

Officers and Staff

Richard R. Fox, *Chairman of the Board*
William R. Weir, Jr., *President, CEO*
Arthur G. Corliss, Jr., *Vice President, Treasurer*
Nancy L. Sawyer, *Assistant Treasurer*
Sharon L. Kelley, *Mortgage Loan Processor*
Ardette D. Spear, *Teller*

Directors

Richard V. Collier
Richard R. Fox, *Chairman*
James E. McFarland
Kenneth J. Salvatore
Robert L. Shaw
Peter W. Smallidge
Michael R. Swanson
William R. Weir, Jr., *Clerk*



*We remember
Dr. John Weast
(1918-2008) for his
sense of humor and
many years of service
to our Association
and the community.*

www.bhsla.com

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103 Main Street

Bar Harbor, Maine 04609



FINANCIAL STATEMENT

December 31, 2007

**Up-to-date banking,
old-fashioned
personal service**

Bar Harbor
**SAVINGS
& LOAN**
YOUR COMMUNITY BANK SINCE 1902

103 Main Street, Bar Harbor • 288.3685 • www.bhsla.com Member FDIC

Statement of Condition

December 31, 2007

	2006	2007
Assets		
First Mortgage Loans	\$26,041,665.86	\$30,369,664.01
Share Loans to Members secured by members' own accounts	155,450.20	121,750.57
Federal Home Loan Bank Stock	169,500.00	169,500.00
Federal Home Loan Mortgage Corp.	498,657.60	250,210.08
U.S. Government and Agency Securities	0.00	0.00
Cash on Hand in Banks	71,506.47	29,495.76
Other Investments	2,964,281.87	1,681,248.66
Office Building and Land	535,431.03	550,871.98
Furniture and Equipment	21,352.70	14,810.77
Other Assets	157,182.36	174,089.91
Total Assets	\$30,615,028.09	\$33,361,641.74
Liabilities and Reserves		
Shareholders' Savings Accounts entrusted to us by our members	\$24,097,503.73	\$27,563,514.90
Borrowed Money	1,659,968.44	1,133,567.32
Other Liabilities	254,192.58	159,453.75
Guaranty Fund Reserve Accounts	4,603,363.34	4,505,105.77
Total Liabilities and Reserves	\$30,615,028.09	\$33,361,641.74

Letter from the President

The Association had lower net profits in 2007 with below average earnings. Although loan demand was strong, second only to 2003, the continual high cost of deposits to fund these loans was mainly responsible for the decline. We continue to offer MDI's highest deposit rates, and our mortgage rates remain very competitive. We hope that lower interest rates will prevail in 2008. This, along with moderate loan demand, should allow profits to increase.

In 2007, we focused on:

- Construction of a new metal roof on the building
- Advertising, using member testimonials
- Completion of an off-site backup computer server
- Expanding customer base by providing space for local artists to showcase their work

Our goals for 2008 are:

- Introducing money market checking and Roth IRA accounts
- Maximizing the rental income of our building
- Decreasing loan funding costs by acquiring moderate priced deposits to match our needs

On January 3, 2008, Bar Harbor lost one of its finest citizens with the death of Dr. John Weast. A former board member and chairman, he is remembered for his years of service to the community and leadership in our Association. His modest manner and sense of humor will be missed.

Respectfully submitted,



William R. Weir, Jr., President & CEO