Bar Harbor Bankshares (BHB)

Updated May 14th, 2025, by Patrick Neuwirth

Key Metrics

Current Price:	$31	**5 Year CAGR Estimate:**	11.5%	**Market Cap:**	$472 M
Fair Value Price:	$36	**5 Year Growth Estimate:**	5.0%	**Ex-Dividend Date[1]:**	08/15/25
% Fair Value:	86%	**5 Year Valuation Multiple Estimate:**	3.0%	**Dividend Payment Date[1]:**	09/15/25
Dividend Yield:	4.1%	**5 Year Price Target**	$46	**Years Of Dividend Growth:**	22
Dividend Risk Score:	B	**Sector:**	Financials	**Rating:**	Buy

Overview & Current Events

Bar Harbor Bankshares (BHB) is a bank holding company. The company's operating subsidiary, Bar Harbor Bank & Trust, is a community bank, which offers a range of deposit, loan, and related banking products, as well as brokerage services provided through a third-party brokerage arrangement. In addition, the company offers trust and investment management services through this subsidiary, as well as wealth management services through its subsidiary Bar Harbor Wealth Management. Operating over 50 locations across Maine, New Hampshire, and Vermont, Bar Harbor Bank & Trust is headquartered in Bar Harbor, Maine since 1887 and has more than $4.06 billion in assets. Bar Harbor is a $472 million company.

On April 17th, 2025, Bar Harbor released its first quarter results for the period ending March 31st, 2025. For the quarter, the company reported net interest income of $29.0 million. Net income was $10.2 million, or $0.66 per diluted share, compared to $10.1 million, or $0.66 per diluted share, in the same quarter of 2024. This performance reflects consistent earnings, supported by stable core deposits, higher wealth management income, and steady loan yields, despite continued pressure from funding costs. The company's total assets remained stable at $4.06 billion, reflecting disciplined balance sheet management. Commercial loans increased 1% annualized, with commercial real estate loans up 5% annualized, while residential real estate loans declined by 9% annualized. The net interest margin remained steady at 3.17%, unchanged from Q4 2024 and up slightly from 3.14% in Q1 2024, as higher asset yields continued to counterbalance rising funding costs. Loan yields rose to 5.42%, while the cost of funds increased to 2.52%, reflecting a persistently competitive rate environment. Non-interest income totaled $8.9 million, compared to $8.4 million in Q1 2024, driven by 6.7% growth in wealth management fee income and a notable increase in customer derivative activity. Non-interest expenses rose to $24.7 million, up from $23.5 million a year earlier, driven by higher compensation, merger-related costs, and technology investments. The bank maintained strong credit quality, with the non-accruing loans to total loans ratio at 0.26%, compared to 0.22% in Q4 2024 and 0.23% in Q1 2024. The provision for credit losses on loans was a recapture of $57,000, down from a provision of $289,000 in the same quarter of 2024, underscoring continued asset quality stability.

Bar Harbor's 2025 strategy focuses on improving customer relationships, expanding non-interest income, and controlling expenses. The company is prioritizing strengthening its position in Northern New England through the pending acquisition of Woodsville Guaranty Bancorp, Inc., while maintaining a stable net interest margin and efficient funding mix. It also remains committed to disciplined balance sheet management amid ongoing economic uncertainty.

Growth on a Per-Share Basis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
EPS	$1.67	$1.63	$1.70	$2.12	$1.45	$2.18	$2.61	$2.88	$2.96	$2.86	***$3.00***	***$3.83***
DPS	$0.67	$0.73	$0.75	$0.79	$0.86	$0.88	$0.94	$1.04	$1.12	$1.20	***$1.28***	***$1.71***
Shares[2]	9	10	15	16	16	15	15	15	15	15	***15***	***15***

[1] Estimated date

[2] In millions.

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Bar Harbor has grown earnings by 6.2% per year over the past decade and 6.6% over the past five years. In 2019, one-time costs associated with the company's branch acquisition and balance sheet optimization initiatives impacted annual earnings by -$0.46 per share. We expect earnings to increase by 5% per year for the next five years.

The company has been able to increase its yearly dividend for 22 consecutive years. Over the last five years, the average annual dividend growth rate is 7.8%. In April 2025, the quarterly dividend increased by 6.7% from $0.30 to $0.32 per share.

Valuation Analysis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Now	2030
Avg. P/E	13.5	22.0	17.2	13.2	17.2	9.6	10.8	10.8	10.0	11.0	***10.3***	***12.0***
Avg. Yld.	1.9%	2.0%	2.6%	2.8%	3.5%	4.2%	3.3%	3.3%	3.8%	3.9%	***4.1%***	***3.7%***

During the past decade shares of Bar Harbor have traded with an average price-to-earnings ratio of about 13.5 times earnings and today, it stands at 10.3. We are using 12 times earnings as a fair value baseline, which is above with the current valuation, suggesting potential for a valuation tailwind. The company's dividend yield is currently 4.1% which is above the average yield over the past decade of 3.2%.

Safety, Quality, Competitive Advantage, & Recession Resiliency

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
Payout	40%	45%	44%	37%	59%	40%	36%	36%	38%	42%	***43%***	***45%***

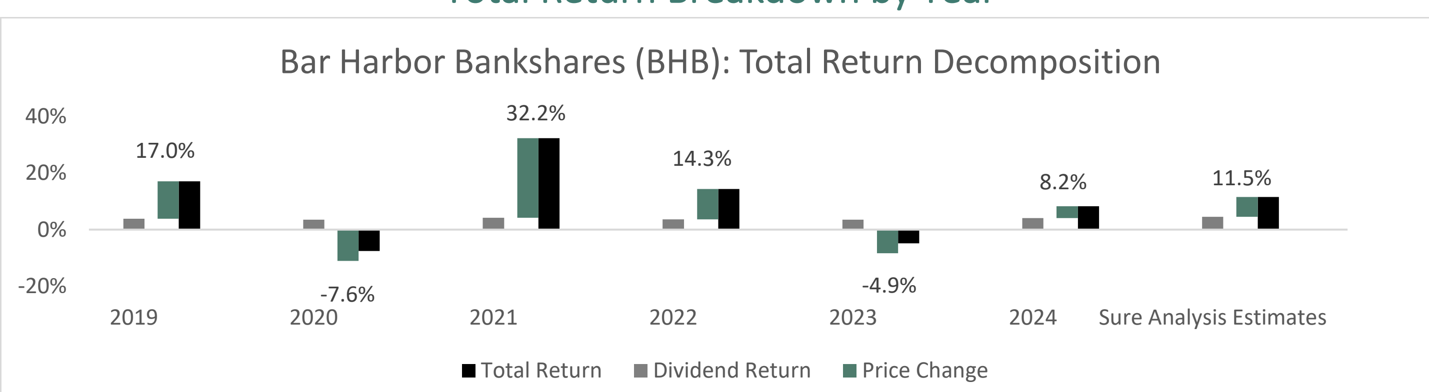
During the past five years, the company's dividend payout ratio has averaged around 42%. Bar Harbor's dividend is comfortably covered by earnings. Given the expected earnings growth, there is room for the dividend to continue to grow at the same pace and keep the payout ratio around the same levels which is safe.

Bar Harbor Bank & Trust is the only community bank headquartered in Northern New England with branches in Maine, New Hampshire, and Vermont. The bank has a good track record in both earnings and dividend growth combined with a good dividend yield which makes the shares attractive for dividend investors. The company is well-positioned and has been able to create a strong loan pipeline and grow its loan portfolio while maintaining credit quality. Next to NIM, fee income is fundamental to the company's profitability through its trust and treasury management services. Looking forward, loan growth combined with strong risk management and further diversification of non-interest income sources is essential for Bar Harbor to continue its growth track record.

Final Thoughts & Recommendation

Bar Harbor Bankshares is a community bank stock with an above average dividend yield and a sound dividend payout ratio. The company has demonstrated a strong commitment to shareholder returns, having increased its dividend for 22 consecutive years. We estimate total return potential of 11.5% per year for the next five years based on a 5% earnings-per-share growth, a 4.0% yield, and a valuation tailwind. Shares earn a buy rating.

Total Return Breakdown by Year



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Income Statement Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Revenue	54	58	118	119	119	142	138	149	154	150
SG&A Exp.	19	21	45	46	50	53	52	50	54	59
D&A Exp.	2	2	4	5	5	6	6	5	6	3.4
Net Profit	15	15	26	33	23	33	39	44	45	44
Net Margin	28.2%	25.9%	22.0%	27.7%	19.0%	23.4%	28.5%	29.5%	29.2%	29.3%
Free Cash Flow	18	12	37	33	21	14	59	55	41	45
Income Tax	6	6	17	8	4	8	9	11	12	9

Balance Sheet Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total Assets	1,580	1,755	3,565	3,608	3,669	3,724	3,709	3,910	3,971	4,083
Cash & Equivalents	10	8	91	99	57	226	250	92	95	72
Goodwill & Int.	5	5	108	108	127	127	126	125	124	123
Total Liabilities	1,426	1,599	3,211	3,238	3,273	3,317	3,285	3,516	3,539	3,625
Long-Term Debt	454	537	830	724	531	336	179	394	332	291
Total Equity	154	157	355	371	396	407	424	393	432	458
LTD/E Ratio	2.94	3.42	2.34	1.95	1.34	0.83	0.42	1.00	0.77	0.63

Profitability & Per Share Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Return on Assets	1.0%	0.9%	1.0%	0.9%	0.6%	0.9%	1.1%	1.1%	1.1%	1.1%
Return on Equity	10.1%	9.6%	10.2%	9.1%	5.9%	8.3%	9.5%	10.7%	10.9%	9.8%
ROIC	2.6%	2.3%	2.8%	2.9%	2.2%	4.0%	5.8%	6.3%	5.8%	5.9%
Shares Out.	9.09	9.14	15.29	15.56	15.59	15.27	15.05	15.11	15.20	15.31
Revenue/Share	5.92	6.31	7.73	7.63	7.63	9.31	9.16	9.86	10.10	9.77
FCF/Share	2.03	1.37	2.43	2.12	1.34	0.91	3.91	3.65	2.69	2.94

Notes: All figures in millions of U.S. Dollars unless per share or indicated otherwise.