INSIDER TRADING IN SECURITIES POLICY

Background

This policy confirms procedures that all employees, officers, directors and consultants of Bar Harbor Bankshares (the “Company”) and its subsidiaries must follow in conjunction with the purchase and sale of the Company’s securities (as defined below), as well as the securities of publicly traded companies with whom the Company has a business relationship. This policy applies to you, to your family members that reside with you, anyone else who lives in your household and any family members who do not live in your household but whose transactions in Company securities are directed by you or are subject to your influence or control (such as parents or children who consult with you before they trade in Company securities). This policy is designed to prevent insider trading or allegations of insider trading, and to protect the Company’s reputation for integrity and ethical conduct. It is your obligation to understand and comply with this policy. Should you have any questions regarding this policy, please contact the Company’s Chief Financial Officer at 207-288-3314 Ext 2240 or the Company Clerk and Senior Vice President of Human Resources at 207-288-2639.

A “Company Security” means the Company’s common stock, options, and any other securities that the Company may issue, such as preferred stock, warrants, notes, bonds, convertible securities, and derivative securities relating to any of the Company’s stock, whether or not issued by the Company such as exchange-traded put or call options and swaps.

Federal and State securities laws prohibit the purchase or sale of a company’s securities by persons who are aware of material information about the company that is not generally known or available to the public. These laws also prohibit persons who are aware of such material nonpublic information from disclosing this information to others who may trade. Companies and their controlling persons are also subject to liability if they fail to take reasonable steps to prevent insider trading by company personnel.

It is important that you understand the breadth of activities that constitute illegal insider trading and the consequences, which can be severe. Both the U.S. Securities and Exchange Commission (“SEC”) and the NYSE MKT LLC investigate and are very effective at detecting insider trading. The SEC, together with U.S. Attorneys, pursues insider-trading violations vigorously. Cases have been successfully prosecuted against trading by employees through foreign accounts, trading by family members and friends, and trading involving only a small number of shares.

Definitions

“Designated Officers and Directors” is defined for the purposes of this policy as the following:

- All Directors
- Chief Executive Officer
- Subsidiary Presidents
- Executive Vice Presidents
- Senior Vice Presidents participating in the Senior Management Committee
- Senior Vice President, Controller
- Vice President and Assistant Controller
• Designated members of the Disclosure, Controls, and Procedures Committee presently including, but not limited to, the Senior Vice President/Director of Audit and the Senior Vice President of Corporate Compliance.

The Company will notify you if you are a Designated Officer or Director for purposes of this Policy.

“Material Non-public Information”. Note that inside information has two important elements—materiality and public availability. Information is material if there is a substantial likelihood that a reasonable investor would consider it important in deciding whether to buy, hold or sell a security. Some examples include, but are not limited to, dividends, stock dividends or stock splits not yet publicly announced, a potential business acquisition, internal financial information which departs in any way from what the market would expect, important product or service developments, the acquisition or loss of a major customer, or an important financing transaction. The foregoing is merely illustrative, and not intended to be a comprehensive list of all information, which might be characterized as “material.”

Further, non public information is information that is not generally known or available to the public. One common misconception is that material information loses its “nonpublic” status as soon as a press release is issued disclosing the information. In fact, information is considered to be available to the public only when it has been released broadly to the marketplace (such as by a press release or an SEC filing) and the investing public has had time to absorb the information thoroughly. As a general rule, information is considered nonpublic until the second full trading day after the information is released.

Penalties for violation of the insider trading laws

• **Civil and Criminal Penalties.** Potential penalties for insider trading violations include (1) imprisonment for up to 20 years, (2) criminal fines of up to $5 million, and (3) civil fines of up to three times the profit gained or loss avoided.

• **Controlling Person Liability.** If the Company fails to take appropriate steps to prevent illegal insider trading, the Company may have “controlling person” liability for a trading violation, with civil penalties of up to the greater of $1 million and three times the profit gained or loss avoided, as well as a criminal penalty of up to $25 million. The civil penalties can extend personal liability to the Company’s directors, officers and other supervisory personnel if they fail to take appropriate steps to prevent insider trading.

• **Company Sanctions.** Failure to comply with this policy may also subject you to Company-imposed sanctions, including dismissal for cause, whether or not your failure to comply with this Policy results in a violation of law.

Statement of Policy

• **No Trading on Material Non-Public Information.** You may not trade in securities of the Company, directly or through family members or other persons or entities, if you are aware of material non-public information relating to the Company. Similarly, you may not trade in the securities of any other public company if you are aware of material non-public information about that company which you obtained in the course of your employment with the Company.

• **No Tipping.** You may not pass material non-public information on to others or recommend to anyone the purchase or sale of any securities when you are aware of material non-public information. This practice known as “tipping,” also violates the securities laws and can result in the same civil and criminal penalties that apply to insider trading, even though you do not gain any benefit from another’s trading.
**No Exception for Hardship.** The existence of a personal financial emergency does not excuse you from compliance with this Policy.

**Black-Out and Pre-Clearance Procedures.** In addition to insider trading restrictions generally applicable to all employees, officers, directors and consultants, the Company’s Board of Directors has approved the following additional restrictions applicable to all Designated Officers and Directors (and their immediate family members). Designated Officers and Directors are restricted by Black-out Periods during which generally NO trading of Company securities may occur.

The Company’s pre-established black-out period begins the day of the Full Board of Director’s meeting during the month falling before the end of each quarter (March, June, September, and December), and ends after the second (2nd) full business day following the release of the Company’s earnings for that quarter. Additional time periods may be communicated during certain event specific blackouts.

Designated Officers and Directors in the normal course of doing business are expected to come into possession of material nonpublic information such as quarterly and annual earnings projections and other confidential material not yet disclosed to the public. These pre-determined “Black-out” periods have been established to protect the members of these two groups from inappropriately trading in Company securities.

Members of these two designated groups are further restricted during these black-out periods from:

- Making an election to increase or decrease the percentage of periodic contributions allocated to the Company stock fund under the Company 401(k)
- Making an investment re-allocation transfer of an existing account balance in or out of the Company stock funds
- Borrowing money against or receiving a distribution from the Company stock fund balance
- Pre-paying a plan loan if the pre-payment will result in an allocation of loan proceeds to the Company stock fund

The only allowable exceptions for trading in Company securities during these established “Black Out” periods are:

- Under a pre-approved payroll deferral arrangement into the Company 401(k) Plan
- An on-going dividend re-investment plan established with AST or designated broker
- Purchase of vested shares under the Company Stock Option Plan. However, any subsequent sale of these exercised securities may not occur during an established Black Out
- Transactions pursuant to a 10b5-1 Plan if such plan (a) (i) specifies the amount, price, and date of the transaction or (ii) places subsequent discretion for determining the amount, price, and date of the transaction in another person who is not, at the time of the transaction, aware of Material Non-public Information and (b) is approved by the Company’s Corporate Clerk and Senior Vice President of Human Resources prior to entering into any trading plan

**Pre-Approval and Reporting Requirements for Designated Officers and Directors.** All trades of Company securities for Designated Officers and Directors (and those of their immediate family members) must be pre-approved by contacting the Chief Executive Officer, the Chief Financial Officer or the Company.
Clerk and Senior Vice President of Human Resources with their request. Two of the following four individuals, Chief Executive Officer, Chief Financial Officer, Company Clerk and Senior Vice President of Human Resources or the Senior Vice President and Controller, will consult to insure that trading activity can be undertaken appropriately before approval will be provided. If there is any question to the appropriateness of the timing of a transaction the Company’s legal counsel will be consulted. Trade details should then be reported promptly to the Company Clerk and Senior Vice President of Human Resources once they have been completed to ensure timely (within 48 hours of completion) and accurate SEC filings are executed. Although the Company will file required SEC forms on their behalf, the liability for seeing that these forms are filed timely is the responsibility of the Designated Officer and/or Director.

By way of example, covered transactions subject to pre-approval include:

- Grants or exercises of stock options
- Gifts of stock, purchases, or sales regardless of whether the transaction occurs on the open market, through a private transaction, or between a Director and/or Designated Officer

Trades may be denied at other times if, in the judgment of the Chief Executive Officer, Chief Financial Officer, Company Clerk and Senior Vice President of Human Resources, the Senior Vice President and Controller, or Company legal counsel if the person seeking approval is in possession of material inside information regarding the Company which might render unlawful any trading by that person in the stock of the Company.

Additional Guidance and Restrictions

Short Swing Profit Recapture: There are special provisions of the federal securities law regarding so-called “short swing profits” which apply to every Director and Designated Officers of the Company, as well as any beneficial owner of more than ten percent (10%) of the outstanding securities of the Company. In general, the short swing profit rules provide that any profit realized on a purchase and sale of stock within a six-month period is recoverable by the Company. It does not matter whether the purchase or sale occurred first. Short Sales and Purchases also are applicable to securities of the Company that are not owned by the Insider at the time of the sale or purchase. Liability does not depend upon actual use, or even possession of inside information by the Insider. Compliance with the short swing profit rules is a personal obligation of all Directors and Designated Officers as well as 10% shareholders. Compliance requires a great deal of advance planning. Persons covered by the rules also must be certain that reports with the SEC as to their initial stock ownership (Form 3), changes in ownership (Form 4), and annual reports of ownership (Form 5) are filed in a timely manner and are accurate. The Chief Financial Officer or the Company Clerk and Senior Vice President of Human Resource of the Company will answer any questions as to whether the short swing profit rule applies to an individual.

Stock Option Exercises: This Policy’s trading restrictions generally do not apply to the exercise of a stock option. The trading restrictions do apply, however, to any sale of the underlying stock or to a cashless exercise of the option through a broker, as this entails selling a portion of the underlying stock to cover the costs of exercise.

401(k) Plan: This Policy’s trading restrictions do not apply to purchases of Company securities in the 401(k) plan resulting from your periodic contribution of money to the plan pursuant to your payroll deduction election. However, the trading restrictions do apply to elections you make under the 401(k) plan to (a) increase or decrease the percentage of your periodic contributions that will be allocated to the Company stock fund, (b) make an intra-plan transfer of an existing account balance into or out of the
Company stock fund, (e) borrow money against your 401(k) plan account if the loan will result in a liquidation of some or all of your Company stock fund balance, and (d) pre-pay a plan loan if the pre-payment will result in allocation of loan proceeds to the Company stock fund.

401(k) investments have been locked for Designated Officers. If an investment change is contemplated, the plan participant should contact Company Clerk and Senior Vice President of Human Resources. The Company Clerk and Senior Vice President of Human Resources will confer and obtain approval for the appropriateness of a trade or reallocation from two of the following three individuals, the Chief Executive Officer, the Chief Financial Officer, and the Senior Vice President and Controller. Any question concerning the appropriate timeliness of a transaction will be referred to the Company’s legal counsel. An e-mail will be sent to the 401(k) record keeper and copied to the other two approving officers requesting the designated individual’s account be open for trading for a pre-determined, but limited, amount of time.

Hedging Transactions: Hedging or monetization transactions can be accomplished through a number of possible mechanisms, including through the use of financial instruments such as prepaid variable forward equity swaps, collars, and exchange of funds. Such hedging transaction may permit a director, officer, or employee to continue to own Company securities obtained through employee benefit plans or otherwise, but without full risk and rewards of ownership. When that occurs, the director, officer, or employee may no longer have the same objectives as the Company’s other shareholders. Therefore directors, officers, and employees are prohibited from engaging in any such transactions.

Margin Accounts and Pledged Securities: No director, officer, or employee of the Company may pledge any Company securities that such director, officer, or employee directly or indirectly owns and controls as collateral for a loan, except for shares that were already pledged as of March 18, 2014 (“Grandfathered Shares”). Such Grandfathered Shares may continue to be pledged until released pursuant to the relevant pledge arrangements. Notwithstanding the foregoing, the Audit Committee may, in accordance with this policy, grant an exception to this prohibition to a director, officer, or employee who desires to pledge Company securities as collateral for a loan or margin account. In making such determination, the Audit Committee shall consider relevant factors, including but not limited to:

- the amount of pledged Company securities outstanding at any time in relation to the total number of similar Company securities outstanding and the market value and trading volume of such similar Company securities.

- the financial capacity of the borrower to repay the loan without resort to the pledged securities.

- the terms of the proposed pledge arrangement, including loan to value ratio, the name of any other collateral securing the loan and the ability to substitute collateral or similar terms;

provided, however, that no Company securities may be pledged in a margin account.

Confidentiality: Serious problems could be caused for the Company by unauthorized disclosure of internal information about the Company, whether or not for the purpose of facilitating improper trading in the Company’s securities. Company personnel should not discuss internal Company matters or developments with anyone outside the Company, except as required in the performance of regular corporate duties.

This prohibition applies specifically (but not exclusively) to inquiries about the Company, which may be made by the financial press, investment analysts, or others in the financial community. It is important that all communications with such parties on behalf of the Company be made by an appropriately Designated
Officer under carefully controlled circumstances. Unless a person is expressly authorized to the contrary, if they receive any inquiries of this nature, they should decline comment and refer the inquirer to the President or the Chief Financial Officer of the Company.

Special Risks for the Company: The Company’s status as a financial institution holding company may create special risks with regard to sharing of confidential Company and/or customer information between the various lending and investment departments and subsidiaries controlled by the Company. The fact that the Company, its subsidiaries or third party brokerage providers, may offer, as applicable, investment or trust advice as well as commercial and consumer lending and underwriting services, may create special insider trading risks for the Company. For example, the Company’s wholly owned banking subsidiary Bar Harbor Bank & Trust, might obtain material nonpublic information concerning a publicly held company while assisting that customer with its capital financing needs. At the same time, the Company’s investment subsidiary or third party brokerage firm could be recommending and executing in the same company for the accounts of Bank customers. Because the Company’s status as a financial institution holding company creates risks for inappropriate disclosures of confidential information, the Company has developed a “Confidentiality Policy” that sets forth procedures to be followed to help avoid any question of impropriety.

Open Orders with Brokers: Always use caution when placing open orders, such as limit orders or stop orders, with brokers, particularly where the order is likely to remain outstanding for an extended period of time. Open orders may result in the execution of a trade at a time when you are aware of Material Nonpublic Information or otherwise are not permitted to trade in Company securities, which may result in inadvertent insider trading violations, violations of reporting requirements for officers and directors, violations of this Policy and unfavorable publicity for you and the Company. If you are subject to blackout periods or pre-clearance requirements, inform any broker with whom you place any open order at the time it is placed.

Questions Regarding this Policy: If you are considering buying or selling securities of the Company and have questions regarding your responsibilities under this Policy, you should contact the Chief Financial Officer at 207-288-3314 Ext 2240 or the Human Resources Officer at 207-288-2639. The Chief Financial Officer or the Company Clerk and Senior Vice President of Human Resources will, in consultation with Company counsel when necessary, determine whether the transaction might include the improper use of confidential information or material nonpublic information in violation of this Policy.

Former Employees: Trading prohibitions and restrictions detailed in this policy continue to apply to Insiders following the termination of the Insider’s service to or employment with the Company until any material, nonpublic information possessed by the Insider has become public and is no longer material.

Distribution:

All new directors and employees will be provided a copy of this Policy upon hire and be provided an opportunity to review its contents as part of their orientation process.

All employees will confirm their review and understanding of this Policy through the Company’s annual, automated policy review program.

Directors will review and discuss this policy annually as a documented agenda item.

December, 2015