

Directors

Left to right:

James E. McFarland, Chairman
Robert L. Shaw
William R. Weir, Jr., Clerk
Kenneth J. Salvatore
Kathleen M. Field
Michael R. Swanson
Charles E. Bucklin

Not pictured:

Richard V. Collier



A Message from the President

Good afternoon and welcome to the 2017 Annual Meeting of the Bar Harbor Savings and Loan Association. It is with great pleasure and pride that I announce the assets of the bank have surpassed \$100,000,000 with more than \$84,000,000 in loans.

In addition, we achieved another record year in earnings.

2016 was a year in which we completed many goals: The renovation of the third floor apartment was finished, adding rental income in addition to the second floor rear apartment. Work began on the second floor front apartment later in the year, to be used for staff offices.

Jacque Colburn was hired as Compliance Administrator to interface with auditors and examiners. She was later appointed by the board as the bank's Compliance Officer. With more emphasis put on IT and its regulations, Ardette Spear was appointed as Internal IT Specialist to go along with her teller duties.

Board Member Kathleen Field was appointed to the bank's Audit Committee.

Goals for 2017:

1. Aggressively solicit commercial loans and deposits.
2. Continue to promote new products: checking accounts, debit cards, and online banking.
3. Complete renovations on second floor to accommodate the financial and compliance departments.
4. Continue to evaluate loans and marketing in the Blue Hill area.

A copy of the Berry Dunn audit is available for review at the bank.

I would like to thank the employees for their extremely hard work and dedication. Due to the construction and constant visits of consultants and examiners, they have dealt with cramped quarters and interruptions with professional attitudes and courtesy. As always, the Board has offered advice and hands-on support. It is this team that brought the bank to the \$100,000,000 mark.

Sincerely,

William R. Weir, Jr., President and CEO

Officers and Staff

James E. McFarland, Chairman of the Board
William R. Weir, Jr., President, CEO
Virginia M. Vendrell, Senior Vice President, Treasurer
Nancy L. Sawyer, Vice President, Assistant Treasurer
Jacque J. Colburn, Compliance Officer
Sharon L. Kelley, Mortgage Assistant
Michael A. Pritchard, Teller
Rhonda L. Sawyer, Mortgage Loan Specialist
Ardette D. Spear, Teller, Internal IT Specialist

Mission

Bar Harbor Savings and Loan Association's mission is to provide every customer with the best personal service and attentiveness possible. We will provide our customers within our business area with competitive deposit and loan services.

The Association's business area consists of the communities of Mount Desert Island along with the towns of Swans Island, Frenchboro, Cranberry Isles, Trenton, Lamoine, Hancock, Sullivan, Franklin, Surry, Ellsworth and the Blue Hill Peninsula towns of Blue Hill, Brooklin, Brooksville, Castine, Penobscot and Sedgwick.

Our mission is to provide mortgage loans primarily to individuals seeking to purchase, build or refinance their homes while giving a competitive rate of return for all funds deposited with us and used for this purpose. Our emphasis is on affordable single-family homes.

Helping families connect

Cover Photo: Truman was best man at the wedding of his dads, held at Bar Harbor Savings and Loan and officiated by notary public Rhonda Sawyer.

FINANCIAL STATEMENT

December 31, 2016



Making Connections



103 Main Street, Bar Harbor, Maine 04609
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bhsla.com Member FDIC

2016 was a year for connections...

Connections with our island

We helped to clear a winter's worth of trash all the way from Kid's Corner to Hulls Cove General Store. Volunteering in Friends of Acadia's roadside cleanup for Earth Day has become an annual event for the team at Bar Harbor Savings and Loan. *Below:* Nancy Sawyer, Ardette Spear, Rhonda Sawyer, Jacquie Colburn, Michael Pritchard with his wife and daughter, and Vicky Vendrell all model their fluorescent vests.



Connections with our team

The weather was good, spirits were high, and we raised money to rebuild the Park Street Playground. Mini-golf at Pirate's Cove in Hulls Cove was a challenging but fun way to connect. *Below:* Vicky Vendrell helps scope out a shot with Michael Pritchard's wife and daughter.



Connections with our community

Our Art on the Wall exhibit is an opportunity to share local artists' work in our office. *Right top:* "Mailboat Wake" by Carol Schutt was among the many colorful pieces gracing our walls this year.

It would not be the holidays without our Holiday Open House. Festivities included carolling with Alexander Phillips on accordion and elegant fare provided by Bar Harbor Catering Company. Red sweaters added another bright note to the day. *Right bottom:* Rhonda Sawyer, Vicky Vendrell, Jacquie Colburn, Ardette Spear, Nancy Sawyer, and Sharon Kelley were the "Ladies in Red."



Welcome Jacquie

Jacquie Colburn joined the bank as Compliance Administrator, and was quickly promoted to become our new Compliance Officer. She has also worked as a volunteer with the United Way and several non-profit organizations, and presently serves as a member of the Bar Harbor Conservation Commission.



Statement of Financial Condition 12/31/2016 and 2015

For a copy of the complete financial statements, please contact Vicky Vendrell, vendrell@bhsla.com

Assets

	2016	2015
Cash and due from banks	\$68,507	\$75,566
Interest-bearing deposits in other banks	4,777,072	3,742,982
Total cash and cash equivalents	4,845,579	3,818,548
Certificates of deposit in other banks	3,969,000	4,767,000
Securities available-for-sale	4,786,335	5,043,074
Federal Home Loan Bank stock, at cost	892,400	731,000
Loans receivable, net of allowance for loan losses of \$691,000 in 2015 and 2014	83,911,967	80,132,525
Premises and equipment, net	1,229,717	968,587
Accrued interest receivable	217,134	234,531
Other assets	258,275	139,565
Total assets	\$100,110,407	\$95,834,830

Liabilities and Retained Income

Liabilities

Savings and NOW deposits	\$28,223,025	\$26,623,287
Other time deposits	48,291,820	49,094,480
Total Deposits	76,514,845	75,717,767
Borrowed funds	13,999,474	11,376,405
Accrued expenses and other liabilities	74,222	61,142
Total liabilities	90,588,541	87,155,314

Retained income

Appropriated to general reserve	3,726,205	3,726,205
Unappropriated	5,699,634	4,798,716
Accumulated other comprehensive income		
Net unrealized appreciation on securities available-for-sale, net of deferred income taxes	96,027	154,595
Total retained income	9,521,866	8,679,516

Total Liabilities and Retained Income

\$100,110,407 **\$95,834,830**

STATEMENT OF INCOME

Interest and dividend income	\$4,001,370	\$3,747,570
Interest expense	1,220,821	1,191,800
Net interest income	2,780,549	2,555,770
Provision for loan losses	78,000	-
Non-interest income	28,100	41,712
Non-interest expense	1,428,685	1,272,856
Income before income taxes	1,301,964	1,324,626
Income tax expense	401,046	427,010
Net income	\$900,918	\$897,616

SELECTED FINANCIAL RATIOS

Return on average assets	0.91%	0.99%
Return on average equity	9.76%	11.39%