

(Letter from the President, continued)

customers at the front. We are proud that she received the Rotary Paul Harris Award for her volunteer work in the community. We are small, united and hard-working.

2009 showed excellent loan demand, lowered cost of funds, a large increase in deposits, and low loan delinquency. We will work to continue this in 2010. Areas to be focused on in the coming year are:

- Decreasing cost of funds by acquiring moderately priced deposits;
- Investing surplus liquidity into higher earning bank CDs and tax-free municipal bonds;
- Renewed emphasis on outsourcing compliance regulations and issues.

We continue to believe in the Savings and Loan and its place in the community. With continued hard work and loyalty from the community, we can count on continued growth.

Respectfully submitted,



William R. Weir, Jr., President & CEO

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 Vice President*
Sharon L. Kelley, *Mortgage Assistant*
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*



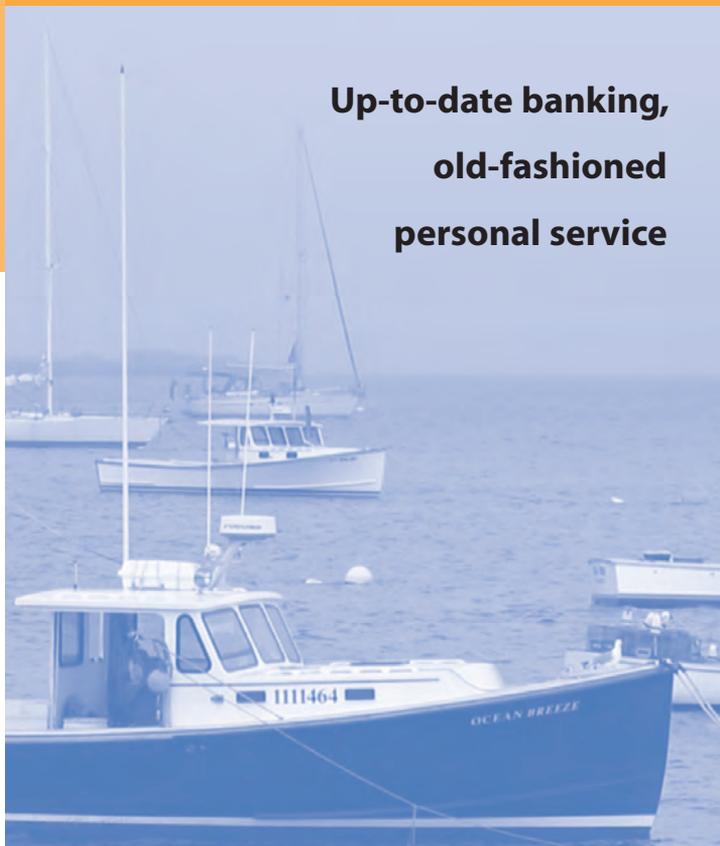
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FINANCIAL STATEMENT

December 31, 2009

**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, 2009

	2008	2009
Assets		
First Mortgage Loans	\$33,805,828.36	\$36,876,945.19
Share Loans to Members secured by members' own accounts	69,236.42	164,685.46
Federal Home Loan Bank Stock	169,500.00	169,500.00
Federal Home Loan Mortgage Corp.	5,361.12	10,795.68
U.S. Government and Agency Securities	0.00	3,500,000.00
Cash on Hand in Banks	122,890.18	105,854.50
Other Investments	3,949,036.06	7,861,627.58
Office Building and Land	535,915.98	516,091.48
Furniture and Equipment	16,218.30	23,590.76
Prepaid FDIC Assessments	0.00	195,951.32
Other Assets	98,440.30	182,057.47
Total Assets	\$38,772,426.72	\$49,607,099.44

Liabilities and Reserves

Shareholders' Savings Accounts entrusted to us by our members	\$33,744,451.19	\$44,601,141.45
Borrowed Money	551,151.72	295,380.12
Other Liabilities	70,083.71	114,724.78
Guaranty Fund Reserve Accounts	4,406,740.10	4,595,853.09
Total Liabilities and Reserves	\$38,772,426.72	\$49,607,099.44

Letter from the President

Who would have thought after the crushing economic downfall the country has been experiencing, the Savings and Loan would rebound and have one of its best years? Reading the annual report last year, it was an effort to promote optimism when the entire economic situation was so unclear.

While many larger banking institutions accepted TARP funds to help them stay afloat, we had to buckle down and work with what we had and really surpassed a goal that may have been thought of as unreachable.

How did it happen that we were so successful? We have worked hard promoting good customer service and community relations. I repeat this as a goal year after year, and finally, the trust and commitment that the community has for us was rewarded.

One truly amazing factor in all of this is that we operate with only five employees. Nancy Sawyer was promoted to Assistant Vice President. She has been with the Association since 1977 and is an invaluable member. She is involved with every aspect of the bank and is always on target. Sharon Kelley was promoted to Mortgage Assistant. Sharon is the voice to the realtors and mortgage customers, and when things get rolling in the mortgage department, she is incredibly efficient. Art Corliss, our Vice President/Treasurer, has had the task of acquiring funds needed for loan funding and investing our surplus in higher paying municipal bonds and CDs. Art created a new money market account, which brought in over eight million dollars of new money. And last, but not least, Ardette Spear makes sure we have a live person answering the phone and takes care of

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