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



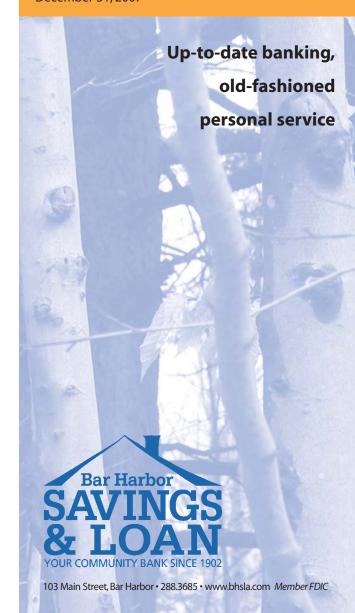
We remember Dr. John Weast (1918-2008) for his sense of humor and many years of service to our Association and the community.

www.bhsla.com 207 288.3685 207 288.2287 FAX 103 Main Street Bar Harbor, Maine 04609





FINANCIAL STATEMENT
December 31, 2007



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

2006

2007

 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 & CEC