

Why would anyone bank anywhere else?



Franklin Savings Bank

2013 Annual Report

www.FranklinSavings.com

A Message from the President

I am pleased to say that Franklin Savings Bank continues to stand out as a leader in the Maine banking industry. Once again we have been selected as the strongest bank in Maine by the Weiss rating agency. Even with this strong rating, the Bank's earnings have been negatively impacted by this unprecedented low rate environment and historically low loan demand. However, it feels like we are slowly turning the corner with an improving economy. The Federal Open Market Committee's recent decision to start tapering back on their purchase of mortgage-backed securities and longer-term Treasury securities is an indication that the Committee sees improvement in economic activity and labor market conditions. We certainly hope that is the case.



2013 was another very busy year for all of us at the bank. We made it through two regulatory exams, one evaluating the safety and soundness of our bank and the other looking at how we perform against the many banking regulations that we are required to comply with in our daily operations. I am proud to report that we performed very well on both exams and received an *Outstanding* rating for our Community Reinvestment Act activities. Additionally, Franklin Savings Bank was selected as the Large Business of the Year in Franklin County, and one of the Best Places to Work in Maine. We also renovated and expanded our branch in Skowhegan and opened a beautiful new office in the new Mt. Blue High School Learning Campus.

I am pleased to report that Franklin Savings Bank continues to be well positioned to lend money to qualified borrowers as conditions improve; we have built a strong foundation for our business going forward. The Bank is extremely well capitalized, with a large amount of liquidity and a dedicated workforce ready to assist our customers as we all return to more prosperous times.

We are exploring new opportunities to serve our customers in the future. We hope to add mobile banking and other features that will expand and improve our banking services in 2014. We have been receiving very positive feedback from our friends on Facebook as we reach out to our communities and our "Bank with Frank" slogan seems to be catching on with people in our communities. It is great to hear people say, "That is why I bank with Frank!"

In supporting our communities, Franklin Savings Bank and our Community Development

Foundation contributed \$196,000 to various non-profit, economic development and educational efforts in 2013. And our employees continue to be very active participants in many community activities and organizations.

Financial Highlights

The bank ended the year with total assets of \$331.8 million and net income of \$2.8 million. We closed 389 consumer mortgages and home equity loans for a total of \$42.9 million. We also closed 451 commercial loans, totaling \$31.4 million and 1,006 non-mortgage consumer loans totaling \$7.4 million. Deposits totaled \$241 million at year end.

Many thanks to our Board of Directors, our Corporators, our customers and our dedicated and very capable staff who help make Franklin Savings Bank an integral part of our communities.



On the cover: FSB Lenders (from left) Lorna Niedner, Jay; Crystal Haley, Rangeley; Leanne Gagne, River Valley; Lindsay Gray, Farmington; Stacy Fortin, River Valley; Catherine Dorion, River Valley; Sherri Lewis, Skowhegan; Tom Sawyer, Farmington; Stacy DeMerchant, Skowhegan; Mike Mansir, Farmington; Chrissy St. Laurent, Farmington; Diane Jackson, Jay; Diane Perry, River Valley; Rich Allen, River Valley; Sally Dwyer, Skowhegan; Leeanna Wilbur, Rangeley; and Sandra Goodwin, Farmington.



At upper left: Shelley Deane with FSB's Best Places to Work in Maine trophy. We ranked in the top 10 our first time entering.

At lower left: Customer Mike Milliken and friend perform a tribute song about "Banking with the Frank." To view the video, go to YouTube.com and search for "Banking with Frank."

Our Community



FSB in the Community:
(Clockwise from upper left) Roberta Meisner, Sandy Goodwin and Shelley Deane serve supper at the Relay for Life; RaeAnn Hargreaves at the Pumpkin Fest; Tim Thompson looks over the air tank donated by FSB with the Strong Fire Department; Three Little Pigs grace our float from the 4th of July parade; Benjamin Black Bear and Lorna Niedner welcome skiers at the FSB-sponsored Free Ski Day at Spruce Mountain Ski Slope; Crystal Haley and Leeanna Wilbur present Megan Crosson with one of 11 college scholarships awarded by FSB each year; Tim Thompson and Todd Demmons, Mt. Blue H.S. athletic director, with the new scorer's table FSB purchased for MBHS and other local schools; Bernice Cote and Mt. Blue student teller, Courtney Austin, welcome visitors to the new high school branch; FSB staffers accept the The Franklin County Chamber of Commerce Large Business of the Year award for 2013; Benjamin entertains a youngster at the Fire and Ice Fest; Katrina Pease and Lisa Walker help pack and deliver 20 Thanksgiving Baskets for service member families purchased by employees in their Fund-Raising Fridays project; Nikki Knowles helps out at WMFS's shred day for clients.





FSB Staffers: (Clockwise from upper left) Sally Dwyer and Stacy DeMerchant enjoy a moment; CSR Kelsea Adams uses sign language to communicate to customer Cedar Seantea; Sen. Tom Saviello presents Peter Judkins with a Legislative Sentiment recognizing FSB's continued Strongest Bank in Maine status; Mary LaPointe; Brandi Manning; Bernice Cote; Diane Jackson and Leeanna Wilbur; Bett Hardy; Kelly Smith; Krista Melcher; Tom Sawyer captivates Chrissy St. Laurent; Tammy Furbush and Val Trial share a laugh with Peter Judkins at the renovated Skowhegan Branch Open House; Katelyn Holbrook assists Walter Gooley; Erin Nelson; Deann Trafton; Lisa Thompson; Diane Perry; Rich Allen works with Jen Merrill; and Lorna Niedner and Diane Jackson.

Management

Directors

William J. Bernard, Chairman of the Board

Bradford S. Adley	Richard H. Smith
Mary Ellen Carpenter	Richard M. Walker
Peter L. Judkins	James M. Witt IV
Michael A. Luciano	

Guthrie S. Colpitts, Director Emeritus

Corporators

Bradford S. Adley	Richard B. Gould Jr.	Ronald W. Savage
Susan L. Allmendinger	Marco A. Grimaldi	Gary J. Shaffer
Alan R. Archibald	Curtis C. Haley	Jerry P. Simpson
Rebecca L. Arsenault	David L. Haley	Juanita Bean Smith
William J. Bernard	Duane A. Hardy	Richard H. Smith
Caitlin J. Bogar	Bart J. Hersey	Lynn M. Soriano-Noyes
John D. Bogar	Barbara B. Hitchcock	Roger J. Soucy Jr.
Darryl N. Brown	Mary B. Howes	Steven J. Swasey
James P. Brown	Leroy Ireland	Dennis S. Taylor
Paula D. Buchanan	James A. Jannace	Timothy J. Thompson
Todd W. Bullen	Craig A. Jordan	Robert A. Thorndike
Mary Ellen Carpenter	Peter L. Judkins	James D. Timberlake
Gary R. Chiasson	Michael A. Luciano	Peter F. Tracy
Gary W. Collins	William H. Marceau	Thomas F. Upham
Mark J. Cote	Frederick H. Marshall III	Richard M. Walker
Donald K. Cummings	Paul H. Mills	Carroll M. Ware
Shelley W. Deane	Michael F. Monahan	Robert C. Welch
Erik L. Dickson	Ronald B. Morin	Gerard K. Williams
Peter F. Dougenek	Ann M. Nemi	John H. Windover II
Gary M. Downs	James A. Nicols Jr.	Lolisa M. Windover
Matthew P. Dubois	Troy A. Norton	James M. Witt IV
John H. Duffy	Virginia G. Nuttall	Katherine W. Yardley
Colon E. Durrell	Gary F. Paling	Ann B. Yorks
Stewart K. Durrell	Meredith J. Pike	
James L. Eastlack	Thomas N. Puia	
Patricia A. Ellis	Peter A. Robichaud	
Erald L. Farmer	Bruce A. Ross, DMD	

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, Peter L. Judkins, Michael A.
Luciano, Richard H. Smith, Richard M. Walker and James M. Witt IV



Peter Judkins, at the 2013 Annual Meeting.

Officers

Main Office - Farmington

Peter L. Judkins, President, Chief Executive Officer
Timothy J. Thompson, Senior V.P., Chief Financial Officer
Shelley W. Deane, Sr. V.P., Human Resources & Admin.
Sandra P. Goodwin, V.P., Retail & Commercial Services
Lionel F. Howard, Vice President, Internal Controls
Nancy W. Jones, V.P., Underwriter, Loan Services
Deidre C. LaPlant, VP, Operations & Compliance
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
Anna C. H. Lyon, Asst. V.P., Marketing Director
Jeanne M. Norton, Asst. V.P., Information Systems Dept.
Pamala J. Dixon, Assistant V.P., Controller
Bernice P. Cote, Customer Service Officer
RaeAnn A. Hargreaves, A.V.P. and Workout Officer
Christine A. St. Laurent, Asst. Vice Pres., Loan Officer
Bett E. Hardy, Mortgage Underwriting Officer
Heather Erskine, Loan Compliance Officer

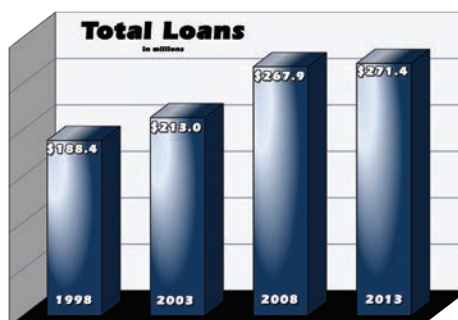
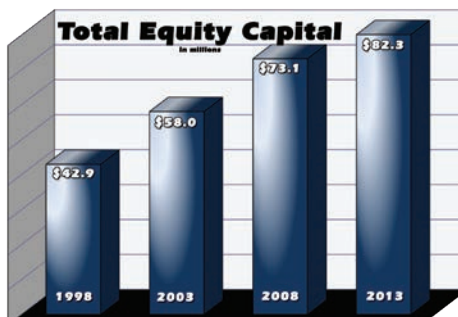
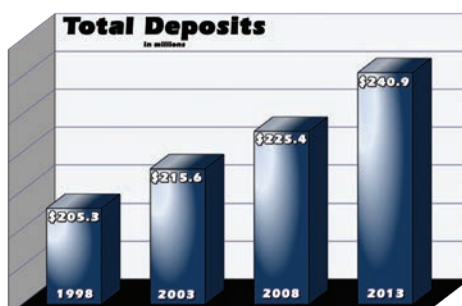
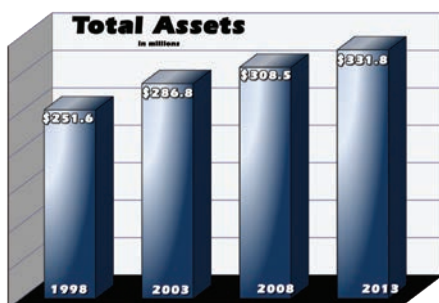
Branch Locations

Diane M. Perry, V.P., River Valley Branches Manager
Richard E. Allen, V.P., Comm. Lending, River Valley Branches
Leanne Gagne, Loan Officer, River Valley Branches
Catherine Dorion, Loan Officer, River Valley Branches
Lorna Durrell Niedner, V.P., Jay Branch Manager
Diane L. Jackson, Asst. V.P., Loan Officer, Jay Branch
Leeanna J. Wilbur, V.P., Rangeley Branch Manager
Crystal W. Haley, Assistant Manager, Rangeley Branch
Sally A. Dwyer, V.P., Skowhegan Branch Manager
Stacy L. DeMerchant, Asst. Branch Mgr., Skowhegan

Additional Services

Aaron C. Knapp, LPL Financial Advisor, WMFS
Jared P. Ranger, LPL Financial Advisor, WMFS

Financials



2013 Statement of Condition

Assets

Cash & Due from Banks	\$ 25,865,597
Bonds	17,028,296
Stocks	1,416,450
Mortgage Loans	238,320,857
Other Loans	33,106,090
Allowance for Loan Losses	(3,400,000)
Bank Premises and Fixed Assets	4,889,053
Other Assets	14,594,119
Total Assets	<u>\$331,820,462</u>

Liabilities

Deposits	\$ 240,954,611
Other Liabilities	8,468,638
Total Liabilities	<u>\$249,423,249</u>

Equity Capital

Surplus and Reserves	82,397,213
Total Liabilities & Equity Capital	<u>\$331,820,462</u>

Please Note: Letters of Credit outstanding
not included in above figures: \$281,292

Statement of Earnings

Twelve Months: ended December 31, 2013

Interest and fee income on loans	\$ 15,160,621
Interest and dividend income on investments	448,932
Non-interest income	2,926,995
Total interest and other income	<u>\$18,536,548</u>
Interest paid on deposits	1,166,804
Other expenses	13,125,165
Earnings after interest and other expenses	<u>\$4,244,579</u>
Income taxes	1,443,550
Net income for period	<u>\$2,801,029</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



** Past performance is not a guarantee of future results **

Franklin Savings Bank has entered into a third-party arrangement allowing LPL Financial to offer securities to bank customers. Securities offered through LPL Financial, Member FINRA/SIPC. Insurance products offered through LPL Financial or its licensed affiliates.

Not FDIC Insured	No Bank Guarantee	May Lose Value
Not a Deposit	Not Insured by Any Federal Government Agency	



Pictured above: (from top) Beckie Bowering and RaeAnn Hargreaves welcome visitors to the Franklin County Home & Leisure Show; the Skowhegan Branch staff; Carlos Monsalve; Leslie Walton; Jeannine McDonald; Ray Vought and Linda Law.