

2015 was a year to build...



Building our team

Michael Pritchard joined the bank as teller. Michael's first connection with the bank was as a mortgage customer, and now he's on the other side of the counter. "I always received great service here, and I look forward to offering that level of personal care to others," Michael says.

Building our building

Planning started on the renovation of the building's third floor which will become an income producing apartment with fabulous views of Bar Harbor and the waterfront.



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*
- Sharon L. Kelley**, *Mortgage Assistant*
- Michael Pritchard**, *Teller*
- Rhonda L. Sawyer**, *Mortgage Loan Specialist*
- Ardette D. Spear**, *Teller*
- Ron Wrobel**, *Internal Auditor*

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 additional 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 people find homes

Cover Photo: Scott and Jillian Cole with Griffin and Stella. The Coles are among the many families that Bar Harbor Savings and Loan had the opportunity to assist with their home financing needs.



Building a strong foundation

To facilitate the growth of online banking and increasingly complex financial reporting BerryDunn became the bank's new independent auditors.

Building our connections

A company picnic reinforced our camaraderie and mutual support during business hours. Below, Michael Pritchard, Bill Weir, Vicky Vendrell, Becky Pritchard, Alison Pritchard and Charly Weir. Right, Bill Weir tends the steamer.



Building new business services

This was a ground-breaking year at Bar Harbor Savings and Loan. We introduced personal as well as commercial checking accounts, and have created the infrastructure for online banking and debit cards. Customers have been requesting these services, and to stay competitive this was the year to make that happen.



Building relationships
Building community
Building better banking services



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A Message from the President

Good afternoon and welcome to the 2016 Annual Meeting of the Bar Harbor Savings and Loan Association. It is a pleasure to announce another very successful year with record earnings and strong asset growth.

2015 was a "building" year in so many ways. Planning started on the renovation of the building's third floor which will become an income producing apartment with fabulous views of Bar Harbor and the waterfront. To safeguard all of our renovations and records, installation of a state of the art sprinkler system has begun on all four floors.

We started offering checking accounts at the end of the year to increase our core deposits and to attract new business.

Vicky Vendrell was appointed as Assistant Clerk of the Board in recognition for her extensive documentation work required for board meetings. Michael Pritchard was hired as a Teller. He has been a long term customer of the bank and is a welcome addition.

I would like to specifically mention that Vicky Vendrell and Nancy Sawyer have gone above and beyond, put in extra hours in planning, meeting with vendors and setting up the checking accounts, debit cards and on-line banking system. It truly amazes me what we do with only seven employees, and,

of course, with help from our "hands-on" Board of Directors. Our efficiency rating is one of the best in the state according to the Maine Bankers.

Our goals for 2016:

1. Continue to expand our market share in commercial loans
2. Aggressively promote the checking accounts, debit cards and online banking
3. Complete renovations of the building including the 2nd floor apartment
4. Evaluate audit and compliance functions to determine if better suited to outside consultants or an expansion of staff

We welcome BerryDunn as our new auditors for 2015. A copy of their independent auditor's report is available at the bank.

Thank you for continued support and guidance. We look forward to another banner year.

Sincerely,

William R. Weir, Jr., President & CEO



Directors

Right to left:

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

Statement of Condition 12/31/2015 and 2014

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

Assets

	2015	2014
Cash and due from banks	\$75,566	\$64,690
Interest-bearing deposits in other banks	<u>3,742,982</u>	<u>2,900,215</u>
Total cash and cash equivalents	3,818,548	2,964,905
Securities available-for-sale	9,874,775	11,918,344
Federal Home Loan Bank stock, at cost	731,000	500,000
Loans receivable, net of allowance for loan losses of \$691,000 in 2015 and 2014	80,132,525	71,503,649
Premises and equipment, net	968,587	1,002,229
Accrued interest receivable	234,531	239,965
Other assets	<u>191,913</u>	<u>203,798</u>
Total assets	<u>\$95,951,879</u>	<u>\$88,332,890</u>

Liabilities and Retained Income

Liabilities

Savings and NOW deposits	\$26,623,287	\$25,349,562
Other time deposits	<u>49,094,480</u>	<u>49,174,536</u>
Total Deposits	75,717,767	74,524,098
Borrowed funds	11,376,405	5,862,501
Accrued expenses and other liabilities	<u>135,487</u>	<u>98,150</u>
Total liabilities	<u>87,229,659</u>	<u>80,484,749</u>

Retained income

Appropriated to general reserve	3,726,205	3,726,205
Unappropriated	4,798,716	3,901,100
Accumulated other comprehensive income		
Net unrealized appreciation on securities available-for-sale, net of deferred income taxes	<u>197,299</u>	<u>220,836</u>
Total retained income	<u>8,722,220</u>	<u>7,848,141</u>

Total Liabilities and Retained Income

\$95,951,879 **\$88,332,890**

STATEMENT OF INCOME

Interest and dividend income	\$3,747,570	\$3,512,349
Interest expense	<u>1,191,800</u>	<u>1,257,450</u>
Net interest income	2,555,770	2,254,899
Provision for loan losses	-	60,000
Non-interest income	41,712	10,641
Non-interest expense	<u>1,272,856</u>	<u>1,172,993</u>
Income before income taxes	1,324,626	1,032,547
Income tax expense	427,010	314,500
Net income	<u>\$897,616</u>	<u>\$718,047</u>

SELECTED FINANCIAL RATIOS

Return on average assets	0.99%	0.84%
Return on average equity	11.39%	9.91%