

BAR HARBOR BANKSHARES  
Form DEF 14A  
March 22, 2018

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of  
the Securities Exchange Act of 1934

Filed by the Registrant  x

Filed by a Party other than the Registrant  o

Check the appropriate box:

x Preliminary Proxy Statement

o Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

o Definitive Proxy Statement

o Definitive Additional Materials

o Soliciting Material under § 240.14a-12

BAR HARBOR BANKSHARES

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(Name of Registrant as Specified In Its Charter)

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(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

x No fee required.

o Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

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(2) Aggregate number of securities to which transaction applies:

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(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

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(1) Amount Previously Paid:

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(2) Form, Schedule or Registration Statement No.:

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(3) Filing Party:

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(4) Date Filed:

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PROXY STATEMENT

2018 Annual Meeting of Shareholders

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April 11, 2018

Dear Shareholder:

The 2018 Annual Meeting of the Shareholders of Bar Harbor Bankshares will be held at 11:00 a.m. EDT on Tuesday, May 15, 2018, at the Bar Harbor Club located at 111 West Street in Bar Harbor, Maine. Our directors and officers join me in inviting you to attend this meeting and the reception following. The Notice of Annual Meeting, proxy Statement and proxy card are enclosed, along with the Company's 2017 Summary Annual Report and Annual Report on Form 10-K.

The accompanying Notice of Annual Meeting of Shareholders describes matters to be acted upon at the Annual Meeting. Please give these materials your prompt attention. In addition to the formal items of business, management will report on the operations and activities of Bar Harbor Bankshares and Bar Harbor Bank & Trust, and you will have an opportunity to ask questions.

The Board of Directors has determined that an affirmative vote on the matters to be considered at the Annual Meeting is in the best interests of Bar Harbor Bankshares and its shareholders, and unanimously recommends a vote "FOR" Proposals 1, 2, 3, 4, and 5. We ask that you complete, sign, date and mail promptly the enclosed proxy card in the return envelope, or use telephone or internet voting, to ensure that your shares are represented and voted at the meeting. Shareholders who attend the Annual Meeting may withdraw their proxy and vote in person if they wish to do so. Your vote is extremely important, so please act at your earliest convenience.

We look forward to seeing you on May 15, 2018.

Very truly yours,

Curtis C. Simard  
President and  
Chief Executive Officer

Enclosures

Bar Harbor Bankshares 82 Main Street P.O. Box 400 Bar Harbor, Maine 04609 207-288-3314

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NOTICE OF ANNUAL MEETING OF SHAREHOLDERS  
TO BE HELD MAY 15, 2018

Notice is hereby given that the Annual Meeting of the Shareholders of Bar Harbor Bankshares (“the Annual Meeting”) will be held at the Bar Harbor Club at 111 West Street in Bar Harbor, Maine, on Tuesday, May 15, 2018, at 11:00 a.m. EDT to consider and act upon the following proposals:

1. Election of thirteen (13) persons to serve as directors for a term of one year;
2. Approval of a non-binding, advisory resolution on the compensation of the Named Executive Officers (“Say on Pay”);
3. Ratification of the filing and effectiveness of an Articles of Amendment to our Articles of Incorporation, as amended, filed with the Secretary of State of the State of Maine on May 22, 2015;
4. Approval of the Bar Harbor Bankshares 2018 Employee Stock Purchase Plan;
5. Ratification of the appointment of RSM US LLP as our independent registered public accounting firm for the year ending December 31, 2018; and
6. Consideration of any other business as may properly come before the Annual Meeting or any adjournment thereof.

The Board of Directors has fixed the close of business on March 29, 2018 as the record date for determining the shareholders of the Company entitled to receive notice of, and to vote at, the Annual Meeting (“the Record Date”). Only shareholders of record of the Company’s common stock at the close of business on the Record Date are entitled to receive notice of, and to vote at, the Annual Meeting.

Your vote is important. You are urged to sign and return the enclosed proxy in the postage prepaid envelope as promptly as possible whether or not you plan to attend the meeting in person. You may also deliver your vote by telephone or internet by following the instructions on your proxy card or voting instructions form. Submitting a proxy or voting instructions will not prevent you from attending the Annual Meeting and voting in person. You may revoke your proxy at any time before the final vote at the Annual Meeting. If you are the shareholder of record, you may revoke your proxy in any one of the following four ways:

- filing a written revocation of the proxy with our Corporate Clerk;
  - entering a new vote over the internet or by telephone;
  - attending the Annual Meeting and voting in person; or
  - submitting another signed proxy bearing a later date.
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If your shares are not registered in your own name, you will need appropriate documentation from the shareholder of record in order for you to vote at the Annual Meeting. Examples of such documentation include a broker's statement, letter or other document that will confirm your beneficial ownership of the shares. If your shares are held by your broker, bank or another party as a nominee or agent, you should follow the instructions provided by such party.

A list of shareholders entitled to vote at the Annual Meeting will be available for inspection by any shareholder of Bar Harbor Bankshares beginning promptly after the record date and will remain available for inspection through the Annual Meeting or any adjournment thereof.

By Order of the Board of Directors

Marsha C. Sawyer, Clerk

April 11, 2018

Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting of Shareholders to Be Held on May 15, 2018: This proxy statement and our Annual Report are available free of charge on the Shareholder Relations section of our website [www.bhbt.com](http://www.bhbt.com).

Bar Harbor Bankshares 82 Main Street P.O. Box 400 Bar Harbor, Maine 04609 207-288-3314

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PROXY STATEMENT

2018 Annual Meeting of Shareholders

PROXY SUMMARY

General

This proxy statement is furnished to the shareholders of Bar Harbor Bankshares (“the Company”) in connection with the solicitation of proxies on behalf of the Board of Directors (the “Board”) for use at the Annual Meeting. The Annual Meeting will be held on Tuesday, May 15, 2018, at 11:00 a.m. EDT at the Bar Harbor Club located at 111 West Street in Bar Harbor, Maine. The official Notice of the Annual Meeting of Shareholders accompanies this Proxy Statement. A Form of Proxy for use at the meeting or to vote in advance and a return envelope for the proxy are enclosed.

The Notice of Annual Meeting, proxy statement, and proxy card were first mailed to the Company’s shareholders on or about April 11, 2018 to solicit proxies for the Annual Meeting.

In absence of specific instructions to the contrary, shares represented by properly executed proxies received by the Company, including unmarked proxies, will be voted “FOR” Proposals 1, 2, 3, 4 and 5. Except for procedural matters incidental to the conduct of the Annual Meeting, the Board does not know of any matters other than those described in the Notice of Annual Meeting of Shareholders that are to come before the Annual Meeting. If any other matters are properly brought before the Annual Meeting, the persons named in the proxy will vote the shares represented by such proxy on such matters as determined by a majority of the Board.

Solicitation of Proxies

The Company will bear the entire cost of soliciting proxies from you. In addition, we will request that banks, brokers and other holders of record send notice of the annual meeting to the beneficial owners of Bar Harbor Bankshares common stock and secure their voting instructions, if necessary. In addition, the Company has engaged Alliance Advisors to assist in the solicitation of the proxies for a fee of \$6,500 plus reimbursement of customary expenses.

## SHAREHOLDERS ENTITLED TO VOTE

### Record Date

The Board has fixed March 29, 2018 as the record date for determining our shareholders entitled to notice of and to vote at the 2018 Annual Meeting. Only holders of record of shares of common stock at the close of business on that date are entitled to notice of and to vote at the Annual Meeting. On the record date, there were approximately [ ] holders of record of our common stock and [ ] shares of our common stock outstanding.

## VOTING PROCEDURES AND METHOD OF COUNTING VOTES

### Quorum Requirements

The presence at the Annual Meeting, either in person or by proxy, of the holders of not less than a majority of the shares entitled to vote at any meeting will constitute a quorum. If there is no quorum, the holders of a majority of shares present at the Annual Meeting in person or represented by proxy may adjourn the Annual Meeting to another date.

In addition, as a result of the vote being taken at the Annual Meeting on the ratification of the 2015 Amendment, shareholders of record as of March 24, 2015, other than holders whose identities or addresses cannot be determined from our records, are being given notice of the Annual Meeting, but are not entitled to attend the Annual Meeting or vote on any matter presented at the Annual Meeting unless they were also shareholders as of March 29, 2018, the record date for the Annual Meeting. This notice and the attached proxy statement constitutes the notice required to be given to our shareholders in connection with the ratification of the 2015 Amendment, including to our shareholders as of March 24, 2015, other than holders whose identities or addresses cannot be determined from our records.

### Voting Rights

Each share is entitled to cast one vote for each matter to be voted on at the Annual Meeting. Cumulative voting is not permitted.

### Required Vote

Each share of common stock entitles a holder of record on the record date to one vote on each matter to be presented at the annual meeting, and all such shares vote together as a single class. The voting requirements for each matter presented are as follows:

Proposal 1: Election of Directors. Directors are elected by a plurality of the votes cast by the shares entitled to vote in the election at a meeting at which a quorum is present.

Proposal 2: Approval of a Non-binding Advisory Resolution on the Compensation of the Named Executive Officers. The approval of this proposal will require that a majority of votes cast at the Annual Meeting by the holders of shares present in person or represented by proxy and entitled to vote be cast "FOR" this proposal.

Proposal 3: Ratification of the filing and effectiveness of an Articles of Amendment to our Articles of Incorporation, as amended, filed with the Secretary of State of the State of Maine on May 22, 2015. The approval of this proposal will require that a majority of all the votes entitled to be cast at the Annual Meeting be voted "FOR" this proposal.

Proposal 4: Approval of the Bar Harbor Bankshares 2018 Employee Stock Purchase Plan. The approval of this proposal will require that a majority of votes cast at the Annual Meeting by the holders of shares present in person or represented by proxy and entitled to vote be cast "FOR" this proposal.

Proposal 5: Ratification of the appointment of RSM US LLP as our independent registered public accounting. The approval of this proposal will require that a majority of votes cast at the Annual Meeting by the holders of shares

present in person or represented by proxy and entitled to vote be cast "FOR" this proposal.

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#### Effect of Broker Non-Votes and Abstentions

A broker non-vote occurs when a broker or other nominee holder, such as a bank, submits a proxy representing shares that another person actually owns, and that person has not provided specific voting instructions to the broker or other nominee holder. Brokers who hold their customers' shares in "street name" may, under the applicable rules of the exchange and other self-regulatory organizations of which the brokers are members, sign and submit proxies for such shares and may vote such shares on routine matters, which typically include the ratification of the appointment of our independent registered public accounting firm. Proposals 1, 2, and 4 are considered "non-routine" and Proposals 3 and 5 are considered "routine." The inspector of election will treat abstentions and broker non-votes as shares that are present and entitled to vote for purposes of determining the presence of a quorum. Abstentions and broker non-votes, if they occur in connection with Proposals 1, 2, 3, 4 and 5, will not, in the case of Proposals 1, 2, and 4 be counted as "votes" and will have no effect on the proposals.

#### Voting Procedures

If you held your Bar Harbor Bankshares shares directly through our transfer agent, as of the record date, you can vote your shares using any of the following methods:

**By Mail** - shareholders can ensure that their shares are voted at the Annual Meeting by completing, signing, dating and mailing the enclosed proxy card in the enclosed, postage prepaid envelope.

**By Telephone or the Internet** - if you choose to vote by telephone or the Internet, instructions to do so are set forth on the enclosed proxy card. If you vote by telephone or the Internet, you do not have to mail in your proxy card, but your vote must be received by the voting deadline set forth on the proxy card.

**In Person** - You may attend the Annual Meeting and vote in person.

If you sign the proxy card, but do not make specific choices, the proxy will vote your shares "FOR" 1, 2, 3, 4 and 5.

If any other matters are properly presented at the Annual Meeting, the proxy will be voted with respect to any such matter by the proxy holders in accordance with the recommendations of the Board. As of the date of this proxy statement, it is not anticipated that any matters will be presented at the Annual Meeting other than those set forth in the accompanying Notice of the Annual Meeting of Shareholders.

#### Voting by Other Shareholders

If your shares are held by a bank, broker, or other nominee, please follow the instructions provided with your proxy materials supplied by your bank or broker.

#### Revocation of Proxies

Any shareholder who executes and delivers a proxy has the right to revoke it at any time before it is exercised. Revocation may be made prior to the Annual Meeting by (i) filing a written revocation with our Corporate Clerk, (ii) entering a new vote over the Internet or by telephone, (iii) by submitting a duly executed proxy card bearing a later date, or (iv) by revoking the proxy personally at the Annual Meeting prior to the voting of the proxy. If your shares are held in street name, you should follow the instructions of your broker, bank or nominee regarding the revocations of proxies.

Your personal attendance at the Annual Meeting does not revoke your proxy. Your last vote, prior to or at the Annual Meeting, is the vote that will be counted.

## ATTENDING THE ANNUAL MEETING

If you plan to attend the annual meeting in person, you will need to bring a form of official photo ID (such as a driver's license), along with either your Notice, proxy card or other proof of stock ownership with you to the meeting. If you are a beneficial owner but not a shareholder of record, you must present both a form of official photo ID and proof of ownership consisting of a bank or brokerage account statement.

We may refuse admission to anyone who is not a shareholder or does not comply with these requirements.

## ELECTRONIC ACCESS TO PROXY MATERIALS

This proxy statement and our 2017 Annual Report on Form 10-K are available on our website at [www.bhbt.com](http://www.bhbt.com).

## CORPORATE GOVERNANCE

### Board of Directors

The Board oversees our business and monitors the performance of our management. In accordance with our corporate governance procedures, the Board does not involve itself in our day-to-day operations. Our executive officers and management oversee the day-to-day operations. Our directors fulfill their duties and responsibilities by attending regular meetings of the Board, which are held each month. Our directors also discuss business and other matters with key executives and our principal external advisors (legal counsel, auditors, financial advisors and other consultants).

The Board held a total of 12 regular meetings, two strategic planning meetings and one annual meeting during 2017. Each director attended at least 75% of the total number of board and committee meetings that he or she was eligible to attend.

The Board encourages each director to attend its Annual Meeting. All of the Board's members attended the 2017 Annual Meeting.

### Board Leadership Structure

Currently, the positions of Chairman of the Board and CEO of the Company are held by separate individuals, with Mr. Woodside serving as Chairman of the Board and Mr. Simard serving as CEO. The Board believes that this leadership structure best serves the Company at this time because it allows Mr. Simard to focus on the Company's operations and strategy, while Mr. Woodside, among other things, can provide independent leadership for the Board, set the agenda for meetings, and enable other directors to raise issues and concerns for Board consideration without immediately involving the CEO or other management.

The leadership structure of the Company is guided by its Governance Committee. The Company's Governance Committee nominates individuals to serve as members of the Company's Board, including any management directors. All director-nominees of the Company are considered "independent directors" under the NYSE American corporate governance standards, set out in the NYSE American Company Guide (the "NYSE American Rules"), except the CEO of the Company. The Chairman of the Board is an "independent director". Management directors do not vote or serve as Chairs of any Board committees. The Governance Committee nominates persons to serve in the Chairman's role for election by the entire Board. The "independent directors" meet in executive session immediately after Board meetings periodically to ensure that there is adequate oversight of Company management and to ensure that there is ample time to assess the Company's activities separate from management. The Governance Committee believes this leadership structure is prudent and provides sufficient segregation and independence. The Governance Committee and the Board have made the decision that an independent director serving in the role of Board Chairman segregates the role from that of the CEO and provides a strong and appropriate level of management oversight.

The Company's Audit Committee meets quarterly and receives reports from its independent registered public accounting firm, the independent loan review consultants, and the Bank's internal audit function. The internal

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auditor conducts an annual risk-based audit program and provides audit findings quarterly to the Audit Committee.

#### Risk Oversight

The Board monitors and manages risks through the activities of specialized Board committees and other committees in conjunction with management, internal audit, the independent registered public accounting firm, and other independent advisors.

One such specialized committee, the Board Risk Committee, is presently composed of directors Caras, Fernald, Smith, Toothaker, Simard, Theroux, and Woodside. Mr. Caras serves as Chairman. The members are appointed by the Board and provide oversight of the following functions: (i) the Company's risk governance structure, (ii) the Company's risk management and risk assessment guidelines and policies regarding market, credit, operational, liquidity, funding, reputational, compliance and franchise risk, and such other risks as necessary to fulfill the Committee's duties and responsibilities, (iii) the Company's risk appetite and tolerance, and (iv) the Company's capital, liquidity and funding in coordination with BHBT's Asset/Liability Committee. The Company's risk profile includes, but is not limited to: internal controls over financial reporting, credit risk, interest rate risk, liquidity risk, operational risk, cyber risk, incentive compensation risk, reputational risk and compliance risk. The Board Risk Committee meets at least monthly.

The Board Risk Committee also reviews and discusses on a quarterly basis the Bank's bank-wide risk assessments.

The resulting risk assessments are aggregated, shared and also discussed with the Board at least annually. The risk assessments are supplemented by regular reports from the Chief Risk Officer regarding emerging risks at monthly Board meetings.

The Board Risk Committee also sets loan policy, establishes credit authorities, and approves or ratifies all extensions of credit to borrowers with loan relationships over \$5,000,000, and regularly reviews credit trends, delinquencies, non-performing loans, charged-off loans and management's quarterly assessment of the adequacy of the Loan Loss reserve. The committee, in conjunction with the Audit Committee, reviews reports prepared by an independent loan review firm and those issued by the Internal Audit function to assist in their on-going assessment of credit risk.

The Board manages compensation, including incentive compensation risk, through its Compensation and Human Resources Committee. The Compensation and Human Resources Committee has engaged Pearl Meyer, as independent compensation consultants to provide the committee with both competitive market data and research into compensation best practices to guide the decisions of the committee. To mitigate the inherent risks of incenting behaviors potentially adverse to the Company and its shareholders, the committee reviews compensation matters with the assistance of the Company's Risk Committee. The results are reviewed by the Board to ensure that incentive plans for senior officers and others do not encourage excessive risk-taking.

Risk assessment and risk management are the responsibility of the Company's management. The Committee's responsibility in this regard is one of oversight and review. Oversight is, in part, conducted through the established Enterprise Risk Management Program (the "ERM") that is administered on its behalf and the Board of Directors by Executive Vice President, Chief Operating Officer and Chief Risk Officer, Mr. Richard B. Maltz. As part of the ERM, information from the Bank's lines of business is collected and analyzed to identify, monitor, track and report various risks within the organization.

To assist the Board in fulfilling its risk management responsibilities, a network of management oversight committees has been established. These oversight committees, as defined below, have been delegated authority and duties specific to the execution of the Bank's risk management policy. Specifically, these committees are responsible for the ongoing identification, measurement, monitoring and management of risk.



The Risk Management Committee is responsible for reviewing and recommending for approval risk mitigation strategies, risk acceptance, ongoing assessment of the adequacy and effectiveness of internal controls, and oversight of any risk mitigation plans. This committee ensures an appropriate balance between business

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development objectives, risk tolerances, cost of internal control, operational efficiency, regulatory requirements and customer experience. The Risk Management Committee ensures the continued development of an overall approach to risk assessment and management; oversees the refinement of policies and procedures as required; reviews the overall assessment of risk and related control activities; monitors the overall direction of risk; reviews and monitors corrective action plans; and periodically reports results to the Board.

The Asset Liability Management Committee (the “ALCO”) is responsible for the management of interest rate risk, liquidity risk, market risk, and capital adequacy levels of the Bank, as well as for developing strategies governing the effective management of the Bank’s balance sheet and income statement.

The Management Loan Committee (the “MLC”) is responsible for the management of credit risk related to all aspects of the lending portfolio of the Bank and related activities, including credit quality, loan production, credit delivery activities, credit policies, problem loan management and the collection processes. The MLC meets regularly and can approve aggregate loan exposure for borrowers up to and including \$5,000,000.

The Bank’s Information Technology & Operations Committee (the “ITOC”) oversees the development and implementation of the technology and operations strategies of the Bank and its subsidiaries. The ITOC oversees the implementation of operational risk management practices, including the development of internal policies & procedures and risk appetite, while providing oversight of the quality and performance of the Bank’s project management practices to ensure objectives are met in a safe and sound manner

The Company believes that its risk management activities and procedures provide sufficient information to management and the Board to assist them in properly and adequately evaluating the Company’s compliance with its risk management programs and policies. There can be no assurance that the Board’s risk oversight structure has identified and addressed every potential material risk and there may be additional risks that could arise in the Company’s business. Both known and unknown risks could result in potentially material financial and/or business losses despite the Board’s efforts to oversee risk.

#### Committees

The Board has a standing Executive Committee, Audit Committee, Governance Committee, Board Risk Committee, and Compensation Committee.

#### Executive Committee

Our Bylaws provide that after each annual meeting of shareholders, the Board shall designate from among its members an Executive Committee with the authority to exercise all the powers of the Board in regard to ordinary operations of our business when the Board is not in session, subject to any specific vote of the Board. The Executive Committee is presently composed of directors Woodside, Caras, Dudman, Fernald, Simard, Smith, and Toothaker. Mr. Woodside serves as Chairman. The Executive Committee held one meeting in 2017.

#### Audit Committee

The Audit Committee is composed of directors Toothaker, Belair, Caras, Colter, and Ensign. Mr. Toothaker serves as Chairman of the Committee. The Audit Committee met four times during 2017. See Appendix A for the Report of the Audit Committee. The Audit Committee Charter may be viewed on our website under the Shareholder Relations section at [www.bhbt.com](http://www.bhbt.com).

The Board has determined that the Audit Committee is solely composed of independent directors, in accordance with applicable NYSE American listing requirements and Rule 10A-3(b)(1) under the Exchange Act. The Audit Committee operates under a written charter, which has been adopted by the Audit Committee and the Board. Audit Committee members do not accept any consulting, advisory or other compensatory fees (except directors’ fees) and are not affiliated with us (except as a director) or any of our subsidiaries. The Board has determined that each Audit

Committee member is financially literate and that it has at least one “audit committee financial expert.” Mr. Scott G. Toothaker, CPA, meets the criteria as an “audit committee financial expert” as defined in applicable SEC rules.

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The Audit Committee has the sole authority to appoint and replace the independent registered public accounting firm. The Audit Committee is responsible for the compensation and oversight of the independent registered public accounting firm and this firm reports directly to the Audit Committee. The Audit Committee assists the Board in fulfilling its oversight responsibilities with respect to (i) the financial information to be provided to shareholders and the SEC, (ii) the review of quarterly financial statements, (iii) the system of financial reporting controls management has established, and (iv) the internal audit, external audit, and loan review processes.

#### Governance Committee

The Governance Committee is presently composed of directors Fernald, Belair, Cashman, Caras, Dimick, and Woodside. Director Cashman will serve on the Committee through May 2018. Mrs. Fernald serves as Chairman of the Committee. The Governance Committee met four times during 2017. The Board has determined that each member of the Governance Committee is independent under NYSE American Rules.

The Governance Committee's responsibilities include screening director candidates, recommending nominees to the full Board (including the slate of returning directors) to be elected each year, making recommendations concerning the size and composition of the Board, recommending Committee structure and membership, and sponsoring new director orientation and education. The Governance Committee has a written charter, which may be viewed on our website under the Shareholder Relations section at [www.bhbt.com](http://www.bhbt.com).

The Governance Committee expects to identify nominees to serve as directors of the Company primarily by accepting and considering the suggestions and nominee recommendations made by directors, management, and shareholders. To date, the Governance Committee has not engaged any third parties to assist it in identifying candidates for the Board. The Governance Committee considers, among other things, a potential candidate's background, business and professional experience, demonstrated business acumen, (including any requisite financial expertise or other special qualifications), current employment, the ability to exercise sound business judgment, commitment to understand BHB, its business and the industry in which it operates. They also consider a candidate's experience at a regulated financial institution. The Committee also considers if a candidate has sufficient time to devote to responsibilities of being a director, their community service or other board service as well as racial, ethnic, and gender diversity of the Board as a whole. Candidates are subject to a satisfactory background check and they must be clear of any judgments or sanctions. The Governance Committee generally considers a candidate's qualifications in light of these broad criteria and assesses whether the candidate can make decisions on behalf of or while representing us in a manner consistent with our stated business goals and objectives. The Governance Committee will also consider the candidate's "independent" status in accordance with applicable regulations and listing standards. The Governance Committee will consider nominees recommended by shareholders. Any shareholder wishing to nominate a candidate for director must follow the procedures for submission of proposals set forth in the section of this proxy statement entitled "Nominations by Shareholders."

#### Compensation Committee

The Compensation Committee reviews and considers recommendations from management, consultants, and directors concerning executive compensation policies, employee benefit plans, and salary administration programs, and reviews annually the performance of, and total compensation for, and recommends adjustments for, all of our executive officers. The deliberations of the Compensation Committee are reported to the Board for review and approval by the independent board members. The Compensation Committee has a written charter, which may be viewed on our website under the Shareholder Relations section at [www.bhbt.com](http://www.bhbt.com).

The Compensation Committee is presently composed of directors Smith, Cashman, Colter, Dimick, Dudman, Fernald, and Woodside. Director Cashman will serve on the Committee through May 2018. Mr. Smith serves as Chairman of the Compensation Committee. All members of the Compensation Committee are independent under NYSE American Rules. The Compensation Committee met six times in 2017.

Further information regarding the Compensation Committee can be found below in this proxy statement beginning under the caption "Role of the Compensation Committee."

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#### Board Risk Committee

See the sections entitled "Board Leadership Structure" and "Risk Oversight" on page 4 for further details regarding the Board Risk Committee.

#### Compensation Committee Interlocks and Insider Participation

No NEO serves as a member of a compensation committee of any other company that has an executive officer serving as a member of the Board. No NEO serves as a member of the board of directors of any other company that has an executive officer serving as a member of the Compensation Committee.

### GOVERNANCE PROCEDURES AND RELATED MATTERS

#### Code of Conduct and Business Ethics

We have a written Code of Conduct and Business Ethics ("Code of Conduct") which articulates our philosophy with respect to ethical conduct in the workplace and establishes standards for behavior, including standards with respect to compliance with laws and regulations, actual or potential conflicts of interest, fairness, insider trading, use of the Company's or customer information and public and financial disclosure. This Code of Conduct is applicable to all directors, executive officers and other employees of the Company. Additionally, we have adopted a Code of Ethics for Senior Financial Officers that supplements the more general Code of Conduct and conforms to the requirements of the Sarbanes-Oxley Act of 2002 and NYSE American listing standards. We will disclose within four business days any substantive changes in or waivers of the Code of Conduct granted to our principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions, by posting such information on our website as set forth above rather than by filing a Current Report on Form 8-K. In the case of a waiver of our Code of Conduct for an executive officer or a director, the required disclosure also will be made available on our website within four business days of the date of such waiver.

#### Securities and Insider Trading Policy

We maintain a Securities and Insider Trading Policy that applies to all directors, executive officers and other employees of the Company. The policy is designed to prevent insider trading, allegations of insider trading, and to protect the Company's reputation for integrity and ethical conduct.

#### Prohibition on Hedging

Our Insider Trading Policy prohibits directors, executive officers and other employees from engaging in any hedging activity involving our securities.

#### Board Independence

Under the NYSE American corporate governance standards, set out in the NYSE American Rules, at least a majority of the Board must be "independent directors" as defined in Section 803A of the NYSE American Rules. According to Section 803A, "independent director" means a person other than an executive officer or employee of the Company. In addition, to qualify as an "independent director," the Board must affirmatively determine that the director does not have a relationship that would interfere with the exercise of independent judgment in carrying out the responsibilities of a director. The Board has determined that all of the named director-nominees listed in this proxy statement, with the exception of Mr. Simard, meet applicable independence standards under NYSE American Rules. Mr. Simard is NOT a member of the Audit, Compensation, or Governance Committees. Although Stephen R. Theroux, Former President and CEO of Lake Sunapee Bank Group ("LSBG"), satisfies the definition of independence under the NYSE American Rules, the Board has not appointed him to the Audit Committee, Compensation Committee, or Governance Committee.

#### Director Tenure

The board has not established limits on the number of terms that may be served by a director because it believes our best interests are served when it is represented by individuals who have developed, over time, valuable insight into our

operations and businesses.

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#### Bar Harbor Trust Services and Charter Trust Company Committees

The Company has two additional subsidiaries through its wholly owned bank subsidiary, Bar Harbor Bank & Trust. Committees with identical membership presently composed of directors Dudman, Ensign, Smith, Theroux, Belair, and Simard oversee both of these trust and wealth management subsidiaries. Martha T. Dudman serves as Chairperson. The Bar Harbor Trust Services and the Charter Trust Company committees provide oversight for these two entities that offer trust and wealth management services to clients.

#### Incentive Compensation Clawbacks

The Company has provisions in its incentive programs guidance requiring each current and former executive officer to forfeit any erroneously awarded incentive-based compensation received by any such officer during the three completed years preceding the date on which the Company is required to prepare an accounting restatement due to the material non-compliance of the Company with any financial reporting requirement under the federal securities laws.

#### SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED SHAREHOLDER MATTERS

The following table sets forth information with respect to the beneficial ownership of our common stock as of March 20, 2018 by: (i) each person or entity known by us to own beneficially more than 5% of the outstanding common stock calculated on the outstanding shares on March 20, 2018; (ii) each current director and nominee for election to the Board; (iii) our NEOs; and (iv) all executive officers and directors as a group. We had 15,456,831 shares of common stock outstanding as of March 20, 2018.

BlackRock, Inc. holdings are disclosed based on their ownership as of December 31, 2017 as filed on Form Schedule 13G on February 1, 2018.

The information provided is based on our records and on information furnished by the persons listed. We are not aware of any arrangement that could at a subsequent date result in a change in control of the Company.



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Name of Beneficial Owners	Title of Class	Amount of Beneficial Ownership <sup>1</sup>	Footnotes	Percent of Class
5% or more beneficial owners				
BlackRock, Inc.				5.2%
Directors/Nominees:				
Daina H. Belair	Common	2,326	9	*
Matthew L. Caras	Common	8,327	9	*
Leonard R. Cashman	Common	27,550	2,9	*
David M. Colter	Common	1,670	3,9	*
Steven H. Dimick	Common	5,026	9	*
Martha T. Dudman	Common	11,639	9	*
Stephen W. Ensign	Common	96,669	4,9	*
Lauri E. Fernald	Common	8,043	9	*
Brendan O'Halloran (Nominee)	Common	500	9	*
Curtis C. Simard (Director and NEO)	Common	27,285	9,11	*
Kenneth E. Smith	Common	11,458	5,9	*
Stephen R. Theroux	Common	50,570	6,9	*
Scott G. Toothaker	Common	15,174	7,9	*
David B. Woodside	Common	9,349	8,9	*
NEOs:				
Josephine Iannelli	Common	2929	11	*
Richard Maltz	Common	7,744	11	*
William J. McIver	Common	6,149	10,11	*
Gregory W. Dalton	Common	16,362	11	*
Total Ownership of all directors, NEOs, and specified Trust shares of the Company as a group 18 persons		329,531	12	2.13%

The number of shares beneficially owned by the persons set forth above is determined under the rules of Section 13 of the Exchange Act, and the information is not necessarily indicative of beneficial ownership for any other purpose. Under such rules, an individual is considered to beneficially own any shares of common stock if he or she directly or indirectly has or shares, (i) voting power, which includes the power to vote or to direct the voting of the shares, or (ii) investment power, which includes the power to dispose or direct the disposition of shares. Unless otherwise indicated, an individual has sole voting power and sole investment power with respect to the indicated shares. All individual holdings amounting to less than 1% of issued and outstanding common stock are marked with an (\*).

<sup>1</sup> Includes 5,542 shares over which voting and dispositive powers are shared jointly with Mr. Cashman's spouse. This number does not include 2,803 shares owned by Mr. Cashman's spouse over which he does not have voting or dispositive powers.

<sup>2</sup> Includes 30 shares owned by Mr. Colter's children registered in a custodial account.

<sup>3</sup> This number does not include 13,920 shares held within a Supplemental Executive Retirement Plan for Mr. Ensign over which he does not have voting or dispositive powers.

<sup>4</sup> Includes 3,381 shares over which voting and dispositive powers are shared jointly with Mr. Smith's spouse.

<sup>5</sup> Includes 34,868 shares over which voting and dispositive powers are shared jointly with Mr. Theroux's spouse. This number does not include 37,124 shares held within a Supplemental Executive Retirement

Plan; or 7,744 shares owned by Mr. Theroux's spouse over which he does not have voting or dispositive powers.

7. Includes 4,500 shares over which voting and dispositive powers are shared with Mr. Toothaker's spouse.

Includes 2,142 shares over which voting and dispositive powers are shared jointly with Mr. Woodside's spouse. This

8. number does not include 1,500 shares owned by Mr. Woodside's spouse over which he does not have voting or dispositive powers.

9. Ownership figures for directors include 500 director-qualifying shares owned by each director indicated.

10. This number does not include 5,044 shares held within a Supplemental Executive Retirement Plan for Mr. McIver over which he does not have voting or dispositive powers.

11. The table below includes (a) shares the NEOs own directly, (b) shares over which NEOs have voting power of fully vested shares under the Company's 401(k) Plan, (c) time-vested and performance shares (disclosed at Target) scheduled to be issued to the executives within 60 days of the March 29, 2018 record date under the long-term incentive plans. These ownership positions are set forth in the table below:

Name	Direct (a)	401(k) Plan (b)	Long Term Incentive Equity <sup>11</sup> (c)
Curtis C. Simard	21,116	670	6,169
Josephine Iannelli	312	—	2,617
Richard Maltz	4,214	—	3,530
William J. McIver	1,861	4,288	1,856
Gregory W. Dalton	4,515	9,532	2,315

<sup>12</sup>Total beneficial ownership includes 20,761 (.0013%) shares of common stock held by two trusts, which, for the purpose of voting, are allocated equally among the directors present at the Annual Meeting under the terms of the respective trust instruments. No director has any other beneficial interest in these shares. These trusts are denominated for purposes of this proxy statement as the "Parker Trust" and the "The Fred & Hattie Lynam Private Foundation" formerly known as the Lynam Trust. The Parker Trust was established in 1955 in perpetuity. Bar Harbor Trust Services, the Company's second tier non-depository trust services company located in Ellsworth, Maine, is the sole Trustee, with full powers, of this trust benefiting the Mt. Heights Cemetery in Southwest Harbor, Maine. The Fred & Hattie Lynam Private Foundation, was established in 1942 in perpetuity to benefit Mount Desert Island charities and later expanded to provide scholarships to graduates of Mount Desert Island High School. Bar Harbor Trust Services is the sole Trustee, with full powers, and administers the trust with the assistance of an established Grant and Scholarship Committee made up of members of the Board and community representatives.

SECTION 16 (a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Exchange Act requires the Company's officers, directors, and persons who own more than 10% of a registered class of the Company's equity securities (collectively "Section 16 Persons") to file initial reports of ownership and reports of changes of ownership with the SEC and the NYSE American. Section 16 Persons are required by the Commission regulations to furnish the Company with copies of all Section 16(a) forms they file.

To our knowledge, based solely on review of such reports provided to us and written representations, all reports were filed timely as required except: Mr. Theroux filed a late Form 4 on August 24, 2017 relating to two transactions and a late Form 4 on November 15, 2017 relating to four transactions.

## PROPOSAL 1

### ELECTION OF DIRECTORS

At the Annual Meeting of Shareholders, thirteen director-nominees will stand for election to serve until the 2019 Annual Meeting of Shareholders and until each director's successor is elected and qualified. Each director-nominee has consented to serve, and to the use of his or her name in this proxy statement. Twelve of the director-nominees currently serve on the Board and the thirteenth nominee, Brendan O'Halloran, is a new director nominee this year and was nominated by the Board. Our Amended and Restated Bylaws (the "Bylaws") provide that directors will not be nominated for election or re-election after their 72nd birthday; however, the Board may nominate candidates over 72 years old for election or re-election for a single annual term for special circumstances as determined by the Board for the benefit of shareholders.

The Board has determined that all but one of the director-nominees are "independent directors" in accordance with applicable laws, regulations, and NYSE American LLC (hereinafter "NYSE American") listing requirements. The exception is director-nominee Curtis C. Simard, who currently serves as President and Chief Executive Officer ("CEO") of the Company. Mr. Simard is not a member of the Audit, Compensation, or Governance Committees. Although Stephen R. Theroux, former President and CEO of Lake Sunapee Bank Group, satisfies the definition of "independent" under NYSE American regulations, the Board has NOT appointed him to the Audit Committee, Compensation Committee, or Governance Committee.

For additional information on each nominee, please see the section entitled "Directors and Executive Officers" located elsewhere in this proxy statement.

#### Vote Required

Directors will be elected by a plurality of the votes cast at the Annual Meeting by the holders of shares present, or represented by proxy and entitled to vote on the election of directors. Plurality means that the individuals who receive the largest number of "FOR" votes will be elected as directors. If you do not vote for a nominee, or you indicate "ABSTAIN" for any nominee on your proxy card, your vote will not count "FOR" or "AGAINST" the nominee. You may not vote your shares cumulatively in the election of directors. Brokers do not have discretionary authority to vote shares on this proposal without direction from the beneficial owner. Therefore, broker non-votes will have no effect on the vote.

#### Our Recommendation

**THE BOARD UNANIMOUSLY RECOMMENDS THAT THE SHAREHOLDERS VOTE "FOR" THE ELECTION OF THE THIRTEEN PERSONS NOMINATED AS DIRECTORS IN THE PROXY.**

## DIRECTORS AND EXECUTIVE OFFICERS

## Directors and Nominees

As of December 31, 2017, the Board consisted of thirteen members. Leonard R. Cashman, a former LSBG director, will not stand for re-election pursuant to the Bylaws with respect to the maximum age of directors. Brendan O'Halloran has been nominated by the Board to fill the seat vacated by Mr. Cashman. As a result, thirteen director/nominees will stand for election at the May 15, 2018 meeting. The Board has determined that all but one of the director-nominees are "independent directors" in accordance with applicable laws, regulations and NYSE American listing requirements. The exception is director-nominee Simard who is President and CEO of the Company. Mr. Simard is NOT a member of the Audit, Compensation, or Governance Committees. Although Stephen R. Theroux, former President and CEO of LSBG, satisfies the definition of independence under the NYSE American regulations, Board has NOT appointed him to the Audit Committee, Compensation Committee, or Governance Committee.

For each director-nominee, the following table sets forth their names, ages as of March 29, 2018 and positions with the Company or its subsidiaries consisting of Bar Harbor Bank & Trust ("BHBT"), Bar Harbor Trust Services ("BHTS") and Charter Trust Company ("CTC"). The terms of all current directors expire in 2018.

Name	Age	Year First Elected or Appointed Director	Positions with the Company	Positions with Subsidiaries
Daina H. Belair	62	2015	Director	Director, BHBT since 2015. Director, BHTS since 2015. Director, CTC since 2017.
Matthew L. Caras	61	2014	Director	Director, BHBT since 2014.
David M. Colter	50	2016	Director	Director, BHBT since 2016.
Steven H. Dimick <sup>1</sup>	67	2017	Director	Director, BHBT since 2017.
Martha T. Dudman	66	2003	Director	Director, BHBT since 2003. Chairman, BHTS since 2005. Director, BHTS since 2003. Chairman, CTC since 2017.
Stephen W. Ensign <sup>1</sup>	70	2017	Director	Director, BHTS since 2017. Director, CTC since 2017.
Lauri E. Fernald	56	2005	Director	Director, BHBT since 2005.
Brendan O'Halloran	55	Nominee	Nominee	Nominee for BHBT.
Curtis C. Simard	47	2013	Director, President and CEO since August 2013	President and CEO of BHBT since June 2013. Director, BHBT since June 2013. Director, BHTS since June 2013. Director, CTC since 2017.
Kenneth E. Smith	64	2004	Director	Director, BHBT since 2004. Director, BHTS from 2004 - 2013 and 2015 to present. Director, CTC since 2017.
Stephen R. Theroux <sup>1</sup>	68	2017	Director	Director, BHBT since 2017. Director, CTC since 2017.
Scott G. Toothaker	55	2003	Director	Director, BHBT since 2003.
David B. Woodside	66	2003	Director	Director, BHBT since 2003. Chairman of the Board since 2016.

<sup>1</sup> Appointed by the Board on January 10, 2017, effective upon completion of the merger with LSBG.

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## Executive Officers

Set forth below is a list of our NEOs, including their ages and positions with us and our subsidiaries, BHBT, BHTS and CTC each as of March 21, 2018:

Name	Age	Year First Elected Officer	Positions with the Company	Positions with Subsidiaries
Curtis C. Simard	47	2013	Director, President and CEO	President and CEO of BHBT since June 2013. Director of BHBT since June 2013. Director, BHTS since June 2013. Director of CTC since 2017.
Josephine Iannelli	45	2016	Executive Vice President, Chief Financial Officer and Treasurer	Executive Vice President, Chief Financial Officer, and Treasurer of BHBT and BHTS since 2016. Chief Financial Officer and Treasurer of CTC since 2017.
Richard B. Maltz	58	2014	N/A	Executive Vice President, Chief Operating Officer, and Chief Risk Officer of BHBT since 2016. Formerly Executive Vice President and Chief Risk Officer of BHBT since 2014.
Gregory W. Dalton	58	2001	N/A	Executive Vice President of BHBT since 2011 and Senior Vice President of BHBT since 2000.
William J. McIver <sup>1</sup>	66	2017	N/A	Executive Vice President. Regional President of NH/VT of BHBT since 2017.

<sup>1</sup> Mr. McIver has announced his retirement effective as of June 30, 2018.

Our Bylaws provide that Board elect the executive officers annually. The Bylaws further provide that the President and CEO, Chairman and Vice Chairman, if any, shall serve at the pleasure of the Board and until their successors have been chosen and qualified. All other officers serve at the pleasure of the Board and the CEO. There are no arrangements or understanding between any of the directors, executive officers, or any other persons pursuant to which the above directors have been selected as directors or any of the above officers have been selected as officers. There are no “family relationships” (as defined by the SEC) between any director, executive officer, or person nominated or chosen by us to become a director or executive officer.

## Business Experience

The principal occupation and business experience for at least the last five years for each director, nominee, and executive officer is set forth below. None of the organizations discussed below, except for BHBT, BHTS and CTC are affiliated with us.

## Director Nominees

Daina H. Belair. Mrs. Belair resides in Lincolnville, Maine. She has been the owner of the Inn at Sunrise Point located in Lincolnville since 2008. She is a retired attorney specializing in the field of banking and financial services. Before relocating to Maine she was employed as General Counsel and Managing Director of U.S. Trust Corporation, U.S. Trust Company of New York and U.S. Trust Company N.A. from May 2002 through October 2006. Prior to her time at U. S. Trust, she served as Vice President and a senior and division general counsel at Citibank N.A. from 1987 to 2002 including in its Emerging Markets and its Private Banking Division. She previously served on the Town of Lincolnville’s Budget Committee, and is presently a Director at Home Counselors Inc., a private not-for-profit; a current member and past Director and Treasurer of the Penobscot Bay Chamber of Commerce; and a member of the Lincolnville Business Group. The Board believes her hospitality experience and legal background in the financial services industry provide valuable guidance to the Board as we continue to grow.

Matthew L. Caras, JD. Mr. Caras is a founder and principal of Leaders LLC, a mergers and acquisitions advisory services firm representing public, private, and family-owned businesses in a broad range of industries



throughout the United States and globally. Mr. Caras, who is an attorney and member of the Maine Bar, is also a mediator and neutral negotiation facilitator who has conducted over 150 mediation sessions and facilitated transactions as a neutral. Prior to founding Leaders LLC, Mr. Caras was a partner, department chair, and member of the executive committee of Verrill Dana LLP a full-service law firm with over 130 attorneys and offices in Portland, ME; Boston, MA; Westport, CT; and Washington, DC. Mr. Caras lives in Arrowsic, Maine, where he serves on the Town's Planning Board. The Company believes that given his professional background and legal expertise in commercial transactions along with his business knowledge of Cumberland and Sagadahoc counties, he provides valuable perspective to the Board as the Company expands its customer service area in Maine.

David M. Colter. Mr. Colter resides in Hampden, Maine. He is President and CEO of GAC Chemical Corporation in Searsport, Maine. GAC manufactures and distributes industrial, specialty, and fine inorganic and organic chemicals. Prior to joining GAC and moving to Maine, he worked for Ernst & Young in Ohio where he obtained his CPA license. While in Ohio, he served on the board, Executive Committee and as Treasurer of the Ronald McDonald House of NW Ohio. Community involvement upon moving to Maine included the Boy Scouts of America (District Chairman – Waldo District) and the Bangor Region Leadership Institute. Currently he is active with the Maine State Chamber of Commerce serving as a board member, and the University of Maine Pulp and Paper Foundation, serving as Treasurer and a member of the Audit and Executive Committees. In addition to his CPA certification, he also holds a Chartered Global Management Accountant designation. Mr. Colter's experience as the principal executive officer of a manufacturing company and his educational credentials bring strong qualifications and skills to the Board.

Steven H. Dimick. Mr. Dimick resides in Randolph, Vermont. He joined the Board in January 2017 in connection with the Company's acquisition of LSBG, where he served as a director since November 2013. Mr. Dimick served as a member of Randolph National Bank's board of directors from 1981 to 2013 and Central Financial Corporation's board of directors from its formation in 1986 until 2013. He served as President and Chief Executive Officer of Central Financial Corporation and Randolph National Bank from 1989 until his retirement in 2013. Mr. Dimick held several positions at Randolph National Bank, since joining in 1974. Prior to joining Randolph National Bank, Mr. Dimick was with First National Bank of Boston. In addition, Mr. Dimick has served as President of the Vermont Chapter of the Bank Administration Institute and was the Vermont board member on the board of the Independent Community Bankers of America. Mr. Dimick has also served as the Chairman of the Vermont Bankers Association, and as a Trustee of Gifford Medical Center. Mr. Dimick's substantial experience as an executive officer and bank director provides him with the qualifications and skills to serve as a director.

Martha T. Dudman. Ms. Dudman resides in Northeast Harbor, Maine. She is a fundraising consultant and published author. She is President of Dudman Communications Corporation and was Corporate President from 1990 to 1999, operating a group of radio stations in Ellsworth and Bangor. She currently serves as Senior Counsel with Gary Friedmann & Associates effective 2011, and held the same position from 1999 to 2006, providing fundraising consulting services to nonprofits throughout the State of Maine. She has been awarded membership in the Deborah Morton Society, recognizing women of high distinction in their careers and public service and whose leadership in civic, cultural, and social causes has been exceptional. She is Vice President of the Summer Scholarship Endowment Foundation, has served on several non-profit boards, and is Past President of the Northeast Harbor Library. She has served on the Board of Selectmen for the Town of Mount Desert since 2011. Ms. Dudman's extensive experience in business management, public relations, marketing and sales provide her with unique insight into the Company's operations.

Stephen W. Ensign. Mr. Ensign resides in New London, New Hampshire. He joined the Board in January 2017 in connection with the Company's acquisition of LSBG, where he served as Chairman of the Board since 2002, previously serving as Chief Executive Officer from 1992 to 2012 and Lake Sunapee Bank ("LSB") President until 2008. He also served as Vice Chairman of the board of directors of Charter Trust Company, a company engaged in the business of trust and investment management and now a subsidiary of Bar Harbor Bankshares. Mr. Ensign is presently in his second term as Chairman of the Board of the New Hampshire Housing Finance Authority. Mr. Ensign

previously held various positions with LSBG and LSB, including Vice

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Chairman, President, Chief Executive Officer, Chief Operating Officer, Executive Vice President, Senior Vice President and Senior Loan Officer, having joined the Bank in 1971. He has served as an LSBG director beginning in 1989 and an LSB director since 1986. Mr. Ensign continues to serve as Audit Chair for the board of trustees of Proctor Academy in Andover, NH. Mr. Ensign's experience as an executive officer and bank director provides him with the qualifications and skills to serve as a director.

Lauri E. Fernald. Ms. Fernald resides in Mount Desert, Maine. She is a Certified Funeral Service Practitioner, President and an owner in Jordan-Fernald headquartered in Mount Desert. She is also Managing Partner of L.E. Fernald LLC, and 125 Franklin Street LLC, operating as real estate holding companies. She serves on the finance committee of Hospice Volunteers of Hancock County, and is Treasurer of the Parish of St. Mary and St. Jude Episcopal Church of Northeast Harbor and Seal Harbor, and a committee member of the Maine Coast Memorial Hospital Foundation Council. She is also a member of the Woodbine Cemetery Association of Ellsworth, the Brookside Cemetery Corp. of Mount Desert and Maine Community Foundation Hancock County Committee. Her commercial and community service experience brings a depth of knowledge to the Board about the markets in which the Company operates.

Brendan O'Halloran. Mr. O'Halloran is a resident of Chatham, MA and Naples, FL, and is standing as a new nominee to the Board this year. Mr. O'Halloran began his career at The First Boston Corporation in New York City, and was employed by Toronto Dominion Bank Financial Group in varying capacities since 1989. Prior to his retirement in 2015, his most recent position was that of Vice Chair & Region Head, TD Securities, overseeing TD Securities investment banking, trading and operational activities in the US through its offices in New York, Chicago, Boston, Houston, and Philadelphia. Mr. O'Halloran served a trustee for the Institute of International Bankers, and has demonstrated leadership skills and strong integration and strategic planning experience that will be valuable as a member of the Board with his extensive experience with regulatory involvement and oversight. He holds an A.B. from Princeton University and an M.B.A. from the Harvard Graduate School of Business Administration.

Curtis C. Simard. Mr. Simard resides in Mount Desert, Maine. He was elected President and CEO of BHBT on June 17, 2013 and assumed the responsibilities of President and CEO of the Company on August 10, 2013 following the retirement of the previous CEO. Prior to joining the Company, he served as Senior Vice President and Managing Director of Corporate Banking for TD Bank. He was with TD Bank and its predecessor companies starting in 2002. He also was affiliated with First New Hampshire Bank and its successor, Citizens Bank, from 1992 to 2002 working on various business initiatives. He serves as a Trustee of the Smithsonian affiliated Abbe Museum and Maine Coast Memorial Hospital. He is a Corporator of Eastern Maine Health Systems, and member of the board of directors at the Seal Cove Auto Museum and the Ellsworth Business Development Corporation. He also serves on the Insurance Trust Committee of Maine Bankers Association. His positions as President and CEO of the Company, and his leadership of the Company, provide him with extensive knowledge of the Company's opportunities, challenges and operations, as evidenced by the recent LSBG acquisition.

Kenneth E. Smith. Mr. Smith resides in Bar Harbor, Maine. He has been owner and innkeeper of Manor House Inn since 2003 and was the former owner of Wonder View Inn, both of which are lodging facilities located in Bar Harbor, Maine. His experience and expertise of over 40 years in the field are highly valued by the Board. He is a former Chairman and long-time member of the Bar Harbor Town Council. He currently serves as a Commissioner of the Bar Harbor Housing Authority, a member of the Town's Cruise Ship Committee, a member of Anah Shrine, and a long time member and past President of the Bar Harbor Rotary Club. Mr. Smith's expertise in the hospitality industry is valuable to the Board as it represents a critical segment of the local economy and BHBT's commercial loan portfolio.

Stephen R. Theroux. Mr. Theroux resides in New London, NH. He joined the Board in January 2017 with the Company acquisition of LSBG, where he retired as Vice Chairman, President and CEO of both LSBG and LSB. He served as a director of the LSBG board since 1989, the LSB Board since 1986, and as Chairman of the board of directors of Charter Trust Company. He previously held positions for LSBG and LSB of Corporate Secretary, Chief

Financial Officer, and Chief Operating Officer. Mr. Theroux was elected in 2015 as a Director

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of the Federal Home Loan Bank of Boston where he continues to serve. Mr. Theroux is Treasurer for the Town of New London, NH, as well as a Trustee and Treasurer of Proctor Academy in Andover, NH. He also serves as a director of the American European Insurance Company, Cherry Hills, N.J. His strong knowledge of banking day-to-day operations and industry, and his 40 years of experience in various operational and financial management responsibilities in the banking, educational, and insurance industries provide him with the qualifications and skills to serve as a director.

Scott G. Toothaker. Mr. Toothaker resides in Ellsworth, Maine. He is a shareholder of Melanson Heath & Co., PC, a certified public accounting firm with offices located in Ellsworth, and Nashua, New Hampshire. The firm specializes in professional services to small businesses and entrepreneurs throughout New England. He holds an MBA from the University of Maine and an MST from Bentley College. A practicing CPA, he is well suited in his role as Chairman of the Company's Audit Committee.

David B. Woodside. Mr. Woodside resides in Bar Harbor, Maine. He is CEO and Director of The Acadia Corporation, a locally owned company operating retail shops, a restaurant, and lodging facility on Mount Desert Island. He received his BS degree in Business Administration from the University of Maine in 1974. He has owned several small businesses in the area and has been employed at The Acadia Corporation since 1976. He has also served on numerous local non-profit boards, the Bar Harbor Town Council, and as past President of the Bar Harbor Rotary Club and Bar Harbor Chamber of Commerce. He served for many years as Vice Chair of the National Park Hospitality Association, representing the diverse companies providing visitor hospitality services in National Parks across the country. His in-depth knowledge of the retail and hospitality industries both in Maine and across the country provides significant expertise to the Board in these important segments of the Maine economy.

#### Executive Officers

Curtis C. Simard. For a summary of Mr. Simard's business experience, refer to the "Director Nominees" section immediately above.

Josephine Iannelli. Ms. Iannelli resides in Mount Desert, Maine. Ms. Iannelli joined the Company in October 2016 as Executive Vice President, Chief Financial Officer and Treasurer. Prior to joining the Company, Ms. Iannelli served as Senior Executive Vice President, Chief Financial Officer and Treasurer of Berkshire Hills Bancorp in Pittsfield, Massachusetts. Ms. Iannelli holds a bachelor's degree in Accounting from Baldwin Wallace University and began her career at KPMG, after which she joined KeyCorp. In 2002, Ms. Iannelli joined National City Corporation where she served in various roles up and through the acquisition and integration into PNC Financial Services Group. Ms. Iannelli subsequently owned her own consulting company serving both national and international clients. In these varying roles, Ms. Iannelli's experience encompasses financial leadership in accounting policy, financial planning & analytics, treasury, investor relations, SEC & regulatory reporting, investment management, tax, mergers and acquisitions, and financial reengineering. Ms. Iannelli serves as a member of the Board of Directors of the Maine Seacoast Mission and the Board of Trustees for Camp Beech Cliff.

Richard B. Maltz. Mr. Maltz resides in Hampden, Maine. He has served as the Company's Executive Vice President, Chief Operating Officer, and Chief Risk Officer since September 2016, and as Executive Vice President & Chief Risk Officer since September 1, 2014. He previously served as Executive Vice President & Chief Risk Officer of Bangor Savings Bank in Bangor as well as in other executive capacities at that institution since 1999. Mr. Maltz is a Certified Public Accountant and a member of the American Institute of Certified Public Accountants.

William J. McIver. Mr. McIver resides in Warner, NH. He joined the Company and the Bank in connection with the Company's acquisition of LSBG in 2017, taking on the role of Executive Vice President, Regional President of NH/VT. Mr. McIver also assumed the management of Charter Trust Company for 2017. At the time of acquisition, he was Senior EVP, Chief Operating Officer and Chief Information Officer for LSBG. Mr. McIver joined LSBG in 1999, also serving as Executive Vice President, Chief Risk Officer, Chief Administration Officer and Director of Retail

Banking during his tenure. Prior to 1999, Mr. McIver served as

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a Regional President of CFX Bank and as Director of Acquisitions and Integration for CFX Corporation as well as President and Chief Executive Officer of The Valley Bank. Mr. McIver announced his retirement effective June 30, 2018.

Gregory W. Dalton. Mr. Dalton resides in Mount Desert, Maine. He has served as Executive Vice President of Maine Business Banking of BHBT since October 2011. He was Senior Vice President of BHBT's Business Banking function from 2000 through October 2011. He is also a minority owner in both the Bar Harbor Jam Co. and its real estate holding companies, Blueberry Partners LLC and Triangle Development LLC, located in Bar Harbor. He serves as a Board member of Acadia Fire Youth Soccer. He currently serves on the Island Housing Trust and the Genesis Community Loan Fund. He also serves as Chair of the Senior Lender Leadership Committee for Maine Bankers Association. He has also served as Vice Chair of the MDI YMCA and serves in several other local youth focused, non-profit organizations including The Katahdin Area Council of the Boy Scouts of America, and the Neighborhood House in Northeast Harbor.

## CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS AND DIRECTOR INDEPENDENCE

### Transactions with Management and Others

We administer related party transactions (if any) under our Related Party Transaction Policy, which addresses compliance to NYSE American Rule 120 and Item 404(a) of Regulation S-K. This policy provides for Audit Committee oversight of related party transactions that exceed a de minimis lifetime income statement impact of \$25,000 (except for loan transactions, which for the Company and its subsidiaries are administered pursuant to Federal Regulation O, as described more fully below). Any transactions that qualify under this policy are reviewed by the Audit Committee (or another acceptable Board Committee, or the full Board) for pre-approval. Other than the Somesville Lease described below, and loans offered in the ordinary course of business and approved by the BHBT Board, there are no related party transactions. The Related Party Transaction Policy is approved annually by the Board and administered by management of BHBT.

We have entered into a long-term lease for our BHBT branch located in Somesville, Maine, effective February 1, 2006 (“the Somesville Lease”). The Somesville Lease currently has a ten year lease that runs through 2026. During each subsequent lease year the base rent is increased using a formula tied to certain changes in the consumer price index. During 2017 the lease payments totaled \$84,999. There were no amounts outstanding for this lease as of December 31, 2017. In addition to base rent, BHBT is responsible to pay as “additional rent” certain defined real estate taxes as well as certain operating expenses, and other costs, charges, and expenses associated with the premises. The “Landlord” under the Somesville Lease is A.C. Fernald Sons Inc., a Maine corporation. Mr. Robert B. Fernald of Mount Desert, Maine, is a shareholder, director, and officer of A. C. Fernald Sons Inc. and is the father of Company director Lauri E. Fernald. Lauri E. Fernald does not own any stock or hold any corporate office or other position with A.C. Fernald Sons Inc. and has no direct or indirect interest in the Somesville Lease other than her familial relationship with Mr. Robert B. Fernald.

Except as set forth above and with regard to “Indebtedness of Management” described below, none of the director-nominees or NEOs of the Company or of any of its subsidiaries engaged during 2017 in any transaction with the Company or any of its subsidiaries, in which the amount involved exceeded \$120,000.

### Indebtedness of Management and Directors

BHBT offers to its directors, officers, principal shareholders and employees, and to businesses owned and/or controlled by those persons (collectively “insiders”), commercial and consumer loans in the ordinary course of its business.

All loans made by the Company and its subsidiaries to insiders are regulated by the Company’s federal and state regulators under Regulation O. Regulation O sets forth various practices and reporting requirements for loans to insiders. In addition, the Sarbanes-Oxley Act of 2002 permits banks and bank holding companies to extend credit to their directors and officers provided that such extensions of credit are (a) made or provided in the ordinary course of the consumer credit business of such issuer; (b) of a type that is generally made available to such issuer to the public; and (c) made by such issuer on market terms, or terms that are no more favorable than those offered by the issuer to the public. Further, NYSE American rules provide that related party transactions must be subject to appropriate review and oversight by the Company’s Audit Committee or a comparable body of the Board.

As of December 31, 2017, the outstanding loans by BHBT to our director-nominees and NEOs amount to an aggregate of approximately \$10,489,054 with a maximum availability limit of \$12,693,294. All such loans are offered under the same terms and conditions available for comparable loans to persons not related to BHBT, including but not limited to interest rates repayment terms, and the required collateral. The terms and conditions of all loans, including those to insiders, and the process by which are approved, is fully documented in BHBT’s written loan policy (the “Loan Policy”). The Loan Policy is approved annually by the Board and administered by management of BHBT. Loans to insiders may not contain a higher level of risk, nor be offered with terms and conditions more favorable, than



loans to non-insiders with equivalent financial profiles (except for the favorable pricing programs previously described). We believe that all extensions of credit to our insiders and

executive officers satisfy the foregoing conditions. No extensions of credit to our insiders have involved more than normal risk of collectability or present other unfavorable features.

Director independence disclosures may be found under “Corporate Governance” beginning on page 4.

## COMPENSATION OF DIRECTORS

Compensation of independent directors of the Company, BHBT, BHTS and CTC consisted of a combination of fees for meetings attended, quarterly stipends, and an equity award. Members of the Board received \$500 when the Company and the BHBT held joint meetings. The fee paid for attendance at the Company's Annual Meeting was also \$500 per member. Audit Committee members received \$600 for each Audit Committee meeting they attended. The Chairman is compensated at one-half of the meeting fee for attendance at committee meetings of which they were not a voting member.

In addition, the Board Chairman received a quarterly stipend of \$5,000 and the Chairman of Audit receives \$3,500. Chairman of Governance, Compensation, Board Risk, and the Chairman who oversees both BHTS and CTC meetings receive a quarterly stipend of \$3,000. The following table summarizes the components of director compensation.

	Quarterly Stipend (Annualized)	November, 2017 Stock Grant	Meeting Fees
Chairman of the Board	\$ 5,000 (20,000 )	Shares up to a market value of \$20,000	\$500 for Board, Executive, Compensation, Governance and Board Risk. \$300 for Audit. \$250 for Bar Harbor Trust Services and Charter Trust Company
Audit Chair	3,500 (14,000 )	Shares up to a market value of \$20,000	
Governance Chair	3,000 (12,000 )	Shares up to a market value of \$20,000	
Board Risk Chair	3,000 (12,000 )	Shares up to a market value of \$20,000	
Compensation Chair	3,000 (12,000 )	Shares up to a market value of \$20,000	
Charter and Trust Chair	3,000 (12,000 )	Shares up to a market value of \$20,000	
All other Directors	2,500 (10,000 )	Shares up to a market value of \$20,000	
Audit Committee Attendance			\$600 (no change)
All other meetings and Annual Meeting			\$500 (no change)

We review a comparative summary of director compensation annually prepared by Pearl Meyer. Pearl Meyer recommended that the Board consider including equity compensation as part of its compensation mix on an ongoing basis. In November 2017, each independent director was awarded 667 restricted shares of our common stock under the 2015 Equity Plan. This grant was made in lieu of an increase in the cash portion of their fees and as part of an

overall market adjustment in director compensation. These restricted share certificates are fully vested, but may not be sold, transferred or gifted by any director until three months after such director leaves the service of the Board.

## 2017 Director Compensation

The following table details the total compensation paid to directors from the Company, BHBT, BHTS and CTC during the 2017 fiscal year. Directors receive no additional compensation or perquisites for their service than that set forth in the table below.

Name (a)	Fees Earned or Paid in Cash (b)	Restricted Stock Awards <sup>1</sup> (c)	Total (h)
Daina H. Belair	\$31,200	\$19,983	\$51,183
Matthew L. Caras	29,900	19,983	49,883
Leonard R. Cashman	13,500	19,983	33,483
David M. Colter	21,900	19,983	41,883
Steven H. Dimick <sup>2</sup>	20,583	19,983	40,566
Martha T. Dudman	33,500	19,983	53,483
Stephen W. Ensign <sup>2</sup>	27,983	19,983	47,966
Lauri E. Fernald	27,000	19,983	46,983
Clyde S. Lewis <sup>3</sup>	10,000	—	10,000
Constance C. Shea <sup>3</sup>	8,250	—	8,250
Kenneth E. Smith <sup>4</sup>	39,500	19,983	59,483
Stephen R. Theroux <sup>2</sup>	32,083	19,983	52,066
Scott C. Toothaker	28,900	19,983	48,883
David B. Woodside	45,750	19,983	65,733
Totals	\$370,049	\$239,796	\$609,845

1. Represents the value of 667 restricted shares granted in November 2017 to each independent director as part of their compensation calculated at the closing price on the day of the grant.

2. Appointed by the Board on January 10, 2017, effective upon completion of the merger with LSBG.

3. Mr. Lewis and Mrs. Shea retired from the Board in May 2017 due to age restrictions in accordance with the Company's Bylaws.

Kenneth E. Smith deferred a portion of his compensation under a Non-Qualified Deferred Compensation arrangement. This deferred arrangement is funded entirely by the director and the funds are invested and remain in the name of the Company until the director withdraws them upon his resignation, retirement, or termination from Board membership. Mr. Smith assumes the investment risk on these funds and holds the status of an unsecured creditor of the Company for the payment of these deferred fees at a future date.

## COMPENSATION OF EXECUTIVE OFFICERS

### Compensation Committee Report

The Compensation Committee has reviewed and discussed the Compensation Discussion and Analysis required by Item 402(b) of Securities and Exchange Commission Regulation S-K with management. Based upon such review and discussion, the Compensation Committee recommended to the Board of Directors that the Compensation Discussion and Analysis be included in this proxy statement.

### Compensation Committee Members

Kenneth E. Smith, Chair	David M. Colter
Martha Dudman	Lauri E. Fernald
David B. Woodside	Steven H. Dimick
Leonard R. Cashman	

### Compensation Discussion and Analysis

This section discusses an overview and analysis of our compensation program and policies, the material compensation decisions made under those programs and policies with respect to our Named Executive Officers ("NEOs"), and the material factors considered in making those decisions. Later in this proxy statement under the heading "Executive Compensation Tables" is a series of tables containing specific information about the compensation earned or paid to the NEOs.

The discussion below is intended to aid understanding of the detailed information provided in those tables and put that information into context within the overall compensation program.

### Named Executive Officers

For 2017, our NEOs are: President and CEO, Curtis C. Simard; Executive Vice President and CFO Josephine Iannelli; and our three other most highly compensated policy making executive officers. In 2017, these three other NEOs were Executive Vice President, Chief Operating and Chief Risk Officer, Richard B. Maltz; Executive Vice President and Regional President of NH/VT, William J. McIver; and Executive Vice President, Maine Business Banking, Gregory W. Dalton.

### Objectives of Our Compensation Program

The objective of our compensation program is to attract, retain, motivate, and reward NEOs and other executives who contribute to our financial and operational success, which ultimately builds value for our shareholders. The Board believes that, in order to do this effectively, the program must:

- provide NEOs with total compensation opportunities at levels that are competitive for comparable positions at companies and banks with which it competes for talent;
- directly link a significant portion of total compensation to our achievement of performance goals in a way that proportionally rewards higher performance levels;
- provide upside opportunities for exceptional individual performance, which can result in differentiated compensation among NEOs based on performance; and
- closely align the NEOs' interests with those of our shareholders by making stock-based incentives an element of the executive's compensation.

#### Role of the Compensation Committee

The Compensation Committee oversees regulatory compliance for all of our compensation and benefit plans and administers the Company's executive compensation programs. The Compensation Committee recommends these programs to the Board for approval by its independent board members at least annually and more frequently, if circumstances warrant. These programs are intended to provide a variety of competitive compensation components including base salaries, annual cash incentives, retirement programs, and traditional benefits. In addition, we have sought to align the long-term interests of our executives, including the NEOs, with those of our shareholders by providing share-based incentives in the form of equity awards. The composition of the components may vary from year to year based on individual performance, our business plan, market conditions or other factors.

The Compensation Committee believes that our compensation policies and procedures are designed to provide a strong link between each NEO's compensation and our short and long-term performance. The objective of our compensation program is to provide compensation which is competitive, variable based on our performance, and aligned with the long-term interests of our shareholders.

#### Shareholder "Say on Pay" Advisory Votes

Shareholders are entitled to annually vote on an advisory, non-binding resolution on our compensation policies and procedures. Past shareholder votes have been overwhelmingly in favor of our programs and practices.

The May 2017 "Say on Pay" voting results were as follows:

For	Against	Abstain	Broker Non-Vote
6,346,073	199,051	135,292	1,840,047

The Compensation Committee will continue to consider the outcome of future advisory, non-binding "Say on Pay" votes when reviewing and planning future executive compensation arrangements.

#### The Role of Compensation Consultants and the Compensation Committee's Evaluation of Conflicts of Interest

The Compensation Committee has utilized, and expects to utilize in the future, various outside consultants, actuaries and attorneys to assist it in developing and implementing the essential components of our compensation program, including its equity program, and incentive compensation arrangements.

The Compensation Committee, under authority granted by its charter, engages Pearl Meyer to assist in reviewing our executive officer and director compensation packages. Their 2017 engagement included:

- providing current market-based total compensation guidelines to assist in establishing appropriate and ongoing base compensation and incentive compensation levels for our NEOs;
- providing on-going guidance on our short-term, annual cash incentive program positions in relationship to competitive plan design and payout opportunities to our strategic and long-term financial plans;
- providing guidance and market comparisons for the long-term incentive program using equity grants to NEOs under the Company's approved equity plan;
- providing a comprehensive review of our compensation program for our directors;
- recommending an updated, appropriate Compensation Peer Group (defined below) comparison for compensation purposes;
- providing guidance on implementation of CEO Pay Ratio; and
- providing guidance and market comparisons for benchmark positions for a company-wide review of market salaries due to the expansion into three states and increased size.

The Compensation Committee has assessed the relationships among Pearl Meyer, the Company, the Compensation Committee, and the executive officers for independence and conflicts of interest. In this assessment, the Compensation Committee reviewed the criteria set forth in the SEC's Reg. 240.10C-1(b)(4) (i)-(vi) and such other criteria as it deemed appropriate. Specifically, the Compensation Committee considered the following factors in its evaluation of its relationship with Pearl Meyer:

- whether Pearl Meyer provided any other services to us;
- how much compensation Pearl Meyer has received from us for compensation consulting services, as a percentage to their total revenue;
- what policies and procedures have been adopted by Pearl Meyer to prevent a conflict of interest;
- whether Pearl Meyer has any business or personal relationship with a member of the Compensation Committee;
- whether Pearl Meyer owns any of our stock; and
- whether Pearl Meyer has any personal or business relationship with any of our executive officers.

The Compensation Committee did not identify any conflicts of interest with the engagement of Pearl Meyer. Additionally, Pearl Meyer provided us documented assurances that they are confident their relationship with us meets the independence standards and they have identified no conflicts of interest.

#### Role of Management in Establishing Compensation

On an annual basis, management provides the Compensation Committee with general information on executive officer compensation, including the NEOs. The Compensation Committee then reviews, discusses and considers this information and any recommendations. CEO Simard and Human Resources assist in the administration of all executive compensation programs, prepares Compensation Committee and Board meeting materials and performs work as requested by the Compensation Committee, including working directly with the compensation consultant in preparation of peer analyses for the Compensation Committee's consideration. Mr. Simard, as our CEO, attends portions of the Compensation Committee's meetings and makes recommendations on base salary, annual incentives and equity compensation for only the executive officers who report to the CEO position. The Compensation Committee has the discretion to accept, reject or modify the CEO's recommendations. The CEO is not a member of the Compensation Committee and is not present for the executive sessions or for any discussion regarding his own compensation.

#### Market Benchmarking and Performance Comparisons

The Compensation Committee reviews and recommends to the Board's independent members for approval of compensation programs, which it believes meet our ongoing needs to attract, motivate, and retain talented and qualified executives who have the ability to make a major contribution to the leadership and success of the Company. The Compensation Committee regularly reviews market information provided by Pearl Meyer. Primary data sources used in the benchmarking for the NEOs are the information publicly disclosed by a peer group of publicly traded banks and published surveys. The Compensation Committee reviews comparative compensation and benefit information contained in the public filings of this peer group which has been established for compensation comparison ("the Compensation Peer Group") using objective selection criteria. The 2017 Compensation Peer Group includes financial institutions that fall within a range of \$1.7 billion in assets to \$6.7 billion in assets. All peer banks are located in the Northeast region and New York excluding New York City. The Compensation Committee believes this group provides an appropriate selection of publicly traded financial institutions representing the geographical area most probable to be considered for recruitment purposes. Further, the Compensation Committee believes that, as the Compensation Peer Group information discloses compensation programs of similarly situated executives in comparable institutions, the Compensation Peer Group is a useful comparative tool for the Compensation Committee in establishing executive compensation programs and individual criteria for its executives. Four financial institutions were added to the 2017 Compensation Peer Group and one was omitted due to merger and acquisition activity.





The members of the 2017 Compensation Peer Group are:

Financial Institution	State	Ticker Symbol	Financial Institution	State	Ticker Symbol
Arrow Financial Corp.	NY	AROW	Financial Institutions, Inc.	NY	FISI
Bankwell Financial Group, Inc.	CT	BWFG	First Bancorp, Inc.	ME	FNLC
Blue Hills Bancorp, Inc.	MA	BHBK	First Connecticut Bancorp, Inc.	CT	FBNK
Bridge Bancorp, Inc.	NY	BDGE	Hingham Institution	MA	HIFS
Brookline Bancorp, Inc.	MA	BRKL	Meridian Bancorp, Inc.	MA	EBSB
BSB Bancorp, Inc.	MA	BLMT	Tompkins Financial Corporation	NY	TMP
Camden National Corp.	ME	CAC	Trust Co Bank Corp NY	NY	TRST
Century Bancorp, Inc.	MA	CNBK	United Financial Bancorp, Inc.	CT	UBNK
Chemung Financial Corp.	NY	CHMG	Washington Trust Bancorp, Inc.	RI	WASH
Enterprise Bancorp, Inc.	MA	EBTC	Western New England Bancorp, Inc.	MA	WNEB

The Compensation Peer Group information is used as a guide in establishing reasonableness in our compensation program. The Compensation Committee did not target the elements of our compensation program at any specific level or percentile within the Compensation Peer Group, but used the information as a whole and the 50th percentile as a way to define our compensation program and assess the competitiveness and reasonableness of our pay practices. Rather than rely on a specific formula-based model, the Compensation Committee believes that retaining discretion to assess the overall performance of NEOs gives the Compensation Committee the ability to more accurately reflect individual contributions that cannot be absolutely quantified. The Compensation Committee also considers the senior incentive program tailored to provide emphasis on incentive compensation for the NEO group as an important component of our overall compensation program.

The Compensation Committee believes our financial results and total shareholder return (disclosed in our Form 10-K for the year ended December 31, 2017) compare favorably with our Compensation Peer Group indicating a solid pay-performance alignment. The Compensation Committee further believes that the compensation established for its CEO and other NEOs provides for appropriate balance between market compensation and shareholder return.

The Compensation Committee referenced market data including peer group and survey information along with guidance provided by Pearl Meyer in its process to establish and validate the appropriateness of our executive compensation compared to market and performance.



The following table summarizes our 2017 NEO actual base and total cash compensation as well as the 25%, 50%, and 75% market percentiles for base salary and total cash compensation at Target bonus levels:

Name	BHB 2017 Base Salary <sup>1</sup>	Peer Group Ranges of Base Salaries <sup>2</sup>	BHB 2017 Total Cash Compensation <sup>3</sup>	Peer Group Ranges of Total Cash Compensation <sup>4</sup>
		\$475,000		\$ 683,000
Curtis C. Simard	\$525,000	566,000 645,000	\$ 824,250	815,000 929,000
Josephine Iannelli	350,000	252,000 283,000	497,000	326,000 366,000
Richard B. Maltz	350,000	335,000 278,000	497,000	433,000 372,000
William J. McIver	325,000	352,000 434,000	436,500	471,000 580,000
Gregory W. Dalton	230,000	219,000 255,000	305,000	266,000 310,000
		307,000 233,000		373,000 294,000
		265,000 295,000		335,000 373,000

1. Approved base salary figures as of year-end 2017 have been used for comparison purposes in this table.

2. Represents the 25<sup>th</sup>, 50<sup>th</sup>, and 75<sup>th</sup> market percentile of base salaries.

3. Approved base salary figures at the end of 2017 plus the cash amount paid to each NEO under the 2017 Annual Incentive Program.

4. Represents the 25<sup>th</sup>, 50<sup>th</sup>, and 75<sup>th</sup> market percentile when measures against peers that includes base salary plus short term incentive cash payments at Target levels.

The Compensation Committee also considers the relative scarcity of senior banking executive candidates in its immediate market area with skills and experience necessary to achieve future strategic goals; and the difficulties of recruiting out-of-market candidates to work in rural Maine. The Compensation Committee does not use any formal, fixed or indexed criteria for establishing compensation levels for any of our NEOs within market identified ranges. The Compensation Committee believes that the growth in total compensation provided to our executive officers should be weighted towards variable compensation including cash and equity incentives which tie directly to corporate performance with less emphasis upon growth in base salaries.

#### Compensation Plan Components

Our executive compensation program applicable to the NEOs is composed of the following primary components: (i) base salaries and benefits; (ii) annual incentive cash compensation programs; (iii) long-term incentives in the form of equity grants; and (iv) retirement benefits including the Company's 401(k) plan.

#### Base Salary and Benefits

Our executive compensation program provides base salaries and benefits, which include health, disability and life insurance programs, a 401(k) retirement program and vacation awards to compensate executive officers for the performance of core duties and responsibilities associated with their positions. The Compensation Committee reviews base salaries annually in the context of the comparative industry information, as described above. The Compensation Committee also considers the specific contributions of the individual executive officer's leadership skills, contributions to Company strategic initiatives, and the officer's opportunity for professional growth, as well as market factors, when

it sets and adjusts base salaries. In addition, the Compensation Committee considers the prevailing economic climate, our overall performance and our most current business plan.

Upon performance evaluations, including the successful acquisition of LSBG, and the advice and market salary data supplied by Pearl Meyer, the Compensation Committee made performance and market adjustments resulting in the approved base salaries for 2018 below:

	2017	2018
Named Executive Officer	Base Salary	Base Salary
Curtis C. Simard	\$525,000	\$605,000
Josephine Iannelli	350,000	390,000
Richard B. Maltz	350,000	390,000
William J. McIver <sup>1</sup>	325,000	325,000
Gregory W. Dalton	230,000	237,500

- <sup>1</sup> Mr. McIver joined the Company in January 13, 2017 and his salary has been annualized for comparison purposes. He has announced his retirement effective as of June 30, 2018.

#### Short-term, Annual Incentive Cash Compensation Program

During 2017, eight senior managers including the NEOs, participated in an annual cash incentive compensation plan developed under the guidance of Pearl Meyer. The program is designed to provide meaningful incentives tied to our annual initiatives to optimize profitability, growth, excellence in individual performance, and to promote teamwork among its participants. This plan was approved by the Board for 2017 and is detailed below.

**Incentive Payout Opportunity.** Each participant had a target incentive opportunity based on their role. The target incentive reflected a percentage of base salary determined to be consistent with competitive market practices. Actual awards varied based on achievement of specific goals. The opportunity reflects a range of potential awards. Actual awards ranged from 0% (for not achieving minimal performance) to 150% of target (for exceptional performance). The table below summarizes the potential incentive range.

#### 2017 Short-Term Incentive Opportunities

Role	Below Threshold	Threshold (50% of Target Percentage)		Stretch (150% of Target Percentage)	
President /CEO	0.00 %	19.00 %	38.00 %	57.00 %	
EVP & CFO/COO and EVP/Regional President	0.00	14.00	28.00	42.00	
EVP	0.00	12.50	25.00	37.50	

**Program Trigger.** In order for the Annual Incentive Program to ‘activate’ or turn on, we needed to achieve at least \$25,632 in Net Income to Common Shareholders for 2017. If we did not meet this level, the plan would not pay out any awards for the year, regardless of performance on other goals.

**Annual Incentive Program Measures.** The Senior Management Team had predefined performance goals to determine their short-term incentive award. Bar Harbor Bankshares common team goals for 2017 were Net Income, a credit asset quality measure of Non-Performing Loans as a Percentage of Total Loans successful completion of strategic initiatives, and a well-managed Efficiency Ratio. The specific allocations of goals were weighted to reflect the focus and contribution for each position in the Company.

<sup>1</sup>The Board approved the appropriateness of adjusting Net Income as a result of the project expenses resulting from the LSBG merger when calculating 2017 incentive payments for all employees, including the NEO's.

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The following table and footnotes shows the specific performance goals at Threshold, Target (budget or improvement over prior year measurements) and Stretch for each of the NEOs during 2017. The Board approved the appropriateness of adjusting Net Income and Efficiency ratio as a result of the project expenses resulting from the LSBG merger when calculating the 2017 payments to NEOs.

Curtis C. Simard

President and Chief Executive Officer

Eligible Salary	\$525,000	Eligible Salary	\$525,000	Eligible Salary	\$525,000
Incentive Threshold	19.00%	Incentive Target	38.00%	Incentive Stretch	57.00%
Incentive Threshold	\$99,750	Incentive Target	\$199,500	Incentive Stretch	\$299,250

Performance Goals					Payment Range				
Incentive Measures	Threshold	Target	Stretch	Weight	Threshold	Target	Stretch		
Strategic Initiatives	93.00	% 100.00	% 110.00	% 30.00	% 5.70	% 11.40	% 17.10	%	%
NPL+OREO2	50bps	49bps	44bps	10.00	% 1.90	% 3.80	% 5.70	%	%
Efficiency Ratio	66.30	% 64.30	% 62.30	% 10.00	% 1.90	% 3.80	% 5.70	%	%
Net Income (\$thousands)	\$25,632	\$27,561	\$30,317	50.00	% 9.50	% 19.00	% 28.50	%	%
TOTALS				100.00	% 19.00	% 38.00	% 57.00	%	%

Josephine Iannelli

Executive Vice President and Chief Financial Officer

Eligible Salary	\$350,000	Eligible Salary	\$350,000	Eligible Salary	\$350,000
Incentive Threshold	14.00%	Incentive Target	28.00%	Incentive Stretch	42.00%
Incentive Threshold	\$49,000	Incentive Target	\$98,000	Incentive Stretch	\$147,000

Performance Goals					Payment Range		
Incentive Measures	Threshold	Target	Stretch	Weight	Threshold	Target	Stretch
Strategic Initiatives	93.00%	100.00%	110.00%	30.00%	4.20%	8.40%	12.60%
NPL+OREO2	50bps	49bps	44bps	10.00%	1.40%	2.80%	4.20%
Efficiency Ratio	66.30%	64.30%	62.30%	10.00%	1.40%	2.80%	4.20%
Net Income (\$thousands)	\$25,632	\$27,561	\$30,317	50.00%	7.00%	14.00%	21.00%
TOTALS				100.00%	14.00%	28.00%	42.00%



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Richard B. Maltz

Executive Vice President Chief Operating Officer and Chief Risk Officer

Eligible Salary	\$ 350,000	Eligible Salary	\$ 350,000	Eligible Salary	\$ 350,000
Incentive Threshold	14.00%	Incentive Target	28.00%	Incentive Stretch	42.00%
Incentive Threshold	\$ 49,000	Incentive Target	\$ 98,000	Incentive Stretch	\$ 147,000

Performance Goals					Payment Range		
Incentive Measures	Threshold	Target	Stretch	Weight	Threshold	Target	Stretch
Strategic Initiatives	93.00%	100.00 %	110.00%	30.00%	4.20%	8.40%	12.60%
NPL+OREO2	50bps	49bps	49bps	10.00%	1.40%	2.80%	4.20%
Efficiency Ratio	66.30%	64.30 %	64.30	10.00%	1.40%	2.80%	4.20%
Net Income (\$thousands)	\$ 25,632	\$ 27,561	\$ 27,561	50.00%	7.00%	14.00%	21.00%
TOTALS				100.00%	14.00%	28.00%	42.00%

William J. McIver

Executive Vice President Regional President of NH/VT

Eligible Salary	\$ 325,000	Eligible Salary	\$ 325,000	Eligible Salary	\$ 325,000
Incentive Threshold	14.00%	Incentive Target	28.00%	Incentive Stretch	42.00%
Incentive Threshold	\$ 45,500	Incentive Target	\$ 91,000	Incentive Stretch	\$ 136,500

Performance Goals					Payment Range		
Incentive Measures	Threshold	Target	Stretch	Weight	Threshold	Target	Stretch
Strategic Initiatives	93.00%	100.00%	110.00%	30.00%	4.20%	8.40%	12.60 %
NPL+OREO2	50bps	49bps	44bps	10.00%	1.40%	2.80%	4.20 %
Efficiency Ratio	66.30%	64.30%	62.30%	10.00%	1.40%	2.80%	4.20 %
Net Income (\$thousands)	\$ 25,632	\$ 27,561	\$ 30,317	50.00%	7.00%	14.00%	21.00 %
TOTALS				100.00%	14.00%	28.00%	42.00 %

Gregory W. Dalton

Executive Vice President Maine Business Banking

Eligible Salary	\$ 230,000	Eligible Salary	\$ 230,000	Eligible Salary	\$ 230,000
Incentive Threshold	12.50%	Incentive Target	25.00%	Incentive Stretch	37.50%
Incentive Threshold	\$ 28,750	Incentive Target	\$ 57,500	Incentive Stretch	\$ 86,250

Performance Goals					Payment Range		
Incentive Measures	Threshold	Target	Stretch	Weight	Threshold	Target	Stretch
Strategic Initiatives	93.00%	100.00%	110.00%	30.00%	3.75%	7.50%	11.25%
NPL+OREO2	50bps	49bps	44bps	10.00%	1.25%	2.50%	3.75%
Efficiency Ratio	66.30%	64.30%	62.30%	10.00%	1.25%	2.50%	3.75%
Net Income (\$thousands)	\$ 25,632	\$ 27,561	\$ 30,317	50.00%	6.25%	12.50%	18.75%
TOTALS				100.00%	12.50%	25.00%	37.50%

<sup>1</sup>. All Payment Range percentages rounded to two trailing decimals.

<sup>2</sup>. NPL's are all loans on non-accrual status as of December 31, 2017 as measured against total loans.



## Annual Incentive Payment Summary

Below is a summary of the annual incentive awards paid for 2017 performance:

Named Executive Officer	Percentage of Base	Total Payout	Net Income <sup>1</sup>	Efficiency Ratio <sup>2</sup>	NPL/ TLoans <sup>3</sup>	Strategic Goals <sup>4</sup>
Curtis C. Simard	57.00 %	\$299,250	\$149,625	\$29,925	\$29,925	\$89,775
Josephine Iannelli	42.00	147,000	73,500	14,700	14,700	44,100
Richard B. Maltz	42.00	147,000	73,500	14,700	14,700	44,100
William J. McIver	42.00	136,500	68,250	13,650	13,650	40,950
Gregory W. Dalton	32.61	75,000	43,125	8,625	8,625	14,625
Totals		\$804,750	\$408,000	\$81,600	\$81,600	\$233,550

1. Net Income adjusted for project expenses exceeded 110% of the approved Target measure and was capped at maximum Stretch ceiling.
2. Efficiency Ratio adjusted for project expenses exceeded 110% of approved Target measure and was capped at maximum stretch ceiling.
3. The asset quality measures Non-Performing Loans exceeded the approved Target and payment was capped at the maximum ceiling.
4. The amount paid for strategic initiatives was primarily based on the successful completion of the acquisition and integration of the LSBG organization during 2017.

Details of the above are disclosed in Threshold, Target and Stretch (maximum) categories in the “Grants of Plan-Based Awards” table under the heading “Executive Compensation Tables” found elsewhere in this proxy statement.

## Long-term Incentives

Equity Plans. Since adopting the first Stock Option Plan in 2000, we have provided certain officers, including our NEOs, with an equity-based compensation component. This compensation component is used to align the interest of our participating officers and managers, particularly executive officers, with those of shareholders over a long-term horizon, and to serve as a retention tool. Grants are made for qualified individuals, and from time to time, for special recognition. The Board adopted the Equity Incentive Plan of 2015 (the “2015 Plan”), which was approved by shareholders at the 2015 Annual Meeting, under which equity grants may currently be issued. Information pertaining to outstanding options and equity awards are disclosed in the “Outstanding Equity Awards at Year-end” table under the heading “Executive Compensation Tables” found elsewhere in this proxy statement.

The Board utilizes a Long-Term Incentive Program for senior management members as part of their total compensation. Pearl Meyer assisted the Compensation Committee with the initial plan design and periodically evaluates appropriate reward levels. The program is designed to be made up of three-year rolling plans utilizing shares made available through the 2009 and 2015 Equity Incentive Plans. Grants may be given in time-vested restricted stock, performance-vested restricted stock, or a combination of both. The purpose of the program is to align executives’ interests with shareholder interests, increase executive stock ownership, ensure sound risk management by providing a balanced view of performance and reward over a longer time horizon, and position our total compensation offerings to be competitive with the market to attract and retain strong talent needed to drive our success.

The Board has currently approved Long-Term Incentive Programs covering the 2015-2017, 2016-2018, 2017-2019 and the 2018-2020 calendar years. Eight current senior managers and two retired senior managers, including the NEOs, participate in these Long-Term Incentive Programs. Target reward opportunities are based on role. Equity awards are calculated as a percentage of base salary to determine the number of shares

available for awards. See the Table Grants of Plan Based Awards (columns f-i) on page 37 to reference the actual shares awarded under the 2017-2019 Plan year to each NEO.

#### 2017-2019 Long-Term Incentive

Role	Grant	Below Threshold	Threshold Percentage of Salary	Target Percentage of Salary	Stretch Percentage of Salary
President /CEO	Time-vested		N/A	17.50 %	N/A
	Performance	0 %	8.75 %	17.50 %	26.25 %
EVP CFO/COO	Time-vested		N/A	13.75 %	N/A
	Performance	0 %	6.88 %	13.75 %	20.63 %
EVP	Time-vested		N/A	12.50 %	N/A
	Performance	0 %	6.25 %	12.50 %	18.75 %

The Long-Term Incentive Programs consist of both time-vested restricted shares and performance shares. Fifty percent of the grants to each participant are time-vested with a third of the shares vesting in each of the years covered. Grants are contingent upon continued employment with a pro-rated portion vesting in the event of a participant retirement, death, or disability. The time-vested shares also have a post-vesting holding period of one year for shares under the 2015-2017 Long-Term Incentive Program and three years for shares under the 2016-2018, 2017-2019, and 2018-2020 Long-Term Incentive Programs. At the time of vesting, sufficient shares may be withheld to cover the executive's tax liabilities.

The remaining 50% of the shares are performance-vested shares to be awarded at the end of the three-year measurement period and upon attainment of the performance goals. Relative Return on Assets (ROA) measured against the SNL \$1.5B to \$6B Bank Index peer group will determine the performance award for 2017-2019 Plan. The average of the twelve quarters within the plan measurement year is calculated and measured against peer results for the same period. A result below the 45<sup>th</sup> percentile of the peer group would fall below Threshold and no payment would be due or paid. Target is calculated at the 50<sup>th</sup> percentile when measured against the peer group, and the plan Stretch is capped at the 75<sup>th</sup> percentile. In addition to relative ROA, there is a Total Shareholder Return (TSR) modifier to further align shareholder interest. If BHB's TSR calculation for the same performance measurement period is negative, a payout cannot exceed Threshold regardless of the relative ROA performance results.

#### Benefits, Retirement and Post-Termination Compensation Elements

We provide a 401(k) plan for all employees meeting minimum age and service requirements. We also maintain employment agreements with NEOs Simard, Iannelli, and McIver, and change in control agreements for NEOs Maltz and Dalton. These agreements provide for, among other things, the payment of their salary and other specified benefits for a period of 12 to 24 months in the event of both a change of control of the Company and subsequent termination (or constructive termination) within set timeframes after a change in control, unless such termination was for cause. These specific payments and timeframes were established under the advice of a compensation consultant and employment attorney as representative of similar type agreements in the industry.

The Compensation Committee feels that these agreements are necessary to provide a competitive total compensation plan to attract and retain the employment of the NEOs who are a party to the agreements.

#### Other Compensation and Benefits

In addition to the foregoing, all our executive officers are entitled to participate in certain group health, dental, disability and term life insurance benefits. In accordance with our policy, all such benefits are generally available to employees of the Company and its subsidiaries.



#### Stock Ownership Guidelines

The Bylaws of the Company require that each director own a minimum of 500 shares no later than one year following their initial election to the Board. In addition, the Board has implemented a policy requiring each director to own a minimum of five times his or her annual stipend. Ownership must be attained within five years of a director's initial election and may include their 500 qualifying shares.

All current director-nominees exceed or will meet during their five year timeline ownership requirement under this policy in place for 2017. Director-nominee, Brendan O'Halloran, if elected, presently owns 500 shares required under the Company Bylaws with sufficient time to acquire shares to meet the longer term ownership requirement.

While all of the Company's executive officers hold Company stock and may be granted shares in the future under the Company's equity programs, the Company does not have specific guidelines regarding stock ownership for its NEOs at this time. The Board has implemented retention periods on equity issued under the Company's Long Term Incentive Program for its NEOs. However, the Company encourages stock ownership and reviews overall ownership levels on a periodic basis.

#### Compliance with Code Section 409A

Our compensation plans subject to Section 409A of the Internal Code of 1986 (the "Code") are operated to comply with the Section 409A tax provisions of the Code.

#### Policy on Code Section 162(m)

Section 162(m) of the Code disallows publicly traded companies from receiving a tax deduction on compensation paid to certain executive officers in excess of \$1 million unless, among other things, the compensation meets the requirements for performance-based compensation in years 2017 or prior. In structuring the compensation programs and in determining executive compensation, the Compensation Committee takes into consideration the deductibility limit for compensation and the performance-based requirements of Section 162(m). However, while the Compensation Committee recognizes the importance of tax deductibility and endeavors to formulate its compensation program in a tax-effective manner, it also believes it is critical to balance tax deductibility with ensuring that the Company's programs are designed appropriately to recognize and reward executive performance, such that at times current tax deductibility limits may be exceeded.

## Executive Compensation Tables

## Summary Compensation Table

The following table discloses compensation for the years ended December 31, 2017, 2016 and 2015 received by the NEOs.

Name and Principal Position	Year	Base Salary Received <sup>1</sup>	Bonus	Stock Awards <sup>2</sup>	Non-Equity Incentive Plan Compensation	Change in Pension Value and Nonqualified Deferred Compensation Earnings <sup>3</sup>	All Other Compensation	Total Compensation <sup>(6)</sup>
(a)	(b)	(c)	(d)	(e)	(g)	(h)	(i)	(j)
Curtis C. Simard President & CEO of the Company/BHBT	2017	\$525,000	\$ —	—\$350,369	\$ 299,250	\$ —	—\$ 28,415	\$1,203,034
	2016	464,000	—	169,853	222,627	—	23,035	879,515
	2015	438,000	—	164,297	203,775	—	22,600	828,672
Josephine Iannelli EVP, CFO and Treasurer of the Company/BHBT	2017	350,000	—	179,978	147,000	—	41,469	718,447
	2016	53,846 <sup>6</sup>	130,000	179,386	19,751	—	1,731	344,714
Richard B. Maltz EVP, Chief Operating Officer and Chief Risk Officer of BHBT	2017	350,000	—	204,984	147,000	—	23,638	725,622
	2016	309,808 <sup>6</sup>	—	119,620	103,459	—	14,076	546,963
	2015	255,000	—	82,074	83,247	—	12,922	433,243
William J. McIver EVP, Regional President of NH/VT of BHBT	2017	300,000 <sup>6</sup>	—	218,532	136,500	225,589	29,377	939,998
Gregory W. Dalton EVP, Business Banking of BHBT	2017	230,000	—	62,688	75,000	—	23,316	391,004
	2016	220,000	—	67,152	51,282	—	14,030	352,464
	2015	203,000	—	63,465	60,551	—	11,844	338,860

<sup>1</sup> Included in salary amounts disclosed in (c) above for each NEO are monies they deferred pursuant to our 401(k) Plan, which allows our employees and employees of our wholly owned subsidiaries to defer monies from their compensation, subject to applicable limitations in Code Section 401(k), and amounts deferred pursuant to our Section 125 Cafeteria Plan providing health, life, and disability insurance benefits. Employees, including NEOs, are paid on a bi-weekly basis.

<sup>2</sup> Amounts in this column represent grants issued to NEOs under the Long Term Incentive Plans computed at the probable level and in accordance with FASB ASC Topic 718. Amounts payable under the performance grants for the Long-Term Incentive Plan at the stretch (maximum) level to Messrs. Simard, Maltz, McIver, Dalton, and Ms. Iannelli, are \$379,791, \$220,394, \$232,922, \$71,893, and \$195,387 respectively.

<sup>3</sup> The amounts in this column reflect the increase in value under the tax qualified defined benefit plan, the Salary Continuance Agreement, and the non-qualified SERP for Mr. McIver in accordance with FASB ASC Topic 715, details which are set forth in Footnote 10 to our audited consolidated financial statements contained in our Form 10-K

for the year ended December 31, 2017.

4. Other Annual Compensation includes match and contribution amounts into our 401(k) plan in the same formula and schedule as available to all other employees and such other items as imputed life insurance amounts on group term insurance in excess of the allowable \$50,000, non-taxable IRS limit. Please see the table following for further detail.

6. Base salaries for Ms. Iannelli, Mr. Maltz and Mr. McIver represent pro-rated amounts of their approved annualized base salaries representing the time worked during the identified year.

7. Ms. Iannelli received a sign on bonus of \$100,000 upon joining the Company in October 2016 and an additional discretionary payment of \$30,000 in recognition of her strategic contribution to the Company during 2016.

The NEOs also participate in certain group life, health and disability insurances and medical reimbursement plans not disclosed in the Summary Compensation Table that are generally available to all employees and do



not discriminate in scope, terms and operation. The table below provides detail on the amounts comprising the column entitled “All Other Compensation” contained in the Summary Compensation Table for 2017.

Name	Employer 401(k) Contribution Match and Contribution	Club Dues	Housing Allowance	Auto-mobile Allowance	Imputed Life Insurance	Total
Curtis C. Simard	\$ 10,800	\$1,355	\$ —	\$ 15,000	\$ 1,260	\$28,415
Josephine Iannelli	10,800	2,475	17,024	10,000	1,170	41,469
Richard B. Maltz	10,800	—	—	10,000	2,838	23,638
William J. McIver	10,317	—	—	11,077	7,983	29,377
Gregory W. Dalton	10,800	400	—	10,000	2,116	23,316

We provide non-cash perquisites that do not exceed \$10,000 in the aggregate for any individual and are not included in the reported figures. Benefits not disclosed in the table above are of de minimis value such as incidental service fee waivers on deposit accounts or safe deposit rental fees.

## Grants of Plan-Based Awards

The following table sets forth information regarding plan-based awards granted to the NEOs during the last fiscal year under the 2017 Annual Incentive Plan. Amounts disclosed are based on 2017 eligible salaries received by the participants. The time-vested grants under the 2017-2019 Long Term Plan are shown under Target, and the range of the possible performance awards pursuant to the 2017-2019 Long Term Plan is also disclosed for each participant.

Name	Plan Name	Grant Date	Estimated Future Payouts Under Non-Equity Incentive Plan Awards <sup>1</sup>			Estimated Future Payouts Under Equity Incentive Plan Awards <sup>2</sup>			All other Stock Awards; Number of shares of Stock or units <sup>6</sup>
			Threshold	Target	Maximum	Threshold	Target	Maximum	
(a)		(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)
Curtis C. Simard	2017 Annual Plan		\$99,750	\$199,500	\$299,250	—	—	—	—
	2017-2019 Long-Term Plan	1/2/2017	—	—	—	1,577	3,155	4,731	3,155
	Acquisition Award	08/03/2017	—	—	—	—	—	—	5,855
Josephine Iannelli	2017 Annual Plan		49,000	98,000	147,000	—	—	—	—
	2017-2019 Long-Term Plan	1/1/2017	—	—	—	826	1,653	2,478	1,653
	Acquisition Award	08/03/2017	—	—	—	—	—	—	2,792
Richard B. Maltz	2017 Annual Plan <sup>6</sup>		49,000	98,000	147,000	—	—	—	—
	2017-2019 Long-Term Plan <sup>7</sup>	01/01/2017	—	—	—	826	1,653	2,478	1,653
	Acquisition Award	08/03/2017	—	—	—	—	—	—	3,723
William J. McIver <sup>4,5</sup>	2017 Annual Plan		45,500	91,000	136,500	—	—	—	—
	2017-2019 Long-Term Plan	1/1/2017	—	—	—	1,393	2,786	4,179	2,786
	Acquisition Award	08/03/2017	—	—	—	—	—	—	1,117
Gregory W. Dalton	2017 Annual Plan		28,750	57,500	86,250	—	—	—	—
	2017-2019 Long-Term Plan	1/1/2017	—	—	—	494	987	1,481	987

<sup>1</sup> The Annual Incentive Program detail in columns (c), (d), and (e) represents the possible payouts ranges for the calendar year ended December 31, 2017.

<sup>2</sup> Amounts in columns (f), (g), and (h) represent the number of performance shares granted under the Long-Term Incentive Plans in 2017. See the following table for additional detail.

<sup>3</sup> The first listed amount in column (i) represents the number of time-vested shares granted to NEOs in 2017 under the Long Term Incentive Plans.

<sup>4</sup> Amounts shown in columns (c), (d), and (e) for Mr. McIver are based on his annualized salary of \$325,000 for the entire calendar year although he transitioned from Lakes Sunapee Bank on January 13, 2017.

<sup>5</sup> Amounts shown in columns (f), (g), (h) and (i) for Mr. McIver represent grants to him in 2017 and pro-rated for the 2015-2017, 2016-2018 and 2017-2019 plans.

<sup>6</sup> The second amount shown in column (i) represents a one-time grant made in 2017 to four NEOs for contributions made during the successful acquisition of LSBG and subsequent system conversions. Shares from this grant vest in three equal annual installments.

## Outstanding Equity Awards at Fiscal Year-End-2017

Stock Awards				Equity Incentive Plan Awards; Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested <sup>2</sup>
Name	Number of Shares or Units of Stock That Have Not Vested <sup>1</sup>	Market Value of Shares or Units of Stock That Have Not Vested <sup>1</sup>	Equity Incentive Plan Awards; Number of Unearned Shares, Units or Other Rights That Have Not Vested <sup>2</sup>	Value of Unearned Shares, Units or Other Rights That Have Not Vested <sup>2</sup>
(a)	(b)	(c)	(d)	(e)
Curtis C. Simard	11,788	\$ 327,706	9,268	\$ 257,650
Josephine Iannelli	6,401	177,948	3,829	106,446
Richard B. Maltz <sup>5</sup>	7,341	204,080	5,197	144,477
William J. McIver	3,903	108,503	2,786	77,451
Gregory W. Dalton	2,182	60,660	3,376	93,853

<sup>1</sup>Amounts in column (b) represent time-vested shares payable in 2018, 2019 and 2020. The amount in column (h) represents the total value of those shares at December 31, 2017 at the closing price of \$27.80 per share.

<sup>2</sup>Amounts in column (d) represent the performance shares payable in 2018, 2019, and 2020 if paid at Stretch. The amounts in column (e) represent the total value of those shares at December 31, 2017 at the closing price of \$27.80 per share.

## Option Exercises and Stock Vested in 2017

Stock Awards <sup>1</sup>		
Name	Number of Shares Acquired on Vesting	Value Realized on Vesting <sup>1</sup>
(a)	(b)	(c)
Curtis C. Simard	7,856	\$ 230,606
Josephine Iannelli	480	14,184
Richard B. Maltz	3,231	95,081
William J. McIver	N/A	N/A
Gregory W. Dalton	3,030	88,953

<sup>1</sup>This represents the number and dollar value, respectively, of restricted time-vested shares issued in 2017 to NEOs under the 2014-2016, 2015-2017, and 2016-2018 Long Term Incentive Programs and the performance shares issued under the 2014-2016 plan. Depending on the plan period, the time-vested shares must be held for a period of one to three years after issue and performance shares are required to be held for a three year period.

No NEO held stock options at December 31, 2017.

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## Pension Benefits

The table below shows at December 31, 2017 the present value of accumulated benefits payable to each of the NEOs, including the number of years of service credited to each NEO, under the frozen defined benefit pension plan and SERP using interest rate assumptions consistent with those used in Company financial statements. Additional information regarding the SERP benefits follows the table.

Name	Plan Name	Number of Years of Credited Service	Present Value of Accumulated Benefits	Payments During Last Fiscal Year
(a)	(b)	(c)	(d) <sup>1</sup>	(e)
Curtis C. Simard	N/A	—	\$ —	—
Josephine Iannelli	N/A	—	—	—
Richard B. Maltz	N/A	—	—	—
William J. McIver	Defined Benefit Retirement Plan	10	283,689	—
	Salary Continuation Agreement	10	679,801	—
Gregory W. Dalton	N/A	—	—	—

The figures shown are determined as of the plan's measurement date during 2017 under FASB ASC Topic 715 for purposes of our audited financial statements. For the discount rate and other assumptions used for this purpose, please refer to Note 16 in the Notes to Consolidated Financial Statements attached to the Annual Report on Form 10-K for the year ended December 31, 2017.

2. Years of credited service are determined by the vesting schedule contained within the Plan and not years of employment with the Company.

## Nonqualified Deferred Compensation

The following table includes information about the activity in, amounts earned, and balances of, each NEO's account balance SERP.

Name	Executive Contributions in 2017	Company Contributions in 2017	Aggregate Earnings in 2017	Aggregate Withdrawals/Distributions in 2017	Aggregate Balance at December 31, 2017
(a)	(b)	(c)	(d) <sup>1</sup>	(e) <sup>2</sup>	(e)
Curtis C. Simard	—	—	—	—	—
Josephine Iannelli	—	—	—	—	—
Richard B. Maltz	—	—	—	—	—
William J. McIver	—	—	3,768	(196 )	160,047
Gregory W. Dalton	—	—	—	—	—

1. The earnings represent amounts disclosed as part of Note 10 in the Notes to the Consolidated Financial Statements attached to the Annual Report on Form 10-K for the year ended December 31, 2017.

2. This amount represents annual regulatory account fees.

## Potential Payments upon Termination or Change in Control

We have entered into change in control agreements and maintain certain benefit plans that require us to provide compensation to executive officers in the event of a termination of employment or a change in control. The tables below set forth the amount and types of compensation payable to each executive officer upon voluntary termination without good reason, involuntary termination without cause, voluntary termination for good reason, termination for cause, death, disability, retirement, or termination after a change in control. The amounts assume a hypothetical

termination of employment effective as of December 31, 2017 and include estimates

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of the amounts which would be paid to the executives in each specified circumstance. The actual amounts to be paid can only be determined at the time of an executive's actual separation.

## Termination and Change in Control Benefits

Termination Event	Curtis Simard <sup>(1)</sup>	Josephine Iannelli <sup>(2)</sup>	Richard Maltz <sup>(3)</sup>	William J. McIver <sup>(4)</sup>	Gregory Dalton <sup>(5)</sup>
Voluntary Termination Without Cause					
Cash Severance <sup>(A)</sup>	—	—	—	—	—
Pro Rata Incentive Bonus Payout <sup>(B)</sup>	299,250	147,000	147,000	136,500	75,000
Stock Options/SARS <sup>(C)</sup>	—	—	—	—	—
Accelerated Equity/SARS <sup>(D)</sup>	—	—	—	—	—
COBRA Eligible Benefits <sup>(E)</sup>	—	—	—	—	—
Qualified and Nonqualified Deferred Compensation <sup>(F)</sup>	—	—	—	1,123,537	—
Life Insurance or Proceeds/Disability Benefits <sup>(G)</sup>	—	—	—	—	—
Other Perquisites <sup>(H)</sup>	—	—	—	—	—
Total	\$299,250	\$147,000	\$147,000	\$1,260,037	\$75,000

Retirement<sup>(1)</sup>

Cash Severance <sup>(A)</sup>	—	—	—	—	—
Pro Rata Incentive Bonus Payout <sup>(B)</sup>	—	—	—	136,500	0
Stock Options/SARS <sup>(C)</sup>	—	—	—	77,423	0
Accelerated Equity/SARS <sup>(D)</sup>	—	—	—	—	—
COBRA Eligible Benefits <sup>(E)</sup>	—	—	—	—	—
Qualified and Nonqualified Deferred Compensation <sup>(F)</sup>	—	—	—	1,123,537	—
Life Insurance or Proceeds/Disability Benefits <sup>(G)</sup>	—	—	—	—	—
Other Perquisites <sup>(H)</sup>	—	—	—	—	—
Total	\$—	\$—	\$—	\$1,337,460	\$—

## Termination Upon Disability

Cash Severance <sup>(A)</sup>	—	—	—	—	—
Pro Rata Incentive Bonus Payout <sup>(B)</sup>	299,250	147,000	147,000	136,500	75,000
Stock Options/SARS <sup>(C)</sup>	256,928	115,398	148,202	77,423	95,715
Accelerated Equity/SARS <sup>(D)</sup>	—	—	—	—	—
COBRA Eligible Benefits <sup>(E)</sup>	—	—	—	—	—
Qualified and Nonqualified Deferred Compensation <sup>(F)</sup>	—	—	—	1,123,537	—
Life Insurance or Proceeds/Disability Benefits <sup>(G)</sup>	200,400	180,000	200,400	180,000	138,000
Other Perquisites <sup>(H)</sup>	—	—	—	—	—
Total	\$756,578	\$442,398	\$495,602	\$1,517,460	\$308,715



Termination Event	Curtis Simard <sup>(1)</sup>	Josephine Iannelli <sup>(2)</sup>	Richard Maltz <sup>(3)</sup>	William J. McIver <sup>(4)</sup>	Gregory Dalton <sup>(5)</sup>
Termination Upon Death					
Cash Severance <sup>(A)</sup>	—	—	—	—	—
Pro Rata Incentive Bonus Payout <sup>(B)</sup>	299,250	147,000	147,000	136,500	75,000
Stock Options/SARS <sup>(C)</sup>	256,928	115,398	148,202	77,423	95,715
Accelerated Equity/SARS <sup>(D)</sup>	—	—	—	—	—
COBRA Eligible Benefits <sup>(E)</sup>	—	—	—	—	—
Qualified and Nonqualified Deferred Compensation <sup>(F)</sup>	—	—	—	1,123,537	—
Life Insurance or Proceeds/Disability Benefits <sup>(G)</sup>	750,000	700,000	600,000	942,500	460,000
Other Perquisites <sup>(H)</sup>	—	—	—	—	—
Total	\$1,306,178	\$962,398	\$895,202	\$2,279,960	\$630,715
Involuntary Termination Without Cause					
Cash Severance <sup>(A)</sup>	1,050,000	700,000	—	325,000	—
Pro Rata Incentive Bonus Payout <sup>(B)</sup>	299,250	147,000	—	136,500	—
Stock Options/SARS <sup>(C)</sup>	256,928	115,398	—	77,423	—
Accelerated Equity/SARS <sup>(D)</sup>	—	—	—	—	—
COBRA Eligible Benefits <sup>(E)</sup>	42,841	28,130	—	16,141	—
Qualified and Nonqualified Deferred Compensation <sup>(F)</sup>	—	—	—	1,123,537	—
Life Insurance or Proceeds/Disability Benefits <sup>(G)</sup>	—	—	—	—	—
Other Perquisites <sup>(H)</sup>	—	—	—	—	—
Total	\$1,649,019	\$990,528	\$—	\$1,678,601	\$—
Voluntary Termination For Good Reason					
Cash Severance <sup>(A)</sup>	1,050,000	700,000	—	325,000	—
Pro Rata Incentive Bonus Payout <sup>(B)</sup>	299,250	147,000	—	136,500	—
Stock Options/SARS <sup>(C)</sup>	256,928	115,398	—	77,423	—
Accelerated Equity/SARS <sup>(D)</sup>	—	—	—	—	—
COBRA Eligible Benefits <sup>(E)</sup>	42,841	24,211	—	16,141	—
Qualified and Nonqualified Deferred Compensation <sup>(F)</sup>	—	—	—	1,123,537	—
Life Insurance Proceeds/Disability Benefits <sup>(G)</sup>	—	—	—	—	—
Other Perquisites <sup>(H)</sup>	—	—	—	—	—
Total	\$1,649,019	\$986,609	\$—	\$1,678,601	\$—

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Termination Event	Curtis Simard <sup>(1)</sup>	Josephine Iannelli <sup>(2)</sup>	Richard Maltz <sup>(3)</sup>	William J. McIver <sup>(4)</sup>	Gregory Dalton <sup>(5)</sup>
Termination After a Change In Control					
Cash Severance <sup>(A)</sup>	1,050,000	700,000	700,000	325,000	230,000
Pro Rata Incentive Bonus Payout <sup>(B)</sup>	299,250	147,000	147,000	136,500	75,000
Stock Options/SARS <sup>(C)</sup>	—	—	—	—	—
Accelerated Equity/SARS(D)	585,357	284,394	348,556	185,954	154,512
COBRA Eligible Benefits <sup>(E)</sup>	42,841	24,211	16,141	16,141	16,141
Qualified and Nonqualified Deferred Compensation <sup>(F)</sup>	—	—	—	1,123,547	—
Life Insurance or Proceeds/Disability Benefits <sup>(G)</sup>	—	—	—	—	—
Other Perquisites <sup>(H)</sup>	—	—	—	—	—
Tax Gross-Up	—	—	—	—	—
Total	\$1,977,448	\$1,155,605	\$1,211,697	\$1,787,132	\$475,653
Termination for Cause					
Cash Severance <sup>(A)</sup>	—	—	—	—	—