
UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 10-Q

þ Quarterly Report Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934
For the quarterly period ended September 30, 2010

OR

o Transition Report Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934
For the transition period from ________________to ________________

Commission file number 001-33364

Flagstone Reinsurance Holdings, S.A.
(Exact name of registrant as specified in its charter)

Luxembourg (State or other jurisdiction of incorporation or organization)	98-0481623 (I.R.S. Employer Identification No.)

37 Val St André
L-1128 Luxembourg, Grand Duchy of Luxembourg
(Address of principal executive offices)

+352 273 515 30
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:
Common Shares, par value 1 cent per share
Name of exchange on which registered:
New York Stock Exchange
Bermuda Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark whether the Registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.
Yes þ No o

Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See definitions of “accelerated filer”, “large accelerated filer” and “smaller reporting company” in Rule 12b-2 of the Exchange Act.

Large accelerated filer o	Accelerated filer þ
Non-accelerated filer o (Do not check if a smaller reporting company)	Smaller reporting company o

Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).
Yes o No þ

As of November 2, 2010, the Registrant had 76,588,153 common voting shares outstanding, net of treasury shares with a par value of $0.01 per share.

FLAGSTONE REINSURANCE HOLDINGS, S.A.
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PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

FLAGSTONE REINSURANCE HOLDINGS, S.A.
UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS
(Expressed in thousands of U.S. dollars, except share data)

		As at September 30, 2010		As at December 31, 2009
ASSETS				
Investments:				
Fixed maturities, at fair value (Amortized cost: 2010 - $1,492,989; 2009 - $1,198,187)	$	1,563,469	$	1,228,561
Short term investments, at fair value (Amortized cost: 2010 - $20,253; 2009 - $231,609)		19,469		232,434
Equity investments, at fair value (Cost: 2010 - $8,091; 2009 - $8,516)		172		290
Other investments		108,683		45,934
Total investments		1,691,793		1,507,219
Cash and cash equivalents		308,962		352,185
Restricted cash		51,266		85,916
Premium balances receivable		403,861		278,956
Unearned premiums ceded		90,084		52,690
Reinsurance recoverable		27,834		19,270
Accrued interest receivable		14,007		11,223
Receivable for investments sold		26,321		5,160
Deferred acquisition costs		74,779		54,637
Funds withheld		25,806		22,168
Goodwill		16,405		16,533
Intangible assets		31,963		35,790
Assets held for sale		11,000		-
Other assets		123,392		125,021
Total assets	$	2,897,473	$	2,566,768
LIABILITIES				
Loss and loss adjustment expense reserves	$	683,278	$	480,660
Unearned premiums		497,011		330,416
Insurance and reinsurance balances payable		78,430		62,864
Payable for investments purchased		17,205		11,457
Long term debt		251,472		252,402
Other liabilities		87,688		63,155
Total liabilities		1,615,084		1,200,954
EQUITY				

Common voting shares, 300,000,000 authorized, $0.01 par value, issued and outstanding (2010 - 76,588,153; 2009 - 82,985,219)		850			850	
Common shares held in treasury, at cost (2010 - 8,405,106; 2009 - 2,000,000)		(84	)		(20	)
Additional paid-in capital		830,107			892,817	
Accumulated other comprehensive loss		(6,319	)		(6,976	)
Retained earnings		399,499			324,347	
Total Flagstone shareholders' equity		1,224,053			1,211,018	
Noncontrolling interest in subsidiaries		58,336			154,796	
Total equity		1,282,389			1,365,814	
Total liabilities and equity	$	2,897,473		$	2,566,768	

The accompanying notes to the unaudited condensed consolidated financial statements are an integral part of the unaudited condensed consolidated financial statements.

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FLAGSTONE REINSURANCE HOLDINGS, S.A.
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
AND COMPREHENSIVE INCOME
(Expressed in thousands of U.S. dollars, except share and per share data)

For the three months ended September 30,

REVENUES	
Gross premiums written	$
Premiums ceded	

Stephen W. Ensign. Mr. Ensign resides in New London, New Hampshire. He joined the Board in January 2017 Company acquisition of LSBG, where he served as Chairman of the Board since 2002, previously serving as Ch Officer from 1992 to 2012 and LSB President until 2008. He also served as Vice Chairman of the board of direc Trust Company, a company engaged in the business of trust and investment management and now a subsidiary c Bankshares. Mr. Ensign is a director and chair of the Investment Committee for Concord General Group, a mutu company, and is presently in his second term as Chairman of the Board of the New Hampshire Housing Finance Mr. Ensign previously held various positions with LSBG and LSB, including Vice Chairman, President, Chief E Chief Operating Officer, Executive Vice President, Senior Vice President and Senior Loan Officer, having joine 1971. He has served as an LSBG director beginning in 1989 and an LSB director since 1986. Mr. Ensign continu Audit Chair for the board of trustees of Proctor Academy in Andover, NH. Mr. Ensign s experience as an execu bank director provides him with the qualifications and skills to serve as a director.

Lauri E. Fernald. Ms. Fernald resides in Mount Desert, Maine. She is a Certified Funeral Service Practitioner, I owner in Jordan-Fernald headquartered in Mount Desert. She is also Managing Partner of L.E. Fernald LLC, and Street LLC, operating as real estate holding companies. She serves on the finance committee of Hospice Volunte County, and is Treasurer of the Parish of St. Mary and St. Jude Episcopal Church of Northeast Harbor and Seal I committee member of the Maine Coast Memorial Hospital Foundation Council. She is also a member of the Wo Association of Ellsworth, the Brookside Cemetery Corp. of Mount Desert and Maine Community Foundation Ha Committee. Her commercial and community service experience brings a depth of knowledge to the Board about which the Company operates.

Curtis C. Simard. Mr. Simard resides in Mount Desert, Maine. He was elected President and CEO of BHBT on and assumed the responsibilities of President and CEO of the Company on August 10, 2013 following the retirer previous CEO. Prior to joining the Company, he served as Senior Vice President and Managing Director of Corp for TD Bank. He was with TD Bank and its predecessor companies starting in 2002. He also was affiliated with Hampshire Bank and its successor, Citizens Bank, from 1992 to 2002 working on various business initiatives. H Trustee of the Abbe Museum and Maine Coast Memorial Hospital. He is a Corporator of Eastern Maine Health S member of the Board of Directors at the Seal Cove Auto Museum and the Ellsworth Business Development Cor serves on the Executive Committee of Maine Bankers Association. His positions as President and CEO of the Co leadership of the Company, provide him with extensive knowledge of the Company s opportunities, challenges

Kenneth E. Smith. Mr. Smith resides in Bar Harbor, Maine. He has been owner and Innkeeper of Manor House and was the former owner of Wonder View Inn, both of which are lodging facilities located in Bar Harbor, Mair and expertise of over 40 years in the field are highly valued by the Board. He is a former Chairperson and long-t the Bar Harbor Town Council. He currently serves as a Commissioner of the Bar Harbor Housing Authority, a m Town s Cruise Ship Committee, a member of Anah Shrine, and a long time member and past President of the B Club. Mr. Smith s expertise in the hospitality industry is valuable to the Board as it represents a critical segmen economy and BHBT s commercial loan portfolio.

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Stephen R. Theroux. Mr. Theroux resides in New London, NH. He joined the Board in January 2017 with the C acquisition of LSBG, where he retired as Vice Chairman, President and CEO of both LSBG and LSB. He served the LSBG board since 1989, the LSB Board since 1986, and as Chairman of the board of directors of Charter Tr previously held positions for LSBG and LSB of Corporate Secretary, Chief Financial Officer, and Chief Operati Mr. Theroux was elected in 2015 as a Director of the Federal Home Loan Bank of Boston where he continues to Mr. Theroux is Treasurer for the Town of New London, NH, as well as an Honorary Trustee of Proctor Academ NH. He also serves as a director of the American European Insurance Company. His strong knowledge of bankin operations and industry, and his 40 years of experience in various operational and financial management respons banking and educational industries provide him with the qualifications and skills to serve as a director.

Scott G. Toothaker. Mr. Toothaker resides in Ellsworth, Maine. He is a shareholder of Melanson Heath & Co., I public accounting firm with an office located in Ellsworth, which specializes in professional services to small bu entrepreneurs throughout New England. He holds an MBA from the University of Maine and an MST from Ben practicing CPA, he is well suited in his role as Chairperson of the Company s Audit Committee.

David B. Woodside. Mr. Woodside resides in Bar Harbor, Maine. He is CEO and Director of The Acadia Corpo owned company operating retail shops, a restaurant, and lodging facility on Mount Desert Island. He received hi Business Administration from the University of Maine in 1974. He has owned several small businesses in the ar employed at The Acadia Corporation since 1976. He has also served on numerous local non-profit boards, the B Council, and as past President of the Bar Harbor Rotary Club and Bar Harbor Chamber of Commerce. He served as Vice Chair of the National Park Hospitality Association, representing the diverse companies providing visitor services in National Parks across the country. His in-depth knowledge of the retail and hospitality industries both across the country provides significant expertise to the board in these important segments of the Maine economy

Executive Officers

Curtis C. Simard. For a summary of Mr. Simard s business experience, refer to the Director Nominees secti above.

Josephine Iannelli. Ms. Iannelli resides in Ellsworth, Maine. Ms. Iannelli joined the Company in October 2016 Vice President, Chief Financial Officer and Treasurer. Prior to joining the Company, Ms. Iannelli served as Seni Vice President, Chief Financial Officer and Treasurer of Berkshire Hills Bancorp in Pittsfield, Massachusetts. M a bachelor s degree in Accounting from Baldwin Wallace University and her career began at KPMG, after whic KeyCorp. In 2002, Ms. Iannelli joined National City Corporation where she served in various roles up and throu acquisition and integration into PNC Financial Services Group. Ms. Iannelli subsequently owned her own consu serving both national and international clients. In these varying roles, Ms. Iannelli s experience encompasses fin in accounting policy, financial planning & analytics, treasury, investor relations, SEC & regulatory reporting, in management, tax, mergers and acquisitions, and financial reengineering.

Richard B. Maltz. Mr. Maltz resides in Hampden, Maine. He has served as the Company s Executive Vice Pres Operating Officer, and Chief Risk Officer since September 2016, and as Executive Vice President & Chief Risk September 1, 2014. He previously served as Executive Vice President & Chief Risk Officer of Bangor Savings B as well as in other executive capacities at that institution since 1999. Mr. Maltz is a Certified Public Accountant the American Institute of Certified Public Accountants.

Gregory W. Dalton. Mr. Dalton resides in Mount Desert, Maine. He has served as Executive Vice President of B of BHBT since October 2011. He was Senior Vice President of BHBT s Business Banking function from 2000

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October 2011. He is also a minority owner in both the Bar Harbor Jam Co. and its real estate holding companies
Partners LLC and Triangle Development LLC, located in Bar Harbor. He serves as a Board member of Acadia F
and North Center Tennis and Fitness. He has also served as Vice Chair of the MDI YMCA and serves in several
focused, non-profit organizations including The Katahdin Area Council of the Boy Scouts of America, and the N
House in Northeast Harbor.

Stephen M. Leackfeldt. Mr. Leackfeldt resides in Harrington, Maine. He retired from the Bank effective March
served as Executive Vice President of Retail Banking since 2011. From 2001 through October 2011 he served as
President of Retail Banking and Consumer Lending of BHBT. He is the owner of State Cinemas located in Cala
Mr. Leackfeldt announced his retirement effective March 15, 2017.

Gerald Shencavitz. Mr. Shencavitz resides in Mount Desert, Maine. He served as Executive Vice President, Chi
Officer (CFO), and Treasurer of the Company from December 2007 until August 2016, when he stepped dow
Mr. Shencavitz retired from BHBT in November 2016. Prior to his promotion in December 2007 to Executive V
served as CFO and Treasurer of the Company since June 2001. He has served as Executive Vice President, CFO
Operating Officer of BHBT since his promotion in December 2007.

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CORPORATE GOVERNANCE

Board of Directors

The Board oversees our business and monitors the performance of our management. In accordance with our corp governance procedures, the Board does not involve itself in our day-to-day operations. Our executive officers an oversee the day-to-day operations. Our directors fulfill their duties and responsibilities by attending regular meet Board, which are held each month. Our directors also discuss business and other matters with key executives and external advisers (legal counsel, auditors, financial advisors and other consultants).

The Board held a total of 12 regular meetings, four special meetings, one special shareholder s meeting and one during 2016. Each director attended at least 75% of the total number of board and committee meetings that he or to attend.

The Board encourages each director to attend its Annual Meeting. All of the Board s members attended the 201

Board Independence

Under the NYSE MKT corporate governance standards, set out in the NYSE MKT Company Guide (the NYSE least a majority of the Board must be independent directors as defined in Section 803A of the NYSE MKT Ru Section 803A, independent director means a person other than an executive officer or employee of the Compa qualify as an independent director, the Board must affirmatively determine that the director does not have a re would interfere with the exercise of independent judgment in carrying out the responsibilities of a director. The B determined that all the named director-nominees listed in this proxy statement, with the exception of Mr. Simard independence standards under NYSE MKT Rules. Mr. Simard is not a member of the Audit, Compensation, or C Committees. Although Stephen R. Theroux, Former President and CEO of Lake Sunapee Banking Group, satisfi of independence under the NYSE MKT regulations, Board of Directors has not appointed him to the Audit Com Compensation Committee, or Governance Committee.

<u>Board Leadership Structure and Risk Oversight</u>:

Currently, the positions of Chairman of the Board of Directors and Chief Executive Officer of the Company are by separate individuals, with Mr. Woodside serving as Chairman of the Board and Mr. Simard serving as Chief E Officer. The Board of Directors believes that this leadership structure best serves the Company at this time becau Mr. Simard to focus on the Company s operations and strategy, while Mr. Woodside, among other things, can p independent leadership for the Board of Directors, set the agenda for meetings, and enable other directors to rais concerns for Board consideration without immediately involving the Chief Executive Officer or other manageme leadership structure of the Company is guided by its Governance Committee. The Company s Governance Com individuals to serve as members of the Company s Board of Directors, including any management directors. Al director-nominees of the Company are considered independent directors except for the CEO of the Company. the Board of Directors is an independent director . Management directors do not vote or serve as Chairs of any The Governance Committee nominates persons to serve in the Chairperson role for election by the entire Board independent directors meet in executive session immediately after Board meetings periodically to ensure that oversight of Company management and to ensure that there is ample time to assess the Company s activities sep management. The Governance Committee believes this leadership structure is prudent and provides sufficient se independence. The Governance Committee and the Board of Directors have made the decision that an independe serving in the role of Board Chairman segregates the role from that of the CEO and provides a strong and approp management oversight. The Company s Audit Committee meets quarterly and receives reports from its indepen public accounting firm, the independent loan review consultants, and the Company s internal audit function. Th conducts an annual risk-based audit program and provides audit findings quarterly to the Audit Committee or to Directors.

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The Board of Directors monitors and manages risks through the activities of specialized Board committees and c
in conjunction with management, internal audit, the independent registered public accounting firm, and other inc
advisors.

The Board of Directors also provides oversight to the management of the Company s risk profile, including but
internal controls over financial reporting, credit risk, interest rate risk, liquidity risk, operational risk, including c
incentive compensation risk, reputational risk and compliance risk through its Board Risk Committee which mee
monthly. Some of the more significant risks and the Board s oversight of those risks are described below.

The Board Risk Committee is appointed by the Board to assist the Board in fulfilling its responsibilities by prov
the following functions: (i) the Company s risk governance structure, (ii) the Company s risk management and
guidelines and policies regarding market, credit, operational, liquidity, funding, reputational, compliance and fra
such other risks as necessary to fulfill the Committee s duties and responsibilities, (iii) the Company s risk app
and (iv) the Company s capital, liquidity and funding in coordination with the Bank s Asset/Liability Committe

The Board Risk Committee also reviews and discusses on a quarterly basis BHBT s bank-wide risk assessments
risk assessments are aggregated, shared and also discussed with the Board of Directors at least annually. The risk
supplemented by regular reports from the Chief Risk Officer regarding emerging risks at monthly Board meeting

The Board Risk Committee, among other things, sets loan policy, establishes credit authorities, and approves or
extensions of credit to borrowers with loan relationships over $5,000,000, and regularly reviews credit trends, de
non-performing loans, charged-off loans and management s quarterly assessment of the adequacy of the Loan L
committee, in conjunction with the Audit Committee, reviews reports prepared by an independent Loan Review
issued by the Internal Audit function to assist in their on-going assessment of credit risk.

The Board manages compensation, including incentive compensation risk, through its Compensation and Human
Committee. This Committee has engaged Pearl Meyer & Partners, LLC (Pearl Meyer) as independent compe
to provide the Committee with both competitive market data and research into compensation best practices to gu
of the Committee. To mitigate the inherent risks of incenting behaviors potentially adverse to the Company and
the Committee reviews compensation matters with the assistance of the Company s Board Risk Committee and
reviewed by the Board to ensure that incentive plans for senior officers and others do not encourage excessive ri

Risk assessment and risk management are the responsibility of the Company s management. The Committee s
regard is one of oversight and review. Oversight is, in part, conducted through the established Enterprise Risk M
Program (the ERM) that is administered on its behalf and the Board of Directors by Executive Vice President
Officer, and Chief Risk Officer, Mr. Richard B. Maltz. As part of the ERM, information from the Bank s lines o
collected and analyzed to identify, monitor, track and report various risks within the organization.

To assist Board in fulfilling their risk management responsibilities, a network of management oversight committ
established. These oversight committees, as defined below, have been delegated authority and duties specific to t
the Bank s risk management policy. Specifically, these Committees are responsible for the ongoing identificatio
monitoring and management of risk.

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The Risk Management Committee is responsible for reviewing and recommending for approval risk mitigation s acceptance, ongoing assessment of the adequacy and effectiveness of internal controls, and oversight of any risk The committee ensures an appropriate balance between business development objectives, risk tolerances, cost of operational efficiency, regulatory requirements and customer experience. The committee ensures the continued c an overall approach to risk assessment and management; oversees the refinement of policies and procedures as r the overall assessment of risk and related control activities; monitors the overall direction of risk, reviews and m action plans and periodically reports results to the Board of Directors.

The Asset Liability Management Committee (ALCO) is responsible for the management of interest rate risk, liqu market risk, and capital adequacy levels of the Bank, as well as for developing strategies governing the effective the Bank s balance sheet and income statement.

The Management Loan Committee (MLC) is responsible for the management of credit risk related to all aspects portfolio of the Bank and related activities, including credit quality, loan production, credit delivery activities, cr problem loan management and the collection processes. The management loan committee meets regularly and ca aggregate loan exposure for borrowers up to and including $5,000,000.

The Bank s Information Technology & Operations Committee (ITOC) oversees the development and implemen technology and operations strategies of the Bank and its subsidiaries. The Committee oversees the implementatio risk management practices, including the development of internal policies & procedures and risk appetite, while oversight of the quality and performance of the Bank s project management practices to ensure objectives are m sound manner.

The Company believes that its risk management activities and procedures provide sufficient information to mana Board of Directors to assist them in properly and adequately evaluating the Company s compliance with its risk programs and policies. There can be no assurance that the Board s risk oversight structure has identified and add potential material risk and there may be additional risks that could arise in the Company s business. Both known risks could result in potentially material financial and/or business losses despite the Board s efforts to oversee ri

Committees

The Board has a standing Executive Committee, Audit Committee, Governance Committee, Board Risk Commi Compensation Committee.

Executive Committee. Our Bylaws provide that after each annual meeting of shareholders, the Board shall desig its members an Executive Committee with the authority to exercise all the powers of the Board in regard to ordin of our business when the Board is not in session, subject to any specific vote of the Board. The Executive Comm composed of directors Woodside, Dudman, Lewis, Fernald, Simard, Smith, and Toothaker. Mr. Lewis will serve Committee until May 2017. Mr. Woodside serves as Chairperson. The Executive Committee held two meetings

Audit Committee. The Audit Committee is composed of directors Toothaker, Caras, Colter, and Ensign. Mr. Ens Committee in January 2017. Mr. Toothaker serves as Chairperson of the Committee. The Audit Committee met 2016. See **Appendix A** for the Report of the Audit Committee. The Audit Committee Charter may be viewed on under the Shareholder Relations section at www.bhbt.com.

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The Board has determined that the Audit Committee is solely composed of independent directors, in accordance NYSE MKT listing requirements and Rule 10A-3(b)(1) under the Exchange Act. The Audit Committee operates charter, which has been adopted by the Audit Committee and the Board. Audit Committee members do not acce advisory or other compensatory fees (except directors fees) and are not affiliated with us (except as a director) subsidiaries. The Board has determined that each Audit Committee member is financially literate and that it has committee financial expert. Mr. Scott G. Toothaker, CPA, meets the criteria as an audit committee financial e applicable SEC rules.

The Audit Committee has the sole authority to appoint and replace the independent registered public accounting Committee is responsible for the compensation and oversight of the independent registered public accounting fi reports directly to the Audit Committee. The Audit Committee assists the Board in fulfilling its oversight respon respect to (i) the financial information to be provided to shareholders and the SEC, (ii) the review of quarterly fi statements, (iii) the system of financial reporting controls management has established, and (iv) the internal audi and loan review processes.

Governance Committee. The Governance Committee is presently composed of directors Fernald, Shea, Lewis, Belair. Director Dimick joined the Committee in January 2017. Directors Lewis and Shea will serve on the Com May 2017. The Governance Committee met three times during 2016. Mrs. Fernald serves as Chairperson of the Board has determined that each member of the Governance Committee is independent under NYSE MKT Rules

The Governance Committee s responsibilities include screening director candidates, recommending nominees t (including the slate of returning directors) to be elected each year, making recommendations concerning the size of the Board, recommending Committee structure and membership, and sponsoring new director orientation and Governance Committee has a written charter, which may be viewed on our website under the Shareholder Relati www.bhbt.com.

The Governance Committee expects to identify nominees to serve as directors of the Company primarily by acc considering the suggestions and nominee recommendations made by directors, management, and shareholders. Governance Committee has not engaged any third parties to assist it in identifying candidates for the Board. The Committee considers, among other things, the background, business and professional experience (including any financial expertise or other special qualifications), current employment, community service, and other board ser director-nominees, as well as racial, ethnic, and gender diversity of the Board as a whole. The Governance Com considers a candidate s qualifications in light of these broad criteria and assesses whether the candidate can ma behalf of or while representing us in a manner consistent with our stated business goals and objectives. The Gov Committee will also consider the candidate s independent status in accordance with applicable regulations a The Governance Committee will consider nominees recommended by shareholders. Any shareholder wishing to candidate for director must follow the procedures for submission of proposals set forth in the section of this pro entitled Nominations by Shareholders.

Compensation Committee. The Compensation Committee reviews and considers recommendations from manag consultants, and directors concerning executive compensation policies, employee benefit plans, and salary admi programs, and reviews annually the performance of, and total compensation for, and recommends adjustments f executive officers and our subsidiaries. The deliberations of the Compensation Committee are reported to the B and approval by the independent board members. The Compensation Committee has a written charter, which m our website under the Shareholder Relations section at www.bhbt.com.

The Compensation Committee is presently composed of directors Smith, Fernald, Colter, Dudman and Woodsi Dimick joined this committee in January, 2017. Mr. Smith serves as Chairperson of the Compensation Committ

of the Compensation Committee are independent under NYSE MKT Rules. The Compensation Committee met
2016.

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Further information regarding the Compensation Committee can be found below in this proxy statement beginni
caption Role of the Compensation Committee.

Board Risk Committee. See Board Leadership Structure and Risk Oversight for details regarding the Board R

Compensation Committee Interlocks and Insider Participation

No NEO serves as a member of a compensation committee of any other company that has an executive officer se
member of the Board. No NEO serves as a member of the board of directors of any other company that has an ex
serving as a member of the Compensation Committee.

COMPENSATION OF DIRECTORS AND EXECUTIVE OFFICERS

Report of the Compensation Committee

The Compensation Committee has reviewed the Compensation Discussion and Analysis included in this proxy s
discussed it with members of management. Based on such review and discussion, the Compensation Committee
the Board that the Compensation Discussion and Analysis be included in this proxy statement and incorporated b
our Annual Report on Form 10-K for the 2016 fiscal year, and the Board has approved such recommendation.

Respectfully submitted by the members of the Compensation Committee:

Kenneth E. Smith, Chair	David M. Colter
Martha Dudman	Lauri E. Fernald
David B. Woodside	Steven H. Dimick

Compensation Discussion and Analysis

This section discusses an overview and analysis of our compensation program and policies, the material compen
made under those programs and policies with respect to our NEOs, and the material factors considered in making
Later in this proxy statement under the heading Executive Compensation Tables is a series of tables containin
information about the compensation earned or paid to the NEOs.

The discussion below is intended to aid understanding of the detailed information provided in those tables and p
information into context within the overall compensation program.

Named Executive Officers

For 2016, our NEOs are: President and CEO, Curtis C. Simard; Executive Vice President and CFO Josephine Ia
Executive Vice President and CFO Gerald Shencavitz; and our three other most highly compensated policy mak
officers. In 2016, these three other NEOs were Executive Vice President, Chief Operating and Chief Risk Office
Executive Vice President Retail Banking, Stephen M. Leackfeldt; and Gregory W. Dalton, Executive Vice Pre
Banking.

Objectives of Our Compensation Program

The objective of our compensation program is to attract, retain, motivate, and reward NEOs and other executives to our financial and operational success, which ultimately builds value for our shareholders. The Board believes do this effectively, the program must:

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provide NEOs with total compensation opportunities at levels that are competitive for comparable pos
companies and banks with which it competes for talent;

directly link a significant portion of total compensation to our achievement of performance goals in a
proportionally rewards higher performance levels;

provide upside opportunities for exceptional individual performance, which can result in differentiated
compensation among NEOs based on performance; and

closely align the NEOs interests with those of our shareholders by making stock-based incentives an
executive s compensation.

Role of the Compensation Committee

The Compensation Committee oversees regulatory compliance for all of our compensation and benefit plans and Company s executive compensation programs. The Compensation Committee recommends these programs to t approval by its independent board members at least annually and more frequently, if circumstances warrant. The intended to provide a variety of competitive compensation components including base salaries, annual cash ince programs, and traditional benefits. In addition, we have sought to align the long-term interests of our executives, NEOs, with those of our shareholders by providing share-based incentives in the form of equity awards. The co components may vary from year to year based on individual performance, our business plan, market conditions

The Compensation Committee believes that our compensation policies and procedures are designed to provide a between each NEO s compensation and our short and long-term performance. The objective of our compensatio provide compensation which is competitive, variable based on our performance, and aligned with the long-term shareholders.

Shareholder Say on Pay Advisory Votes

Shareholders are entitled to annually vote on an advisory, non-binding resolution on our compensation policies a Past shareholder votes have been overwhelmingly in favor of our programs and practices.

The May 2016 Say on Pay voting results were as follows:

For	Against	Abstain	Broke
3,453,570.90	83,379.77	111,625.85	1,3

The Compensation Committee will continue to consider the outcome of future advisory, non-binding Say on P reviewing and planning future executive compensation arrangements.

The Role of Compensation Consultants and the Compensation Committee s Evaluation of Conflicts of Intere

The Compensation Committee has utilized, and expects to utilize in the future, various outside consultants, actu attorneys to assist it in developing and implementing the essential components of our compensation program, in program, and incentive compensation arrangements.

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The Compensation Committee, under authority granted by its charter, engages Pearl Meyer to assist in reviewing
officer and director compensation packages. Their 2016 engagement included:

- providing current market-based total compensation guidelines to assist in establishing appropriate and ongo
compensation and incentive compensation levels for our NEOs;
- providing on-going guidance on our short-term, annual cash incentive program positions in relationship to
design and payout opportunities to our strategic and long-term financial plans;
- providing guidance and market comparisons for the long-term incentive program using equity grants to NE
Company s approved equity plan;
- providing a comprehensive review of our compensation program for our directors; and
- recommending an updated, appropriate Compensation Peer Group (defined below) comparison for compen
with the Company s increasing size pending its business combination with LSBG in January 2017.

The Compensation Committee has assessed the relationships among Pearl Meyer, the Company, the Compensati
and the executive officers for independence and conflicts of interest. In this assessment, the Compensation Comm
the criteria set forth in the SEC s Reg. 240.10C-1(b)(4) (i)-(vi) and such other criteria as it deemed appropriate.
Compensation Committee considered the following factors in its evaluation of its relationship with Pearl Meyer:

- whether Pearl Meyer provided any other services to us;
- how much compensation Pearl Meyer has received from us for compensation consulting services, as a perc
total revenue;
- what policies and procedures have been adopted by Pearl Meyer to prevent a conflict of interest;
- whether Pearl Meyer has any business or personal relationship with a member of the Compensation Comm
- whether Pearl Meyer owns any of our stock; and
- whether Pearl Meyer has any personal or business relationship with any of our executive officers.

The Compensation Committee did not identify any conflicts of interest with the engagement of Pearl Meyer. Ad
Meyer provided us documented assurances that they are confident their relationship with us meets the independe

and they have identified no conflicts of interest.

Role of Management in Establishing Compensation

On an annual basis Mrs. Marsha C. Sawyer, the Executive Vice President of Human Resources, with the oversig
provides the Compensation Committee with general information on executive officer compensation, including th
Compensation Committee then reviews, discusses and considers this information and any recommendations. Mr
in the administration of all executive compensation programs, prepares Compensation Committee and Board me
and performs work as requested by the Compensation Committee, including working directly with the compensa
in preparation of peer analyses for the Compensation Committee s consideration. Mr. Simard, as our CEO, atte
Compensation Committee s meetings and makes recommendations on base salary, annual incentives and equity
only the executive officers who report to the CEO position. The Compensation Committee has the discretion to a
modify the CEO s recommendations. The CEO is not a member of the Compensation Committee and is not pre
executive sessions or for any discussion of regarding his own compensation.

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Market Benchmarking and Performance Comparisons

The Compensation Committee reviews and recommends to the Board s independent members for approval of c
programs, which it believes meet our ongoing needs to attract, motivate, and retain talented and qualified execut
the ability to make a major contribution to the leadership and success of the Company. The Compensation Comm
reviews market information provided by Pearl Meyer. Primary data sources used in the benchmarking for the NE
information publicly disclosed by a peer group of publicly traded banks and published surveys. The Compensati
reviews comparative compensation and benefit information contained in the public filings of this peer group whi
established for compensation comparison (the Compensation Peer Group) using objective selection criteria. T
was expanded to include financial institutions that fell within a range of having $1.5 billion in assets to $6 billion
anticipation of the increased institution size as a result of BHB s merger with LSBG. All the peer banks are loca
Northeast region and New York excluding New York City. The Compensation Committee believes this group pr
appropriate selection of publicly traded financial institutions representing the geographical area most probable to
for recruitment purposes. Further, the Compensation Committee believes the Compensation Peer Group informa
compensation programs of similarly situated executives in comparable institutions and they are a useful compara
Compensation Committee in establishing executive compensation programs and individual criteria for its execut
the NEOs. Seven financial institutions were added to the 2016 peer group and nine from the 2015 peer group we
size or merger and acquisition activity.

The members of the 2016 peer group are:

Financial Institution	State	Ticker Symbol	Financial Institution	Sta
Arrow Financial Corp.	NY	AROW	First Bancorp, Inc.	M
Blue Hills Bancorp, Inc.	MA	BHBK	First Connecticut Bancorp, Inc.	C
Bridge Bancorp, Inc.	NY	BDGE	Hingham Institution	M
BSB Bancorp, Inc.	MA	BLMT	Merchants Bancshares, Inc.	V
Camden National Corp.	ME	CAC	Meridian Bancorp, Inc.	M
Century Bancorp, Inc.	MA	CBNK	Tompkins Financial Corporation	N
Chemung Financial Corp.	NY	CHMG	Trust Co Bank Corp NY	N
Enterprise Bancorp, Inc.	MA	EBTC	Washington Trust Bancorp, Inc.	C
Financial Institutions, Inc.	NY	FISI		

The Compensation Peer Group information is used as a guide in establishing reasonableness in our compensatio
Compensation Committee did not target the elements of our compensation program at any specific level or perce
Compensation Peer Group, but used the information as a whole and the 50th percentile as a way to define our co
program and assess the competitiveness and reasonableness of our pay practices. Rather than rely on a specific f
model, the Compensation Committee believes that retaining discretion to assess the overall performance of NEO
Compensation Committee the ability to more accurately reflect individual contributions that cannot be absolutely
Compensation Committee also considers the senior incentive program tailored to provide emphasis on incentive
for the NEO group as an important component of our overall compensation program.

The Compensation Committee believes our financial results and total shareholder return (disclosed in our Form
ended December 31, 2016) compare favorably with our Compensation Peer Group indicating a solid pay-perfor
The Compensation Committee further believes that the compensation established for its CEO and other NEOs pr
appropriate balance between market compensation and shareholder return.

The Compensation Committee referenced market data including peer group and survey information along with g
provided by Pearl Meyer in its process to establish and validate the appropriateness of our executive compensati
market and performance.

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The following table summarizes our 2016 NEO compensation at the 25%, 50%, and 75% market percentiles for
and total cash compensation against our established peers.

Name	2016 Base Salary[1] ($)	Peer Group Ranges of Base Salaries ($)	2016 Total Cash Compensation[2] ($)
Curtis C. Simard	**464,000**	469,000 524,000 592,000	**686,627**
Josephine Iannelli	**350,000**	234,000 261,000 326,000	**369,751**
Gerald Shencavitz	**285,000**	234,000 261,000 326,000	**366,701**
Richard B. Maltz	**350,000**	272,000 349,000 390,000	**453,459**
Stephen M. Leackfeldt	**235,000**	199,000 251,000 286,000	**297,393**
Gregory W. Dalton	**220,000**	215,000 254,000 295,000	**271,282**

1. Approved base salary figures as of year-end 2016 have been used for comparison purposes in this table.
2. Approved base salary figures at the end of 2016 plus the amount paid to each NEO under the 2016 Annual
Program is used in this table for comparison purpose.

The Compensation Committee also considers the relative scarcity of senior banking executive candidates in its i
area and the difficulties of recruiting out-of-market candidates to work in rural Maine. The Compensation Comm
use any formal, fixed or indexed criteria for establishing compensation levels for any of our NEOs within marke

ranges. The Compensation Committee believes that the growth in total compensation provided to our executive
weighted towards variable compensation including cash and equity incentives which tie directly to corporate per
less emphasis upon growth in base salaries.

Compensation Plan Components

Our executive compensation program applicable to the NEOs is composed of the following primary components
and benefits; (ii) annual incentive cash compensation programs; (iii) long-term incentives in the form of stock op
and (iv) retirement benefits including the Company s 401(k) plan and future payments to Gerald Shencavitz, ret
last participant under a legacy SERP program.

Base Salary and Benefits

Our executive compensation program provides base salaries and benefits, which include health and life insuranc
401(k) retirement program and vacation awards to compensate executive officers for the performance of core du
responsibilities associated with their positions. The Compensation Committee reviews base salaries annually in t

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comparative industry information, as described above. The Compensation Committee also considers the specific the individual executive officer and the officer s opportunity for professional growth, as well as market factors, adjusts base salaries. In addition, the Compensation Committee considers the prevailing economic climate, our c performance and our most current business plan.

Upon performance evaluations and the advice and market salary data supplied by Pearl Meyer, the Compensatio made performance and market adjustments resulting in the approved base salaries for 2016 below:

Named Executive Officer	2016 Base Salary[1] ($)
Curtis C. Simard	464,000
Josephine Iannelli	350,000
Gerald Shencavitz	285,000
Richard B. Maltz	350,000
Stephen M. Leackfeldt	235,000
Gregory W. Dalton	220,000

1. Base salaries represented in the above chart are annualized as of December 31, 2016 for comparison purpos joined the Company in October 2016 and her salary has been annualized for comparison purposes. Mr. Mal is presented to be reflective of his promotion to Executive Vice President, Chief Operating Officer, and Ch effective in September 2016.

Short-term, Annual Incentive Cash Compensation Program

During 2016, nine senior managers including the NEOs, participated in an annual cash incentive compensation p under the guidance of Pearl Meyer. The program is designed to provide meaningful incentives tied to our annual optimize profitability, growth, excellence in individual performance, and to promote teamwork among its partici was approved by the Board for 2016 and is detailed below.

Incentive Payout Opportunity. Each participant had a target incentive opportunity based on their role. The target reflected a percentage of base salary determined to be consistent with competitive market practices. Actual awar on achievement of specific goals. The opportunity reflects a range of potential awards. Actual awards ranged fro achieving minimal performance) to 150% of target (for exceptional performance). The table below summarizes t ranges for the 2016 plan year.

2016 Short-Term Incentive Opportunities

Role	Below Threshold	Threshold (50% of Target Percentage)	Target (100%)	(
President /CEO	0%	19.00%	38.00%	
EVP & CFO/COO[1]	0%	14.00%	28.00%	
EVP	0%	12.50%	25.00%	

1. Mr. Maltz participated in the program at the EVP level from January through September and upon his prom
Executive Vice President, Chief Operating Officer and Chief Risk Officer participated for the remainder of
higher payout opportunity.

Program Trigger. In order for the Annual Incentive Program to activate or turn on, we needed to achieve at le
Income to Common Shareholders for 2016. If we did not meet this level, the plan would not pay out any awards
regardless of performance on other goals.

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Annual Incentive Program Measures. Each participant had predefined performance goals to determine their shor award. Bar Harbor Bankshares common team goals for 2016 were Net Income and a managed Efficiency Ratio. executive was assigned individual goals reflecting their individual contributions based on their role. The specific goals were weighted to reflect the focus and contribution for each position in the Company.

The following table and footnotes shows the specific performance goals at Threshold, Target (budget or improve year measurements) and Stretch for each of the NEOs during 2016. The Board of Directors approved the approp adjusting Net Income and Efficiency ratio as a result of the project expenses resulting from the LSBG merger wl the 2016 payments to NEOs.

Curtis C. Simard

President and Chief

Executive Officer

Eligible Salary	$ 464,000.00	Eligible Salary	$ 464,000.00	Eligible Salary
Incentive Threshold (%)	19.00%	Incentive Target (%)	38.00%	Incentive Stretcl
Incentive Threshold ($)	$ 88,160	Incentive Target ($)	$ 176,320	Incentive Stretcl
Performance Goals				Payment Range

Incentive Measures	Threshold	Target	Stretch	Weight	Threshold	Target
Net Income ($thousands)	$ 13,402	$ 14,411	$ 15,852	50.00%	9.50%	19.00
Efficiency Ratio	59.60%	57.60%	55.60%	25.00%	4.75%	9.50
Past Dues[2]	190bps	150bps	125bps	8.33%	1.58%	3.17
Charge offs[2]	25bps	20bps	15bps	8.33%	1.58%	3.17
NPL+OREO[2]	200bps	150bps	125bps	8.33%	1.58%	3.17
TOTALS				100.00%	19.00%	38.00

Josephine Iannelli

Executive Vice President

and Chief Financial Officer

Eligible Salary	$ 53,846	Eligible Salary	$ 53,846	Eligible Salary
Incentive Threshold (%)	14.00%	Incentive Target (%)	28.00%	Incentive Stretcl
Incentive Threshold ($)	$ 7,538	Incentive Target ($)	$ 15,077	Incentive Stretcl
Performance Goals				Payment Range

Incentive Measures	Threshold	Target	Stretch	Weight	Threshold	Target
Net Income ($thousands)	$ 13,402	$ 14,411	$ 15,852	50.00%	7.00%	14.00
Efficiency Ratio	59.60%	57.60%	55.60%	20.00%	2.80%	5.60
Net Investment. Income	$ 18,988	$ 19,376	$ 21,314	10.00%	1.40%	2.80
	48th	50th	75th	20.00%	2.80%	5.60

Investment Yield Percentile Against Peer						
TOTALS				100.00%	14.00%	28.00

Richard B. Maltz

Executive Vice President

Chief Operating Officer and Chief Risk Officer (January through September)

Eligible Salary	$ 309,808	Eligible Salary	$ 309,808	Eligible Salary	
Incentive Threshold (%)	12.50%	Incentive Target (%)	25.00%	Incentive Stretcl	
Incentive Threshold ($)	$ 31,875	Incentive Target ($)	$ 63,750	Incentive Stretcl	
Performance Goals				Payment Range	

Incentive Measures	Threshold	Target	Stretch	Weight	Threshold	Target
Net Income ($thousands)	$ 13,402	$ 14,411	$ 15,852	30.00%	3.75%	7.50
Efficiency Ratio	59.60%	57.60%	55.60%	20.00%	2.50%	5.00
Project Implementation[3]	CEO	Recommendation		35.00%	4.38%	8.75
Past Dues[2]	190bps	150bps	125bps	5.00%	.63%	1.25
Charge offs[2]	25bps	20bps	15bps	5.00%	.63%	1.25
NPL+OREO[2]	200bps	150bps	125bps	5.00%	.63%	1.25
TOTALS				100.00%	12.50%	25.00

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Richard B. Maltz

Executive Vice President
Chief Operating Officer and Chief Risk Officer (October through December)

Eligible Salary	$ 309,808	Eligible Salary	$ 309,808	Eligible Salary
Incentive Threshold (%)	14.00%	Incentive Target (%)	28.00%	Incentive Stretch
Incentive Threshold ($)	$ 43,373	Incentive Target ($)	$ 86,746	Incentive Stretch
Performance Goals				Payment Range[1]

Incentive Measures	Threshold	Target	Stretch	Weight	Threshold	Target
Net Income ($thousands)	$ 13,402	$ 14,411	$ 15,852	30.00%	4.20%	8.40
Efficiency Ratio	59.60%	57.60%	55.60%	20.00%	2.80%	5.60
Project Implementation[3]	CEO	Recommendation		35.00%	4.90%	9.80
Past Dues[2]	190bps	150bps	125bps	5.00%	.70%	1.40
Charge offs[2]	25bps	20bps	15bps	5.00%	.70%	1.40
NPL+OREO[2]	200bps	150bps	125bps	5.00%	.70%	1.40
TOTALS				100.00%	14.00%	28.00

Stephen M. Leackfeldt
Executive Vice President
Retail Banking

Eligible Salary	$ 235,000	Eligible Salary	$ 235,000	Eligible Salary
Incentive Threshold (%)	12.50%	Incentive Target (%)	25.00%	Incentive Stretch
Incentive Threshold ($)	$ 29,375	Incentive Target ($)	$ 58,750	Incentive Stretch
Performance Goals				Payment Range[1]

Incentive Measures	Threshold	Target	Stretch	Weight	Threshold	Target
Net Income ($ thousands)	$ 13,402	$ 14,411	$ 15,852	30.00%	3.75%	7.50
Efficiency Ratio	59.60%	57.60%	55.60%	25.00%	3.13%	6.25
Retail Deposits	$ 650,640	$ 663,918	$ 730,310	10.00%	1.25%	2.50
Deposit Rate	0.40%	0.39%	0.35%	10.00%	1.25%	2.50
Avg. Cons. Loans	$ 479,272	$ 489,053	$ 537,958	10.00%	1.25%	2.50
Past Dues[2]	190bps	150bps	125bps	5.00%	0.63%	1.25
Charge offs[2]	25bps	20bps	15bps	5.00%	0.63%	1.25
NPL+OREO[2]	200bps	150bps	125bps	5.00%	0.63%	1.25
TOTALS				100.00%	12.50%	25.00

Gregory W. Dalton
Executive Vice President

Business Banking

Eligible Salary	$ 220,000	Eligible Salary	$ 220,000	Eligible Salary
Incentive Threshold (%)	12.50%	Incentive Target (%)	25.00%	Incentive Stretch
Incentive Threshold ($)	$ 27,500	Incentive Target ($)	$ 55,000	Incentive Stretch ($)
Performance Goals				Payment Range[1]

Incentive Measures	Threshold	Target	Stretch	Weight	Threshold	Targe
Net Income ($thousands)	$ 13,402	$ 14,411	$ 15,852	20.00%	2.50%	5.0
Efficiency Ratio	59.60%	57.60%	55.60%	10.00%	1.25%	2.5
Avg. Commercial Loans	$ 562,937	$ 574,426	$ 631,869	30.00%	3.75%	7.5
Avg. Commercial/Non Personal Deposits	$ 229,054	$ 233,729	$ 257,102	15.00%	1.88%	3.7
Past Dues[2]	190bps	150bps	125bps	8.34%	1.04%	2.0
Charge offs[2]	25bps	20bps	15bps	8.34%	1.04%	2.0
NPL+OREO[2]	200bps	150bps	125bps	8.34%	1.04%	2.0
TOTALS				100.00%	12.50%	25.0

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Gerald Shencavitz
Executive Vice President
and Chief Financial Officer

Eligible Salary	$	222,738	Eligible Salary	$ 222,738	Eligible Salary
Incentive Threshold (%)		14.00%	Incentive Target (%)	28.00%	Incentive Stretch
Incentive Threshold ($)	$	31,183	Incentive Target ($)	$ 62,367	Incentive Stretch
Performance Goals	Payment Range[1]				

Incentive Measures		Threshold	Target	Stretch	Weight	Threshold	Targe
Net Income ($thousands)	$	13,402	$ 14,411	$ 15,852	50.00%	7.00%	14.0
Efficiency Ratio		59.60%	57.60%	55.60%	20.00%	2.80%	5.6
Net Investment. Income	$	18,988	$ 19,376	$ 21,314	10.00%	1.40%	2.8
Investment Yield Percentile Against Peer		48th	50th	75th	20.00%	2.80%	5.6
TOTALS					100.00%	14.00%	28.0

1. All Payment Range percentages rounded to two trailing decimals.
2. The asset quality measures for Past Dues and Non-Performing Loans + Other Real Estate Owned are calcul month average of the month-end actual data for the calendar year. The Charge off percentage is measured u annual net charge offs as a percentage of the average outstanding loans. The average outstanding loan figur calculation is measured by averaging the actual outstanding loans at each month end.
3. The results of Mr. Maltz s project implementation measure are based on a recommendation from the CEC approval by the Board of Director s Compensation Committee

Annual Incentive Payment Summary. Below is a summary of the annual incentive awards paid for 2016 perform

Named Executive Officer[1]	Percentage of Base (%)	Total Payout ($)	Net Income[2] ($)	Efficiency Ratio[3] ($)	Credit Asset Quality[4] ($)	Loan Depo Grow ($
Curtis C. Simard	47.98	222,627	132,244	24,249	66,134	
Josephine Iannelli[1]	36.68	19,751	11,308	1,658		
Richard B. Maltz[1]	33.39	103,459	34,853	8,775	17,938	
Stephen M. Leackfeldt	26.55	62,396	26,438	8,060	13,230	8,
Gregory W. Dalton	23.31	51,286	16,500	3,018	20,658	11,
Gerald Shencavitz[1]	36.68	81,700	46,775	6,860		
Totals		**541,219**	**268,118**	**52,620**	**117,960**	**19,**

1. Payout percentages for Ms. Iannelli and Mr. Shencavitz were prorated based on their time employed during The results of Mr. Maltz s incentive are the weighted average of two plans based on a change of position e the last quarter of 2016. Mr. Maltz s payout was pro-rated based on his promotion to Chief Operating Offi

2. Net Income adjusted for project expenses exceed 110% of the approved Target measure and was capped at Stretch ceiling.
3. Efficiency Ratio adjusted for project expenses calculated slightly over the Threshold measure.
4. The asset quality measures for Past Dues and Non-Performing Loans + Other Real Estate Owned are calcul month average of the month-end actual data for the calendar year. The Charge off percentage is measured u annual net charge offs as a percentage of the average outstanding. The average outstanding for this calculat by averaging the actual outstanding loans at each month end. All three of the measures exceed the approved payment was capped at the maximum ceiling.

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5. Mr. Leackfeldt and Mr. Dalton had measures for Loan and Deposit Growth. Mr. Leackfeldt received paym of retail deposits that feel between Target and Stretch. His payment calculation for consumer Loan growth slightly under Stretch. Mr. Dalton received payment on Commercial Deposit Growth of between Target an not meet the minimum growth for Average Commercial Loans to achieve a payment for 2016 under this m
6. Ms. Iannelli earned $2,262 for exceeding investment income targets, and $4,523 for investment yield meas peers for a total incentive payment of $6,785 in this category. The results of Mr. Maltz s strategic project measure are based on a recommendation from the CEO with final approval by the Compensation Committe Stretch in recognition of his significant contribution. Mr. Shencavitz earned $9,355 for exceeding investme targets, and $18,710 for investment yield measured against peers for a total incentive payment of $28,065 i

Details of the above are disclosed in Threshold, Target and Stretch (maximum) categories in the Grants of Pla table under the heading Executive Compensation Tables found elsewhere in this proxy statement.

Long-term Incentives

Equity Plans. Since adopting the first Stock Option Plan in 2000, we have provided certain officers, including ou equity-based compensation component in the form of stock options. This compensation component is used to ali our participating officers and managers, particularly executive officers, with those of shareholders over a long-te to serve as a retention tool. Grants are made for qualified individuals, and from time to time, for special recognit all grants at the closing market price of the business day of the enabling vote or date of hire. The Board also sets schedule, which is a currently a period of one to three years. The Stock Option Plans adopted in 2000 and 2009 issue stock grants and the grants previously made under these two plans to NEOs and other management membe expiration. Members of the management team periodically exercise these maturing options. The Board adopted Incentive Plan of 2015 (the 2015 Plan), which was approved by shareholders at the 2015 Annual Meeting, un grants, may currently be issued**.** Information pertaining to outstanding options and equity awards are disclosed i Equity Awards at Fiscal Year-end table under the heading Executive Compensation Tables found elsewher statement.

The Board utilizes a Long-Term Incentive Program for senior management members as part of their total compe Meyer assisted the Compensation Committee with the initial plan design and periodically evaluates appropriate The program is designed to be made up of three-year rolling plans utilizing shares made available through the 20 2015 Plan. Grants may be given in time-vested restricted stock, performance-vested restricted stock, or a combi The purpose of the program is to align executives interests with shareholder interests, increase executive stock sound risk management by providing a balanced view of performance and reward over a longer time horizon, an total compensation offerings to be competitive with the market to attract and retain strong talent needed to drive

The Board has currently approved Long-Term Incentive Programs covering the 2014-2016, 2015-2017, and 201 years. Eight current senior managers and three retired executives (on a pro-rated basis), including NEOs Simard Leackfeldt and Dalton, participate in these Long-Term Incentive Programs. Target reward opportunities are bas awards are calculated as a percentage of base salary to determine the number of shares available for awards. See of Plan Based Awards (columns f-i) on page 34 to reference the actual shares awarded under the 2016-2018 Pla NEO.

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Long-Term Incentive

Role	Grant	Below Threshold	Threshold Percentage of Salary	Target Percentage of Salary
President /CEO	Time-vested		N/A	15.00%
	Performance	0%	7.50%	15.00%
EVP CFO/COO	Time-vested		N/A	13.75%
	Performance	0%	6.88%	13.75%
EVP	Time-vested		N/A	12.50%
	Performance	0%	6.25%	12.50%

The Long-Term Incentive Programs consist of both time-vested restricted shares and performance shares. Fifty p grants to each participant are time-vested with a third of the shares vesting in each of the years covered. Grants a upon continued employment with a pro-rated portion vesting in the event of a participant retirement. The time-v have a post-vesting holding period of one year for shares under the 2014-2016 and 2015-2017 Long-Term Incen and three years for shares under the 2016-2018 Long-Term Incentive Program. At the time of vesting, sufficient withheld to cover the executive s tax liabilities.

The remaining 50% of the shares are performance-vested shares to be awarded at the end of the three-year meas and upon attainment of the performance goals. Relative Return on Assets (ROA) measured against the SNL $75 Index peer group will determine the performance award for each of the three year plans. The most current plan s The average of the twelve quarters within the plan year is calculated and measured against peer results for the sa result below the 45th percentile of the peer group would fall below Threshold and no payment would be due or p calculated at the 50th percentile when measured against the peer group, and the plan Stretch is capped at the 75th addition to relative ROA, there is a Total Shareholder Return (TSR) modifier to further align shareholder interes calculation for the same performance measurement period is negative, a payout cannot exceed Threshold regardl relative ROA performance results.

Benefits, Retirement and Post-Termination Compensation Elements

We provide a 401(k) plan for all employees meeting minimum age and service requirements. In addition, we ma the former Executive Vice President and CFO, Mr. Shencavitz, who retired from the Company and the Bank in 2 under this program will be for $7,225 per month for 240 months. This is a legacy program and Mr. Shencavitz w participant under this legacy program.

We also maintain employment agreements with NEOs Simard and Iannelli, and change in control agreements fo Leackfeldt and Dalton. These agreements provide for, among other things, the payment of their salary and other benefits for a period of 12, 18, and 24 months in the event of both a change of control of the Company and subse termination (or constructive termination) within set timeframes after a change in control, unless such terminatio These specific payments and timeframes were established under the advice of a compensation consultant and em attorney as representative of similar type agreements in the industry.

The Compensation Committee feels that these agreements are necessary to provide a competitive total compensa attract and retain the employment of the NEOs who are a party to the agreements.

Other Compensation and Benefits

In addition to the foregoing, all our executive officers are entitled to participate in certain group health, dental, d
life insurance benefits. In accordance with our policy, all such benefits are generally available to employees of tl
its subsidiaries.

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Stock Ownership Guidelines

The Bylaws of the Company require that each director own a minimum of 500 shares no later than one year follo
election to the Board. In addition, the Board has implemented a policy requiring each director to own a minimun
his or her annual cash retainer. Ownership must be attained within five years of a director s initial election and r
500 qualifying shares.

All current Director-nominees meet or exceed the ownership requirement required under this policy based on the
Board. Director nominee, Leonard R. Cashman, if elected, presently holds sufficient shares to meet this ownersh

While all of the Company s executive officers hold Company stock or will be granted shares in the near future u
Company s equity programs, the Company does not have specific guidelines regarding stock ownership for its N
The Board has implemented retention periods on equity issued under the Company s Long Term Incentive Prog
However, the Company encourages stock ownership and reviews overall ownership levels on a periodic basis.

Hedging and Pledging

All directors and employees (including NEOs) are prohibited from engaging in any speculative transaction desig
offset any decrease in market value of our securities, including hedging of our stock. We also prohibit any pledg
securities in a margin account and restrict all other pledging of any of our securities by requiring directors and en
obtain the prior approval of the Audit Committee before entering into any such agreement in a financial arranger

Our Insider Trading Policy further prohibits directors and employees from short-swing transactions and trading i
securities at a time when they are in possession of insider information.

Compliance with Code Section 409A

Our compensation plans subject to Section 409A of the Internal Code of 1986 (the Code) are operated to com
Section 409A tax provisions of the Code.

Policy on Code Section 162(m)

Section 162(m) of the Code disallows publicly traded companies from receiving a tax deduction on compensatio
executive officers in excess of $1 million unless, among other things, the compensation meets the requirements f
performance-based compensation. In structuring the compensation programs and in determining executive comp
Compensation Committee takes into consideration the deductibility limit for compensation and the performance-
requirements of Section 162(m). None of our employees exceeded the $1 million dollar threshold during 2016.

CEO Employment Agreement.

In 2013, we entered into a written employment agreement with Mr. Simard, as President and CEO (the CEO E
Agreement). The CEO Employment Agreement provides for the payment of an annual base salary to him of no
$375,000 paid in substantially equal installments in accordance with our compensation policies and procedures e
established by us for our senior executive officers. He also participates in any short-term, long-term, or other per
compensation plans agreed upon by the parties during the term of the CEO Employment Agreement in concert w
goals and objectives. The CEO Employment Agreement currently has a term of one year with automatic extensio
each in the absence of notice from us of our intention not to extend the term of the CEO Employment Agreemen

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The CEO Employment Agreement also provides for a lump sum payment of two times his salary plus medical, d
benefits for Mr. Simard and his eligible dependents in the event Mr. Simard is involuntary terminated without ca
voluntarily terminated for good reason. This payment shall be reduced to a one times multiplier in the event the C
Employment Agreement is not renewed. With limited exceptions, it also allows for a severance payment to him
employment is terminated within one year prior to or following certain events defined to constitute a change in c
Company. This severance payment resulting from a termination of employment (constructive termination) follov
control is equal to two times his base annual salary, incentive compensation payments earned and any accrued bu
vacation time. In addition, if Mr. Simard had any unvested stock options/grants they would vest in accordance w
the plans under which they were granted and vest fully upon a change in control. Any payments due him would
extent necessary to ensure that no portion of such payment will be non-deductible by us under Code Section 280
subject to excise tax imposed by Code Section 4999.

The CEO Employment Agreement also restricts Mr. Simard s ability to compete with us during the term and fo
year following the cessation of his employment with us regardless of reason within a 150 air mile radius from Ba

Compensation of the CEO. On an annual basis, the Compensation Committee reviews the existing compensation
CEO. The Compensation Committee reviews his compensation plan in the context of our overall performance, th
of certain financial and non-financial goals and the judgment of the entire Board as to the quality of his leadershi
the Compensation Committee will compare his compensation to CEOs of our Compensation Peer Group and sal
information for comparable positions. In making these comparisons, the Compensation Committee will take into
appropriate differences in the size, business model, and financial performance of the other banking institutions.

In accordance with the CEO Employment Agreement, the Compensation Committee reviews his base salary no l
annually and may recommend an increase in his base salary to the Board at the Compensation Committee s sole

As further discussed below, Mr. Simard participated in the structured annual incentive cash compensation plan p
executive officers. During 2016, Mr. Simard earned an award amounting to $222,627.

During 2016, the Compensation Committee granted Mr. Simard restricted time-vested shares and the potential fo
restricted performance shares under the 2016-2018 Long Term Incentive Program. He is required to hold the tim
performance shares issued for a minimum of three years from the issue date. Mr. Simard is a member of the Boa
receive any director fees for participating in the activities of the Board.

Other Employment Agreements, Change in Control, Confidentiality and Non-Competition Agreements. We enter
Employment Agreement with Ms. Iannelli which includes change in control, confidentiality and non-competition
This agreement provides Ms. Iannellii severance of salary for 24 months and benefits for a period of 18 months i
both a change of control of the Company and subsequent termination (or constructive termination) within 12 mo
change of control, unless such termination was for cause. In addition, Ms. Iannellii s equity grants will vest in a
the terms of the plans under which they were granted and vest fully upon a change in control.

We have also entered into Change in Control, Confidentiality and Non-Competition Agreements with BHBT s
Presidents, Richard B. Maltz, Stephen M. Leackfeldt, and Gregory W. Dalton along with four other managemen
Their agreements provide for severance of salary for a period of 12 to 24 months and benefits for 12 months in th
a change of control of the Company and subsequent termination (or constructive termination) within 12 months
control, unless such termination was for cause.

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All of these agreements were entered into as part of a total compensation program to attract and/or retain qualifi
not entered into in response to any effort known to the Board of Directors by any party or entity to acquire contr
Company.

Incentive Cash Compensation. During 2016 NEOs, Messrs. Simard, Maltz, Dalton, Leackfeldt, and retired NEO
Ms. Iannelli participated in an annual cash incentive compensation program with a combination of team and indi
representing opportunities for incentive payments. Ms. Iannelli and Mr. Shencavitz received pro-rated incentive
their employment during 2016. Mr. Maltz s payment was also adjusted due to an increase in his eligible payme
promotion during 2016. We paid out a total of $541,213 in February 2017 to the six NEOs based on the 2016 me
period.

The altering, inflating, and/or inappropriate manipulation of performance/financial results or any other infractio
ethical business standards will subject any participant to disciplinary action up to and including termination of e
addition, any incentive compensation as provided by the plan to which the participant would otherwise be entitl
revoked or subject to claw back.

The plan is based on a balance of multiple measures, layered oversight, and reasonable ceilings for exceptional p
These two basic plan features structure the plan to discourage excessive risk and rewards. The Compensation C
reviewed the plan design to insure it is in line with best practices for risk.

Executive Compensation Tables

Summary Compensation Table

The following table discloses compensation for the years ended December 31, 2016, 2015 and 2014 received by

Name and Principal Position (a)	Year (b)	Base Salary Received[1] ($) (c)	Bonus ($) (d)	Stock Awards[2] ($) (e)	Non-Equity Incentive Plan Compen-sation ($) (g)	Change in Pension Value and Nonqualified Deferred Compensation Earnings[3] ($) (h)	All C Con sat ((
Curtis C. Simard	2016	464,000		272,382	222,627		22
President & CEO of	2015	438,000		164,256	203,775		22
the Company/BHBT	2014	412,500	50,000[5]	154,707	180,984		22
Josephine Iannelli	2016	53,846[6]	130,000[7]		19,751		
EVP, CFO and Treasurer							

of the Company/BHBT							
Richard B. Maltz	2016	309,808[6]		53,925	103,459		14
EVP, Chief Operating	2015	255,000		82,048	83,247		12
Officer and Chief Risk	2014	67,692[6]	25,000[8]	81,934	15,785		
Officer of BHBT							
Stephen M. Leackfeldt	2016	235,000		76,456	62,393		13
EVP, Retail Banking of	2015	225,000		70,320	62,109		13
BHBT	2014	208,000		65,020	45,946		12
Gregory W. Dalton	2016	220,000		74,506	51,282		14
EVP, Business Banking	2015	203,000		63,440	60,551		1
of BHBT	2014	190,000		59,374	41,168		1
Gerald Shencavitz	2016	222,738[6]		102,453	81,700	114,955	2
Retired EVP, CFO and	2015	275,000		94,560	94,616	108,945	17
Treasurer of the Company	2014	255,000		87,685	74,807	183,693	17
and EVP, CFO and COO							
of BHBT							

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1. Included in salary amounts disclosed in (c) above for each NEO are monies they deferred pursuant to our 4 which allows our employees and employees of our wholly owned subsidiaries to defer monies from their c subject to applicable limitations in Code Section 401(k), and amounts deferred pursuant to our Section 125 providing health, life, and disability insurance benefits. Employees, including NEOs, are paid on a bi-week calendar years.
2. Amounts in this column represent grants made to NEOs under the Long Term Incentive Plans computed at level and in accordance with FASB ASC Topic 718 and are materially consistent with those used to calcula awards, which are set forth in Footnote 15 to our audited consolidated financial statements contained in our the year ended December 31, 2016. Amounts payable under the performance grants for the Long-Term Inc probable level to Messrs. Simard, Maltz, Leackfeldt, Dalton, Ms. Iannelli, and retired CFO Shencavitz wou $283,488, $206,984, $189,949, 139,293 and $277,898, respectively. Amounts payable under the Long Term at Stretch to Messrs. Simard, Maltz, Leackfeldt, Dalton, Ms. Iannelli, and retired CFO Shencavitz would be $285,946, $208,774, $191,602, $140,251, and $280,273, respectively.
3. The amounts in this column reflect the changes in value of the SERP between December 31, 2016, Decemb December 31, 2014 in accordance with FASB ASC Topic 715, details which are set forth in Footnote 16 to consolidated financial statements contained in our Form 10-K for the year ended December 31, 2016. Amo 2015 and 2016 primarily reflect changes in the applicable discount rate.
4. Other Annual Compensation includes match and contribution amounts into our 401(k) plan in the same for schedule as available to all other employees and such other items as imputed life insurance amounts on gro insurance in excess of the allowable $50,000, non-taxable IRS limit. Please see the table following for furth
5. Mr. Simard received a sign on bonus of $100,000 with $50,000 payable in 2013 and the remaining $50,000 as provided for in his employment agreement upon joining the Company.
6. Base salaries for Ms. Iannelli, Mr. Maltz and Mr. Shencavitz represent pro-rated amounts of their approved representing the time worked during the identified year.
7. Ms. Iannelli received a sign on bonus of $100,000 upon joining the Company in October, 2016 and an addi discretionary payment of $30,000 in recognition of her strategic contribution to the Company during 2016.
8. Mr. Maltz received a sign on bonus in the amount of $25,000 upon joining the Company in 2014.

The NEOs also participate in certain group life, health and disability insurances and medical reimbursement plar in the Summary Compensation Table that are generally available to all employees and do not discriminate in sco operation. The table below provides detail on the amounts comprising the column entitled All Other Compensa the Summary Compensation Table for 2016.

Name	Employer 401(k) Contribution Match and Contribution ($)	Club Dues ($)	Spousal Travel ($)	Auto-mobile Allow-ance ($)	Miscell-aneous[1] ($)	Imputed Life Insurance ($)	S
Curtis C. Simard	10,600	1,000		10,625		810	
Josephine Iannelli				1,667	22	42	
Richard B. Maltz	10,600			1,154		2,322	
Stephen M. Leackfeldt	10,600					2,687	
Gregory W. Dalton	10,600			1,154	264	2,012	
Gerald Shencavitz	10,600					2,877	

1. This column represents amounts received by the NEO for incentives participating in our high deductible he
plan.
2. This amount represents the final applicable Medicare gross up (1.45%) amount on Mr. Shencavitz s futur

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We provide non-cash perquisites that do not exceed $10,000 in the aggregate for any individual and are not inclu
reported figures. Benefits not disclosed in the table above are of *de minimis* value such as incidental service fee
deposit accounts or safe deposit rental fees.

Grants of Plan-Based Awards

The following table sets forth information regarding plan-based awards granted to the NEOs during the last fisca
2016 Annual Incentive Plan. Amounts disclosed are based on 2016 eligible salaries received by the participants.
grants under the 2016-2018 Long Term Plan are shown under Target and the range of the possible performance
2016-2018 plan is also disclosed for each participant and adjusted for the three-for-two stock split to shareholde
March 7, 2017.

			Estimated Future Payouts Under Non-Equity Incentive Plan Awards[1]			Estimated Futu Payouts Under Equit Incentive Plan Awards	
			Thresh-old	Target	Maxi-mum	Thresh-old	Target
Name (a)	**Plan Name**	**Grant Date (b)**	**($) (c)**	**($) (d)**	**($) (e)**	**(#) (f)**	**(#) (g)**
Curtis C. Simard	2016 Annual Plan		88,160	176,320	264,480		
	2016-2018 Long-Term Plan	01/01/2016				1,516	3,033
Josephine Iannelli[4,5]	2016 Annual Plan	10/25/2016	7,538	15,077	22,615		
	2016-2018 Long-Term Plan	01/01/2016				1,141	2,283
Richard B. Maltz[6,7]	2016 Annual Plan[6]		43,373	86,746	130,119		
	2016-2018 Long-Term Plan[7]	01/01/2016 09/28/2016				1,046	2,092
Stephen M. Leackfeldt	2016		29,375	58,750	88,125		

	Annual Plan						
	2016-2018 Long-Term Plan	01/01/2016				639	1,279
Gregory W. Dalton	2016 Annual Plan		27,500	55,000	82,500		
	2016-2018 Long-Term Plan	01/01/2016				599	1,198
Gerald Shencavitz[1]	2016 Annual Plan		31,183	62,367	93,550		
	2016-2018 Long-Term Plan[4]	01/01/2016				284	568

1 The Annual Incentive Program detail in columns (c), (d), and (e) is for the calendar year ended December 3

2 Amounts in columns (f), (g), and (h) represent the number of performance shares granted under the Long-T Plans in 2016. See the following table for additional detail.

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3 Amounts in column (i) represent the number of time-vested shares granted to NEOs in 2016 under the Long Plans.

4 Amounts shown in columns (c), (d), and (e) for Ms. Iannelli and Mr. Shencavitz are based on their pro-rate for the time of their employment in 2016.

5 Amounts shown in columns (f), (g), (h) and (i) for Ms. Iannelli represent grants to her in 2016 and pro-rate 2014-2016, 2015-2017, and 2016-2018 plans.

6 Amounts in columns (c), (d), and (e) for Mr. Maltz for the Annual 2016 Plan represent potential payments Vice President and Chief Operating Officer level detailed on page 24.

7 Amounts shown in columns (f), (g), (h) and (i) for Mr. Maltz represent grants to him in 2016 at the Execut President level plus pro-rated amounts based the Executive Vice President and Chief Operating Officer leve on page 29 under the 2014-2016 and 2015-2017, and 2016-2018 plan years.

Outstanding Equity Awards at Fiscal Year-End-2016

(Numbers and dollars are adjusted for the Three for two stock split payable March 21, 2017)

	Option Awards					Stock Awar		
	Number of Securities Under-lying Unexercised Options Exercisable	Number of Securities Underlying Unexercised Options Un-exercisable	Equity Incentive Plan Awards; Number of Securities Underlying Unexercised Unearned Options	Option Exercise Price	Option Expiration	Number of Shares or Units of Stock That Have Not Vested	Market Value of Shares or Units of Stock That Have Not Vested	Equ Incen Pla Awar Num of Unear Shar Units Oth Righ Th Hav No Vest
Name	**(#)**	**(#)**	**(#)**	**($)**	**Date**	**(#)**	**($)**	**(#**
(a)	**(b)**	**(c)**	**(d)**	**(e)**	**(f)**	**(g)**	**(h)**	**(i**
Curtis C. Simard						6,198	195,547	14,
Josephine Iannelli						2,283	72,029	3,
Richard B. Maltz[5]						3,565	112,476	7,
Stephen M. Leackfeldt						2,626	82,850	6,
Gregory W. Dalton						2,418	76,288	5,
Gerald Shencavitz	6,852[3]			21.00	03/31/2017	1,159	36,566	2,

[1] Amounts in column (g) represent time-vested shares payable in 2017, 2018, and 2019. The amount in colur
the total value of those shares at December 31, 2016 with the closing price of $47.33 per share adjusted hyp
three-for-two stock split to $31.55.

[2] Amounts in column (i) represent the performance shares payable in 2017, 2018, and 2019 if paid at Stretch
column (j) represents the total value of those shares at December 31, 2016 with the closing price of $47.33
adjusted hypothetically for a three-for-two stock split to $31.55.

[3] The shares shown in column (b) for Mr. Shencavitz are shown as pre-split numbers as Mr. Shencavitz exer
to the March 7, 2017 record date.

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Option Exercises and Stock Vested Issued in 2016

(This table is presented with pre-split share numbers)

	Option Awards		Stock
	Number of Shares Acquired on Exercise[1]	Value Realized on Exercise	Number of Shares Acquired on Vesting[2]
Name	**(#)**	**($)**	**(#)**
(a)	**(b)**	**(c)**	**(d)**
Curtis C. Simard	0	0	8,078
Josephine Iannelli	N/A	N/A	N/A
Richard B. Maltz	0	0	1,577
Stephen M. Leackfeldt	0	0	2,254
Gregory W. Dalton	3,600	33,816	2,199
Gerald Shencavitz	679	10,679	3,020

1 This column represents stock options exercised in 2016 by NEOs under the 2000 or 2009 Equity Plan durin year of 2016 and are shown in pre-split numbers.

2 This represents the number and dollar value, respectively, of restricted time-vested shares issued in 2016 to 2013-2015, 2014-2016 and 2015-2017 Long Term Incentive Programs. The time-vested shares must be hel of one year after issue and performance shares are required to be held for a three year period. The number c has been adjusted for the three-for-two split payable May 19, 2014, but were paid prior to the three-for-two record date of March 7, 2017.

Pension Benefits

The table below shows at December 31, 2016 the present value of accumulated benefits payable to each of the N the number of years of service credited to each such NEO, under the SERP and using interest rate assumptions c those used in Company financial statements. Additional information regarding the SERP benefits follows the tab Mr. Shencavitz retired in 2016 and he is the last participant in this legacy program.

		Number of Years of Credited Service	Present Value of Accumulated Benefits	Pa
Name	**Plan Name**	**(#)**	**($)**	
(a)	**(b)**	**(c)**	**(d)[1]**	
Curtis C. Simard	N/A			
Josephine Iannelli	N/A			
Richard B. Maltz	N/A			
Stephen M. Leackfeldt	N/A			
Gregory W. Dalton	N/A			

Gerald Shencavitz	SERP	15[2]	1,734,000

1. The figures shown are determined as of the plan s measurement date during 2016 under FASB ASC Topic of our audited financial statements. For the discount rate and other assumptions used for this purpose, pleas 16 in the Notes to Consolidated Financial Statements attached to the Annual Report on Form 10-K for the y December 31, 2016.
2. Years of credited service are determined by the vesting schedule contained within the Plan and not years of with the Company.

Potential Payments upon Termination or Change in Control

We have entered into change in control agreements and maintain certain benefit plans that require us to provide executive officers in the event of a termination of employment or a change in control. The tables below set forth types of compensation payable to each executive officer upon voluntary termination without good reason, involu termination without cause, voluntary termination for good reason, termination for cause, death, disability, retirem termination after a

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change in control. The amounts assume a hypothetical termination of employment effective as of December 31,
estimates of the amounts which would be paid to the executives in each specified circumstance. The actual amou
can only be determined at the time of an executive s actual separation.

Termination and Change in Control Benefits

Termination Event	Curtis Simard(1)	Josephine Iannelli (2)	Richard Maltz(3)	Stephen Leackfeldt(4)	Gregory Dalton(5
Voluntary Termination Without Good Reason					
Cash Severance(A)					
Pro Rata Incentive Bonus Payout (B)	222,627	19,751	103,439	62,393	51,28
Stock Options/SARS(C)					
Accelerated Equity/SARS(D)					
COBRA Eligible Benefits(E)					
Nonqualified Deferred Compensation(F)					
Life Insurance Proceeds/Disability Benefits(G)					
Other Perquisites(H)					
Total	**$ 222,627**	**$ 19,751**	**$ 103,439**	**$ 62,393**	**$ 51,28**
Retirement(1)					
Cash Severance(A)					
Pro Rata Incentive Bonus Payout (B)					
Vested Stock Options/SARS(C)					
Accelerated Equity/SARS(D)					
COBRA Eligible Benefits(E)					
Nonqualified Deferred Compensation(F)					
Life Insurance Proceeds/Disability Benefits(G)					
Other Perquisites(H)					
Total	**$ 0**	**$ 0**	**$ 0**	**$ 0**	**$**
Termination Upon Disability					
Cash Severance(A)					
Pro Rata Incentive Bonus Payout (B)	222,627	19,751	103,439	62,393	51,28
Vested Stock Options/SARS(C)	301,350	21,299	135,269	127,507	116,57
Accelerated Equity/SARS(D)					
COBRA Eligible Benefits(E)					
Nonqualified Deferred Compensation(F)					
Life Insurance or Proceeds/Disability Benefits(G)	180,000	180,000	180,000	141,000	$ 132,00
Other Perquisites(H)					
Total	**$ 703,977**	**$ 221,050**	**$ 418,708**	**$ 330,900**	**$ 299,85**

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Termination Event	Curtis Simard(1)	Josephine Iannelli (2)	Richard Maltz(3)	Stephen Leackfeldt(4)	Gregory Dalton(5)
Termination Upon Death(1)(5)					
Cash Severance(A)					
Pro Rata Incentive Bonus Payout (B)	222,627	19,751	103,439	62,393	51,282
Stock Options/SARS(C)	301,350	21,299	135,269	127,507	116,574
Accelerated Equity/SARS(D)					
COBRA Eligible Benefits(E)					
Nonqualified Deferred Compensation(F)					
Life Insurance Proceeds/Disability Benefits(G)	$ 750,000	$ 700,000	$ 600,000	$ 470,000	$ 460,000
Other Perquisites(H)					
Total	**$ 1,273,977**	**$ 741,050**	**$ 838,708**	**$ 659,900**	**$ 627,856**
Involuntary Termination Without Cause					
Cash Severance(A)	928,000	700,000			
Pro Rata Incentive Bonus Payout (B)	222,627	19,751			
Stock Options/SARS(C)					
Accelerated Equity/SARS(D)					
COBRA Eligible Benefits(E)	42,841	28,130			
Nonqualified Deferred Compensation(F)					
Life Insurance Proceeds/Disability Benefits(G)					
Other Perquisites(H)					
Total	**$ 1,193,468**	**$ 747,881**	**$ 0**	**$ 0**	**$ 0**
Voluntary Termination For Good Reason					
Cash Severance(A)	928,000	700,000			
Pro Rata Incentive Bonus Payout (B)	222,627	19,751			
Stock Options/SARS(C)	301,350	21,299			
Accelerated Equity/SARS(D)					
COBRA Eligible Benefits(E)	42,841	28,130			
Nonqualified Deferred Compensation(F)					
Life Insurance Proceeds/Disability Benefits(G)					
Other Perquisites(H)					
Total	**$ 1,494,818**	**$ 769,180**	**$ 0**	**$ 0**	**$ 0**

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Termination Event	Curtis Simard(1)	Josephine Iannelli (2)	Richard Maltz(3)	Stephen Leackfeldt(4)	Gregor[y] Dalton(3
Termination After a Change In Control					
Cash Severance(A)	928,000	700,000	700,000	235,000	220,00
Pro Rata Incentive Bonus Payout (B)	222,627	19,751	103,439	62,393	51,28
Stock Options/SARS(C)					
Accelerated Equity/SARS(D)	493,747	144,073	260,741	209,104	192,06
COBRA Eligible Benefits(E)	42,841	28,130	21,208	9,198	18,75
Nonqualified Deferred Compensation(F)					
Life Insurance Proceeds/Disability Benefits(G)					
Other Perquisites(H)					
Tax Gross-Up					
Total	**$ 1,687,215**	**$ 901,331**	**$ 1,085,388**	**$ 515,695**	**$ 482,10**
Termination for Cause					
SERP(3)					
Cash Severance(A)					
Pro Rata Incentive Bonus Payout (B)					
Stock Options/SARS(C)					
Accelerated Equity/SARS(D)					
COBRA Eligible Benefits(E)					
Nonqualified Deferred Compensation(F)					
Life Insurance Proceeds/Disability Benefits(G)					
Other Perquisites(H)					
Total	**$ 0**	**$ 0**	**$ 0**	**$ 0**	**$**

A <u>Cash Severance</u>. Severance payable to all executives represents a payment due upon a hypothetical change on December 31, 2016. Twenty-four months of severance would have been payable to Mr. Simard, Ms. Ian Maltz if their employment was terminated by the Company for any reason other than cause, death, disabilit as defined in their written Employment Agreements. Payments disclosed represent 12 months of salary for Dalton under their Change of Control Agreements.

B <u>Bonus</u>. The amount disclosed in this row represents the bonus/incentive amounts due for 2016 but not yet p executive on December 31, 2016. These amounts were paid in February 2017. The amount of incentive pay the fiscal year 2016 has also been disclosed in the Summary Compensation Table.

C <u>Stock Options/SARs</u>. The closing per share price on the NYSE MKT exchange for our common stock on D 2016 was $47.33. All options for participants are either completely vested or of no value when measured ag closing per share price on December 31, 2016. Disclosed amounts would have been realized if the executiv exercised the vested options in the manner provided for by the Company s stock option plan and award ag December 31, 2016 market price. In the event of a termination of employment, the executive (or the execut event of death) would have had the right to exercise vested stock options for a set period as specified under document. All executives would have forfeited the right to exercise vested or unvested options if they had b for cause.

D Equity, Stock Options/SARs Accelerated. Figures on this line item represent the value of unvested equity g options/SARs in the event of acceleration due to a change of control event occurring on December 31, 2016 shares are accelerated at Target.

E COBRA Eligible Benefits. The amount disclosed represents the cost of continued health, dental, and vision period of 24 months for Simard, 18 months for Iannelli, and 12 months for Maltz, Leackfeldt and Dalton.

F Nonqualified Deferred Compensation Plan. No NEO participated under the legacy Nonqualified Deferred C Plan as of December 31, 2016 with the exception of retired executive Gerald Shencavitz who terminated fr in November 2017.

G Life Insurance Proceeds/Disability Benefits. Amounts represent benefits payable by a third-party insurer (U designated executives or their beneficiaries under our life and disability programs. These life and disability programs were generally available to all of our employees. The disability amount quoted represents a 12 m with a cap of $15,000 per month. Total benefits due would be dependent upon the severity, the length of a c insurance policy interpretation.

H Other Perquisites. Not applicable to the Company.

1. Under certain termination circumstances leading up to or following a Change of Control, Mr. Simard may b two times salary and COBRA eligible benefits for twenty-four months.

In the event of a termination of employment due death or long term disability, Mr. Simard (or his estate) would b pro-rata share of an award from the 2014-2016, 2015-2017, and 2016-2018 Long Term Incentive Plans. Howeve would be calculated at the end of the performance periods and due on the same schedule as with other participan shares are calculated at Target under the Change of Control illustration. Mr. Simard would not have meet retiren due to his age as of December 31, 2016.

Any payments due the executive in a Change in Control would be reduced to the extent necessary to ensure that such payment would be non-deductible to the Company under Code Section 280G or subject to excise tax impos Section 4999.

2. Under certain termination circumstances leading up to or following a Change of Control, Ms. Iannelli may two times salary and COBRA eligible benefits for eighteen months.

In the event of a termination of employment due to death or long term disability, Ms. Iannelli (or her estate) wou a pro-rata share of an award from the 2014-2016, 2015-2017, and 2016-2018 Long Term Incentive Plans represe during those years. However, payments would be calculated at the end of the performance periods and due on th as with other participants. Performance shares are calculated at Target under the Change of Control illustration. would not have meet retirement eligibility due to her age as of December 31, 2016.

Any payments due the executive in a Change in Control would be reduced to the extent necessary to ensure that such payment would be non-deductible to the Company under Code Section 280G or subject to excise tax impos Section 4999.

3. Under certain termination circumstances leading up to or following a Change of Control, Mr. Maltz may be months of salary and COBRA eligible benefits for twelve months.

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In the event of a termination of employment due to death or long term disability Mr. Maltz (or his estate) would pro-rata share of an award from the 2014-2016, 2015-2017, 2016-2018 Long Term Incentive Plans. However, pa be calculated at the end of the performance periods and due on the same schedule as with other participants. Perf are calculated at Target under the Change of Control illustration. Mr. Maltz would not have meet retirement elig age as of December 31, 2016.

Any payments due the executive in a Change in Control would be reduced to the extent necessary to ensure that such payment would be non-deductible to the Company under Code Section 280G or subject to excise tax impos Section 4999.

4. Under certain termination circumstances leading up to or following a Change of Control, Mr. Leackfeldt m 12 months of salary and COBRA eligible benefits.

In the event of a termination of employment due to death or long term disability Mr. Leackfeldt (or his estate) w for a pro-rata share of an award from the 2014-2016, 2015-2017, 2016-2018 Long Term Incentive Plans. Howev would be calculated at the end of the performance periods and due on the same schedule as with other participan shares are calculated at Target under the Change of Control illustration. Mr. Leackfeldt would not have met retir due to his age as of December 31, 2016.

Any payments due the executive in a Change in Control would be reduced to the extent necessary to ensure that such payment will be non-deductible to the Company under Code Section 280G or subject to excise tax imposed Section 4999.

5. Under certain termination circumstances leading up to or following a Change of Control, Mr. Dalton may e months of salary and COBRA eligible benefits.

In the event of a termination of employment due to death or long term disability, Mr. Dalton (or his estate) woul pro-rata share of an award from the 2014-2016, 2015-2017, 2016-2018 Long Term Incentive Plans. However, pa be calculated at the end of the performance periods and due on the same schedule as with other participants. Perf are calculated at Target under the Change of Control illustration. Mr. Simard would not meet retirement eligibili as of December 31, 2016.

Any payments due the executive in a Change in Control would be reduced to the extent necessary to ensure that such payment will be non-deductible to the Company under Code Section 280G or subject to excise tax imposed Section 4999.

6. At the time of his retirement, Mr. Shencavitz was eligible for a pro-rata share of an award from the 2014-20 and 2016-2018 Long Term Incentive Plans. Payments were calculated at the end of the performance period same schedule as with other participants. He was also eligible to exercise vest stock options. He became ful non-qualified deferred compensation plan, reduced for early retirement, in November of 2016. The hypothe December 31, 2016 would not have resulted in any additional payment to Mr. Shencavitz than the payment

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COMPENSATION OF DIRECTORS

Independent Directors of the Company, BHBT and BHTS were paid by a combination of fees for meetings atten
supplemented by quarterly stipends. A fee of $500 was paid to Board members for each meeting of the Compan
subsidiary company boards attended and most committee meetings attended. Members of the Board received $5
Company and the BHBT held joint meetings. The Chairperson is compensated at one-half of the meeting fee for
committee meetings of which they were not a voting member. The fee paid for attendance at the Company s Ar
$500 per member. Audit Committee members received $600 for each Audit Committee meeting they attended. I
Board Chairperson received a quarterly stipend of $4,500, and the Chairpersons of the Audit, Governance, Boar
Compensation Committees each received a $3,000, $2,500 and $2,500, respectively.

	Quarterly Stipend (Annualized)	November, 2016 Stock Grant	Meeting Fe
Chairman of the Board	$ 4,500 ($ 18,000)	Shares up to a market value of $15,000	$500 for Boa Executive, Gove and Compensa $300 for Au $250 for Trust Board Risk Com
Vice Chairman of the Board[1]	$ 3,000 ($ 12,000)	Shares up to a market value of $15,000	
Audit Chair	$ 3,000 ($ 12,000)	Shares up to a market value of $15,000	
Governance Chair	$ 2,500 ($ 10,000)	Shares up to a market value of $15,000	
Board Risk Chair	$ 2,500 $ 10,000	Shares up to a market Value of $15,000	
Compensation Chair	$ 2,500 ($ 10,000)	Shares up to a market value of $15,000	
All other Directors	$ 2,000 ($ 8,000)	Shares up to a market value of $15,000	
Audit Committee Attendance			$600 (no char
All other meetings and Annual Meeting			$500 (no char

[1] The Vice Chair position has intentionally been left vacant since the retirement of Thomas Colwell in May,

We review a comparative summary of director compensation annually prepared by Pearl Meyer. Pearl Meyer rec
the Board consider including equity compensation as part of its compensation mix on an ongoing basis. In Nove
independent director was awarded 346 restricted shares of our common stock under the 2015 Equity Plan. This g
lieu of an increase in the cash portion of their fees and as part of an overall market adjustment in director compe
restricted share certificates are fully vested, but may not be sold, transferred or gifted by any director until three
such director leaves the service of the Board.

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2016 Director Compensation

The following table details the total compensation paid to directors from the Company, BHBT and BHTS during
year. Directors receive no additional compensation or perquisites for their service than that set forth in the table

Name (a)	Fees Earned or Paid in Cash ($) (b)	Restricted Stock Awards[1] ($) (c)	T
Peter Dodge[2]	15,600	-0-	1
Daina H. Belair[3]	24,500	14,975	3
Thomas A. Colwell[2]	10,000	-0-	1
Matthew L. Caras	25,400	14,975	4
David M. Colter	14,167	14,975	2
Martha T. Dudman	27,200	14,975	4
Lauri E. Fernald	22,242	14,975	3
Clyde S. Lewis	25,742	14,975	4
Constance C. Shea	24,291	14,975	3
Curtis C. Simard			
Kenneth E. Smith[4]	24,500	14,975	3
Scott C. Toothaker	28,400	14,975	4
David B. Woodside	34,009	14,975	4
Totals	**276,051**	**149,749**	**42**

1 Represents the value of 346 restricted shares granted in November 2016 to each independent director as pa compensation calculated at the closing price on the day of the grant.

2 Messrs. Colwell and Dodge retired from the Board of Directors in May 2016 due to age restrictions in the C Bylaws.

3 Formerly Daina H. Hill.

4 Director Kenneth E. Smith deferred a portion of his compensation under a Non-Qualified Deferred Compe arrangement. This deferred arrangement is funded entirely by the director and the funds are invested and re of the Company until the director withdraws them upon his resignation, retirement, or termination from Bo Director Smith assumes the investment risk on these funds and holds the status of an unsecured creditor of the payment of these deferred fees at a future date.

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SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT A

RELATED STOCKHOLDER MATTERS

The following table sets forth information with respect to the beneficial ownership of our common stock as of M by: (i) each person or entity known by us to own beneficially more than 5% of the outstanding common stock ca outstanding shares on March 10, 2017; (ii) each current director and nominee for election to the Board; (iii) our (iv) all executive officers and directors as a group. We had 15,384,660 shares of common stock outstanding as o 2017.

The information provided is based on our records and on information furnished by the persons listed. We are not arrangement that could at a subsequent date result in a change in control of the Company. All beneficial ownersh below is adjusted for the 3 for 2 stock split to shareholders of record on March 7, 2017.

Name of Beneficial Owners	**Title of Class**	**Amount of Beneficial Ownership[1]**	**Footnot**
5% or more beneficial owners			
NONE			
Directors/Nominees:			
Daina H. Belair	Common	1,659	
Matthew L. Caras	Common	7,541	
Leonard R. Cashman (Nominee)	Common	29,686	2,
David M. Colter	Common	866	3,
Steven H. Dimick	Common	4,359	
Martha T. Dudman	Common	10,973	
Stephen W. Ensign	Common	118,011	
Lauri E. Fernald	Common	7,377	
Clyde H. Lewis	Common	20,165	4,10,
Constance C. Shea	Common	8,311	5,10,
Curtis C. Simard (Director and NEO)	Common	17,438	10,
Kenneth E. Smith	Common	9,693	6,
Stephen R. Theroux	Common	93,945	7,
Scott G. Toothaker	Common	8,007	8,
David B. Woodside	Common	8,304	9,
NEOs:			
Josephine Iannelli	Common	219	
Richard Maltz	Common	3,018	
Stephen M. Leackfeldt	Common	10,340	
Gregory W. Dalton	Common	14,630	
Gerald Shencavitz	Common	33,258	
Total Ownership of all directors, NEOs, executive officers, and specified Trust shares of the Company as a group 21 persons		490,627	

1.

The number of shares beneficially owned by the persons set forth above is determined under the rules of Se
Exchange Act, and the information is not necessarily indicative of beneficial ownership for any other purpo
rules, an individual is considered to beneficially own any shares of common stock if he or she directly or in
shares, (i) voting power, which includes the power to vote or to direct the voting of the shares, or (ii) invest
which includes the power to dispose or direct the disposition of shares. Unless otherwise indicated, an indiv
voting power and sole investment power with respect to the indicated shares. All individual holdings amou
1% of issued and outstanding common stock are marked with an (*).

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2. Includes 5,542 shares over which voting and dispositive powers are shared jointly with Mr. Cashman s spo
does not include 2,803 shares owned by Mr. Cashman s spouse over which he does not have voting or disp
3. Includes 30 shares owned by Mr. Colter s children registered in a custodial account.
4. Includes 15,874 shares over which voting and dispositive powers are shared jointly with Mr. Lewis spous
5. Includes 5,928 shares over which voting and dispositive powers are shared jointly with Mrs. Shea s spouse
6. Includes 3,381 shares over which voting and dispositive powers are shared jointly with Mr. Smith s spous
7. Includes 59,764 shares over which voting and dispositive powers are shared jointly with Mr. Theroux s sp
does not include 7,744 shares owned by Mr. Theroux s spouse over which he does not have voting or disp
8. Includes 4,500 shares over which voting and dispositive powers are shared with Mr. Toothaker s spouse.
9. Includes 2,142 shares over which voting and dispositive powers are shared jointly with Mr. Woodside s sp
does not include 1,500 shares owned by Mr. Woodside s spouse over which he does not have voting or dis
10. Ownership figures for directors include 500 director-qualifying shares owned by each director indicated.
11. Director Lewis will not stand for re-election under age restrictions in our Bylaws.
12. Director Shea will not stand for re-election under age restrictions in our Bylaws.
13. The table below include shares the NEOs own directly, (b) shares over which NEOs have voting power of t
shares under the Company s 401(k) Plan, (c) stock options for common stock granted pursuant to the Com
incentive plan which are exercisable within 60 days of the Record Date, and (d) time-vested and performan
be issued to the executives within 60 days of the March 22, 2017 record date under the 2015-2017 Long-ter
plan. These ownership positions are set forth in the table below:

Name	Direct (a)	401(k) Plan (b)	Exercisable Options (c)	Long
Curtis C. Simard	14,866	535		
Josephine Iannelli	0			
Richard Maltz	1,938			
Stephen M. Leackfeldt	9,499			
Gregory W. Dalton	4,947	8,888		
Gerald Shencavitz	18,507	11,853		

14. Total beneficial ownership includes 69,300 (0.45 %) shares of common stock held by two trusts, which, for
allocated equally among the directors present at the Annual Meeting under the terms of the respective trust
director has any other beneficial interest in these shares. These trusts are denominated for purposes of this p
as the Parker Trust and the The Fred & Hattie Lynam Private Foundation formerly known as the Lynam

The Parker Trust was established in 1955 in perpetuity. BHTS, the Company s second tier non-depository
Company located in Ellsworth, Maine, is the sole Trustee, with full powers, of this trust benefiting the Mt.
Cemetery in Southwest Harbor, Maine.

The Fred & Hattie Lynam Private Foundation, formerly known as the Lynam Trust, was established in 194
benefit Mount Desert Island charities and later expanded to provide scholarships to graduates of Mount De
School. BHTS is the sole Trustee, with full powers, and administers the trust with the assistance of an estab
Scholarship Committee made up of members of the Board and community representatives.

15. Ms. Iannelli was appointed to her position with the Company effective October 23, 2016. Her April 2017 e
detailed above has been pro-rated based on her time of service under the 2015-2017 Long Term Incentive P
issued within 60 days of the March 22, 2017 record date.

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COMPLIANCE WITH SECTION 16(a) OF THE SECURTIES AND EXCHANGE ACT

Section 16(a) of the Exchange Act requires the Company s officers, directors, and persons who own more than registered class of the Company s equity securities (collectively Section 16 Persons) to file initial reports of of changes of ownership with the SEC and the NYSE MKT. Section 16 Persons are required by the Commission furnish the Company with copies of all Section 16(a) forms they file.

To our knowledge, based solely on review of such reports provided to us and written representations, all reports as required except for:

On September 19, 2016, a late Form 4 was filed to report an exercise and sale of 1,000 shares by Gregory W. Da on September 9, 2016.

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CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS AND DIRECTOR INDEPENDENCE

Transactions with Management and Others

We administer related party transactions (if any) under our Related Party Transaction Policy, which addresses co
NYSE MKT Rule 120 and Item 404(a) of Regulation S-K. This policy provides for Audit Committee oversight o
transactions that exceed a *de minimis* lifetime income statement impact of $25,000 (except for loan transactions,
Company and its subsidiaries are administered pursuant to Federal Regulation O (Reg. O), as described more
transactions that qualify under this policy are reviewed by the Audit Committee (or another acceptable Board Co
full Board) for pre-approval. Other than the Somesville Lease described below, and loans offered in the ordinary
business and approved by the BHBT Board, we had no related party transactions. The Related Party Transaction
approved annually by the Board and administered by management of BHBT.

We have entered into a long-term lease for our BHBT branch located in Somesville, Maine, effective February 1
Somesville Lease). The Somesville Lease has interim renewals of five years and the present term runs through
subsequent lease year the base rent is increased using a formula tied to certain changes in the consumer price ind
the lease payments totaled $84,668. There were no amounts outstanding for this lease as of December 31, 2016.
base rent, BHBT is responsible to pay as additional rent certain defined real estate taxes as well as certain ope
and other costs, charges, and expenses associated with the premises. The Landlord under the Somesville Leas
Fernald Sons Inc., a Maine corporation. Mr. Robert B. Fernald of Mount Desert, Maine, is a shareholder, directo
A. C. Fernald Sons Inc. and is the father of Company director Lauri E. Fernald. Lauri E. Fernald does not own a
any corporate office or other position with A.C. Fernald Sons Inc. and has no direct or indirect interest in the So
other than her familial relationship with Mr. Robert B. Fernald.

Except as set forth above and with regard to Indebtedness of Management described below, none of the direc
NEOs of the Company or of any of its subsidiaries engaged during 2016 in any transaction with the Company or
subsidiaries, in which the amount involved exceeded $120,000.

Indebtedness of Management

BHBT offers to its directors, officers, principal shareholders and employees, and to businesses owned and/or co
persons (collectively insiders), commercial and consumer loans in the ordinary course of its business.

All loans made by the Company and its subsidiaries to insiders are regulated by the Company s federal and stat
Reg. O. Reg. O sets forth various practices and reporting requirements for loans to insiders. In addition, the Sarb
of 2002 permits banks and bank holding companies to extend credit to their directors and officers provided that s
of credit are (a) made or provided in the ordinary course of the consumer credit business of such issuer; (b) of a t
generally made available to such issuer to the public; and (c) made by such issuer on market terms, or terms that
favorable than those offered by the issuer to the public. Further, NYSE MKT rules provide that related party tra
subject to appropriate review and oversight by the Company s Audit Committee or a comparable body of the B

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As of December 31, 2016, the outstanding loans by BHBT to our director-nominees and NEOs amount to an agg
approximately $10,434,455 with a maximum availability limit of $13,752,215. Separately, in January 2017, we a
$432,273 in loans to former LSBG directors, including Mr. Dimick, Mr. Theroux, Mr. Ensign and Mr. Cashman
election to the Board at the 2017 Annual Meeting. All such loans are offered under the same terms and condition
comparable loans to persons not related to BHBT, including but not limited to interest rates repayment terms, an
collateral. The terms and conditions of all loans, including those to insiders, and the process by which they are ap
documented in BHBT s written Loan Policy. The Loan Policy is approved annually by the Board and administe
management of BHBT. Loans to insiders may not contain a higher level of risk, nor be offered with terms and co
favorable, than loans to non-insiders with equivalent financial profiles (except for the favorable pricing program
described). We believe that all extensions of credit to our insiders and executive officers satisfy the foregoing co
extensions of credit to our insiders have involved more than normal risk of collectability or present other unfavo

Director Independence disclosures may be found under the Corporate Government on page 15.

OTHER MATTERS

Code of Ethics

The Board has adopted a Code of Ethics that applies to all employees, officers, and directors. The Code of Ethic
compliance with law; fair and honest dealings with the Company, with competitors, and with others; fair and hon
the public; and procedures for compliance with the Code of Ethics. Shareholders can review the Code of Ethics o
located at www.bhbt.com under the Shareholder Relations/Codes & Charters tabs.

We intend to satisfy the disclosure requirement under Item 5.05 of Form 8-K regarding an amendment to, or a w
provision of our Code of Ethics that applies to our principal executive officer, principal financial officer, princip
officer, or persons performing similar functions, by posting such information on our website at the internet addre
above. The Board of Directors amended our Code of Ethics on December 20, 2016 to make certain administrativ
non-substantive changes. No waivers of any provisions of our Code of Ethics were granted in 2016.

Financial Statements

ENCLOSED WITH THIS PROXY MAILING TO SHAREHOLDERS IS A COPY OF THE COMPANY S 20
ANNUAL REPORT AND A COPY OF THE ANNUAL REPORT TO THE SEC ON FORM 10-K. THE FORM
INCLUDES CONSOLIDATED FINANCIAL STATEMENTS AND SCHEDULES FOR THE LAST FISCAL Y
ACCORDANCE WITH GENERALLY ACCEPTED ACCOUNTING PRINCIPLES. UPON WRITTEN REQU
SHAREHOLDERS MAY ALSO OBTAIN THE MOST RECENT ANNUAL DISCLOSURE STATEMENT TH
CONTAINS FINANCIAL INFORMATION COVERING THE LAST TWO YEARS.

Any request for a copy of the Annual Disclosure Statement must contain a representation that the person making
a beneficial owner of Common Stock on March 22, 2017, which is the Record Date for this proxy solicitation. R
be addressed to: Marsha C. Sawyer, Clerk, Bar Harbor Bankshares, 82 Main Street, Bar Harbor, ME 04609.

Nominations by Shareholders and Other Shareholder Proposals

Our Bylaws provide that we will consider nominees for election to the Board recommended by shareholders if m
manner provided for under our Bylaws with regard to typical shareholder proposals. These procedures require in
timely, a shareholder s notice shall be delivered to the Clerk at our principal executive offices no later than the c
of the 120th day nor earlier than the close of business on the 150th day prior to the first anniversary of the precedi

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Meeting. Such shareholder s notice shall set forth (a) as to each person whom the shareholder proposes to nomi
re-election as a director, all information relating to such person that is required to be disclosed in solicitations of
election of directors in an election contest, or is otherwise required, in each case pursuant to Regulation 14A und
Act (including such person s written consent to being named in the proxy statement as a nominee and to serving
elected): (b) as to any other business that the shareholder proposes to bring before the meeting, a brief descriptio
desired to be brought before the meeting, the reasons for conducting such business at the meeting, any material i
business of such shareholder and the beneficial owner, if any, on whose behalf the proposal is made, and the nam
of other shareholders known by the shareholder proposing such business to support such proposal, and the class
shares of our capital stock beneficially owned by such other shareholders; and (c) as to the shareholder giving th
beneficial owner, if any, on whose behalf the nomination or proposal is made (i) the name and address of such sh
they appear on our books, and of such beneficial owner, and (ii) the class and number of shares of our common s
owned beneficially and of record by such shareholder and such beneficial owner. Shareholder proposals submitte
Rule 14a-8 of the Exchange Act for inclusion in our proxy statement and form of proxy for the 2018 Annual Me
Shareholders must be received by us no later than December 19, 2017. Any such proposal must also comply wit
as to form and substance established by the SEC for such a proposal to be included in the proxy statement and fo

Proposals should be addressed to Marsha C. Sawyer, Clerk, Bar Harbor Bankshares, 82 Main Street, Bar Harbor
the Governance Committee determines that any shareholder proposal (including a nomination for election of a d
made in a timely fashion or that information provided in the notice does not fulfill the information requirements
any material respects, such proposal shall not be presented for action at the Annual Meeting for which it is propo
shareholder should propose a candidate, the Governance Committee would evaluate that candidate on the basis o
noted above.

Communication with Board of Directors

Our shareholders and other interested persons who want to communicate with the Board, any individual director
non-management directors as a group or any other group of directors, can write to:

Chairman of the Board

Bar Harbor Bankshares

82 Main Street

Bar Harbor, ME 04609

Written communications addressed to the Board received by us from shareholders will be shared with the full Bo
the next regularly scheduled Board meeting.

Other Business

As of the date of this proxy statement, the Board knows of no matters that will be presented for consideration at
Meeting other than as described in this proxy statement. If any other business, matter, or proposal shall properly
Annual Meeting and be voted upon, the enclosed proxies will be deemed to confer discretionary authority on the
named as proxies therein to vote the shares represented by such proxies as to any such matters. The persons nam
intend to vote or not to vote in accordance with the recommendation of the Board.

By Order of the Board of Directors

/s/ Marsha C. Sawyer

Marsha C. Sawyer, Corporate Clerk

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APPENDIX A

REPORT OF THE AUDIT COMMITTEE

To the Board of Directors of Bar Harbor Bankshares:

In accordance with the Audit Committee Charter, the Audit Committee reviews the Company s financial report behalf of the Board. Management is responsible for preparing the financial statements and for designing and imp reporting process, including the system of internal controls, and has represented to the Audit Committee that suc statements were prepared in accordance with generally accepted accounting principles. The independent register accounting firm is responsible for expressing opinions on the conformity of those audited financial statements w generally accepted accounting principles. The Audit Committee has reviewed and discussed with management a independent registered public accounting firm, together and separately, the Company s audited consolidated fin contained in the Company s Annual Report on Form 10-K for 2016.

The Audit Committee discussed with the independent registered public accounting firm the matters required to b professional standards. In addition, the Audit Committee has discussed with the independent registered public ac the auditors independence from the Company and its management, including the matters in the written disclosu which were received by the Audit Committee from the independent registered public accounting firm as required requirements of the Public Company Accounting Oversight Board (PCAOB) regarding the independent acc communications with the Audit Committee concerning independence. The Audit Committee also considered wh independent registered public accounting firm s provision of non-audit services to the Company is compatible v independence and concluded that the auditors are independent.

The Audit Committee reviewed and discussed with the independent registered public accounting firm any other to be discussed by PCAOB Auditing Standards No 16, Communications with Audit Committees, including with the auditors evaluation of the quality of the Company s financial reporting, information relating to significant and the business rationale for such transactions, and evaluation of the Company s ability to continue as a going

During 2016, the Audit Committee performed all its duties and responsibilities under the Audit Committee Char based on the reports and discussions referred to above, the Audit Committee recommended to the Board that the statements of the Company for 2016 be included in the Company s Annual Report on Form 10-K for the year e 2016, for filing with the SEC.

Each of the members of the Audit Committee is independent as defined under the listing standards of NYSE MK December 31, 2016.

The Board of Directors has determined that the Company has at least one audit committee financial expert se Committee. Mr. Scott G. Toothaker, CPA, meets the criteria for an audit committee financial expert and is i meaning of the rules adopted by the NYSE MKT pursuant to the Sarbanes-Oxley Act of 2002.

Respectfully submitted by the members of the Audit Committee of the Board:

Scott G. Toothaker, Chair	Matthew L. Caras
David M. Colter	Stephen W. Ensign

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