

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

Michael Bailey, Operations Assistant

Directors

Richard V. Collier

Kathleen M. Field

Richard R. Fox, Chairman

James E. McFarland

Kenneth J. Salvatore

Robert L. Shaw

Peter W. Smallidge

Michael R. Swanson

William R. Weir, Jr., Clerk



Bar Harbor Savings and Loan is pleased to welcome Kathleen Field to the Board of Directors. She is the first woman to join the board in the history of the bank.

Mission Statement

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 additional towns of Swans Island, Frenchboro, Cranberry Isles, Trenton, Lamoine, Hancock, Sullivan, Franklin, Surry and Ellsworth.

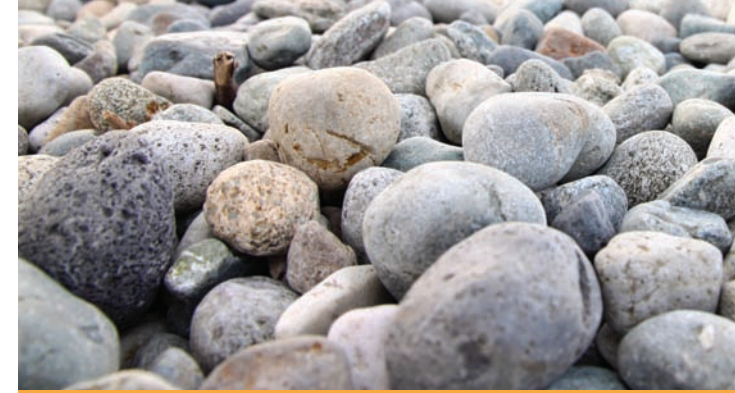
Our mission is to provide mortgage loans primarily to individuals seeking to purchase, build or refinance their homes while giving a competitive rate of return for all funds deposited with us and used for this purpose. Our emphasis is on affordable single-family homes.

This will be accomplished by focusing on our core products: passbook savings accounts, money market deposit accounts, certificate of deposit accounts, conventional mortgage loans and secured consumer loans. We will discourage acceptance of deposit accounts from outside our business area and will continue to keep and service all our mortgage loans.

In following this mission, Bar Harbor Savings and Loan Association will be able to maintain steady growth, profitability and a strong capital position necessary to continue business into the future.



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



FINANCIAL STATEMENT

December 31, 2010

**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

Letter from the President

It is a pleasure to announce that we have had our best year for profit as well as asset and loan growth since the opening of the bank in 1902. Even in the midst of financial trouble in the economic markets of the world, a small bank like ours remains a force in this area nonetheless.

We ask ourselves, "How this can be, that we did so well?" I see it as a combination of two things: hard work by the staff and continuing great customer service. We are not faceless people behind an online mortgage product, nor are we automated voices on a telephone inquiry. Our job is not to frustrate people, but to make them feel like we really care about their needs, and we do that and do it well. Each of us needs to be commended for the important role we perform.

I look at the bank like the restaurant that has been on the corner for 100 years and still going strong. They offer familiarity, a smiling face, and comfort. They listen and they respond. They may not offer the latest gourmet food or the finest upscale surroundings, but what they serve is good and it's honest. And most of all, people trust them and know what to expect when they enter and are assured it will be a worthwhile experience.

Having a bank in a community like Mount Desert Island, one must rely on the "island reputation," which is the basic word-of-mouth marketing strategy we so carefully promote. The advertising we currently use with member testimonials shows this on a consumer level, but according to our marketing agency, the level of devotion to the Savings and Loan runs much deeper. It is a matter of mutual respect and trust.

The bank set another new record this year with the hiring of a sixth employee. We welcome Michael Bailey as Operations Assistant. Michael's extensive background in economics will be valuable in producing and analyzing key financial reports and forecasting trends in the market.

Our goals for the upcoming year:

- Continue providing good customer service, as always
- Maximize profits to increase capital position
- Update technology to improve service and security
- Investigate new products and services for our members
- Strive for moderate growth in deposit and loan portfolios
- Improve infrastructure of the building

Thank you for your continued support.

Respectfully submitted,



William R. Weir, Jr., President & CEO



Statement of Condition

December 31, 2010

Assets

	2010	2009
First Mortgage Loans	\$42,866,718.42	\$36,876,945.19
Share Loans to Members secured by members' own accounts	170,287.71	164,685.46
Federal Home Loan Bank Stock	169,500.00	169,500.00
Federal Home Loan Mortgage Corp.	2,238.45	10,795.68
U.S. Government and Agency Securities	3,000,000.00	3,500,000.00
Cash on Hand in Banks	87,092.47	105,854.50
Other Investments	15,970,242.03	7,861,627.58
Office Building and Land	502,095.48	516,091.48
Furniture and Equipment	27,104.33	23,590.76
Prepaid FDIC Assessments	137,845.15	195,951.32
Other Assets	233,802.61	182,057.47
Total Assets	\$63,166,926.65	\$49,607,099.44

Liabilities and Reserves

Shareholders' Savings Accounts entrusted to us by our members	\$58,306,423.28	\$44,601,141.45
Borrowed Money	0.00	295,380.12
Other Liabilities	12,908.83	114,724.78
Guaranty Fund Reserve Accounts	4,847,594.54	4,595,853.09
Total Liabilities and Reserves	\$63,166,926.65	\$49,607,099.44

Results of Operations

Interest and Dividend Income	\$2,745,299.04	\$2,300,064.32
Interest Expense	1,422,789.91	1,351,191.20
Net Interest Income	1,322,509.13	948,873.12
Provision for Loan Losses	84,000.00	48,000.00
Non-Interest Income	50,894.16	46,643.30
Non-Interest Expense	757,761.08	657,047.99
Income Before Taxes	531,642.21	290,468.43
Income Taxes	106,108.00	105,490.00
Extraordinary Gains (Losses)	(165,235.53)	0.00
Net Income	260,298.68	184,978.43

Selected Financial Ratios

Return on Average Assets	0.46%	0.42%
Return on Average Equity	5.51%	4.11%