Founded in 1887, Bar Harbor Bank & Trust (the “Bank”) is a community bank with 12 locations along the coast of Maine, and offers a full range of financial products and services for families, businesses, municipalities and non-profit organizations. Bar Harbor Trust Services, a subsidiary of the Bank, and Bar Harbor Financial Services, a branch of Infinex Investments, Inc., an independent third party broker, provide retirement planning, investment management, brokerage and insurance services to meet the needs of a wide variety of individual, non-profit and municipal clients. Bar Harbor Bankshares (“BHB” or the “Company”) is the parent company of Bar Harbor Bank & Trust.

Year-Over-Year Financial Highlights
(Dollars in thousands)

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2009</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Income Available to Common Shareholders</td>
<td>$10,009</td>
<td>$9,316</td>
<td>7.4%</td>
</tr>
<tr>
<td>Diluted Earnings Per Share</td>
<td>$2.61</td>
<td>$3.12</td>
<td>-16.3%</td>
</tr>
<tr>
<td>Net Interest Income</td>
<td>$31,709</td>
<td>$33,281</td>
<td>-4.7%</td>
</tr>
<tr>
<td>Non-interest Income</td>
<td>$7,458</td>
<td>$6,022</td>
<td>23.8%</td>
</tr>
<tr>
<td>Non-interest Expense</td>
<td>$22,046</td>
<td>$21,754</td>
<td>1.3%</td>
</tr>
<tr>
<td>Total Assets</td>
<td>$1,117,933</td>
<td>$1,072,381</td>
<td>4.2%</td>
</tr>
<tr>
<td>Total Securities</td>
<td>$357,882</td>
<td>$347,026</td>
<td>3.1%</td>
</tr>
<tr>
<td>Total Loans</td>
<td>$700,670</td>
<td>$669,492</td>
<td>4.7%</td>
</tr>
<tr>
<td>Total Deposits</td>
<td>$708,328</td>
<td>$641,173</td>
<td>10.5%</td>
</tr>
<tr>
<td>Average Shareholders’ Equity</td>
<td>$105,911</td>
<td>$88,846</td>
<td>19.2%</td>
</tr>
</tbody>
</table>
Dear fellow shareholders:

We are pleased to provide you with the Bar Harbor Bankshares Summary Annual Report for 2010. We are most pleased to report that net income available to common shareholders for 2010 was a record $10 million, up 7.4% from 2009.

This is our fifth consecutive year of record earnings. We are particularly pleased to have sustained this trend through 2008, 2009 and 2010, three of the most challenging years in modern banking history.

Last year at this time, due to patches of turbulence that lingered in the economy, we were uncertain about what the next twelve months might bring although we were cautiously optimistic that Bar Harbor Bankshares was prepared for it. We believe it is fair to say that by year’s end, the national and regional economies had experienced a largely sideways movement. However, the coast of Maine demonstrated some very encouraging and unique pockets of economic vitality, which supported some of our optimistic expectations. It is worth noting a few key examples.

• Bar Harbor Bankshares’ principal economic driver remains tourism as our headquarters stands in the shadow of the heights of Acadia National Park, one of the major tourism destinations on the East Coast. Acadia National Park reported 2010 visits were up about 350,000 (or 15%) over 2009, and local lodging, hospitality and retail establishments generally have reported their best year in nearly a decade. Many of these businesses are our customers and we in turn

Bar Harbor Bankshares employees share their energy and enthusiasm with more than 60 non-profit groups and 40 community events each year, touching thousands of lives in the coastal Maine communities where we are fortunate to live, work, and play.

Outstanding Corporation of the Year

2010

The Association of Fundraising Professionals—Northern New England Chapter honored BHB as “Outstanding Corporation” of the year in 2010, recognizing our employees for their gifts of time, expertise and dollars.
were rewarded with unusually strong seasonal increases in deposits as well as added stability in our tourism-dependent loans and related personal debt.

• Maine’s iconic lobster fishing industry has struggled with difficult challenges for the past several years but 2010 was different. The Maine Department of Marine Resources has reported that the 2010 lobster harvest was the highest on record for both volume and value. Landings were over 93 million pounds with a value of over $308 million compared to over 81 million pounds and a value of $237 million for 2009. As these statistics signify, most lobster fishermen enjoyed a substantially better reward for their efforts than in recent years. For Bar Harbor Bankshares, this has translated to a healthier portfolio of commercial and personal business within the fishing communities.

• The Maine wild blueberry industry provides some of our largest agricultural customers and comprises wild blueberry growers and processors. This year saw some early cautions due to partial crop losses in both Maine and Canada due to untimely frosts. Eventually, domestic growers suffered less damage than did their Canadian competitors. Demand for product remained high due to the weakened overall supply with the result that our customers have reported very strong prices. 2010 brought satisfying profits for most operators in our region and we were able to increase our support to this major local industry.

As we have commented many times in our shareholder communications, we are fortunate to be a community bank on the coast of Maine, which has been hospitable to our success over the past several years and was again in 2010.

Harding Golf Tournament
May 2010

“Food and Fuel for our Neighbors on Mount Desert Island” was the fundraising objective for our 17th annual David R. Harding Memorial Golf Tournament at Kebo Valley. Tourney proceeds of $6,000 were evenly distributed among the Bar Harbor Food Pantry, the Westside Food Pantry, and the MDI Community Campfire Coalition.
During 2010, the Company’s assets grew by $45.6 million, or 4.2%, to $1.1 billion. In 2010, many banks were unable to demonstrate growth and we are pleased to have done so in ways that are beneficial to the customers and communities we serve. In 2009’s Summary Annual Report, we noted the national perception that “banks are unwilling to lend.” We are delighted to present our bank’s experience as counter to that assertion. During 2008 and 2009, we began to observe that our competitive landscape was changing and that the market was becoming increasingly receptive to an experienced and responsive local community bank as an alternative source to the much larger regional and national banks for business lending. We had been building our business development and credit administration teams around conservative and consistent credit standards for several years and we were well-prepared to take advantage of these additional opportunities. Despite the specter of diminished overall market demand, we made a conscious strategic decision to deploy our business banking team at increased strength to provide what

### Relay for Life

**June 2010**

Bar Harbor Bankshares’ “Banking on a Cure” team first participated in Relay in 2001, when a group of four raised $1,460. Since then, BHB’s team has grown to around 50 employees, friends, and family members who have raised over $78,000 to help create a world with less cancer and more birthdays. BHB’s “Banking on a Cure” fundraising begins as soon as the current year’s Relay ends. Our team hosts a Spud-tacular Baked Potato Supper, a Cinco de Mayo lunch, a dance, and several pancake breakfasts to bring in funds for the cause.

Relay for Life, the American Cancer Society’s signature activity, raises funds to fight cancer and increase awareness of prevention and treatment options. Teams camp out overnight and take turns walking around the track during an 18-hour period. Each team is asked to have a representative on the track at all times during the event. While doing their part to help find a cure, participants celebrate the lives of those who have battled cancer and remember loved ones lost to the disease.

“Banking on a Cure” is one of the top fundraising teams in Hancock County, collecting over $15,000 in 2009 and nearly $14,000 in 2010, more than 10% of the overall local event proceeds. Our employees have also been involved in the Daffodil Days fundraiser for ACS since it began over 25 years ago. The American Cancer Society honored BHB with an Outstanding Income Development Award in 2007 in recognition of the Bank’s longstanding partnership in the fight against cancer.
we believe to have been exemplary service at a time when it was most appreciated by existing customers and new prospects. This positioning has permitted healthy growth during a period of general industry retrenchment. We believe this strategy has distinguished us from many of our competitors. For 2010, business loans were up $28.3 million over 2009, representing growth of 7.7% and ended 2010 at $397.6 million.

Residential mortgage loans rose $5.7 million or 2.5% compared to 2009 and, given the overall state of the market, we are pleased to report even that small measure of growth. Throughout the nation, banks have struggled with a dramatic slowdown in housing sales and diminishing opportunities to finance homes. Because of the slowness in the industry, housing values had decreased dramatically, especially in areas of previously high growth, and home purchase activity withered from prior levels. We were not immune along the Maine coast as local housing values also softened here and purchase activity gave way to refinancing of existing homes. In recent months, we have observed increased interest in both the high and entry levels of the mortgage market but continued sluggishness in the broader middle market where trading-up transactions have become rare. In particular, since late 2009, we have observed some heightened interest in high-value vacation and retirement homes along the coast, representing, we believe, an assessment that values have leveled out for such properties and the opportunities available are compelling. We have been fortunate to be able to provide financing for several of these transactions. However, we are very cautious about projecting the rate of progress in the broader housing market from this point forward.

While asset quality factors were relatively stable through most of 2010, we did experience net charge-offs of 0.24% of total average loans for 2010 compared to 0.13% of total loans in 2009. At the end of 2010, non-performing loans were 1.95% of total loans up from 1.37% of total loans in 2009, with all of the net increase represented by a single $5.2 million loan to a moderate-income housing project managed by a local not-for-profit agency. While the pace of resolution of residential loans in foreclosure in Maine is glacially slow, the pace of our loans entering the foreclosure process is manageable and has not worsened...
We made a conscious strategic decision to deploy our business banking team at increased strength to provide what we believe to have been exemplary service at a time when it was most appreciated by existing customers and new prospects. This positioning has permitted healthy growth during a period of general industry retrenchment.

appreciably relative to our experience in 2009. We continue to work with every cooperative borrower to avoid foreclosure whenever possible.

We are pleased to note that our financial service units, Bar Harbor Trust Services and Bar Harbor Financial Services*, continued to grow during 2010. Combined, these units contributed top-line revenues of $3 million up 22.1% compared to 2009. These units continue to demonstrate increased acceptance in the local market as providers of choice for financial advisory and investment services to a wide variety of individuals and institutional clients. At the end of 2010, Bar Harbor Trust Services reported assets under management of $314.2 million, up $44.1 million or 16.3% from 2009.

We are pleased to report an efficiency ratio for 2010 of 55.5%, very favorable compared to peers. The slippage from 53.2% in 2009 is largely attributable to a 4.7% decline in net interest income. This decline was principally

*Bar Harbor Financial Services is a branch of Infinex Investments, Inc., an independent registered broker-dealer which is not affiliated with the Company or the Bank.
due to the refinancing of certain loans into lower rates as well as to accelerated cash flows from the company’s mortgage-backed securities portfolio. Non-interest expenses were up only 1.3% compared to 2009, and were a lesser factor in this ratio for 2010.

As part of our strategic plan, we identified the importance of improving the overall banking experience of our existing customers. One aspect of this commitment is to upgrade branch facilities in our largest and busiest locations. In 2010, we renovated our Blue Hill and Southwest Harbor branches and launched a project to replace our Ellsworth branch. These three offices are our largest branches aside from our Bar Harbor headquarters and represent valuable franchise assets with growth potential. Another aspect of this commitment was to recognize the popular demand of electronic banking products. In 2010, we completed deployment of a new online bill-payment system, E-statements and E-Choice, our interest-bearing electronic checking account.

**Bar Harbor Bank & Trust YMCA Half Marathon**

September 2010

“Gatorade!” “Water!” As runners pass the 5-mile mark, they are greeted with hydration and cheers from an enthusiastic team of BHB volunteers. One of the most scenic race courses in the world, the Half Marathon winds through Acadia National Park and ends up back in town at the Bar Harbor ballfield. With a limited field of only 400 runners, there is always a full roster for this popular event that draws participants from near and far. As title sponsor, BHB has supported this timeless YMCA fundraiser and economy booster since the 1980’s.

**Walk for Wishes**

September 2010

When the Make-A-Wish Foundation grants wishes for children with life-threatening medical conditions, the average cost is $6,000. Many children from Maine have benefited, including our own Penny Brady’s step-daughter, Becky, who was present at the 2010 Walk. Becky’s wish of going on a cruise was granted back in 2002 when she was 10 years old and battling a brain tumor. Now she is 19, and majoring in elementary education at Husson University. Ron Hamilton, BHB employee, is a volunteer Wish Granter and organizes our local Walk, which raised nearly $9,000 in 2010.
Maine’s coastal economy, with its strengths in tourism, fishing, boat building and blueberry farming, has proven remarkably stable over time. With 12 branches along a 120-mile stretch from Lubec to Rockland, BHB is fortunate to call coastal Maine home.

1 Bar Harbor  2 Blue Hill  3 Deer Isle  4 Ellsworth  5 Lubec  6 Machias  7 Milbridge  8 Northeast Harbor  9 Rockland  10 Somesville  11 Southwest Harbor  12 Winter Harbor

We wish to acknowledge a change in our senior management team. In July of 2010, we welcomed Raymond J. Frohnapfel as Senior Vice President of Operations and Information Systems. Mr. Frohnapfel brings over 25 years of experience in banking operations and technology management. Mr. Frohnapfel succeeds David W. Thibault who retired in June of 2010 after nine years of exemplary service to the Company.

Throughout this document we have taken the opportunity to acknowledge the extraordinary contributions of our team members who devote thousands of hours of volunteer service to a myriad of benefit events and community causes. Their volunteer efforts are from the heart and need no coaching from management. We believe that healthy communities are prosperous communities and
We believe that healthy communities are prosperous communities and we recognize there is no better indicator of a healthy community than the unselfish spirit of its people. Throughout this document we acknowledge the extraordinary contributions of our team members who devote thousands of hours of volunteer service to a myriad of community events and causes.

we recognize there is no better indicator of a healthy community than the unselfish spirit of its people. We are very proud of our team members and salute their remarkable commitment.

Going forward into 2011 and beyond, we remain cautiously optimistic that the broader national economy will eventually strengthen but will be remarkably changed from the pre-crisis period in ways we do not yet fully comprehend. We suspect that a segment of the population we serve will become and remain financially more conservative than they may have been before and this will be manifest in their expectations of banks and financial services companies. By contrast, we predict a new generation of entrepreneurs will emerge, recognizing new opportunities and looking for skill, confidence and support from lending institutions. To prosper and flourish, Bar Harbor Bankshares will need to respond to both expectations and we are committed to do so.

Legislative and regulatory expectations are the extreme wild-card in the banking future. While well-intentioned, if occasionally misguided, regulatory expectations designed for large banks do not sit well on the shoulders of smaller

Thanksgiving Food Drive

November 2010

Through the generosity of our community members, BHB’s 22nd annual food drive, held at grocery stores in Bar Harbor, Blue Hill, Ellsworth, and Machias, brought in more than 2,000 food items and over $2,300. These gifts provided food for the Thanksgiving holiday as well as stocked the shelves of eleven local food pantries for the coming winter months.
community banks. In the wake of the Dodd-Frank Wall Street Reform and Consumer Protection Act, the community banking industry is virtually certain to experience increased compliance bureaucracy and costs.

We ended 2010 in a position of strength with a Total Risk-based capital ratio of 15.41%, well above the regulatory standard of 10% for a well-capitalized financial institution. Going forward, this capital strength will determine both our strategic direction and our freedom to act upon our strategic intents. In the past two years we have taken bold steps to acquire and preserve this significant capital strength and we are committed to use it prudently in pursuit of long term growth and appropriate returns to our shareholders. As evidence of this commitment, we were pleased to increase our dividend during the fourth quarter of 2010 and again in the first quarter of 2011.

On behalf of the Board of Directors and all the Bar Harbor Bankshares team members, we thank you, our shareholders, for your confidence and loyalty.

Joseph M. Murphy
President and Chief Executive Officer

Peter Dodge
Chairman

(center and right photos) Courtesy of Kelly Saunders, Bagaduce Photo.
## 5-Year Selected Financial Data

The following table sets forth selected financial data for the last five years.

<table>
<thead>
<tr>
<th>(In thousands, except share and per share data)</th>
<th>2010</th>
<th>2009</th>
<th>2008</th>
<th>2007</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Balance Sheet Data:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total assets</td>
<td>$1,117,933</td>
<td>$1,072,381</td>
<td>$972,288</td>
<td>$889,472</td>
<td>$824,877</td>
</tr>
<tr>
<td>Total securities</td>
<td>357,882</td>
<td>347,026</td>
<td>290,502</td>
<td>264,617</td>
<td>213,252</td>
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<tr>
<td>Total loans</td>
<td>700,670</td>
<td>669,492</td>
<td>633,603</td>
<td>579,711</td>
<td>555,099</td>
</tr>
<tr>
<td>Allowance for loan losses</td>
<td>(8,500)</td>
<td>(7,814)</td>
<td>(5,446)</td>
<td>(4,743)</td>
<td>(4,525)</td>
</tr>
<tr>
<td>Total deposits</td>
<td>708,328</td>
<td>641,173</td>
<td>578,193</td>
<td>539,116</td>
<td>496,319</td>
</tr>
<tr>
<td>Total borrowings</td>
<td>300,014</td>
<td>311,629</td>
<td>323,903</td>
<td>278,853</td>
<td>260,712</td>
</tr>
<tr>
<td>Total shareholders’ equity</td>
<td>103,608</td>
<td>113,514</td>
<td>65,445</td>
<td>65,974</td>
<td>61,051</td>
</tr>
<tr>
<td>Average assets</td>
<td>1,087,327</td>
<td>1,052,496</td>
<td>926,357</td>
<td>841,206</td>
<td>788,557</td>
</tr>
<tr>
<td>Average shareholders’ equity</td>
<td>105,911</td>
<td>88,846</td>
<td>65,139</td>
<td>62,788</td>
<td>57,579</td>
</tr>
<tr>
<td><strong>Results of Operations:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest and dividend income</td>
<td>$ 51,141</td>
<td>$ 54,367</td>
<td>$ 53,594</td>
<td>$ 51,809</td>
<td>$ 46,145</td>
</tr>
<tr>
<td>Interest expense</td>
<td>19,432</td>
<td>21,086</td>
<td>26,403</td>
<td>28,906</td>
<td>24,449</td>
</tr>
<tr>
<td>Net interest income</td>
<td>31,709</td>
<td>33,281</td>
<td>27,191</td>
<td>22,903</td>
<td>21,696</td>
</tr>
<tr>
<td>Provision for loan losses</td>
<td>2,327</td>
<td>3,207</td>
<td>1,995</td>
<td>456</td>
<td>131</td>
</tr>
<tr>
<td>Net interest income after provision for loan losses</td>
<td>29,382</td>
<td>30,074</td>
<td>25,196</td>
<td>22,447</td>
<td>21,565</td>
</tr>
<tr>
<td>Non-interest income</td>
<td>7,458</td>
<td>6,022</td>
<td>6,432</td>
<td>5,929</td>
<td>6,876</td>
</tr>
<tr>
<td>Non-interest expense</td>
<td>22,046</td>
<td>21,754</td>
<td>20,513</td>
<td>18,201</td>
<td>18,677</td>
</tr>
<tr>
<td>Income before income taxes</td>
<td>14,794</td>
<td>14,342</td>
<td>11,115</td>
<td>10,175</td>
<td>9,764</td>
</tr>
<tr>
<td>Income taxes</td>
<td>4,132</td>
<td>3,992</td>
<td>3,384</td>
<td>3,020</td>
<td>2,885</td>
</tr>
<tr>
<td><strong>Net income</strong></td>
<td>$ 10,662</td>
<td>$ 10,350</td>
<td>$ 7,731</td>
<td>$ 7,155</td>
<td>$ 6,879</td>
</tr>
<tr>
<td>Preferred stock dividends and accretion of discount</td>
<td>653</td>
<td>1,034</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td><strong>Net income available to common shareholders</strong></td>
<td>$ 10,009</td>
<td>$ 9,316</td>
<td>$ 7,731</td>
<td>$ 7,155</td>
<td>$ 6,879</td>
</tr>
<tr>
<td><strong>Per Common Share Data:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Basic earnings per share</td>
<td>$ 2.65</td>
<td>$ 3.19</td>
<td>$ 2.63</td>
<td>$ 2.36</td>
<td>$ 2.26</td>
</tr>
<tr>
<td>Diluted earnings per share</td>
<td>$ 2.61</td>
<td>$ 3.12</td>
<td>$ 2.57</td>
<td>$ 2.30</td>
<td>$ 2.20</td>
</tr>
<tr>
<td>Cash dividends per share</td>
<td>$ 1.045</td>
<td>$ 1.040</td>
<td>$ 1.020</td>
<td>$ 0.955</td>
<td>$ 0.905</td>
</tr>
<tr>
<td>Dividend payout ratio</td>
<td>39.43%</td>
<td>32.60%</td>
<td>38.78%</td>
<td>40.47%</td>
<td>40.04%</td>
</tr>
<tr>
<td><strong>Selected Financial Ratios:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Return on total average assets</td>
<td>0.98%</td>
<td>0.98%</td>
<td>0.83%</td>
<td>0.85%</td>
<td>0.87%</td>
</tr>
<tr>
<td>Return on total average equity</td>
<td>10.07%</td>
<td>11.65%</td>
<td>11.87%</td>
<td>11.40%</td>
<td>11.95%</td>
</tr>
<tr>
<td>Tax-equivalent net interest margin</td>
<td>3.18%</td>
<td>3.40%</td>
<td>3.13%</td>
<td>2.91%</td>
<td>2.98%</td>
</tr>
<tr>
<td><strong>Capital Ratios:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tier 1 leverage capital ratio</td>
<td>9.01%</td>
<td>10.35%</td>
<td>6.61%</td>
<td>7.10%</td>
<td>7.34%</td>
</tr>
<tr>
<td>Tier 1 risk-based capital ratio</td>
<td>13.57%</td>
<td>15.34%</td>
<td>9.95%</td>
<td>10.76%</td>
<td>10.82%</td>
</tr>
<tr>
<td>Total risk-based capital ratio</td>
<td>15.41%</td>
<td>17.14%</td>
<td>11.60%</td>
<td>11.59%</td>
<td>11.65%</td>
</tr>
<tr>
<td><strong>Asset Quality Ratios:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net charge-offs to average loans</td>
<td>0.24%</td>
<td>0.13%</td>
<td>0.21%</td>
<td>0.04%</td>
<td>0.05%</td>
</tr>
<tr>
<td>Allowance for loan losses to total loans</td>
<td>1.21%</td>
<td>1.17%</td>
<td>0.86%</td>
<td>0.82%</td>
<td>0.82%</td>
</tr>
<tr>
<td>Allowance for loan losses to non-performing loans</td>
<td>62%</td>
<td>85%</td>
<td>124%</td>
<td>230%</td>
<td>721%</td>
</tr>
<tr>
<td>Non-performing loans to total loans</td>
<td>1.95%</td>
<td>1.37%</td>
<td>0.70%</td>
<td>0.36%</td>
<td>0.11%</td>
</tr>
</tbody>
</table>

Refer to the Bar Harbor Bankshares 2010 Annual Report on Form 10-K for a complete set of consolidated audited financial statements.
### Consolidated Balance Sheets

#### As of December 31st

**Assets**

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents</td>
<td>$12,815</td>
<td>$9,832</td>
</tr>
<tr>
<td>Securities available for sale, at fair value</td>
<td>357,882</td>
<td>347,026</td>
</tr>
<tr>
<td>Federal Home Loan Bank stock</td>
<td>16,068</td>
<td>16,068</td>
</tr>
<tr>
<td>Loans</td>
<td>700,670</td>
<td>669,492</td>
</tr>
<tr>
<td>Allowance for loan losses</td>
<td>(8,500)</td>
<td>(7,814)</td>
</tr>
<tr>
<td>Loans, net of allowance for loan losses</td>
<td>692,170</td>
<td>661,678</td>
</tr>
<tr>
<td>Premises and equipment, net</td>
<td>13,505</td>
<td>11,927</td>
</tr>
<tr>
<td>Goodwill</td>
<td>3,158</td>
<td>3,158</td>
</tr>
<tr>
<td>Bank owned life insurance</td>
<td>7,112</td>
<td>6,846</td>
</tr>
<tr>
<td>Other assets</td>
<td>15,223</td>
<td>15,846</td>
</tr>
<tr>
<td><strong>TOTAL ASSETS</strong></td>
<td><strong>$1,117,933</strong></td>
<td><strong>$1,072,381</strong></td>
</tr>
</tbody>
</table>

**Liabilities**

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Demand and other non-interest bearing deposits</td>
<td>$60,350</td>
<td>$57,743</td>
</tr>
<tr>
<td>NOW accounts</td>
<td>82,656</td>
<td>74,538</td>
</tr>
<tr>
<td>Savings and money market deposits</td>
<td>211,748</td>
<td>171,791</td>
</tr>
<tr>
<td>Time deposits</td>
<td>353,574</td>
<td>337,101</td>
</tr>
<tr>
<td><strong>Total deposits</strong></td>
<td><strong>708,328</strong></td>
<td><strong>641,173</strong></td>
</tr>
<tr>
<td>Short-term borrowings</td>
<td>119,880</td>
<td>91,893</td>
</tr>
<tr>
<td>Long-term advances from Federal Home Loan Bank</td>
<td>175,134</td>
<td>214,736</td>
</tr>
<tr>
<td>Junior subordinated debentures</td>
<td>5,000</td>
<td>5,000</td>
</tr>
<tr>
<td>Other liabilities</td>
<td>5,983</td>
<td>6,065</td>
</tr>
<tr>
<td><strong>TOTAL LIABILITIES</strong></td>
<td><strong>1,014,325</strong></td>
<td><strong>958,867</strong></td>
</tr>
</tbody>
</table>

**Shareholders’ equity**

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital stock, par value $2.00; authorized 10,000,000 shares; issued 4,525,635 shares at December 31, 2010 and 4,443,614 shares at December 31, 2009</td>
<td>9,051</td>
<td>8,887</td>
</tr>
<tr>
<td>Preferred stock, par value $0; authorized 1,000,000 shares; issued 18,751 shares at December 31, 2009</td>
<td>—</td>
<td>18,358</td>
</tr>
<tr>
<td>Surplus</td>
<td>26,165</td>
<td>24,360</td>
</tr>
<tr>
<td>Retained earnings</td>
<td>80,379</td>
<td>75,001</td>
</tr>
<tr>
<td><strong>Accumulated other comprehensive income:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Prior service cost and unamortized net actuarial losses on employee benefit plans, net of tax of ($29) and ($56), at December 31, 2010 and December 31, 2009, respectively</td>
<td>(56)</td>
<td>(109)</td>
</tr>
<tr>
<td>Net unrealized appreciation on securities available for sale, net of tax of $445 and $1,074, at December 31, 2010 and December 31, 2009, respectively</td>
<td>865</td>
<td>2,084</td>
</tr>
<tr>
<td>Portion of OTTI attributable to non-credit losses, net of tax of $270 and $931, at December 31, 2010 and 2009, respectively</td>
<td>(525)</td>
<td>(1,808)</td>
</tr>
<tr>
<td>Net unrealized appreciation on derivative instruments, net of tax of $0 and $209 at December 31, 2010 and December 31, 2009, respectively</td>
<td>—</td>
<td>406</td>
</tr>
<tr>
<td><strong>Total accumulated other comprehensive income</strong></td>
<td><strong>284</strong></td>
<td><strong>573</strong></td>
</tr>
<tr>
<td><strong>Less:</strong> cost of 702,690 and 752,431 shares of treasury stock at December 31, 2010 and December 31, 2009, respectively</td>
<td>(12,271)</td>
<td>(13,665)</td>
</tr>
<tr>
<td><strong>TOTAL SHAREHOLDERS’ EQUITY</strong></td>
<td><strong>103,608</strong></td>
<td><strong>113,514</strong></td>
</tr>
</tbody>
</table>

**TOTAL LIABILITIES AND SHAREHOLDERS’ EQUITY**

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>TOTAL LIABILITIES AND SHAREHOLDERS’ EQUITY</strong></td>
<td><strong>$1,117,933</strong></td>
<td><strong>$1,072,381</strong></td>
</tr>
</tbody>
</table>

Refer to the Bar Harbor Bankshares 2010 Annual Report on Form 10-K for a complete set of consolidated audited financial statements.
## Consolidated Statements of Income

For the Years Ended December 31st

(In thousands, except share and per share data)

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2009</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Interest and dividend income:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest and fees on loans</td>
<td>$34,867</td>
<td>$34,797</td>
<td>$37,653</td>
</tr>
<tr>
<td>Interest on securities</td>
<td>16,274</td>
<td>19,570</td>
<td>15,415</td>
</tr>
<tr>
<td>Dividends on FHLB stock</td>
<td>—</td>
<td>—</td>
<td>526</td>
</tr>
<tr>
<td><strong>Total interest and dividend income</strong></td>
<td>$51,141</td>
<td>$54,367</td>
<td>$53,594</td>
</tr>
<tr>
<td><strong>Interest expense:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Deposits</td>
<td>9,906</td>
<td>10,724</td>
<td>14,976</td>
</tr>
<tr>
<td>Short-term borrowings</td>
<td>284</td>
<td>602</td>
<td>1,421</td>
</tr>
<tr>
<td>Long-term debt</td>
<td>9,242</td>
<td>9,760</td>
<td>10,006</td>
</tr>
<tr>
<td><strong>Total interest expense</strong></td>
<td>$19,432</td>
<td>$21,086</td>
<td>$26,403</td>
</tr>
<tr>
<td><strong>Net interest income</strong></td>
<td>$31,709</td>
<td>$33,281</td>
<td>$27,191</td>
</tr>
<tr>
<td>Provision for loan losses</td>
<td>2,327</td>
<td>3,207</td>
<td>1,995</td>
</tr>
<tr>
<td><strong>Net interest income after provision for loan losses</strong></td>
<td>$29,382</td>
<td>$30,074</td>
<td>$25,196</td>
</tr>
<tr>
<td><strong>Non-interest income:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trust and other financial services</td>
<td>2,984</td>
<td>2,444</td>
<td>2,513</td>
</tr>
<tr>
<td>Service charges on deposit accounts</td>
<td>1,359</td>
<td>1,412</td>
<td>1,594</td>
</tr>
<tr>
<td>Mortgage banking activities</td>
<td>115</td>
<td>490</td>
<td>15</td>
</tr>
<tr>
<td>Credit and debit card service charges and fees</td>
<td>1,160</td>
<td>1,004</td>
<td>2,044</td>
</tr>
<tr>
<td>Net securities gains (losses)</td>
<td>2,127</td>
<td>1,521</td>
<td>(831)</td>
</tr>
<tr>
<td><strong>Total other-than-temporary impairment (&quot;OTTI&quot;) losses</strong></td>
<td>(898)</td>
<td>(2,773)</td>
<td>—</td>
</tr>
<tr>
<td>Non-credit portion of OTTI losses (before taxes)</td>
<td>—</td>
<td>1,319</td>
<td>—</td>
</tr>
<tr>
<td><strong>Net OTTI losses recognized in earnings</strong></td>
<td>(898)</td>
<td>(1,454)</td>
<td>—</td>
</tr>
<tr>
<td>Other operating income</td>
<td>611</td>
<td>605</td>
<td>1,097</td>
</tr>
<tr>
<td><strong>Total non-interest income</strong></td>
<td>$7,458</td>
<td>$6,022</td>
<td>$6,432</td>
</tr>
<tr>
<td><strong>Non-interest expense:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Salaries and employee benefits</td>
<td>12,193</td>
<td>11,594</td>
<td>10,827</td>
</tr>
<tr>
<td>Occupancy expense</td>
<td>1,357</td>
<td>1,329</td>
<td>1,387</td>
</tr>
<tr>
<td>Furniture and equipment expense</td>
<td>1,602</td>
<td>1,378</td>
<td>1,539</td>
</tr>
<tr>
<td>Credit and debit card expenses</td>
<td>295</td>
<td>332</td>
<td>1,416</td>
</tr>
<tr>
<td>FDIC insurance assessments</td>
<td>1,066</td>
<td>1,420</td>
<td>134</td>
</tr>
<tr>
<td>Other operating expense</td>
<td>5,533</td>
<td>5,701</td>
<td>5,210</td>
</tr>
<tr>
<td><strong>Total non-interest expenses</strong></td>
<td>$22,046</td>
<td>$21,754</td>
<td>$20,513</td>
</tr>
<tr>
<td><strong>Income before income taxes</strong></td>
<td>$14,794</td>
<td>$14,342</td>
<td>$11,115</td>
</tr>
<tr>
<td>Income taxes</td>
<td>4,132</td>
<td>3,992</td>
<td>3,384</td>
</tr>
<tr>
<td><strong>Net income</strong></td>
<td>$10,662</td>
<td>$10,350</td>
<td>$7,731</td>
</tr>
<tr>
<td>Preferred stock dividends and accretion of discount</td>
<td>653</td>
<td>1,034</td>
<td>—</td>
</tr>
<tr>
<td><strong>Net income available to common shareholders</strong></td>
<td>$10,009</td>
<td>$9,316</td>
<td>$7,731</td>
</tr>
</tbody>
</table>

### Computation of Earnings Per Share:

Weighted average number of capital stock shares outstanding:

<table>
<thead>
<tr>
<th></th>
<th>Basic</th>
<th>Diluted</th>
</tr>
</thead>
<tbody>
<tr>
<td>Basic</td>
<td>3,782,881</td>
<td>3,828,702</td>
</tr>
<tr>
<td>Effect of dilutive employee stock options</td>
<td>45,821</td>
<td>161,182</td>
</tr>
<tr>
<td>Effect of dilutive warrants</td>
<td>9,604</td>
<td>—</td>
</tr>
<tr>
<td><strong>Diluted</strong></td>
<td>3,828,702</td>
<td>2,983,429</td>
</tr>
</tbody>
</table>

### Per Common Share Data:

<table>
<thead>
<tr>
<th></th>
<th>Basic Earnings Per Share</th>
<th>Diluted Earnings Per Share</th>
<th>Cash Dividends per share</th>
</tr>
</thead>
<tbody>
<tr>
<td>Basic</td>
<td>$2.65</td>
<td>$3.19</td>
<td>$2.63</td>
</tr>
<tr>
<td>Diluted</td>
<td>$2.61</td>
<td>$3.12</td>
<td>$2.57</td>
</tr>
<tr>
<td>Cash Dividends per share</td>
<td>$1.045</td>
<td>$1.040</td>
<td>$1.020</td>
</tr>
</tbody>
</table>

(1) Included in other comprehensive income, net of tax.

Refer to the Bar Harbor Bankshares 2010 Annual Report on Form 10-K for a complete set of consolidated audited financial statements.
2010 Financial Overview

BUSINESS STRATEGY

As a diversified financial services provider, Bar Harbor Bankshares pursues a strategy of achieving long-term sustainable growth, profitability, and shareholder value, without sacrificing its soundness. The Company works toward achieving this goal by focusing on increasing its loan and deposit market share in the coastal communities of Maine. The Company believes one of its most unique strengths is an understanding of the financial needs of coastal communities and the businesses vital to Maine’s coastal economy, namely: tourism, hospitality, retail establishments, restaurants, seasonal lodging and campgrounds, fishing, lobstering, boat building, and marine services.

Operating under a community banking philosophy, the Company’s key strategic focus is vigorous financial stewardship, deploying investor capital safely yet efficiently for the best possible returns. The Company strives to provide unmatched service to its customers, while maintaining strong asset quality and a focus toward improving operating efficiencies. In managing its earning asset portfolios, the Company seeks to utilize funding and capital resources within well-defined credit, investment, interest-rate and liquidity guidelines. In managing its balance sheet the Company seeks to preserve the sensitivity of net interest income to changes in interest rates, and to enhance profitability through strategies that promise sufficient reward for understood and controlled risk. The Company is deliberate in its efforts to maintain adequate liquidity under prevailing and expected conditions, and strives to maintain a balanced and appropriate mix of loans, securities, core deposits, and borrowed funds.

FINANCIAL CONDITION

Assets: The Company’s total assets increased $45.6 million or 4.2% during 2010, ending the year at $1.1 billion. This increase was principally attributed to the growth of the Bank’s commercial and consumer loan portfolios.

Loans: Consumer loans comprised 41.4% of the Bank’s total loan portfolio at December 31, 2010 and principally consisted of residential real estate mortgage loans and home equity loans. The Bank also serves the small business market throughout downeast and midcoast Maine. It offers business loans to individuals, partnerships, corporations, and other business entities for capital construction, real estate purchases, working capital, real estate development, and a broad range of other business purposes. At December 31, 2010, commercial business loans represented 56.7% of the Bank’s total loan portfolio.

Total loans ended the year at $700.7 million, representing an increase of $31.2 million, or 4.7%, compared with December 31, 2009. Loan growth was led by commercial loans, which ended the year at $397.6 million, representing an increase of $28.3 million or 7.7% compared with year-end 2009. Commercial loan growth has been generally challenged by a weak economy, declining loan demand and vigorous competition for quality loans. Bank management attributes the overall growth in commercial loans to an effective business banking team, deep local market knowledge, sustained new business development efforts, and a resilient local economy that is faring better than the nation as a whole.

Total consumer loans ended the year at $290.1 million, representing an increase of $4.8 million or 1.7% compared with year-end 2009. This increase was principally attributed to residential real estate mortgage loans, which were up $5.7 million or 2.5%. Residential mortgage loan origination activity slowed during 2010 largely reflecting current economic conditions and uncertainties with...
respect to further real estate market declines in the communities served by the Bank, and to a lesser extent the expiration of the first-time home buyers tax credit. Residential mortgage loan refinancing activity continued at a brisk pace in 2010, which was principally attributed to historically low interest rates.

Credit Quality: At December 31, 2010, the Bank’s total non-performing loans amounted to $13.7 million, up from $9.2 million at December 31, 2009. One commercial real estate development loan to a local, non-profit housing authority in support of an affordable housing project accounted for $5.2 million, or 38.0%, of total year-end 2010 non-performing loans and more than accounted for the year-over-year increase.

The Bank’s 2010 loan loss experience exceeded historical norms. Total net loan charge-offs amounted to $1.6 million in 2010, up from $839 thousand in 2009. Total 2010 net loan charge-offs expressed as a percentage of average loans outstanding amounted to 0.24%, up from 0.13% in 2009.

For the year ended December 31, 2010, the Bank recorded a provision for loan losses (the “provision”) of $2.3 million, representing a decline of $880 thousand or 27.4% compared with 2009. Despite the year-over-year decline in the provision, the amounts recorded during 2010 were higher than historical experience, largely reflecting a continuance in the overall level of credit deterioration, and elevated levels of net loan charge-offs and non-performing loans. These factors were partially mitigated by stabilizing economic conditions and real estate values, and slowing loan portfolio growth.

The Bank maintains an allowance for loan losses (the “allowance”) which is available to absorb probable losses on loans. The allowance is maintained at a level that, in management’s judgment, is appropriate for the amount of risk inherent in the current loan portfolio and adequate to provide for estimated probable losses. At December 31, 2010, the allowance stood at $8.5 million, representing an increase of $686 thousand or 8.8% compared with December 31, 2009. The allowance expressed as a percentage of total loans stood at 1.21% at year end, up from 1.17% at December 31, 2009. The increase in the allowance principally reflected pockets of credit deterioration in the Bank’s loan portfolio, including elevated levels of non-performing and potential problem loans.

Investment Securities: During 2010 the securities portfolio continued to serve as a key source of earning assets and liquidity for the Bank. Total securities ended the year at $357.9 million, representing an increase of $10.9 million, or 3.1%, compared with December 31, 2009. Company management has been cautious about leveraging the securities portfolio in consideration of historically low market yields and the corresponding interest rate risk should interest rates begin to rise. While this action inhibited the growth of the Bank’s net interest income in the near-term, Company management believes the long-term risks outweigh the short-term rewards. Securities purchased during 2010 principally consisted of mortgage-backed securities issued and guaranteed by U.S. Government agencies and sponsored-enterprises.
Deposits: During 2010, the most significant funding source for the Bank’s earning assets continued to be retail deposits, gathered through its network of twelve banking offices throughout downeast and midcoast Maine.

Total deposits ended the year at $708.3 million, representing an increase of $67.2 million, or 10.5%, compared with December 31, 2009. All categories of deposits posted meaningful increases in 2010. The Bank’s deposit growth was principally attributed to savings and money market accounts which ended the year at $211.7 million, representing an increase of $40.0 million, or 23.3%. The Bank’s NOW accounts were up $8.1 million or 10.9% in 2010, while demand deposits increased $2.6 million, or 4.5%. The Bank’s total time deposits, which include certificates of deposit obtained from the national market, ended the year at $353.6 million, representing an increase of $16.5 million, or 4.9%, compared with year-end 2009.

Borrowings: Borrowed funds principally consist of advances from the Federal Home Loan Bank of Boston. The Bank utilizes borrowed funds in leveraging its strong capital position and supporting its earning asset portfolios.

Total borrowings ended the year at $300.0 million, down $11.6 million, or 3.7%, compared with December 31, 2009. The decline in borrowings was principally attributed to strong retail deposit growth.

Capital: Consistent with its long-term strategy of operating a sound and profitable organization, at December 31, 2010, the Company and the Bank continued to exceed regulatory requirements for “well-capitalized” financial institutions. Company management considers this to be vital in promoting depositor and investor confidence and providing a solid foundation for future growth. Under the capital adequacy guidelines administered by the Bank’s principal regulators, “well-capitalized” institutions are those with Tier I leverage, Tier I Risk-based, and Total Risk-based ratios of at least 5%, 6% and 10%, respectively. At December 31, 2010, the Company’s Tier I Leverage, Tier I Risk-based, and Total Risk-based capital ratios were 9.01%, 13.57% and 15.41%, respectively.

At December 31, 2010, the Company’s tangible common equity ratio stood at 9.01%, up from 8.60% at December 31, 2009.

Shareholder Dividends: The Company paid regular cash dividends of $1.045 per share of common stock in 2010, compared with $1.040 in 2009.

RESULTS OF OPERATIONS

Earnings and Earnings Per Share: For the year ended December 31, 2010, the Company reported record net income available to common shareholders of $10.0 million, compared with $9.3 million for the year ended December 31, 2009, representing an increase of $693 thousand or 7.4%. The Company’s diluted earnings per share amounted to $2.61 for 2010 compared with $3.12 in 2009, representing a decline of $0.51, or 16.3%.

The decline in 2010 diluted earnings per share largely reflected the Company’s previously reported issuance of 882,021 shares of its common stock in the fourth quarter of 2009 and the first quarter of 2010, the proceeds from which were primarily used to repurchase all of the shares of Preferred Stock sold to the U.S. Department of the Treasury (the “Treasury”) in the first quarter of 2009 as

Return on Average Equity: The Company’s total average shareholders’ equity amounted to $105.9 million in 2010, representing an increase of $17.1 million, or 19.2%, compared with 2009. The Company’s return on average shareholders’ equity amounted to 10.07% in 2010, compared with 11.65% in 2009.

Net Interest Income: Net interest income is the principal component of the Company’s income stream and represents the difference or spread between interest generated from earning assets and the interest expense paid on deposits and borrowed funds. Fluctuations in market interest rates, as well as volume and mix changes in earning assets and interest bearing liabilities, can materially impact net interest income.

For the year ended December 31, 2010, net interest income on a tax-equivalent basis amounted to $33.3 million, representing a decline of $1.5 million, or 4.2%, compared with 2009. The decline in net interest income was principally attributed to the Bank’s tax-equivalent net interest margin, which declined 22 basis points to 3.18%, offset in part by average earning asset growth of $25.9 million or 2.5%. The decline in the net interest margin was largely attributed to earning asset yields, which declined 22 basis points more than the cost of interest bearing liabilities.

Factors contributing to the 2010 net interest margin decline included the ongoing competitive re-pricing of certain commercial loans and the origination and accelerated refinancing of residential mortgage loans during a period of historically low interest rates. The replacement of accelerated cash flows from the Bank’s mortgage-backed securities portfolio also contributed heavily to the net interest margin decline. In addition, as previously reported, during 2010 the Bank continued protecting future earnings from interest rate risk by extending a portion of its low cost, short-term, wholesale funding maturities. While this strategy pressured the net interest margin in the near-term, the Bank’s balance sheet has been positioned such that future levels of net interest income are largely insulated from rising interest rates.

Non-interest Income: In addition to net interest income, non-interest income is a significant source of revenue for the Company and an important factor in its results of operations. Non-interest income is principally derived from financial services including trust and investment management activities, as well as service charges on deposit accounts, mortgage banking and servicing activities fees, credit and debit card service charges and processing fees, net securities gains, and a variety of other product and service fees.

For the year ended December 31, 2010, total non-interest income amounted to $7.5 million, representing an increase of $1.4 million or 23.8%, compared with 2009.
Trust and other financial services fees amounted to $3.0 million in 2010, representing an increase of $540 thousand, or 22.1%, compared with 2009. Reflecting additional new business and some recovery in the equity markets, at December 31, 2010 assets under management stood at $314.2 million, up $44.1 million or 16.3% compared with year-end 2009.

Total securities gains, net of other-than-temporary impairment losses, amounted to $1.2 million in 2010, compared with $67 thousand in 2009. Net 2010 securities gains were comprised of realized gains on the sale of securities amounting to $2.1 million, offset in part by other-than-temporary impairment losses of $898 thousand on certain available-for-sale, private label, residential mortgage-backed securities.

For the year ended December 31, 2010, credit and debit card service charges and fees amounted to $1.2 million, up $156 thousand or 15.5% compared with 2009. This increase was principally attributed to continued growth of the Bank’s retail deposit base, higher levels of merchant credit card processing volumes, and continued success with a program that offers rewards for certain debit card transactions.

The foregoing increases in 2010 non-interest income were partially offset by a $375 thousand, or 76.5%, decline in income from mortgage banking activities. During 2010 substantially all residential mortgage loan originations were held in the Bank’s loan portfolio, whereas in 2009 a large portion of residential mortgage loan originations were sold into the secondary market with customer servicing retained.

Non-interest Expense: For the year ended December 31, 2010, total non-interest expense amounted to $22.0 million, representing an increase of $292 thousand, or 1.3%, compared with 2009. The increase in non-interest expense was principally attributed to salaries and employee benefits, which were up $599 thousand or 5.2% compared with 2009. The increase in salaries and employee benefits was principally attributed to increases in employee health insurance premiums, normal increases in base salaries, as well as changes in staffing levels and mix. The foregoing increases were partially offset by $402 thousand of employee health insurance credits attained during 2010, based on favorable claims experience.

FDIC deposit insurance assessments amounted to $1.1 million in 2010, representing a decline of $354 thousand, or 24.9%, compared with the same period in 2009. This decline was principally attributed to a $495 thousand special FDIC assessment recorded in the second quarter of 2009, partially offset by increased deposit insurance premiums for all FDIC insured banks as a result of the FDIC’s plan to reestablish the Deposit Insurance Fund to levels required by the Federal Deposit Reform Act of 2005.

Efficiency Ratio: The Company’s efficiency ratio, or non-interest operating expenses divided by the sum of tax-equivalent net interest income and non-interest income other than net securities gains and other-than-temporary impairments, measures the relationship of operating expenses to revenues. Low efficiency ratios are typically a key factor for high performing financial institutions. For the year ended December 31, 2010, the Company’s efficiency ratio amounted to 55.5%, which compared favorably to peer and industry averages.

Income Taxes: For the year ended December 31, 2010, total income taxes amounted to $4.1 million, representing an increase of $140 thousand, or 3.5%, compared with 2009. The Company’s effective tax rate amounted to 27.9% in 2010, compared with 27.8% in 2009. Fluctuations in the Company’s effective tax rate are generally attributed to increases in the level of non-taxable income in relation to taxable income.
Our Board of Directors, our officers and all our team members are committed to a simple, defining principle: absolute appreciation and respect for the contributions of all stakeholders. At Bar Harbor Bankshares, there is no such thing as a small shareholder, a small customer or a team member with a small job.
Management and Staff

Bar Harbor Bankshares Management

Joseph M. Murphy*
President & Chief Executive Officer

Gerald Shencavitz*
Executive Vice President, Chief Financial Officer & Treasurer

Bar Harbor Bank & Trust Management

1 Joseph M. Murphy
President & Chief Executive Officer

2 Gerald Shencavitz
Executive Vice President, Chief Financial Officer & Chief Operating Officer

Senior Vice Presidents

1 Michael W. Bonsey*
Credit Administration

2 Cheryl D. Curtis
Marketing, Research & Community Relations

3 Gregory W. Dalton*
Business Banking

4 Raymond J. Frohnapfel
Operations & Information Systems

5 Daniel A. Hurley, III
Bar Harbor Trust Services

6 Stephen M. Leackfeldt*
Retail Banking & Consumer Lending

7 Marsha C. Sawyer
Human Resources

Vice Presidents

2 Judy L. Anderson
Credit Administration

3 Karri A. Bailey
Credit Administration

4 Michelle R. Bannister
Staff Development & Training

5 Marcia T. Bender
Branch Operations

6 Penny L. Carter
Retail & Residential Lending

7 David S. Cohen
Controller & Assistant Treasurer

8 Dawn L. Crabtree
Operations

9 Audrey H. Eaton
Retail & Residential Lending

10 Domenic A. Efter
Branch Relationship Manager, Ellsworth

11 Ward A. Grant, II
Corporate Compliance Officer

12 Joseph E. Hackett
Business Banking

13 Vicki L. Hall
Business Banking

14 Wilfred R. Hatt
Regional VP—Business Banking

15 Lisa A. Holmes
Retail & Residential Lending

16 Robert J. Lavoie
Information Systems

17 Maureen T. Lord
Regional Branch Relationship Manager, Washington County

18 Carolyn R. Lynch
Internal Audit

19 Elena M. Martin
Electronic Banking

20 J. Paul Michaud
Application Support & Project Management

21 Cheryl L. Mullen
Retail Sales and Service & Branch Administration

22 Lisa L. Parsons
Regional Branch Relationship Manager, Northeast Harbor & Somesville

23 Russell A. Patton
Information Security

24 Carol J. Pye
Retail & Residential Lending

25 Adam L. Robertson
Business Banking

26 Andrew X. Sankey
General Services

27 R. Todd Starbird
Regional VP—Business Banking

28 Leita K. Zeugner
Deposit Services

Assistant Vice Presidents

29 Stacie J. Alley
Managed Assets

30 Steven W. Blackett
Credit Administration

31 Marjorie E. Gray
Branch Relationship Manager, Blue Hill

32 Donna B. Hutton
Customer Service—Direct

33 Colleen E. Maynard
Branch Relationship Manager, Southwest Harbor

34 Samuel S. McGee
Business Banking

35 Debra S. Mitchell-Dow
Branch Relationship Manager, Bar Harbor

36 Judith L. Newenham
Retail Lending

37 Bonnie A. Poland
Consumer Lending Support

38 Lester L. Porter
Assistant Controller

39 Ann G. Upham
Mortgage Originator

*Named executive officers
Lisa F. Veazie  
Branch Relationship Manager, Deer Isle

Officers  
Judith W. Fuller  
Corporate Secretary  
James W. Lacasse  
Business Banking  
Deborah A. Maffucci  
Finance  
Catherine M. Planchart  
Community Relations

Managers  
Susan L. Albee  
Customer Service Manager, Machias  
Laura A. Bridges  
Quality Assurance  
Brenda B. Colwell  
Human Resources  
Brenda J. Condon  
Customer Service Manager, Blue Hill  
Jacqueline M.B. Curtis  
Human Resources  
Krystal E. Dorr  
Regional Assistant Manager, Northeast Harbor & Somesville  
Rebecca H.S. Emerson  
Customer Service Manager, Deer Isle  
Annette J. Guertin  
Purchasing  
Holly M. Johnston  
Branch Relationship Manager, Milbridge  
Gregory S. Jones  
Customer Service Manager, Rockland  
Wendy R. MacLaughlin  
Human Resources Operations  
Jody C. McFadden  
Branch Relationship Manager, Winter Harbor  
Dylan A. Mooney  
Assistant Manager, Finance  
Andrea L. Parker  
Accounts & Transaction Processing

Lottie B. Stevens  
Operations  
Peter M. Swanberg  
Servicing  
Terry E. Tracy  
Branch Administration  
Mary E. Watkins  
Customer Service Manager, Ellsworth

Bar Harbor Trust Services  
Daniel A. Hurley, III  
President  
Gerald Shencavitz  
Chief Financial Officer  
Joshua A. Radel  
Chief Investment Officer  
Joseph M. Pratt  
Managing Director & Trust Officer

Vice Presidents  
Mischelle E. Adams  
Trust Officer  
Melanie J. Bowden  
Trust Officer  
Faye A. Geel  
Trust Officer  
Lara K. Horner  
Trust Operations  
Sarah C. Robinson  
Trust Officer  
Scott C. Storgaard  
Trust Investment Officer

Officer  
Julie B. Zimmerman  
Trust Officer

Supervisor  
Pamela L. Curativo  
Trust Operations

Bar Harbor Financial Services**  
Craig D. Worcester  
Managing Director  
Ronald L. Hamilton  
Vice President, Financial Consultant  
Dennis M. Kinghorn  
Vice President, Financial Consultant  
Sonya L. Mitchell  
Vice President, Financial Consultant  
Diane M. Rimm  
Vice President, Operations

Employees  
(As of 01/15/2011)  
Gwen M. Abbott  
Jennifer C. Abbott  
Deena M. Allen  
Faye M. Allen  
Holly M. Andrews  
June G. Atherton  
Vicki J. Austin  
Virginia H. Barnes  
Kristi Bates-Mitchell  
Charleen L. Beal  
Karen C. Beal  
Penny S. Brady  
Heather L. Brown  
Katy A. Bryer  
Heidi K. Carroll  
Hillary A. Carter  
Crystal N. Case  
Theresa L. Colson  
April E. Coombs  
Sarah A. Comier  
Kevin J. Crandall  
Lisa L. Crosby  
Geneva E. Culshaw  
Laura H. Danielson  
Logan-Ashlee Davis  
Sharon J. Davis  
Joanne M. Douglass  
Julie M. Eaton  
Theresa M. Ellis  
Pamela J. Fansworth  
Amy N. Foskett  
Dena M. Gatcomb  
Candy A. Ginn  
Dawn F. Gray  
Shelley E. Gray  
Susanne M. Griffen  
Samantha E. Hagerthy  
Andrew J. Hailey  
Kelli M. Hall  
Kristen M. Hamilton  
Betsy B. Hanscom  
Casey E. Hardwick  
Nancy B. Hastings  
Mary D. Hays  
Ivy M. Heal  
Barbara F. Hepburn  
Holly B. Hersom  
Cathy A. Higgins  
Melissa S. Hinkley  
Nicolle S. Hinkel  
Sharon E. Hobbs

Jeanette L. Howie  
Lynn L. Huffman  
Margaret L. Hutchinson  
Meagan L. Jordan  
Hilde L. Kane  
Mauveen E. Kane  
Rebecca H. Kent  
Kathryn M. Kief  
Ethony A. Kramp  
Janice E. Lachance  
Jane E. Lambert  
Paula M. Lamoureaux  
Bonnie S. Leblanc  
Xin Liang  
Marlene A. Lloyd  
Jonathan W. Long  
Virginia L. Macleod  
Carol M. Marshall  
Ashley S. Matthews  
Kara M. Miller  
Anna M. Minctors  
J. Aaron Mitchell  
Nichole L. Moore  
Michele L. Morrison  
Dawn B. Nason  
Mary Beth Nichols  
Jennifer I. Norton  
Debbie B. Norwood  
Nichole D. Norwood  
Amanda R. Ohnes  
Alexandra Orcutt  
Joseph F. Pagan  
Jane M. Parker  
Deborah J. Partee  
Jon B. Perkins  
Michelle P. Rafferty  
Mary C. Ratner  
Julie A. Redman  
Judy A. Richards  
Amanda L. Robbins  
Jane M. Robinson  
Alícia M. Santerre  
Jennifer M. Saunders  
Frank J. Schaefer  
Edith E. Schwartz  
Debra L. Scott-Henderson  
Stephanie M. Shuster  
Samantha A. Smith  
Andrea L. Snow  
Angela M. Stanley  
Teri A. Stover  
Dianne B. Thompson  
Bristol N. Timmons  
Erin F. Tripp  
Jennifer M. Tucker  
Jyl E. Tucker  
Allyson M. Wallace  
David M. Walton  
Paula R. Webster  
Jeanne L. F. Weeks  
Katie G. Wiberg

**Bar Harbor Financial Services is a branch of Infinex Investments, Inc., an independent registered broker-dealer which is not affiliated with the Company or the Bank.
Corporate Information

Annual Meeting
The Annual Meeting of shareholders of Bar Harbor Bankshares will be held at 11:00 a.m. on Tuesday May 17, 2011 at the Bar Harbor Club located on West Street in Bar Harbor, Maine.

Financial Information
Shareholders, analysts and other investors seeking financial information about Bar Harbor Bankshares should contact Gerald Shencavitz, Executive Vice President, Chief Financial Officer and Treasurer, at 207-288-3314.

Internet
Bar Harbor Bank & Trust information, as well as Bar Harbor Bankshares Form 10-K, is available at www.BHBT.com.

Shareholder Assistance
Questions concerning your shareholder account, including change of address forms, records or information about lost certificates or dividend checks, should be directed to our transfer agent:
American Stock Transfer & Trust Company
59 Maiden Lane, Plaza Level
New York, NY 10038
800-937-5449 / www.amstock.com

Stock Exchange Listing
Bar Harbor Bankshares common stock is traded on the NYSE Amex Exchange (www.nyse.com), under the symbol BHB.

Form 10-K Annual Report
The Company refers you to its Annual Report on Form 10-K for fiscal year ended December 31, 2010 for detailed financial data, management's discussion and analysis of financial condition and results of operations, disclosures about market risk, market information including stock graphs, descriptions of the business of the Company and its products and services, and a listing of its executive officers.

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

Printed Financial Information
We will provide, without charge, and upon written request, a copy of the Bar Harbor Bankshares Annual Report to the Securities and Exchange Commission on Form 10-K. The Bank will also provide, upon request, Annual Disclosure Statements for Bar Harbor Bank & Trust as of December 31, 2010. Please contact Marsha C. Sawyer, Bar Harbor Bankshares Clerk, at 207-288-3314 or the above address.
Bar Harbor
82 Main Street
Bar Harbor, ME 04609

Blue Hill
21 Main Street
Blue Hill, ME 04614

Deer Isle
25 Church Street
Deer Isle, ME 04627

Ellsworth
137 High Street
Ellsworth, ME 04605

Lubec
68 Washington Street
Lubec, ME 04652

Machias
41 Main Street
Machias, ME 04654

Milbridge
2 Bridge Street
Milbridge, ME 04658

Northeast Harbor
111 Main Street
Northeast Harbor, ME 04662

Rockland
245 Camden Street
Rockland, ME 04841

Somesville
1055 Main Street
Mt. Desert, ME 04660

Southwest Harbor
314 Main Street
Southwest Harbor, ME 04679

Winter Harbor
385 Main Street
Winter Harbor, ME 04693

Business Banking, Trust & Financial Services Offices

Bangor
One Cumberland Place
Suite 100
Bangor, ME 04401
945-5244

Ellsworth
135 High Street
Ellsworth, ME 04605
667-3883