

A Message from the President

Good afternoon and welcome to the 2018 Annual Meeting of the Bar Harbor Savings and Loan Association. It is with great pride I announce that the bank has had a near record year of earnings and a solid increase in loans and deposits.

In 2017 we completed our goal of turning the second floor front apartment into staff offices to accommodate the finance and compliance departments. We also acquired the building and lot behind the bank. Also, due to demand, the board authorized expanding the bank's lending area to include all of Hancock County.

We hired two employees in 2017: Carolyn Lynch as Internal Auditor and Dawn Nason as Accounting Associate. They bring years of experience in their fields of expertise. Jacquie Colburn, Compliance Officer, was promoted to AVP, recognizing her outstanding work in leading the Strategic Planning initiative.

Our emphasis in 2018 will be to "invest" in our community with a continued commitment to workforce housing working with Island Housing Trust and the Bar Harbor Housing Authority. The Savings and Loan will encourage our members, new and existing, to invest in our financial services, to grow our deposits, so that we can, in return, invest in the community.

Our specific goals for 2018:

- Implement the 2018 Strategic Plan which will monitor the growth of the bank and the interest rate risk
- Review plans for customer and employee parking and for a possible additional building on the lot behind the bank
- Market the bank through online social media and other technology to promote new products to members who do their banking online
- Actively solicit commercial loans and deposits
- Promote short term home improvement loans with emphasis on solar and green technology

A special thank you to our hard working board members and bank employees. We do an incredible amount of work to make the bank successful with a staff much smaller than other banks our size.

Sincerely,

William R. Weir, Jr., President and CEO

Directors

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

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*
Jacquie J. Colburn, *Assistant Vice President*
Sharon L. Kelley, *Mortgage Assistant*
Carolyn R. Lynch, *Internal Auditor*
Dawn B. Nason, *Accounting Associate*
Michael A. Pritchard, *Teller*
Rhonda L. Sawyer, *Mortgage Loan Specialist*
Ardette D. Spear, *Teller, Internal IT Specialist*

Mission

For more than 100 years, we have helped individuals within the communities we serve by working with them to finance their homes and businesses with affordable mortgage loans and by offering competitive rates of return on deposits. We provide a growing number of both traditional and modern banking products and services and we will always treat our customers like members of our banking family.

We have made the commitment to support the well-being of our communities by contributing our time and talents and by financially supporting non-profit organizations in the area.

Growing our community

Cover Photo: Phil and Forrest Kinter with Jasper the kitten, in front of the home Phil built with financing from Bar Harbor Savings and Loan.



Growing our community



Growing our team

Carolyn Lynch and Dawn Nason joined the Savings and Loan in January 2017, adding to our growing team. Both Dawn and Carolyn have years of experience in the banking industry, and their expertise will help meet the needs of the bank's growing customer base.

Also in 2017, Jacquie Colburn was promoted from Compliance Officer to Assistant Vice President.

Carolyn, Dawn, and Jacquie all contribute to the high standards of service and professionalism provided by the Savings and Loan.



Carolyn Lynch
Internal Auditor



Dawn Nason
Accounting Associate



Jacquie Colburn
Assistant Vice President



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Growing our community in 2017...

Our commitment to Island Connections grows

Bar Harbor Savings and Loan was the major sponsor of this year's Running for Rides, the Mary Parker Memorial 5K Run/Walk to benefit Island Connections. Employees and a Bank Board director volunteered behind the scenes as well. Rhonda Sawyer and Bank Board member Kathleen Field serve on the Board of Island Connections.

Clockwise at right: Annemarie Swanson walks Rhonda's dog Ava in the race, young Raelyn helps with event registration, Bill Weir hands water to Anne Worrick as she crosses the finish line.



Growing our team spirit

Bar Harbor Savings and Loan employees and their families pitched in again at this year's annual Take Pride in Acadia Day, sponsored by Friends of Acadia. Together with over 500 other volunteers, they raked leaves and cleared drainage ditches, and enjoyed the sun, the day, and some off-work time with each other. *From left:* Rhonda Sawyer, Nancy Sawyer, Haywood May, Vicky Vendrell, Jacquie Colburn, Ken Colburn, and Donna Chalifour.



Growing our bricks and mortar

We are proud of our new space upstairs, which includes three offices, kitchen area, bathroom, and a conference area overlooking Main Street. The space, thoughtfully designed by Geoff Fraser of Fraser Architects, was built with superb craftsmanship by E.L. Shea Builders & Engineers. *Above left:* Bill Weir greets Vicki Hall and Matt Horton at the open house showcasing the space. *Center:* David Hipsky of E.L. Shea, Geoff Fraser, and Vicky Vendrell. *Right:* a plate of fabulous finger food from Bar Harbor Catering.



Artist list grows

Our Art on the Wall series continues to be a popular venue for local artists to showcase their work. *Above:* "Five 0" by Diana Roper McDowell. *Below:* "Emery Path" by Liddy Hubbell. This year's other artists were Kaitlyn Metcalf, Deborah Page, and Robin Rier. Historic photos of the area from the Strout Family Collection were on display as well.



Statement of Financial Condition 12/31/2017 and 2016

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

Assets

	2017	2016
Cash and due from banks	\$68,859	\$68,507
Interest-bearing deposits in other banks	4,071,791	4,777,072
Total cash and cash equivalents	4,140,650	4,845,579
Certificates of deposit in other banks	4,816,000	3,969,000
Securities available-for-sale	4,318,526	4,786,335
Federal Home Loan Bank stock, at cost	912,300	892,400
Loans receivable, net of allowance for loan losses of \$691,000 in 2015 and 2014	87,440,739	83,911,967
Premises and equipment, net	1,785,804	1,229,717
Accrued interest receivable	209,592	217,134
Other assets	200,932	258,275
Total assets	\$103,824,543	\$100,110,407

Liabilities and Retained Income

Liabilities

Savings and NOW deposits	\$30,994,391	\$28,223,025
Other time deposits	48,781,750	48,291,820
Total Deposits	79,776,141	76,514,845
Borrowed funds	13,711,595	13,999,474
Accrued expenses and other liabilities	25,479	74,222
Total liabilities	93,513,215	90,588,541

Retained income

Appropriated to general reserves	3,726,205	3,726,205
Unappropriated	6,503,182	5,699,634
Accumulated other comprehensive income		
Net unrealized appreciation on securities available-for-sale, net of deferred income taxes	81,941	96,027
Total retained income	10,311,328	9,521,866

Total Liabilities and Retained Income

\$103,824,543 **\$100,110,407**

STATEMENT OF INCOME

Interest and dividend income	\$4,129,926	\$4,001,370
Interest expense	1,243,877	1,220,821
Net interest income	2,886,049	2,780,549
Provision for loan losses	31,000	78,000
Non-interest income	48,763	28,100
Non-interest expense	1,604,654	1,428,685
Income before income taxes	1,299,158	1,301,964
Income tax expense	482,126	401,046
Net income	\$817,032	\$900,918

SELECTED FINANCIAL RATIOS

Return on average assets	0.79%	0.91%
Return on average equity	8.17%	9.76%