



## Bar Harbor Bankshares and Subsidiaries

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Approved by the Board of Directors  
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## Section 1.00 - Background

This Insider Trading in Securities Policy (this “Policy”) sets forth the policies and procedures that all employees, officers, directors, contractors and consultants (each, an “Insider”) of Bar Harbor Bankshares (the “Company”) and its subsidiaries must follow in conjunction with the purchase, sale, gift (defined as the transfer of securities for nothing or less than fair market value in return), or other transfer (collectively, “trade”) of Company Securities (as defined below), as well as the securities of other public companies with which the Company has a business relationship. This Policy applies to you, as an Insider and your “immediate family members,” who consist of 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 or securities of other public companies with which the Company has a business relationship 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 or such other securities) or other entities you may influence or control (such as an entity that you may influence or control the investment decisions of that entity, like whether to trade 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 207-288-9343 (internal extension 12213) or the Corporate Secretary at 207-288-2637 (internal extension 12226).

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 non-public information from disclosing this information to others who may trade in such company’s securities or otherwise recommending the purchase or sale of the such company’s securities on the basis of such material non-public information. 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 New York Stock Exchange: American investigates 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.

## Section 2.00 - 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
- Designated members of the Disclosure, Controls, and Procedures Committee presently including, but not limited to, the Vice President-Director of Audit and the Senior Vice President - Enterprise Risk
- All employees of the Finance Department
- Senior Vice President – Chief Human Resources Officer
- Corporate Secretary
- Any other Insiders who are notified in writing by the Corporate Secretary from time to time that they are subject to the provisions of this Policy relating to Designated Officers and Directors

As set forth in more detail in Section 4.00 below, this Policy applies to an Insider's activities when the Insider is aware or otherwise in possession of material non-public information ("Material Non-Public Information") relating to the Company or to any other public company with which the Company has a business relationship.

Information is considered 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."

Information is considered non-public if it is not generally known or available to the public. One common misconception is that material information loses its "non-public" status as soon as a 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 an SEC filing) and the investing public has had time to absorb the information thoroughly. As a general rule, information is considered non-public until the second full trading day after the information is released.

If you are unsure whether information is material and/or non-public, you should either consult with the Company's Chief Executive Officer, Chief Financial Officer or the Corporate Secretary before disclosing such information to any third party or trading in Company Securities (or securities of any other public company to which such information relates) or assume that the information is Material Non-Public Information.

### **Section 3.00 - Penalties for violation of the insider trading laws**

#### **Section 3.01 - 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. In

addition to these potential criminal and civil liabilities, in certain circumstances the Company may be able to recover all profits made by an insider who traded illegally, plus collect other damages.

### **Section 3.02 - 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.

### **Section 3.03 - 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.

## **Section 4.00 - Statement of Policy**

### **Section 4.01 - No Trading on Material Non-Public Information**

You may not trade in Company Securities, directly or through immediate family members or other persons or entities, if you are aware or otherwise in possession 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 or otherwise in possession of material non-public information relating to such company which you obtained in the course of your Insider relationship with the Company.

### **Section 4.02 - No Tipping**

You may not pass Material Non-Public Information relating to the Company or to any other public company with which the Company has a business relationship on to others or recommend to anyone the purchase or sale of any Company Securities or securities of any such other public company when you are aware of such 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.

### **Section 4.03 - No Exception for Hardship**

The existence of a personal financial emergency or any other exigent circumstance does not excuse you from compliance with this Policy.

### **Section 4.04 - Black-Out and Pre-Clearance Procedures**

In addition to insider trading restrictions generally applicable to all Insiders, 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 (and their immediate family members) are restricted by black-out periods during which generally NO trading of Company Securities may occur. However, exceptions may apply in limited circumstances and examples, such as an ongoing dividend reinvestment plan, are listed further in this section.

The Company's pre-established black-out period begins on the Friday before the Board Meeting of the third month of each quarter, and ends after the second (2nd) full trading day following the release of the Company's earnings for that quarter. Designated Officers and Directors in the normal course of doing business are expected to come into possession of Material Non-Public Information relating to the Company 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 Designated Officers and Directors from inappropriately trading in Company Securities.

From time to time, other types of Material Non-Public Information relating to the Company, such as negotiation of mergers, acquisitions, or dispositions, internal investigations, or other significant events, may be pending and may not be publicly disclosed. While such Material Non-Public Information is pending, the Company may impose special black-out periods during which Designated Officers and Directors (and such other Insiders as the Company may determine) are prohibited from trading in Company Securities (and securities of such other public companies as the Company may determine). If the Company imposes a special black-out period, it will notify the affected Insiders.

Designated Officers and Directors are further restricted during any 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) Plan
- 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 401(k) Plan loan if the pre-payment will result in an allocation of loan proceeds to the Company stock fund
- Broker-assisted cashless option exercises
- Stock-for-stock option exercises
- Net stock option exercises
- Cash option exercises
- Share withholding on option exercises
- Pledges
- Gifts
- Transactions in 401(k) plans
- Changes in ESPP contribution rates

The only allowable exceptions for trading in Company Securities during any 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 Broadridge or designated broker
- Cash exercise of vested options granted under the Company's Equity Incentive Plan (however, any subsequent sale of the acquired securities may not occur during an established black-out period (either outright or in connection with a "cashless" exercise transaction through a broker))

- Transactions under a pre-existing written contract, instruction, or plan that complies with Rule 10b5-1 under the Securities Exchange Act of 1934 (a “10b5-1 Plan”) that has been approved by the Company’s Board of Directors and communicated to the Company’s Financial Reporting Unit (comprised of the SVP Controller, VP, Assistant Controller, and AVP, Accounting Management). No Insider may enter into a 10b5-1 Plan at a time when such Insider is aware or otherwise in possession of Material Non-Public Information relating to the Company. Without limiting the foregoing, no Designated Officer or Director may enter into a 10b5-1 Plan during any black-out period.

### **Section 5.00 - Pre-Approval & Reporting Requirements for Designated Officers & Directors**

Regardless of whether the Company is in a black out period, all trades of Company Securities by Designated Officers and Directors (and those of their immediate family members), whether effected through a public securities market or a private transaction, must be pre-approved by contacting the Chief Executive Officer, the Chief Financial Officer, or the Corporate Secretary. When a written request for pre-approval is made, the requestor should summarize the details of the proposed transaction and confirm in the request that the requestor (i) has reviewed this Policy and (ii) is not aware of any Material Non-Public Information concerning the Company. Any two of the Chief Executive Officer, Chief Financial Officer, and/or Senior Vice President-Corporate Secretary will consult and determine whether to grant pre-approval. If there is any question to the propriety of the timing of a transaction, the Company’s legal counsel may be consulted.

If a request for pre-approval is not granted, then the requestor should refrain from initiating any transaction in Company Securities and should not inform any other person of the denial. If pre-approval is granted, the requestor may make the trade at any time within, but not after, four trading days of receipt of pre-approval. If the requestor becomes aware of Material Non-Public Information concerning the Company before the trade is executed, the preclearance shall be void and the trade must not be completed.

Trade details should be reported to the Company’s Financial Reporting Unit within one trading day of completion to ensure timely and accurate SEC filings are executed. Although the Company will file required SEC forms on behalf of a Designated Officer or Director, the responsibility for ensuring the forms are accurate and provided to the Company in a timely manner rests with the Designated Officer or Director.

### **Section 6.00 - Additional Guidance and Restrictions**

#### **Section 6.01 - Short Swing Profit Recapture**

There are special provisions of the federal securities law regarding so-called “short swing profits” which may apply to Designated Officers and Directors, 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 swing profit rules also are applicable to short sales, in which Company Securities are not owned by the Insider at the time of the

sale. 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 Designated Officers and Directors as well as 10% shareholders. Compliance requires a great deal of advance planning. Persons covered by the rules also must be certain that reports as to their initial stock ownership (Form 3), changes in ownership (Form 4), and annual reports of ownership (Form 5) are accurate and filed in a timely manner with the SEC. The Chief Financial Officer, or the Corporate Secretary, will answer any questions as to whether the short swing profit rules apply to an individual.

### **Section 6.02 - Stock Option Exercises**

This Policy's trading restrictions generally do not apply to the cash exercise of a stock option granted under the Company's Equity Incentive Plan. 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.

### **Section 6.03 - 401(k) Plan**

This Policy's trading restrictions do not apply to purchases of Company Securities through the Company's 401(k) Plan resulting from your periodic contribution of money to the 401(k) 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-401(k) Plan transfer of an existing account balance into or out of the Company stock fund, (c) 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 401(k) Plan loan if the prepayment will result in allocation of loan proceeds to the Company stock fund.

401(k) Plan investments have been locked for Designated Officers and Directors. If an investment change is contemplated, the plan participant should contact the Corporate Secretary. The Corporate Secretary will confer and obtain approval for the appropriateness of a trade or reallocation from the Chief Executive Officer or the Chief Financial Officer. Any question concerning the appropriate timeliness of a transaction may be referred to the Company's legal counsel. The Corporate Secretary will email the 401(k) Plan record keeper with an approval email and copy the Senior Vice President- Chief Human Resource Officer and the other approving officers requesting the designated individual's account be open for trading for a pre-determined, but limited, amount of time.

### **Section 6.04 - Hedging and Other Speculative Transactions**

The Company considers it inappropriate for Insiders to engage in speculative transactions in Company Securities or in certain other transactions in Company Securities that may lead to inadvertent violations of insider trading laws or that create a conflict of interest for the Insider. These transactions can be accomplished through a number of possible mechanisms that permit an Insider 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 Insider may no longer have the same objectives as the Company's other shareholders. Therefore Insiders are prohibited from engaging in any of the following transactions with respect to Company Securities:



- short sales;
- buying or selling Company options, including puts or calls;
- holding Company Securities in margin accounts or pledging Company Securities as collateral, except as expressly provided in Section 6.05;
- hedging transactions, including through the use of financial instruments such as prepaid variable forward equity swaps, collars, and exchanges of funds and including with respect to any 10b5-1 Plan (as defined below); or
- placing open orders with a broker to buy or sell Company Securities that have a duration in excess of two business days (other than when such orders are made pursuant to a 10b5-1 Plan).

In addition, from time to time, the Company may determine that other types of transactions by Insiders in Company Securities shall be prohibited or shall be permitted only with the prior written consent of the Corporate Secretary.

### **Section 6.05 - Margin Accounts and Pledged Securities**

No Insider may pledge any Company Securities that such Insider 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 an Insider who desires to pledge Company Securities as collateral for a loan. 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

### **Section 6.06 - Confidentiality**

The unauthorized disclosure of internal information about the Company, whether or not for the purpose of facilitating improper trading in Company Securities, could create serious problems. Insiders should not discuss internal Company matters, developments or confidential information obtained through a relationship of confidence as through the Company with anyone outside the Company, except as required in the performance of regular corporate, contracting or consulting 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 the appropriate person under carefully controlled circumstances. Unless you are expressly authorized to the contrary, if you receive any inquiries of this nature, you should decline comment and refer the inquirer to the Chief Executive Officer, the Chief Financial Officer, or the Senior Vice President- Director of Marketing for the Company.

When an Insider is involved in a matter or transaction which is sensitive and, if disclosed, could reasonably be expected to have an effect on the market price of the securities of the Company or any other company involved in the transaction, that individual should consider taking extraordinary precautions to prevent misuse or unauthorized disclosure of such information. Such measures include the following:

- maintaining files securely and avoiding storing information on computer systems that can be accessed by other individuals;
- avoiding the discussion of confidential matters in areas where the conversation could possibly be overheard;
- not gossiping about the Company's affairs; and
- restricting the copying and distribution of sensitive documents within the Company.

Any written or verbal statement that would be prohibited under the law or under this Policy is equally prohibited if made on the Internet or by social media.

### **Section 6.07 - 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 Non-Public 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. This Confidentiality Policy is made available to all directors, officers, and employees of the Company.

### **Section 6.08 - Open Orders with Brokers**

Always use caution when placing open orders, such as limit orders or stop orders, with brokers. 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 Designated Officers and Directors, violations of this Policy and unfavorable publicity for you and the Company. As provided in Section 6.04, you may not place an open order with a broker to buy or sell Company Securities that has a duration in excess of two business days (unless made pursuant to a 10b5-1 Plan). If you are subject to black-out periods or pre-clearance requirements, inform any broker with whom you place any open order at the time it is placed.

**Section 6.09 - Questions Regarding this Policy**

If you are considering buying, selling, gifting, or otherwise transferring Company Securities and have questions regarding your responsibilities under this Policy, you should contact the Chief Financial Officer at 207-288-9343 (Internal Ext. 12213) or the Corporate Secretary at 207-288-2637 (internal extension 12226). The Chief Financial Officer or the Corporate Secretary will, in consultation with the Chief Executive Officer when necessary, determine whether the transaction might imply the improper use of confidential information or Material Non-Public Information in violation of this Policy.

**Section 6.10 - Former Employees**

Subject to additional terms, conditions or restrictions that may be set forth in an agreement between the Company and a Designated Officer or Director:

- Upon termination of the status of the Designated Officer or Director with the Company, the Designated Officer or Director (and his or her immediate family members) will no longer be prohibited from engaging in transactions in Company Securities during black-out periods (as described in Section 4.04)(provided that such Designated Officer or Director (and his or her immediate family members) shall continue to be subject to any black-out period in effect at the time of such termination), but all other trading prohibitions and restrictions detailed in this Policy (including mandatory pre-approval of any transactions in Company Securities) shall apply until the later of (a) the third full trading day following the public release of earnings for the quarter in which the status of the Designated Officer or Director with the Company terminates and (ii) the third full trading day after the earlier of (a) the public disclosure of any Material Nonpublic Information known to the Designated Officer or Director or (b) any Material Non-Public Information possessed by the Insider has become public or is no longer material, as determined by the Company.
- Upon termination of the status of any other Insider with the Company, trading prohibitions and restrictions detailed in this Policy will continue to apply until any Material Non-Public Information possessed by the Insider has become public or is no longer material, as determined by the Company.

**Section 6.11 - Distribution**

All new Insiders will be provided a copy of this Policy upon engagement or 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.