

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 Treasurer*
Sharon L. Kelley, *Mortgage Loan Processor*
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*



*Always entertaining,
long-time member
Alexander Phillips
creates a cheerful
mood at our annual
Christmas party.*

www.bhsla.com

207 288.3685

207 288.2287 FAX

103 Main Street

Bar Harbor, Maine 04609



FINANCIAL STATEMENT

December 31, 2006

**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, 2006

	2005	2006
Assets		
First Mortgage Loans	\$24,328,467.94	\$26,041,665.86
Share Loans to Members secured by members' own accounts	133,179.25	155,450.20
Federal Home Loan Bank Stock	158,700.00	169,500.00
Federal Home Loan Mortgage Corp.	479,856.96	498,657.60
U.S. Government and Agency Securities	0.00	0.00
Cash on Hand in Banks	40,699.62	71,506.47
Other Investments	2,017,828.69	2,964,281.87
Office Building and Land	468,209.48	535,431.03
Furniture and Equipment	24,796.30	21,352.70
Other Assets	93,956.01	157,182.36
Total Assets	\$27,745,694.25	\$30,615,028.09
Liabilities and Reserves		
Shareholders' Savings Accounts entrusted to us by our members	\$21,438,562.57	\$24,097,503.73
Borrowed Money	1,590,226.48	1,659,968.44
Other Liabilities	256,158.96	254,192.58
Guaranty Fund Reserve Accounts	4,460,746.24	4,603,363.34
Total Liabilities and Reserves	\$27,745,694.25	\$30,615,028.09

Letter from the President

The Association had a less than stellar year in 2006 with below average earnings for the first time in several years. Low loan demand and the rising cost of deposits to fund loans were responsible for the decline in net earnings.

For 2007, I would like to focus on the two following areas:

■ **Increasing loan demand** — Through aggressive advertising, pricing and REALTOR® and customer solicitation, we will work to increase demand for loans.

■ **Decreasing loan funding costs** — We will continue to work vigorously to decrease our loan funding costs by acquiring moderately priced deposits that will be matched to our needs.

I would like to sincerely thank former Director Donald Cote, who recently resigned from his many years of service to the Association. His humor, common sense and loyalty will be missed, as will the personal stories he often shared.

I would also like to commend the directors, officers and staff of the Association for their hard work and enthusiasm in 2006. We have a great team here at Bar Harbor Savings and Loan, and we will continue to work hard for our members.

Respectfully submitted,



William R. Weir, Jr., President & CEO