

## Report of Organizational Actions Affecting Basis of Securities

▶ See separate instructions.

**Part I Reporting Issuer**

<b>1</b> Issuer's name  <b>Bar Harbor Bankshares</b>		<b>2</b> Issuer's employer identification number (EIN)  <b>01-0393663</b>	
<b>3</b> Name of contact for additional information  <b>Josephine Iannelli</b>	<b>4</b> Telephone No. of contact  <b>(208)228-3314</b>	<b>5</b> Email address of contact  <b>jiannelli@bhbt.com</b>	
<b>6</b> Number and street (or P.O. box if mail is not delivered to street address) of contact  <b>P.O. Box 400, 82 Main Street</b>		<b>7</b> City, town, or post office, state, and Zip code of contact  <b>Bar Harbor, ME 04609-0400</b>	
<b>8</b> Date of action  <b>March 21, 2017</b>		<b>9</b> Classification and description  <b>Three-for-Two Stock Split of Common Stock, \$2.00 par value per share</b>	
<b>10</b> CUSIP number  <b>066849100</b>	<b>11</b> Serial number(s)  <b>n/a</b>	<b>12</b> Ticker symbol  <b>BHB</b>	<b>13</b> Account number(s)

**Part II Organizational Action** Attach additional statements if needed. See back of form for additional questions.

**14** Describe the organizational action and, if applicable, the date of the action or the date against which shareholders' ownership is measured for the action ▶ **A three-for-two stock split, completed in the form of a stock dividend of 1.5 shares of Bar Harbor Bankshares ("BHB") common stock for each share of BHB common stock outstanding. The stock dividend was distributed on March 21, 2017 to shareholders of record as of March 7, 2017.**

**15** Describe the quantitative effect of the organizational action on the basis of the security in the hands of a U.S. taxpayer as an adjustment per share or as a percentage of old basis ▶ **The stock split was a non-taxable transaction under the Internal Revenue Code ("IRC") Section 305(a) and, accordingly, a stockholder's basis shall be allocated under IRC Section 307(a). Under IRC 307(a) each stockholder will allocate the basis in shares owned prior to the stock split over those shares and additional shares issued in the three-for-two stock split. As a result a stockholder will multiply the basis in each share held before the stock split by 66.7% to determine the basis, after the stock split, in those shares and additional shares distributed in the stock split.**

**16** Describe the calculation of the change in basis and the data that supports the calculation, such as the market values of securities and the valuation dates ▶ **As per Section 15 above.**

**Part II Organizational Action** (continued)

17 List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based ▶ IRC Sec. 305(a) and IRC Sec. 307(a).

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18 Can any resulting loss be recognized? ▶ No loss can be recognized in connection with the three-for-two stock split completed in the form of a stock dividend.

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19 Provide any other information necessary to implement the adjustment, such as the reportable tax year ▶ The reportable tax year is the calendar year ending December 31, 2017.

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Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

**Sign Here**

Signature ▶ /s/ Josephine Iannelli Date ▶ \_\_\_\_\_

Print your name ▶ Josephine Iannelli Title ▶ EVP-CFO and Treasurer

**Paid Preparer Use Only**

Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN
Firm's name ▶	Firm's EIN ▶		Phone no.	
Firm's address ▶				