

BAR HARBOR BANKSHARES

Form FWP

December 10, 2009

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Investor Presentation

December 2009

Filed pursuant to Rule 433

Registration Statement No. 333-162450

December 10, 2009

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Registration Statement and Prospectus

The issuer has filed a registration statement (including a prospectus) with the SEC for the offering to which this communication relates. Before you invest, you should read the prospectus in that registration statement and other documents the issuer has filed with the SEC for more complete information

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about the issuer and this offering. You may obtain these documents for free by visiting EDGAR on the SEC Web site at www.sec.gov. Alternatively, the issuer, the underwriter or any dealer participating in the offering will arrange to send you the prospectus if you request it by calling RBC Capital Markets at (212) 428-6670.

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Forward Looking Statements

These materials, the prospectus supplement, the accompanying base prospectus and the documents incorporated by reference contain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, which we refer to as the Securities Act and Section 21E of the Exchange Act, with respect to the financial condition, liquidity, results of operations, future performance and business of Bankshares. These forward-looking statements are intended to be covered by the safe harbor for forward-looking statements provided by the Private Securities Litigation Reform Act of 1995. Forward-looking statements are those that are not historical facts. These forward-looking statements include statements with respect to our belief

estimates and intentions that are subject to significant risks and uncertainties and are subject to change based on various factors. Words such as "may," "could," "should," "would," "believe," "anticipate," "estimate," "expect," "intend," "plan" and similar expressions

While we believe our plans, objectives, goals, expectations, anticipations, estimates and intentions as reflected in these forward-looking statements are reasonable, we can give no assurance that any of them will be achieved. You should understand that various factors, in addition to those discussed elsewhere in this prospectus supplement and the accompanying base prospectus, may cause actual results to differ materially from those expressed in these forward-looking statements, including:

- adverse changes in our loan portfolios and the resulting credit risk-related losses and expenses;
 - the effects of, and changes in, trade, monetary and fiscal policies, including interest rate policies of the Board of Governors of the Federal Reserve System;
 - general economic or business conditions, either nationally, regionally or in the communities in which we do business, may be different than those anticipated;
 - other things, a deterioration in credit quality and loan performance or a reduced demand for credit;
 - continued levels of loan quality and volume origination;
 - the adequacy of loan loss reserves;
 - the impact of changes in financial services laws and regulations (including laws concerning taxes, banking, securities and insurance);
 - the willingness of customers to substitute competitors' products and services for our products and services and vice versa, based on changing preferences;
 - unanticipated regulatory or judicial proceedings and liabilities and other costs;
 - interest rate, market and monetary fluctuations;
 - the timely development of competitive new products and services by us and the acceptance of such products and services by our customers;
 - changes in consumer spending and saving habits relative to the financial services we provide;
 - the loss of certain key officers;
 - continued relationships with major customers;
 - our ability to continue to grow our business internally and through acquisition and successful integration of new or acquired entities;
 - compliance with laws and regulatory requirements of federal, state and local agencies;
 - the ability to hedge certain risks economically;
 - effect of terrorist attacks and threats of actual war;
 - deposit flows;
 - changes in accounting principles, policies and guidelines;
 - rapidly changing technology;
 - other economic, competitive, governmental, regulatory and technological factors affecting the Company's operations, pricing and financial performance.
- managing the risks involved in the foregoing.

Because such forward-looking statements are subject to risks and uncertainties, actual results may differ materially from those anticipated. The foregoing list of important factors is not exclusive and you are cautioned not to place undue reliance on these factors or any of them. All dates are as of the date of this document or, in the case of documents incorporated by reference, the dates of those documents. We do not intend to update these forward-looking statements, whether written or oral, that may be made from time to time by or on behalf of us except as required by applicable law.

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Offering Summary

Issuer:
Bar Harbor Bankshares

Offering:

Follow-on common stock

Gross Amount Offered:
\$20 million

Over-Allotment Option:
15% (\$3 million)

Exchange / Symbol:
NYSE Amex / BHB

Market Capitalization
(1)
:
\$94 million (pre-offering)

Quarterly Dividend:
\$0.26 per share

Dividend Yield
(1)
:
3.20%

Use of Proceeds:
General corporate purposes,
which
may include repayment of TARP and
strategic business opportunities

Underwriter:
RBC Capital Markets
(1) As of December 9, 2009

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Bar Harbor Bankshares

Bar Harbor Bank & Trust
commercial
and retail banking services through 12
branches; \$1.1 billion in total assets

Bar Harbor Trust Services
trust and
investment management; \$268 million
AUM

Bar Harbor Financial Services
a third
party registered broker-dealer offering
securities and insurance products
Headquarters: Bar Harbor, ME
Branches: 12
Assets: \$1.1 billion
Loans: \$655 million
Deposits: \$619 million

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Downeast
Maine

Washington and Hancock counties -
farthest east in the country

Major Attraction: Bar Harbor / Acadia National Park
Second-most visited national park in the United States
From late spring to early fall, attracts well over 2 million tourists

Population:
85,909

90%
live
within
5
miles
of
the
coast

Strong diversified tourism, biological research, boat building, blueberry farming, and fishing industries

Self-employment accounts for 16-18% of total employment

Significant employers:

7
Strong and Stable Deposit Share

#1
market
share
in

8
communities
representing
79%
of
BHB s
deposits

#2
market
share
in
2
communities
representing
7%
of
BHB s
deposits

#4
and
#6
market
share
in
one
community
each
representing
14%
of
BHB s
deposits

As of 6/30/09. Deposit percentages exclude brokered deposits.
Source: SNL Financial.

% of Bank
Market
of
County
Deposits
Share
Branches
Hancock
85.0%

1
8
Washington
10.6%
3

3
Knox
4.3%
8
1

8
Senior Management Team
35 years
5 years
President, Bar Harbor
Trust Services and SVP,
Bar Harbor Bank & Trust

Daniel A. Hurley III
27 years
8 years
SVP, Retail Banking and
Consumer Lending
Stephen M. Leackfeldt
25 years
18 years
SVP, Business Banking
Gregory W. Dalton
24 years
10 years
SVP, Credit
Administration
Michael W. Bonsey
30 years
11 years
EVP, Treasurer & CFO
Gerald Shencavitz
33 years
7 years
President and Chief
Executive Officer
Joseph M. Murphy
Years in Banking
Years with Bar
Harbor Bankshares
Title
Name

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Financial Highlights

Record net income available to common shareholders of \$2.8 million and \$7.7 million for the three and nine months ended September 30, 2009, up 21.4% and 22.3%, respectively, vs. 2008.

Year-to-date
EPS
of
\$2.63,
up
25.8%
vs.
2008

Year-to-date
ROA
of
1.08%
-
annualized

Year-to-date
ROE
of
13.16%
-
annualized

Year-to-date efficiency ratio of 51.0%

Non-performing
loans
(1)
of
\$7.5
million
at
September
30,
2009
o
1.14% of total loans
o
NPAs
/ Loans + OREO of 1.23%
o
Texas
Ratio
of
8%
(2)
(1)
Non-accrual +90 Days PD
(2)
(NPAs

+ 90 Days PD) / (Tangible Equity + Loan Loss Reserves)

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Financial Highlights

Total
assets
of
\$1.1

billion,
up
\$88.4
million,
or
9.1%
vs.
December
31, 2008

Total
loans
of
\$654.6
million,
up
\$21.0
million
vs.
December
31,
2008
o
Commercial 54% / Consumer 46%

Total
deposits
of
\$619.1
million,
up
\$40.9
million,
or
7.1%,
vs. December 31,
2008

Capital Ratios:

o
Tier
1
leverage
ratio

8.32%
o
Tier
1
risk

based
ratio

12.88%

o
Total
risk
based
ratio

14.68%

Tangible
common
equity
to
tangible
assets
(TCE
ratio)

6.90%

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Average
Annual
Increase
Assets
10.5%
Loans

9.4%

Deposits

10.6%

\$584

\$667

\$748

\$825

\$889

\$972

\$1,061

\$383

\$448

\$515

\$555

\$580

\$634

\$655

\$339

\$398

\$619

\$578

\$539

\$496

\$446

\$0

\$200

\$400

\$600

\$800

\$1,000

\$1,200

2003

2004

2005

2006

2007

2008

9/2009

Assets, Deposits & Loan Growth

\$ millions

12
Diluted Earnings Per Share & Dividends
\$2.03
\$2.20
\$2.30
\$2.57
\$2.63

\$0.84

\$0.91

\$0.96

\$1.02

\$0.78

\$0.00

\$0.50

\$1.00

\$1.50

\$2.00

\$2.50

\$3.00

2005Y

2006Y

2007Y

2008Y

YTD 9/09

EPS

Dividends

EPS through three quarters
in 2009 higher than full year
2008

13
Capital Ratios
7.08%
7.02%
7.07%
6.42%
6.90%

12.05%

11.65%

11.59%

11.60%

14.68%

11.10%

10.82%

10.76%

9.95%

12.88%

4%

6%

8%

10%

12%

14%

16%

2005Y

2006Y

2007Y

2008Y

9/2009

TCE Ratio

Tier 1 Ratio

Total Capital Ratio

14

9/30/09 vs 12/31/08 loan portfolio

Up \$21 million, or 3.3%

Commercial

(1)

up \$30 million, or 9.3%

Consumer

(2)

down \$16 million, or 5.2%

Loan Portfolio

Total Loan Portfolio

Non-Owner Occupied CRE Portfolio

Total Loans = \$654.6 million

Non-Owner Occupied CRE = \$182.0 million

Other

3%

Commercial,

Industrial and

Agriculture

15%

Home Equity

8%

Owner Occupied

CRE

11%

Non-Owner Occupied

- CRE

28%

Residential

35%

Hotel

40%

Land Dev

8%

MH Park

5%

Office

6%

Retail

16%

Apartment

1%

Other

6%

Dev LOC

1%

Condo

8%

1-4 Family

9%

Only four loans to developers with sell-out risk

Hotels underwritten as businesses not properties, and only to seasoned

establishments

Data as of September 30, 2009

(1) Includes commercial real estate mortgages, industrial loans, and agricultural loans

(2) Includes residential real estate mortgages, consumer loans, and home equity loans

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Commercial Loan Growth

Loans as of 9/30/04

Loans as of 9/30/09

Commercial Loans = \$158.6 million

Commercial Loans = \$351.6 million

Data as of September 30, 2009

5-year compound annual growth rate for commercial loans of 17.6%

Consumer

64%

Commercial

36%

Consumer

46%

Commercial

54%

16

NPAs

/ Loans + OREO

Peer Index includes: BARI, EBTC, INDB, SHBI, UVSP, EGBN, WASH, CNBKA, CAC, ALNC, BMTC, CCNE, FUNC, FNI

0.17%

0.11%

0.41%

0.71%
1.23%
0.26%
0.37%
0.51%
0.99%
1.98%
0.00%
0.50%
1.00%
1.50%
2.00%
2.50%
2005Y
2006Y
2007Y
2008Y
9/2009
BHB
Peers

17

Net Charge-Offs to Average Loans

Peer Index includes: BARI, EBTC, INDB, SHBI, UVSP, EGBN, WASH, CNBKA, CAC, ALNC, BMTC, CCNE, FUNC, FNI

0.04%

0.05%

0.04%

0.21%

0.14%
0.08%
0.08%
0.11%
0.26%
0.39%
0.00%
0.05%
0.10%
0.15%
0.20%
0.25%
0.30%
0.35%
0.40%
0.45%
2005Y
2006Y
2007Y
2008Y
9/2009
BHB
Peers

18
Investment Securities
Private Label MBS
8%
U.S. Government
Agency MBS
7%

GSE MBS

65%

GSE Debt Obligations

1%

Municipal Debt

Obligations

19%

\$357 million at September 30,
2009, up \$66 million, or 22.9%,
vs. year-end 2008

Portfolio contains:

No sub-prime MBS pools

No equities

No corporate debt

No FHLMC/FNMA

preferred stock

19
Deposits
\$122.4
\$117.5
\$132.2
\$125.7
\$136.1

\$133.1
\$164.2
\$163.0
\$163.8
\$162.8
\$129.8
\$132.3
\$140.2
\$200.2
\$230.2
\$60.4
\$82.3
\$103.7
\$88.5
\$90.0
\$0
\$50
\$100
\$150
\$200
\$250
\$300
\$350
\$400
\$450
\$500
\$550
\$600
\$650
2005Y
2006Y
2007Y
2008Y
9/2009
Total Transaction Accounts
MMDA & Savings
Retail CDs
Brokered CDs
\$445.7
\$496.3
\$539.1
\$578.2
\$619.1
\$ millions

20

Return On Average Equity

11.4%

12.0%

11.4%

11.9%

13.2%

13.9%

13.0%

12.5%

10.3%

8.9%

0%

2%

4%

6%

8%

10%

12%

14%

16%

2005Y

2006Y

2007Y

2008Y

YTD 9/09

BHB

Peers

Peer Index includes: BARI, EBTC, INDB, SHBI, UVSP, EGBN, WASH, CNBKA, CAC, ALNC, BMTC, CCNE, FUNC, FNI

(1) Annualized.

(1)

21
Return On Average Assets
0.9%
0.9%
0.9%
0.8%
1.1%

1.2%

1.1%

1.1%

0.9%

0.7%

0.0%

0.2%

0.4%

0.6%

0.8%

1.0%

1.2%

1.4%

2005Y

2006Y

2007Y

2008Y

YTD 9/09

BHB

Peers

Peer Index includes: BARI, EBTC, INDB, SHBI, UVSP, EGBN, WASH, CNBKA, CAC, ALNC, BMTC, CCNE, FUNC, FNI

(1) Annualized.

(1)

22

Net Interest Margin

3.43%

2.98%

2.91%

3.13%

3.92%

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3.75%

3.63%

3.67%

3.45%

3.61%

0.0%

0.5%

1.0%

1.5%

2.0%

2.5%

3.0%

3.5%

4.0%

4.5%

2005Y

2006Y

2007Y

2008Y

YTD 9/09

BHB

Peers

Peer Index includes: BARI, EBTC, INDB, SHBI, UVSP, EGBN, WASH, CNBKA, CAC, ALNC, BMTC, CCNE, FUNC, FNI

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Efficiency Ratio

67.4%

65.0%

60.4%

57.8%

51.0%

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60.2%

61.3%

62.3%

62.0%

61.9%

40.0%

45.0%

50.0%

55.0%

60.0%

65.0%

70.0%

2005Y

2006Y

2007Y

2008Y

YTD 9/09

BHB

Peers

Peer Index includes: BARI, EBTC, INDB, SHBI, UVSP, EGBN, WASH, CNBKA, CAC, ALNC, BMTC, CCNE, FUNC, FNI

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1-yr Relative Stock Performance

Source: SNL Financial as of 12/09/09.

(1)

Peer Index includes: BARI, EBTC, INDB, SHBI, UVSP, EGBN, WASH, CNBKA, CAC, ALNC, BMTC, CCNE, FUNC, FNI

(2)

NASDAQ Bank Index has 493 companies as of 12/09/09.

(1)
(2)
19.9%
BHB
1.2%
Peer Index
-17.8%
NASDAQ Bank
40%
50%
60%
70%
80%
90%
100%
110%
120%
130%
140%
Dec-08
Jan-09
Feb-09
Mar-09
Apr-09
May-09
Jun-09
Jul-09
Aug-09
Sep-09
Oct-09
Nov-09
Dec-09
NASDAQ Bank
S&P 500
BHB
Peer Index
23.3%
S&P 500
Jun. 26, 2009
BHB added to the
Russell 2000 and 3000
indexes

25

Summary

Strong Operating Performance

ROA and ROE were 1.08% and 13.16%, respectively, for YTD 09

The NIM for YTD 09 was 3.45% and the efficiency ratio was 51.0%

Strong Asset Quality

NPAs

/ Loans + OREO of 1.23% and Texas Ratio of 8% at 9/30/09

Diversified Loan Portfolio

54% commercial / 46% consumer at September 30, 2009

39% commercial

real

estate

-

seasoned

properties

26

Summary

Significant Growth Opportunity

Community bank competitors have been consolidated

Larger banks unfocused; a number of smaller banks weakened

One of the largest remaining independent commercial banks in Maine

Experienced management team

Reduction in TARP-related warrants

