

Why would anyone bank anywhere else?



 **Franklin
Savings Bank**

2010 Annual Report

FranklineBranch.com

A Message from the President

Our cover this year highlights an update in our signage. We did a complete changeover in 2010, but, unlike so many banks, where new signs mean merger, new ownership from a bigger bank and a new name, our change represents the same great bank you've counted on for 142 years but with a fresher look. That significance means a lot to me. The signs are new but everything else remains the same ... *or better!*

At Franklin Savings Bank, our mission is to remain a financially strong, independent, community bank, dedicated to superior customer and community service.



We want to grow and prosper in the communities that we serve and be here for years to come. We will always have our eyes and ears open to opportunities that add value to our franchise, but as our mission states, "we want to remain a financially strong, *independent*, community bank."

Why would anyone bank anywhere else? Franklin Savings Bank is a local bank, supporting our local economies. The Bank and our Community Development Foundation contributed more than \$175,000 to various non-profit, economic development and educational efforts in 2010. Beyond the financial support, we encourage our employees to be involved in the many organizations and activities that exist to make our communities better places to work, live and play. Franklin Savings Bank is truly a vested member of the community.

Financial Highlights

The bank ended the year with total assets of \$320 million and net income of \$3.01 million. We closed 2,086 loans totaling \$81.2 million, including the following:

- 406 consumer mortgages and home equity loans, totaling \$39.8 million.
- 474 commercial loans, totaling \$32.4 million
- 1,206 non-mortgage consumer loans totaling \$9.0 million.

Overall, these numbers represent a decrease in number of loans processed and in total dollars lent over 2009 levels. We realized moderate deposit growth during the year.

We look forward to a new year, with hopes that this downward economic cycle will start to turn the other way and return our customers and our communities to more prosperous times. We are hopeful that we will all have relief from the pressures of high unemployment and

sluggish growth. We are well-positioned for a turnaround; we have money to lend and a rate environment that is very favorable for borrowing money.

Many thanks to our Board of Directors, our Corporators, the "eyes and ears" of our communities, and our dedicated and very capable staff who make Franklin Savings Bank an integral part of our communities and our customers who place their trust in us every day.



Breakfast with our Corporators: (Clockwise from upper right) WMFS's Jared Ranger with John Bogar in Farmington; Loan Administrator Andrew Sturtevant in Rumford; Rangeley Manager Lecanna Wilbur; Jay Manager Lorna Niedner; Peter Judkins in Skowhegan; Peter in Farmington; Dee LaPlant from Customer Service and Mike Mansir from Commercial Lending at the Farmington breakfast; Linda Cipriano in Skowhegan; River Valley Manager Diane Perry; Thomas Puia in Rumford; Virginia MacFawn and Assistant Manager Crystal Haley in Rangeley; Peter at the Jay breakfast; Darryl Brown in Jay.



Our Community



FSB in the Community:

(Clockwise from upper left): Owen Martin, son of Brad in Information Systems, and Tricia Souther, daughter of Beckie at the Mt. Blue High School branch, ride atop Toothless the Dragon in the bank's Chester Greenwood Parade float;



The Skowhegan crew, Cherylene Sevey, Val Trial, Olivia Hastings, Sally Dwyer and Sherri Lewis, serve up lunch for the Rotary booth at the Skowhegan Fair; Wilton's Brandi Manning, Lana Cemodanovs, Dee LaPlant and Dawn Brann "do the math" and welcome registrants at the Maine



Alzheimer's Association Memory Walk in Wilton; Cindy Wright, Katrina Pease, Pam and Nick Hargreaves and Carol Taylor hit a Homerun for the Hometown Bank at the Farmington 4th of July parade; Diane Jackson and Lorna Niedner of Jay welcome skiers at the bank-sponsored Free Ski Night at Spruce Mountain Ski Slope; Main Street Skowhegan Executive Director Jennifer Olsen with FSB's Cherylene Sevey; Peter Fortunato, Bett Hardy and Cindy Spencer battle it out in the Penny Wars fund-raiser for the American Cancer Society's Relay for Life; Rich Allen with Henry Maifeld and Peter Robichaud, residents and officers with the Strathglass Park



Preservation Society; Lorna and Lexie Niedner create Luminaria bags for the Relay for Life while Brad Martin gloats just a bit at beating the police in the donut-eating contest they sponsored at the Relay for Life; Rose Darling, Erin Nelson and Amy McCabe of the Jay Branch help the Knights of Columbus prepare a turkey feast for anyone in need of a hot meal.



Our Staff



FSB Staffers:
(Clockwise from upper left): Andrew Sturtevant and his wife Lisa sing Christmas carols to departments that raised



the largest percentage of payroll pledges for the United Way; Diane Perry blazes a trail while visiting a remote River Valley property; Peter Judkins accepts the Community Impact Award from Lisa Laflin of the United Way of the Tri-Valley Area; Despite putting all he had into it, Tim Thompson fails to beat Amy Broadway in one of the "Minute to Win It" competitions at the employee outing; Liz Cody at WMFS seems thrilled with her stadium chair employee gift; Lana Cemodanovs, Haily Turner and Angie Alexander from Customer Service;



Rumford Branch; Leeanna Wilbur at the Rangeley Branch; Theresa Bowie, Carol Lavoie, Stacy Fortin and Jennifer McPherson at the Mexico Branch.



Management

Directors

William J. Bernard, Chairman of the Board

| | |
|----------------------|--------------------|
| Bradford S. Adley | Michael A. Luciano |
| Mary Ellen Carpenter | Richard H. Smith |
| C. Clinton Knapp | Richard M. Walker |
| Peter L. Judkins | |

Guthrie S. Colpitts, Director Emeritus

Corporators

| | | |
|----------------------|---------------------------|----------------------|
| Bradford S. Adley | James L. Eastlack | Troy A. Norton |
| Alan R. Archibald | Erald L. Farmer | Virginia G. Nuttall |
| John D. Beaupre | Julie L. Ferguson | Gary F. Paling |
| Allen H. Berger | Allyn J. Foss | Meredith J. Pike |
| William J. Bernard | Richard B. Gould Jr. | Thomas N. Puia |
| John D. Bogar | Marco A. Grimaldi | Bruce A. Ross, DMD |
| James E. Brooks | Curtis C. Haley | Gary J. Shaffer |
| Darryl N. Brown | David L. Haley | Jerry P. Simpson |
| James P. Brown | Duane A. Hardy | Juanita Bean Smith |
| Paul R. Brown | Stephen W. Harris | Richard H. Smith |
| Randy C. Bruce | Bart J. Hersey | Steven J. Swasey |
| Paula D. Buchanan | Mary B. Howes | Dennis S. Taylor |
| Todd W. Bullen | Leroy Ireland | Robert A. Thorndike |
| Robert A. Cameron | James A. Jannace | James D. Timberlake |
| Mary Ellen Carpenter | Craig A. Jordan | Thomas F. Upham |
| Gary R. Chiasson | Peter L. Judkins | Richard M. Walker |
| Linda S. Cipriano | C. Clinton Knapp | Robert C. Welch |
| Gary W. Collins | Michael A. Luciano | Gerard K. Williams |
| Richard J. Cormier | Virginia P. MacFawn | John H. Windover II |
| Donald K. Cummings | William H. Marceau | Lolisa M. Windover |
| Shelley W. Deane | Frederick H. Marshall III | James M. Witt IV |
| Erik L. Dickson | Wanda L. McDonald | Katherine W. Yardley |
| Peter F. Dougeneck | Paul H. Mills | Ann B. Yorks |
| Gary M. Downs | Michael F. Monahan | |
| John H. Duffy | Ronald B. Morin | |
| Colon E. Durrell | Ann M. Nemi | |
| Gilbert C. Durrell | James A. Nicols Jr. | |

Franklin Savings Bank is a wholly-owned subsidiary of FSB Bancorp MHC
Chairman Gary M. Downs, Vice Chairman William J. Bernard, Directors
Bradford S. Adley, Mary Ellen Carpenter, C. Clinton Knapp, Peter L.
Judkins, Michael A. Luciano, Richard H. Smith and Richard M. Walker



Nancy Jones and Bett Hardy in the Loan Department.

Officers

Main Office - Farmington

Peter L. Judkins, President, Chief Executive Officer
Timothy J. Thompson, Senior V.P., Treasurer & Clerk
Shelley W. Deane, Sr. V.P., Human Resources & Admin.
Andrew H. Sturtevant, Senior V.P., Loan Administration
Lionel F. Howard, Vice President, Internal Controls
Deidre C. LaPlant, Vice President, Customer Service
Michael R. Mansir, Vice President, Commercial Lending
Thomas L. Sawyer, Vice President, Residential Lending
Cindy A. Spencer, Vice President, Credit Risk Mgmt.
Peter M. Fortunato, Bank Information Systems Administrator
Nancy W. Jones, V.P., Underwriter, Loan Services
Anna C. H. Lyon, Asst. V.P., Marketing Director
Jeanne M. Norton, Asst. V.P., Information Systems Dept.
RaeAnn A. Hargreaves, Loan and Collections Officer
Christine A. St. Laurent, Loan Officer
John B. Ellrich, Loan Officer

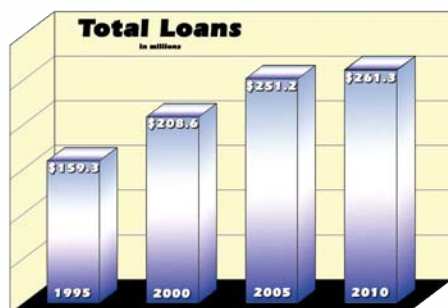
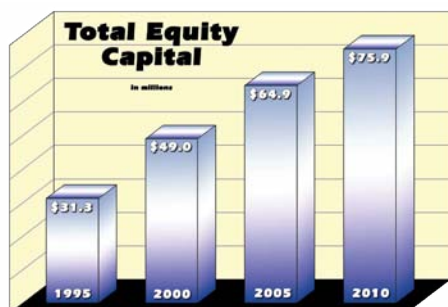
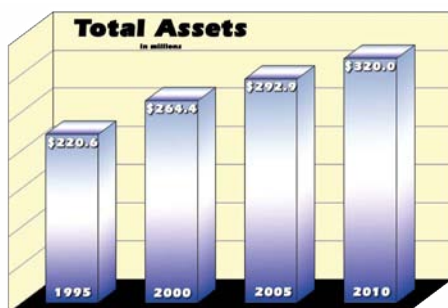
Branch Locations

Diane M. Perry, V.P., Mgr., Rumford & Mexico Branches
Richard E. Allen, V.P., Comm. Lending, Rumford & Mexico Branches
Linda S. Westleigh, Asst. Mgr., Rumford & Mexico Branches
Leanne Gagne, Loan Officer, Rumford & Mexico Branches
Sherry A. Tidswell, Loan Officer, Rumford & Mexico Branches
Lorna Durrell Niedner, Asst. V.P., Jay Branch Manager
Diane L. Jackson, Loan Officer, Jay Branch
Leeanna J. Wilbur, V.P., Rangeley Branch Manager
Crystal W. Haley, Assistant Manager, Rangeley Branch
Sally A. Dwyer, Asst. V.P., Skowhegan Branch Manager
Cherylene L. Sevey, Assistant Manager, Skowhegan

Additional Services

Thomas M. Gopsill, Mgr. LPL Financial Advisor, WMFS
Aaron C. Knapp, LPL Financial Advisor, WMFS
Jared P. Ranger, LPL Financial Advisor, WMFS

Financials



2010 Statement of Condition

Assets

| | |
|--------------------------------|-----------------------------|
| Cash & Due from Banks | \$ 28,630,342 |
| Bonds | 13,131,670 |
| Stocks | 1,525,950 |
| Mortgage Loans | 229,685,793 |
| Other Loans | 31,626,130 |
| Allowance for Loan Losses | (3,400,000) |
| Bank Premises and Fixed Assets | 5,006,231 |
| Other Assets | 13,821,164 |
| Total Assets | <u>\$320,027,280</u> |

Liabilities

| | |
|--------------------------|----------------------|
| Deposits | \$ 234,028,360 |
| Other Liabilities | 10,082,140 |
| Total Liabilities | \$244,110,500 |

Equity Capital

| | |
|---|-----------------------------|
| Surplus and Reserves | 75,916,780 |
| Total Liabilities & Equity Capital | <u>\$320,027,280</u> |

Please Note: Letters of Credit outstanding
not included in above figures: \$376,260

Statement of Earnings

Twelve Months: ended December 31, 2010

| | |
|---|---------------------------|
| Interest and fee income on loans | \$ 16,591,449 |
| Interest and dividend income on investments | 543,483 |
| Non-interest income | 2,493,802 |
| Total interest and other income | \$19,628,734 |
| Interest paid on deposits | 2,373,961 |
| Other expenses | 12,397,976 |
| Earnings after interest and other expenses | \$4,857,797 |
| Income taxes | 1,609,836 |
| Net income for period | <u>\$3,247,961</u> |

Locations



Farmington

ATM & Drive Up

197-209 Main Street and 198 Front Street, PO Box 825 Farmington, ME 04938
800-287-0752 - 207-778-3339 Loan Center: 207-778-2900

Rumford

ATM & Drive Up

155 Congress Street, PO Box 579, Rumford ME 04276-0579
Telephone: 207-364-7866

Wilton

ATM & Drive Up

603 Main Street, PO Box 520, Wilton ME 04294-0520
Telephone: 207-645-2583

Mexico

Drive Up

20 Main Street, PO Box 242, Mexico ME 04257-0242
Telephone: 207-364-4536

Jay

ATM & Drive Up

9 Main Street, PO Box 30, Jay, Maine 04239-0030
Telephone: 207-897-3982

Rangeley

ATM & Drive Up

2573 Main Street, PO Box 650, Rangeley ME 04970-0650
Telephone: 207-864-3386

Skowhegan

ATM & Drive Up

194 Madison Avenue, PO Box 368, Skowhegan ME 04976-0368
Telephone: 207-474-5574

Mt. Blue High School

Seasonal

Mt. Blue High School, 129 Seamon Road, Farmington, ME 04938
Telephone: 207-778-5268

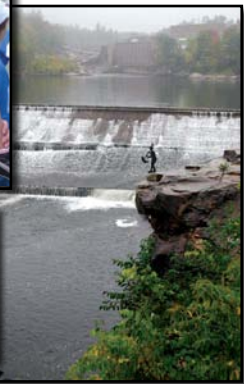
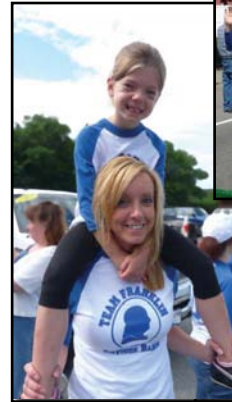
Western Mountain Financial Services

198 Front Street, Farmington, ME 04938
Telephone: 800-300-9779 - 207-778-9779

Internet: www.WesternMountainFinancial.com
Securities, asset management services and insurance
products offered through LPL Financial and its affiliates.
Member FINRA/SIPC



| | | |
|------------------|--------------------------------------|----------------|
| Not FDIC Insured | No Bank Guarantee | May Lose Value |
| Not a Deposit | Not Insured by any Government Agency | |



Pictured above: (from top) Shelley Deane places Luminaria bags at the Relay for Life; Sarah Baker's daughter, Megan, plays for one of the many FSB-sponsored teams in the area; Tim Thompson and Peter Judkins and Beckie and Tricia Souther at the 4th of July Parade in Farmington; Rumford Falls.



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