

**Bar Harbor Bankshares (NYSE MKT: BHB; Bar Harbor, ME) has agreed to acquire Lake Sunapee Bank Group (NASDAQ: LSBG; Newport, NH)**

**Deal Value: Approximately \$143 Million**

Sandler O'Neill served as exclusive financial advisor to Bar Harbor Bankshares and rendered a fairness opinion in connection with the transaction. This transaction is Sandler O'Neill's 78th bank or thrift transaction nationwide since January 1, 2015, representing \$23.1 billion in aggregate transaction value, more than any other investment bank during that time period.<sup>1</sup>

This transaction is the 6th New England bank or thrift transaction that Sandler O'Neill has advised on since January 1, 2015, representing \$295 million in aggregate transaction value, more than any other investment bank during that time period.<sup>1</sup>

BAR HARBOR, ME AND NEWPORT, NH – May 5, 2016 – Bar Harbor Bankshares (NYSE MKT: BHB) (or “Bar Harbor”) and Lake Sunapee Bank Group (NASDAQ: LSBG) (or “Lake Sunapee”) today announced that they have signed a definitive merger agreement pursuant to which Bar Harbor will acquire Lake Sunapee in an all-stock transaction valued at approximately \$143 million, or approximately \$17.00 per share. The market expanding merger is expected to create efficiencies and strategic growth opportunities for both businesses through the leveraging of each other’s platforms and capabilities, and will create the only community bank headquartered in New England with a market footprint in all three Northern New England states of Maine, New Hampshire and Vermont. It is expected that existing Lake Sunapee Bank branches will continue to operate under the Lake Sunapee brand after the merger is completed.

Under the terms of the merger agreement, each outstanding share of Lake Sunapee common stock will be exchanged for 0.4970 shares of Bar Harbor common stock. Upon closing, Bar Harbor shareholders will own approximately 59% of the combined company's stock, while Lake Sunapee shareholders will own approximately 41%. The merger is expected to be accretive to both Bar Harbor’s and Lake Sunapee’s earnings per share in 2017, excluding the impact of potential revenue enhancement opportunities and one-time transaction costs. Additionally, it is anticipated that the combined company's capital ratios will remain well in excess of regulatory minimums and that the combined company will not require additional capital to continue its growth strategy. At closing, the combined institution is expected to have approximately \$3.3 billion in assets, \$2.4 billion in net loans, \$2.2 billion in deposits and over \$2.0 billion in assets under management. Bar Harbor will have a pro forma market cap of approximately \$350 million and 50 branches serving customers and communities across three states.

“We are excited to welcome Lake Sunapee customers, employees, and their 35 franchise locations to the Bar Harbor family. This combination represents the joining of two high performing community banks that have demonstrated a track record of strong financial success, exceptional customer service, and commitment to the communities we serve,” said Curtis Simard, President and Chief Executive Officer of Bar Harbor. “We believe together, with our increased scale, expanded geographic footprint and investments in technology, we are well positioned to serve the marketplace and continue to be the bank of choice. Lake Sunapee’s history of strong asset quality and profitability demonstrates to us a culture similar to our own and positions us for further success.”

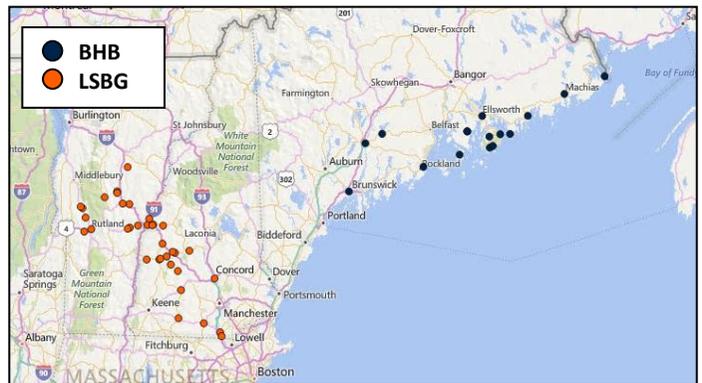
**Financial Highlights**

(\$ in millions)

|                | <b>BHB</b> | <b>LSBG</b> |
|----------------|------------|-------------|
| Total Assets   | \$1,622    | \$1,564     |
| Gross Loans    | 1,007      | 1,222       |
| Total Deposits | 963        | 1,141       |
| MRQ ROAA       | 1.09%      | 0.64%       |
| TCE / TA       | 9.60%      | 5.80%       |

(1) Source: SNL Financial. Excludes terminated transactions and self-advisory roles. Note: Financial highlights as of March 31, 2016.

**Pro Forma Branch Map**



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