

A Message from the President

Good afternoon and welcome to the 2019 Annual Meeting of the Bar Harbor Savings and Loan Association. It is with great pride I announce the bank has had a record year of earnings and an increase in loans and deposits.

In 2018 we began the remake of the lot behind our building for customer, tenant and employee parking. The space can be used for disaster recovery with the possibility of a future bank building to serve our needs.

Two additional employees were added in 2018. IT Specialist, Zoran Manev, and Mortgage Specialist, Jo Gollapinni, each bring their banking experience and expertise to the Savings and Loan. The Board also promoted Rhonda Sawyer to Mortgage Department Manager, recognizing her hard work and knowledge. Sharon Kelley retired from the mortgage Department after 16 years of service and will be missed.

Our emphasis in 2019 will be to innovate new products and services to secure the future of the bank. We will do this in the following ways:

- Continue to implement the 2018 Strategic Plan which will monitor growth and risk.
- Actively participate with the Federal Home Loan Bank Home Mortgage Program, selling them long term, 30 year mortgages while keeping loan servicing in house. This will insure the good will of our customers.

- Fill a marketing position to promote on-line social media, on-line banking and other technology and also to introduce our products to new and existing customers.
- Actively solicit commercial loans and deposits from our expanded business area in all of Hancock County.
- Continue to promote short term second mortgages, home improvement loans and lines of credit for our current mortgage customers.

I would like to extend a thank you to our hard working board members and bank employees. A special thanks to the Strategic Planning Committee for the many hours of planning and guidance they have given.

We all look forward to the challenges in 2019 and with outstanding teamwork, we can continue to make the Savings & Loan a viable institution and a leader in the community now and in the future.

A copy of the Berry Dunn audit is available for review at the bank.

Sincerely,

William R. Weir, Jr., President and CEO

New faces from far places

Zoran Manev and Jo Gollapinni joined the Savings and Loan in 2018, Zoran as Internal IT Specialist and Jo as Mortgage Assistant. Zoran is from Macedonia, and Jo is from India.

Zoran reviews the bank's outsourced IT systems and procedures to ensure they comply with federal regulations, and performs routine IT upgrades and maintenance.

Jo has assumed the duties of Sharon Kelly, who retired after 16 years with the bank. Jo processes mortgages and works with customers regarding loan products.

Also in 2018, Rhonda Sawyer, who has served as Mortgage Loan Specialist with the bank for five years, has been promoted to Mortgage Department Manager.

Zoran, Jo, and Rhonda all contribute to the high standards of service and professionalism provided by the Savings and Loan.



Zoran Manev
Internal IT Specialist



Jo Gollapinni
Mortgage Assistant

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
Jyothsna D. Gollapinni, Mortgage Assistant
Carolyn R. Lynch, Internal Auditor
Zoran Manev, Internal IT Specialist
Dawn B. Nason, Accounting Associate
Michael A. Pritchard, Teller
Rhonda L. Sawyer, Mortgage Department Manager
Ardette D. Spear, Teller

Mission

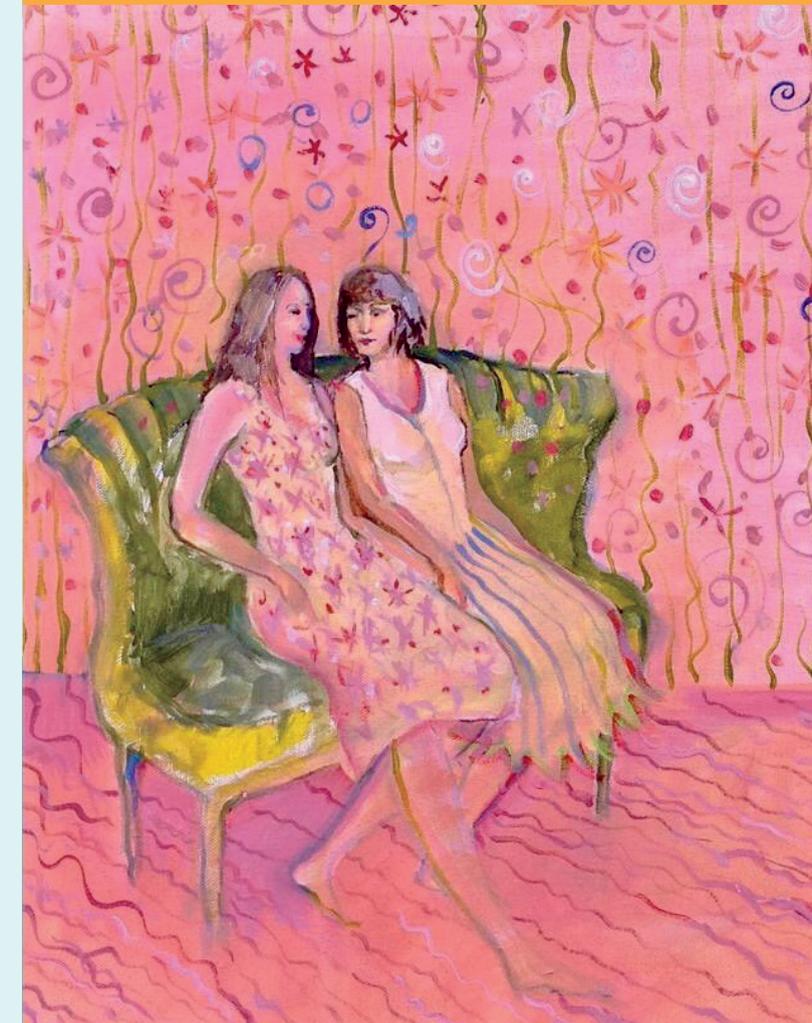
For more than 100 years, we have helped individuals within the communities we serve by working with them to finance their homes and businesses with affordable mortgage loans and by offering competitive rates of return on deposits. We provide a growing number of both traditional and modern banking products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

Cover: *Sisters* by Linda Rowell-Kelley. Linda lives and works on Mount Desert Island. Her work has been displayed in Art on The Wall exhibits at the bank.



103 Main Street, Bar Harbor, Maine 04609
bhsla.com 207-288-3685 • 207-288-2287 fax



**The more we share
the more we have.**

Bar Harbor
**SAVINGS
& LOAN**
 YOUR COMMUNITY BANK SINCE 1902

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Sharing makes our community strong



Sharing is giving

Bar Harbor Savings and Loan President Bill Weir has a long history of teaching CPR/AED classes in our area.

Sharing skills with other organizations is one way we give back to our community.

Above: Bill Weir, standing, instructs members of the Tremont Volunteer Fire Department.

1000 HOURS VOLUNTEERING



Sharing our time

During 2018, our employees and board members shared their time and volunteered nearly 1,000 hours to various community organizations—that's more than 70 hours per individual.

Artists share their work

Art on the Wall features artists from Mount Desert Island, Ellsworth, and the Blue Hill Peninsula.

Right: *A Man and His Dog* by Nicole DeSimone.



Sharing experiences, creating memories

Our annual company picnic included lobsters, mussels, and the chance to get together outside of business hours.

Two-year-old Kristian had a taste of his first mussel.

Right: Zoran Manev and his son Kristian.



Sharing is caring

Bank member Susan Murphy shares her time at the Bar Harbor elementary school crosswalk to guide our children safely across the street.

Left: Susan Murphy on the job at Conners Emerson Elementary School.



Statement of Financial Condition 12/31/2018 and 2017

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

Assets

	2018	2017
Cash and due from banks	\$56,010	\$68,859
Interest-bearing deposits in other banks	<u>2,598,625</u>	<u>4,071,791</u>
Total cash and cash equivalents	2,654,635	4,140,650
Certificates of deposit in other banks	4,731,768	4,816,000
Securities available-for-sale	3,266,717	4,318,526
Federal Home Loan Bank stock, at cost	912,300	912,300
Loans receivable, net of allowance for loan losses of \$691,000 in 2015 and 2014	90,449,697	87,440,739
Premises and equipment, net	1,749,669	1,785,804
Accrued interest receivable	221,143	209,592
Other assets	<u>254,411</u>	<u>200,932</u>
Total assets	<u>\$104,240,340</u>	<u>\$103,824,543</u>

Liabilities and Retained Income

Liabilities

Savings and NOW deposits	\$25,718,091	\$30,994,391
Other time deposits	<u>54,316,548</u>	<u>48,781,750</u>
Total Deposits	80,034,639	79,776,141
Borrowed funds	12,919,907	13,711,595
Accrued expenses and other liabilities	<u>32,499</u>	<u>25,479</u>
Total liabilities	<u>92,987,045</u>	<u>93,513,215</u>

Retained income

Appropriated to general reserves	3,726,205	3,726,205
Unappropriated	7,503,545	6,503,182
Accumulated other comprehensive income		
Net unrealized appreciation on securities available-for-sale, net of deferred income taxes	<u>23,545</u>	<u>81,941</u>
Total retained income	<u>11,253,295</u>	<u>10,311,328</u>

Total Liabilities and Retained Income

\$104,240,340 **\$103,824,543**

STATEMENT OF INCOME

Interest and dividend income	\$4,356,088	\$4,129,926
Interest expense	<u>1,362,739</u>	<u>1,243,877</u>
Net interest income	2,993,349	2,886,049
Provision for loan losses	72,000	31,000
Non-interest income	50,290	48,763
Non-interest expense	<u>1,717,024</u>	<u>1,604,654</u>
Income before income taxes	1,254,615	1,299,158
Income tax expense	254,252	482,126
Net income	<u>\$1,000,363</u>	<u>\$817,032</u>

SELECTED FINANCIAL RATIOS

Return on average assets	0.96%	0.79%
Return on average equity	9.25%	8.17%