Harbor Bank & Trust to central Maine. This also brought us extremely motivated and talented new colleagues who fully embrace being headquartered a short distance away and understand our commitment to the three drivers of our business as bulleted above.



**David B. Woodside**  
Chairman  
**Curtis C. Simard**  
President & Chief Executive Officer

Despite the aggressive deposit and loan pricing activities of exuberant competition, we held to our strategic plan of building a team and a company with a focus on long run shareholder value creation. Our core deposit account growth, principally checking accounts, and commercial loan growth, is ahead of the field with some of the region's strongest clients.

We are more committed than ever to our strategies as the only bank headquartered in Maine with a presence in all three Northern New England states.

### “Different” Being Our Calling Card

We spoke last year about all of the things we do differently like an efficient branch model, selective analysis of existing products and locations, willingness to expand only where it makes sense, and an undying commitment to consistent calling and idea generation for our customers. Toward the end of the year, we geared new advertising around this notion with messaging that in working with customers, we

can together achieve more. Too many bankers have become “order takers” and we refuse to play that role given long relationships with customers and with new prospects realizing that we have a different energy to offer. Almost everyone talks about the desire for relationships, but it takes real conviction, training, the right products, and the right culture to actually deliver on that. Real loan growth, especially in commercial, a meaningful wealth business, and growth in core checking accounts are proof that we are more than talking about relationships, but rather creating them. That combined with our strategic balance sheet activities outlined above make us very confident in the positioning of our bank.

### COVID-19 and the Unknown

As a risk management centric organization, we are always focused on the seemingly endless political unrest, shifting uncertainty of global economic headwinds, and other regional fluctuations that permeate our everyday lives. We are always looking for weakness that could create challenge. This management team and Board have navigated multiple recessions. In each of those situations, the recession emanated from financial challenges or weaknesses. Never before have we seen financial strife originate from a health risk like COVID-19. With terms like “social distancing” and “flattening the curve” taking on new meanings, we must rely on the risk management environment that we have created. We are well capitalized, with established procedures in place that have led to good underwriting during this past cycle. While no one quite knows where a pandemic like this will turn next, we

have planned well and are relying on policy and procedure driven by preexisting talent along with those that we proactively recruited. Common sense has to be a part of our daily toolkit.

### Our View of Our Future

We have positively positioned ourselves for the future through:

- An expanded footprint that includes strong market share with growth opportunity in more densely populated markets.
- A committed team that has fully adopted our culture and proudly advances our brand.
- Sensible expansion in product sets that align with our growth endeavors and within our risk appetite while also being unafraid to undertake strategic reviews.
- An established fee income stream that continues to multiply with a focus on wealth services and ancillary product enhancement.
- A developed risk and controls model that views these disciplines as valuable to all of our constituents.
- Diversified leadership throughout the company and at the Board level.

We are committed to thinking differently and working with customers rather than filling orders. We are proud to live and work here and our model will always be our guide. On behalf of the Board of Directors and our 500+ colleagues throughout Maine, New Hampshire and Vermont, we thank you for your confidence in us.

**Curtis C. Simard**  
President & Chief Executive Officer

**David B. Woodside**  
Chairman



# Consolidated Balance Sheets

Years Ended December 31, 2018 and 2019

(in thousands)	Years Ended	
	2019	2018
<b>ASSETS</b>		
Cash and due from banks	\$ 37,261	\$ 35,208
Interest-bearing deposit with the Federal Reserve Bank	19,649	63,546
<b>Total cash and cash equivalents</b>	<b>56,910</b>	<b>98,754</b>
Securities available for sale, at fair value	663,230	725,837
Federal Home Loan Bank stock	20,679	35,659
<b>Total securities</b>	<b>683,909</b>	<b>761,496</b>
<b>Loans:</b>		
Commercial real estate	930,661	826,699
Commercial and industrial	423,291	404,870
Residential real estate	1,151,857	1,144,698
Consumer	135,283	113,960
<b>Total loans</b>	<b>2,641,092</b>	<b>2,490,227</b>
Less: Allowance for loan losses	(15,353)	(13,866)
<b>Net loans</b>	<b>2,625,739</b>	<b>2,476,361</b>
Premises and equipment, net	51,205	48,804
Other real estate owned	2,236	2,351
Goodwill	118,649	100,085
Other intangible assets	8,641	7,459
Cash surrender value of bank-owned life insurance	75,863	73,810
Deferred tax assets, net	3,865	9,514
Other assets	42,111	29,853
<b>Total assets</b>	<b>\$ 3,669,128</b>	<b>\$ 3,608,487</b>
<b>LIABILITIES</b>		
<b>Deposits:</b>		
Demand	\$ 414,534	\$ 370,889
NOW	575,809	484,717
Savings	388,683	358,888
Money Market	384,090	335,951
Time	932,635	932,793
<b>Total deposits:</b>	<b>2,695,751</b>	<b>2,483,238</b>
<b>Borrowing:</b>		
Senior	471,396	680,823
Subordinated	59,920	42,973
<b>Total borrowings</b>	<b>531,316</b>	<b>723,796</b>
Other liabilities	45,654	30,874
<b>Total Liabilities</b>	<b>3,272,721</b>	<b>3,237,908</b>
<b>SHAREHOLDERS' EQUITY</b>		
Capital stock, par value \$2.00; authorized 20,000,000 shares; issued 16,428,388 and 16,428,388 shares at December 31, 2019 and December 31, 2018, respectively	32,857	32,857
Additional paid-in capital	188,536	187,653
Retained earnings	175,780	166,526
Accumulated other comprehensive loss	3,911	(11,802)
Less: 870,257 and 905,201 shares of treasury stock at December 31, 2019 and December 31, 2018, respectively, at cost	(4,677)	(4,655)
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>396,407</b>	<b>370,579</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>\$ 3,669,128</b>	<b>\$ 3,608,487</b>

Refer to the Bar Harbor Bankshares 2019 Annual Report on Form 10-K for a complete set of audited financial statements and accompanying notes.

# Consolidated Statements of Income

Years Ended December 31, 2017, 2018 and 2019

(in thousands)	Years Ended		
	2019	2018	2017
<b>INTEREST AND DIVIDEND INCOME</b>			
Loans	\$ 111,042	\$ 104,015	\$ 94,976
Securities and other	24,349	23,436	21,093
<b>Total interest and dividend income</b>	<b>135,391</b>	<b>127,451</b>	<b>116,069</b>
<b>INTEREST EXPENSE</b>			
Deposits	27,034	19,521	11,307
Borrowings	18,547	17,047	12,607
<b>Total Interest Expense</b>	<b>45,581</b>	<b>36,568</b>	<b>23,914</b>
Net interest income	89,810	90,883	92,155
Provisions for loan losses	2,317	2,780	2,788
<b>Net interest income after provision for loan losses</b>	<b>87,493</b>	<b>88,103</b>	<b>89,367</b>
<b>NON-INTEREST INCOME</b>			
Trust and investment management fee income	12,063	11,985	12,270
Insurance and brokerage service income	-	-	1,097
Customer service fees	10,127	9,538	8,484
(Loss) gain on sales of securities, net	237	(924)	19
Bank-owned life insurance income	2,053	1,821	1,539
Customer derivative income	2,028	860	-
Other income	2,561	4,655	2,573
<b>Total non-interest income</b>	<b>29,069</b>	<b>27,935</b>	<b>25,982</b>
<b>NON-INTEREST EXPENSE</b>			
Salaries and employee benefits	45,000	40,964	39,589
Occupancy and equipment	14,214	12,386	11,061
Loss on premises and equipment, net	18	-	94
Outside services	1,818	2,408	3,000
Professional services	2,191	1,474	1,655
Communication	821	804	1,289
Marketing	1,872	1,743	945
Amortization of intangible assets	861	828	812
Loss on debt extinguishment	1,096	-	-
Acquisition, restructuring and other expenses	8,317	1,728	3,302
Other expenses	13,525	13,204	10,979
<b>Total non-interest expense</b>	<b>89,733</b>	<b>75,539</b>	<b>72,726</b>
Income before income taxes	26,829	40,499	42,623
Income tax expense	4,209	7,562	16,630
<b>Net Income</b>	<b>\$ 22,620</b>	<b>\$ 32,937</b>	<b>\$ 25,993</b>
<b>EARNINGS PER SHARE</b>			
Basic	\$ 1.46	\$ 2.13	\$ 1.71
Diluted	\$ 1.45	\$ 2.12	\$ 1.70
<b>WEIGHTED AVERAGE COMMON SHARES OUTSTANDING:</b>			
Basic	15,541	15,488	15,184
Diluted	15,587	15,564	15,290



## Senior Executive Team



**Curtis C. Simard**  
President  
Chief Executive Officer



**Josephine Iannelli**  
Executive Vice President  
Chief Financial Officer  
and Treasurer



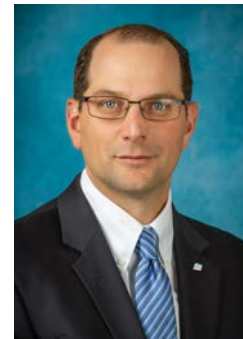
**Richard B. Maltz**  
Executive Vice President  
Chief Operating Officer &  
Chief Risk Officer



**John M. Mercier**  
Executive Vice President  
Chief Lending Officer



**Marion Colombo**  
Executive Vice President  
Retail Delivery



**Jason Edgar**  
President  
Bar Harbor Trust Services  
Charter Trust Company



**Jenny Svenson**  
Senior Vice President  
Chief Human Resources  
Officer

## Board of Directors



2019 Board of Directors (Back L-R): David M. Colter, Brendan O'Halloran, Stephen R. Theroux, Daina H. Belair, Scott G. Toothaker, Curtis C. Simard, David B. Woodside, Martha T. Dudman, Steven H. Dimick. (Front L-R): Lauri E. Fernald, Matthew L. Caras, Kenneth E. Smith.

**David B. Woodside - Chairman**

Bar Harbor, ME  
Chief Executive Officer and General Manager of Acadia Corporation

**Lauri E. Fernald**

Mt. Desert, ME  
President and an Owner in Jordan-Fernald Funeral Home

**Daina H. Belair**

Lincolnton, ME  
Owner of Inn at Sunrise Point

**Brendan O'Halloran**

Chatham, MA and Naples, FL  
Retired Vice Chair & Regional Head of TD Securities, a division of TD Bank

**Matthew L. Caras**

Arrowsic, ME  
Owner and Managing Director of Leaders LLC

**Curtis C. Simard**

Mt. Desert, ME  
President and Chief Executive Officer of the Company and the Bank

**David M. Colter**

Hampden, ME  
President, GAC Chemical Corporation

**Kenneth E. Smith**

Bar Harbor, ME  
Owner and Innkeeper of Manor House Inn

**Steven H. Dimick**

Randolph, VT  
Former Director for Lake Sunapee Bank Group Board

**Stephen R. Theroux**

New London, NH  
Former President and CEO of Lake Sunapee Bank

**Martha T. Dudman**

Northeast Harbor, ME  
Fundraising Consultant and Author, former President of Dudman Communications Corporation

**Scott G. Toothaker**

Ellsworth, ME  
Principal and Vice President of Melanson Heath & Co.

## 5 Year Summary of Financial Data

(in millions, except per share)

	2019	2018	2017	2016	2015
<b>BALANCE SHEET DATA</b>					
Total assets	\$ 3,669	\$ 3,608	\$ 3,565	\$ 1,755	\$ 1,580
Earning assets*	3,318	3,263	3,244	1,683	1,517
Investments	684	761	755	554	526
Loans	2,641	2,490	2,486	1,129	990
Deposits	2,696	2,483	2,352	1,050	943
Borrowings	531	724	830	537	475
Shareholders' equity	396	371	355	157	154
<b>RESULTS OF OPERATIONS</b>					
Net interest income	\$ 90	\$ 91	\$ 92	\$ 45	\$ 45
Non-interest income	29	28	26	13	9
Net revenue	119	119	118	58	54
Net income	23	33	27	15	15
<b>PER COMMON SHARE DATA</b>					
Diluted earnings	\$ 1.45	\$ 2.12	\$ 1.70	\$ 1.63	\$ 1.67
Adjusted earnings*	1.91	2.25	2.10	1.52	1.58
Dividends	0.86	0.79	0.75	0.73	0.67
Total book value	25.48	23.87	22.96	17.19	17.10
Tangible book value*	17.30	16.94	15.94	16.61	16.50
<b>PERFORMANCE RATIOS</b>					
Return on assets	0.62%	0.93%	0.75%	0.89%	0.98%
Adjusted return on assets*	0.82	0.99	0.93	0.83	0.93
Return on equity	5.82	9.22	7.41	9.21	10.01
Adjusted return on equity*	7.65	9.79	9.15	8.46	9.46
Interest rate spread	2.55	2.68	2.99	2.86	3.09
Net interest margin	2.78	2.87	3.10	2.96	3.19
Efficiency ratio*	64.95	59.27	55.44	58.90	55.93
Net charge-offs/average loans	0.03	0.05	0.04	-	0.14

\*Note: These performance ratios are non-GAAP financial measures; see 2019 Annual Report on Form 10-K for further discussion.

### Corporate Profile

as of December 31, 2019

- \$3.7 billion in assets.
- 52 full service branches.
- Branches located across Maine, New Hampshire and Vermont.
- A true community bank providing commercial, retail, treasury and wealth management services.
- Wealth assets under management of \$2.0 billion.

### Corporate Profile

as of December 31, 2019

Ticker	NYSEAM: BHB
Stock price	\$25.39 per share
Market capitalization	\$395 million
Price to earnings ratio (full year 2019)	13.27X
Price to book value	99.65%
Price to tangible book value	146.78%
52 week price range	\$21.24 to \$27.58
Annualized dividend (Q1 2020)	\$0.88 per share
Dividend yield	3.39%
Shares outstanding	15.6 million
Average daily volume (full year 2019)	25,000 shares

## Summary Financial Results

Bar Harbor Bankshares recorded 2019 net income of \$23 million, or \$1.45 per share, compared to \$33 million, or \$2.12 per share, in 2018. Acquisition, restructuring and other expenses after taxes totaled \$0.46 per share in 2019 related to one-time costs associated with the Company's branch acquisition and balance sheet optimization initiatives. Adjusted income (non-GAAP measure) in 2019 was \$30 million, or \$1.91 per share, and \$35 million, or \$2.25 per share, for the same period of 2018.

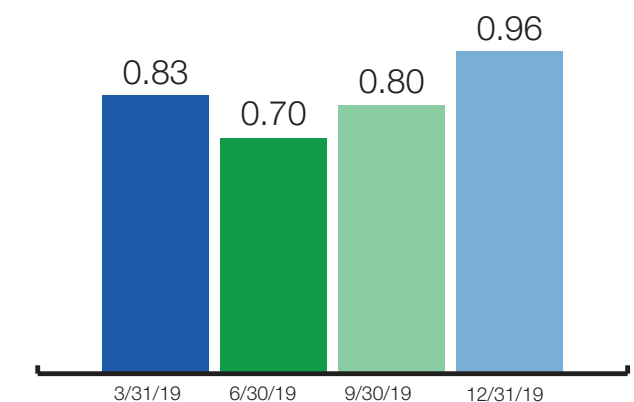
In 2019 the Company repositioned the balance sheet, expanded its footprint within central Maine and achieved record revenues of \$119 million on higher interest and fee income. The Company also completed a strategic review of its balance sheet and operations ("strategic review") and executed several initiatives that reduced the Company's cost of funds in the second half of 2019 and improved its interest rate risk and overall capital position.

On October 25, 2019, the Company completed the acquisition of eight branches within central Maine. The Company used the net deposit proceeds to extinguish approximately \$140 million of higher cost borrowings. These transactions changed the Company's balance sheet profile and funding needs. Therefore, the Company decided to terminate its interest rate caps on \$90 million of rolling three-month borrowings. The losses from the interest rate caps were reclassified from other comprehensive income to net

income, with no further dilution to equity. Additional borrowings were paid off with the proceeds from executing a deleveraging and remix strategy that included the sale of \$92 million of lower yielding securities.

In the fourth quarter 2019, the Company completed a \$40 million subordinated debt issuance which replaced \$22 million of higher cost subordinated notes that were called. The offering was more than two times oversubscribed, driven by one of the most effective executions for 2019, and presented an opportunity to upsize the deal.

### Adjusted Return on Assets\*



\*Non-GAAP Measure.

The strategic review also included a branch optimization exercise that evaluated fixed assets, staffing models, and business and operational processes that included the closure of five branches effective December 31, 2019. Results of this exercise are



expected to be fully accretive starting in the first quarter 2020.

Total assets were \$3.7 billion in 2019, increasing \$61 million from 2018. Loans totaled \$2.6 billion, increasing \$151 million from 2018, primarily due to the branch acquisition and organic commercial loan growth. Credit quality remains strong with the ratio of non-accruing loans to total loans at 0.44% at December 31, 2019 compared to 0.73% at December 31, 2018. Deposits totaled \$2.7 billion at the end of 2019, increasing 8.6% from 2018 due to the branch acquisition.

Return on assets in 2019 was 0.62% compared to 0.93% in 2018, while adjusted return on assets (non-GAAP measure) was 0.82% in 2019 compared to 0.99% in 2018. In a similar trend, return on equity was 5.82% in 2019 from 9.22% in 2018 and adjusted return on equity (non-GAAP measure) was 7.65% in 2019 from 9.79% in 2018.

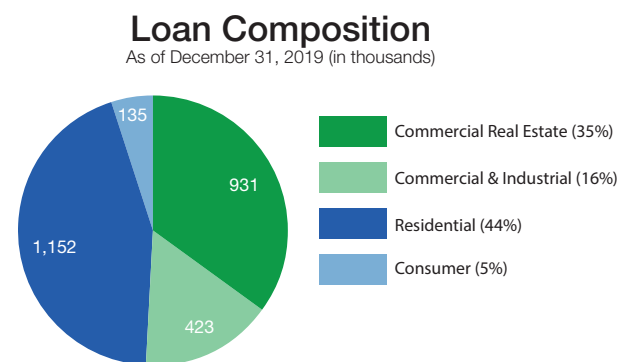
## FINANCIAL CONDITION

### Loans

During 2019 total loans grew \$151 million to \$2.6 billion. In the fourth quarter \$101 million of acquired loans were recorded resulting in net organic growth of 1.9% for the year. Commercial real estate grew \$79 million or 9.5% excluding the impact of the acquisition. Residential organic loan growth was relatively flat as originations kept pace with loan payoffs and the secondary market platform was leveraged for fee income. The Company's loan origination teams continued to adhere to disciplined underwriting practices and selectively pursuing opportunities that are accretive to profitability metrics.

### Allowance for Loan Losses

The allowance for loan losses increased to \$15 million from \$14 million at year-end 2018 largely due to commercial loan growth offset by lower net charge-off activity reflecting stable asset quality. The ratio of net charge-offs to total loans remains near zero at 0.03% in 2019 and 0.05% in 2018. The allowance to total loans ratio increased to 0.58% in 2019 from 0.56% in 2018, primarily due to the \$101 million of loans from the branch acquisition that were recorded without a carryover allowance for loan losses. Non-accruing loans in 2019 decreased \$7 million primarily due to the settlement of several credit losses. Non-accruing loans in 2019 decreased \$7 million primarily due to the settlement of several credit relationships for the carrying values. The settlement also contributed to the improvement of the non-accruing loans to total loans ratio to 0.44% from 0.73% in the prior year.



### Securities

Securities in 2019 decreased by \$78 million as the Company remixed the investment portfolio as part of the strategic review. The

2019 securities activity included purchases of \$129 million offset by maturities, calls and pay downs of \$115 million and sales of \$92 million in lower yielding securities. The proceeds from the net decrease in the securities portfolio were utilized to pay down higher cost FHLB borrowings. The change in unrealized gains or losses on securities improved to a gain of \$14 million in 2019 from a loss of \$7 million in 2018 due to lower long-term rates in 2019.

### Deposits

Total deposits increased to \$2.7 billion in 2019 from \$2.5 billion in 2018 with growth of \$213 million. The branch acquisition contributed \$258 million while non-maturity deposits organically grew by \$23 million. Time deposits excluding acquired balances decreased \$68 million given the interest rate environment in the second half of 2019. The Company improved its loan-to-deposit ratio to 98% at year-end from 100% at the end of 2018 primarily as a result of the branch acquisition and balance sheet deleveraging.

### Borrowings

At December 31, 2019 total borrowings were \$531 million with a weighted average rate of 2.11% at year-end compared to \$724 million with a weighted average rate of 2.56% at year-end 2018. Overall borrowings decreased \$192 million from year-end 2018 due to the branch acquisition and strategic review, improving cost of funds year-over-year. Subordinated borrowings increased by \$17 million as \$22 million of higher cost subordinated notes were called and the Company opportunistically replaced them with a \$40 million private placement issued in November 2019.

### Stockholders' Equity

Total equity was \$396 million at year-end 2019, compared with \$371 million at year-end 2018. The Company's book value per share increased \$1.61 to \$25.48 from year-end 2018. The increase was primarily due to a \$22 million improvement in the Company's securities fair value adjustment, net of tax, along with strong net income of \$23 million offset by \$13 million in dividends. The 2019 dividend payout ratio amounted to 59%, compared with 37% in 2018. The total cash dividends paid in 2019 amounted to \$0.86 per share, compared with \$0.79 in 2018, representing an increase of \$0.07 per share, or 9%.

The Company evaluates changes in tangible book value, a non-GAAP financial measure that is a commonly used valuation metric in the investment community, which parallels some regulatory capital measures. Tangible book value per share (non-GAAP measure) increased to \$17.30 per share at year-end 2019 up from \$16.94 per share at year-end 2018. Excluding the impact from the acquisition, tangible book value per share increased to \$18.62; an increase of 10% for 2019.

## RESULTS OF OPERATIONS

### Net Interest Income

Net interest income for 2019 was \$90 million compared with \$91 million in 2018. Interest income was \$135 million, up 6% from \$127 million in 2018 as average earning assets grew \$70 million. The net interest margin was 2.78% in 2019 compared to 2.87% in the prior year. Purchase loan accretion contributed 10 and 11 basis points to the margin in 2019 and 2018, respectively. Yields

## Corporate Information

expanded across all loan categories as variable rate products in the first half of 2019 repriced to higher rates driven by the 2018 short-term hikes. The 2019 yield on securities improved by 19 basis points reflecting the benefit of portfolio remix strategies and associated security sales in the second half of 2019. These improvements in interest from earning assets were offset by a higher cost of interest bearing liabilities, especially in the first half of 2019, which was also driven by short-term rate hikes in late 2018. While the cost of interest bearing liabilities increased 30 basis points to 1.61% on a year-over-year basis, the same costs improved to 1.42% in the fourth quarter due to executing deleveraging strategies associated with the branch acquisition and securities sales.

### Non-Interest Income

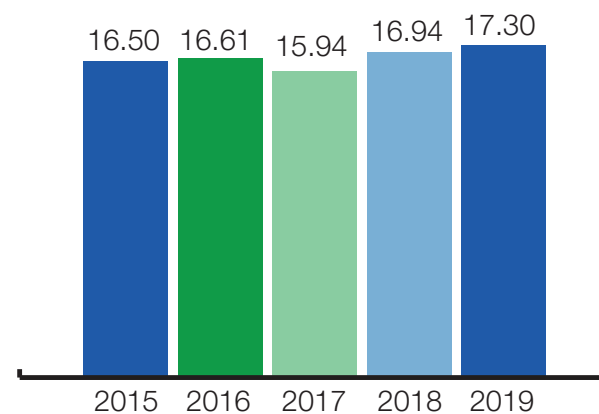
Non-interest income for 2019 increased to \$29 million from \$28 million in 2018 driven primarily by customer loan derivative income, which increased to \$2 million in 2019 compared to \$860 thousand in 2018. The increase in these fees is attributable to the Company's continued focus on the complexity of the financial needs of its customers and related commercial loan growth in 2019. Customer service fees also contributed to the overall increase in non-interest income growing by \$589 thousand in 2019. The increase is due to higher transaction volume principally from the deposit base obtained through the branch acquisition. Trust and investment management fee income in 2019 was relatively flat with 2018. However, assets under management increased to \$2.0 billion

in 2019 compared to \$1.7 billion in 2018 primarily due to wealth management accounts that were obtained through the branch acquisition.

### Non-Interest Expense

Non-interest expense was \$90 million in 2019 compared to \$76 million in 2018. The increase in 2019 includes \$3 million related to the branch acquisition, a \$3 million reclassification of losses on the interest rate cap derivative from other comprehensive income and \$3 million related to branch optimization and other strategic review expenses. Salary and employee benefits expenses increased by \$4 million due to postretirement benefit revaluations on lower discount rates and an increase in full time equivalent employees ("FTEs"). FTEs totaled 460 at the end of 2019 compared with 445 at the end of 2018.

### Tangible Book Value Per Share\*



\*Non-GAAP Measure.

### Annual Meeting

The Annual Meeting of shareholders of Bar Harbor Bankshares will be held at 11:00 a.m. on Tuesday, May 12, 2020 at the Bar Harbor Club located on West Street in Bar Harbor, Maine.

### Financial Information

Shareholders, analysts and other investors seeking financial information about Bar Harbor Bankshares should contact:  
Josephine Iannelli  
Executive Vice President, CFO, Treasurer  
207-667-0660

### Internet

Bar Harbor Bank & Trust information, as well as Bar Harbor Bankshares Form 10-K, is available at [www.barharbor.bank](http://www.barharbor.bank)

### Shareholder Assistance

Questions concerning your shareholder account, including change of address forms, records or information about lost certificates or dividend checks, should be directed to our transfer agent:

Broadridge Corporate Issuer Solutions, Inc.  
P.O. Box 1342  
Brentwood, NY 11717  
877-456-4860  
[www.shareholder.broadridge.com](http://www.shareholder.broadridge.com)

### Stock Exchange Listing

Bar Harbor Bankshares common stock is traded on the NYSE American ([www.nyse.com](http://www.nyse.com)), under the symbol BHB.

### Form 10-K Annual Report

The Company refers you to its Annual Report on Form 10-K for year ended 2019 for detailed financial data, management's discussion and analysis of financial condition and results of operations, disclosures about market risk, market information including stock graphs, descriptions of the business of the Company and its products and services.

### Mailing Address

If you need to contact our corporate headquarters office, write:  
Bar Harbor Bankshares  
Post Office Box 400  
82 Main Street  
Bar Harbor, Maine 04609-0400  
207-288-3314  
888-853-7100

### Printed Financial Information

We will provide, without charge, and upon written request, a copy of the Bar Harbor Bankshares Annual Report to the Securities and Exchange Commission on Form 10-K. The Bank will also provide, upon request, Annual Disclosure Statements for Bar Harbor Bank & Trust as of December 31, 2019.

Please contact Investor Relations via U.S. mail at the address above or through email at: [investorrelations@barharbor.bank](mailto:investorrelations@barharbor.bank)





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