

Disclosure Statement Supplement

Fixed Rate/Floating Rate Certificates of Deposit

This Supplement Should be Read in Conjunction with the Disclosure Statement and the Confirmation. Fixed Rate/Floating Rate CDs may not be appropriate for every investor. Please refer to the “Important Investment Considerations” section in the Disclosure Statement

FIXED RATE/FLOATING RATE CERTIFICATES OF DEPOSIT

Issuer: Bar Harbor Bank & Trust
Issuance Date: May 21, 2014
Final Maturity Date: November 21, 2019
Fixed Interest Rate Period: May 21 st , 2014 to May 21 st , 2017
Interest Payment Dates: Quarterly, beginning on August 21 st , 2014 (each [3 month] period, an “Interest Payment Period”)
Fixed Interest Rate: 1.25% Annual Percentage Yield (“APY”)
Floating Interest Rate: During the Floating Interest Rate Period, the floating interest rate will be the “3-Month USD Libor” rate as of the Reset Date (defined below) for each Interest Payment Period, plus 0.25%. The floating interest rate is subject to Floating Interest Rate Cap and Floating Rate Floor set forth below.
Floating Interest Rate Cap: 3.00% APY
Floating Interest Rate Floor: 0
Floating Interest Rate Reset Dates: During the Floating Interest Rate Period, the Reset Date for each Interest Payment Period will be two Business Days prior to the start of that Interest Payment Period. The first Reset Date will be August 17 th , 2017.
Call Information: Not Applicable
One-Time Call Date: Not Applicable

I. DESCRIPTION OF CALLABLE FIXED RATE/FLOATING RATE CDs

The CDs described above have a fixed interest rate of 1.25% APY for the first three years following the Issuance Date, and a floating interest rate thereafter. During the Floating Interest Rate Period, the floating interest rate will be the “3-Month USD Libor” rate as of the Reset Date for each Interest Payment Period, plus 0.25%. The interest rate for each Interest Payment Period during the Floating Interest Rate Period will not exceed 3.00% APY, the Floating Interest Rate Cap. Interest payments

will be distributed on each Interest Payment Date and on the Final Maturity Date. INTEREST WILL NOT BE COMPOUNDED. NO INTEREST WILL BE EARNED AFTER MATURITY. The CDs are subject to redemption **in the sole discretion of the Issuer** (a “Call”), on the specified date indicated above (the “Call Date”). If the Call Date is not a Business Day (as defined in the Disclosure Statement), the CD may be called on the next succeeding Business Day. You cannot require the Issuer to redeem the CD prior to the Final Maturity Date, except in cases of death or adjudication of

incompetence. Despite the call feature, you should be prepared to hold your CD to maturity.

The Issuer will notify us or our sub-custodian 15 Business Days before the Call Date of the Issuer's intent to call the CD. We will use reasonable efforts to notify you of the Issuer's decision to call the CD. Our failure to notify you will not affect the validity of the Call. If the Issuer chooses to call the CD, you will be paid the outstanding principal amount and interest accrued up to, but not including, the Call Date.

II. "3-MONTH USD LIBOR" RATE

The London Interbank Offered Rate (British Banker's Association) for deposits in U.S. dollars for a period of three months that appears on Reuters page "LIBOR01" on such date, 3-Month USD LIBOR does not appear on Reuters page LIBOR01 on such date, 3-Month USD LIBOR shall be determined by the Calculation Agent based on the rates at which deposits in U.S. dollars are offered by four major banks in the London interbank market ("Reference Banks") at 11:00 a.m., London time, on the day that is two London Business Days preceding the applicable date of determination to prime banks in the London interbank market for a period of three (3) months commencing on such date of determination and in a representative amount. The Calculation Agent will request the principal London office of each of the Reference Banks to provide a quotation of its rate. If at least two such quotations are provided, 3-Month USD LIBOR for the applicable date of determination will be the arithmetic mean of the quotations. If fewer than two quotations are provided as requested, 3-Month USD LIBOR for the applicable date of determination will be the arithmetic mean of the rates quoted by major banks in New York city, selected by the Calculation Agent, at approximately 11:00 a.m., New York city time, on such date of determination for loans in U.S. dollars to leading European banks for a period of three (3) months commencing on such date of determination and in a representative amount. The

Interest Rate for any day that is not a Business Day will be the Interest Rate for the immediately following Business Day.

Please see historical "3-Month USD Libor" Rate Chart on last page.

III. EARLY WITHDRAWAL AND SECONDARY MARKET

Early withdrawal will only be available upon the death or adjudication of incompetence of the owner of the CD and, in those circumstances, will be permitted without penalty.

You may be able to sell your CD in the secondary market that the Firm may, but is not obligated to, maintain after Issuance Date. If the Firm does maintain a secondary market in the CD, there can be no assurance that it will continue to do so. The price you receive in this market will reflect prevailing market conditions and may be less than the amount you paid for your CD. See the section headed "Secondary Market" in the Disclosure Statement.

IV. IMPORTANT INVESTMENT CONSIDERATIONS

In addition to the "Important Investment Considerations" section in the Disclosure Statement, you should consider following.

During the Floating Interest Rate Period, the CDs may pay substantially more or substantially less interest than would be paid on a fixed-rate CD of the same maturity, depending on the functions in the "3-Month USD Libor" rate. You should compare the rates of return of the CDs to other available investments before deciding to purchase a CD.

Because the floating interest rate is determined by the "3-Month USD Libor" rate as of each Reset Date, you may not receive the benefits of any

increase in the “3-Month USD Libor” rate that occurs on any day other than a Reset Date. As a result of the 3.00% APY Floating Rate Cap, you will not receive the benefit of an increase in the “3-Month USD Libor” rate if the “3-Month USD Libor” rate exceeds 2.75%.

If your CD is called, you may face the risk that your return will be less than the yield the CD would have earned had it not been called. The estimated market value of the CD on your account statement does not determine the amount you will receive if the CD is called. Principal and accrued interest on the CDs will be insured by the FDIC within the applicable limits described in the Disclosure Statement.

You should be aware that the Call would most likely be made at the time when prevailing interest rates are lower than the interest payable on the CDs. We do not control whether or when the Issuer decides to call a CD. If the CD is called, you may be unable to reinvest the funds at the same rate as the CD. We are not responsible for any losses you may incur as a result of a lower interest rate on an investment replacing the CD.

If your CD is not called, you may be required to hold the CD at a lower rate than the prevailing market interest rates.

Historical Performance of “3-Month USD Libor” Rate

