

Why would anyone bank anywhere else?



Franklin Savings Bank

2015 Annual Report

www.FranklinSavings.Bank

A Message from the President

It is an understatement to say that these past seven years have been economically challenging for many of our customers, our communities, and the bank. At Franklin Savings Bank and Western Mountain Financial Services we've faced and, I'm pleased to say, met some significant challenges over that time. A new year brings new and different challenges and opportunities, but we feel very confident in the continued strength of our company.

In December of 2008 the Federal Open Market Committee dropped the fed funds rate to a target range of 0 to 0.25%, influencing the Prime Rate to drop to 3.25%, where it remained for the next seven years as our economy struggled to recover from the damage brought on by the mortgage crisis. The Fed's year-end decision to increase the fed funds rate by 0.25% signals the start of a new era for our economy. We will start to see increases in interest rates moving into 2016 and if the economy improves as expected, the Fed will continue a gradual increase of the fed funds rate over the next few years.

These increases in the fed funds rate will ultimately lead to increases in loan and deposit rates offered to consumers. These rate increases will be welcomed by our depositors who will ultimately realize a greater return on their invested funds. With these increasing rates, our greatest challenge to maintaining the bank's strong financial performance will be to increase the yield on our loan portfolio to keep up with increasing deposit rates, all while keeping the best interest of our borrowers in mind.

The bank is well positioned for continued success in a rising rate environment but we will continue to be faced with new challenges. The expense to operate continues to increase with increasing regulatory requirements, technology advances, and other operating expenses required to serve our growing customer base.

In 2015, we introduced Biz2Bank remote deposit capture, a service that will enable commercial customers to make deposits electronically. We also introduced Franklin eBranch on The Go! mobile banking, which was an instant hit with our customers. In 2016, we plan to upgrade our bill pay and mobile banking services as well as implement a new consumer mortgage processing system. These new services and systems will make it easier for our growing customer base to "BANK with FRANK."

In 2015, we also became the first bank in Maine to upgrade our webpage to the "dot-bank" domain, which means our web address is now FranklinSavings.Bank. The dot-bank domain is exclusive to the banking industry and may only be obtained by qualified, verified financial institutions and certain industry partners, making our webpage more secure.



Our theme in this 2015 Annual Report is "Giving Back," which we clearly do. Franklin Savings Bank, Western Mountain Financial Services and our Community Development Foundation contributed \$162,770 to various non-profit, economic development and educational efforts in 2015. In addition to the financial support, our employees continue to be very active participants in many community activities and organizations. Collectively, they volunteered 1,620 hours to community service and raised \$60,975 for community causes, independent of the bank's contributions. We strive to help make our communities a great place to live, work, and play. Franklin Savings Bank and Western Mountain Financial Services care about our customers and our communities and make every effort to meet all their lending, deposit, and investment needs.

Financial Highlights

I am pleased to report that we closed the books on 2015, reporting net income of \$3.1 million on total assets of \$353 million. The Bank's Tier I Capital Ratio is 28% of total assets, ranking us at the top of our industry and supporting a position of strength and long-term viability for the Bank. We were once again ranked as the strongest bank in Maine by Weiss Ratings, as we have been every year since 1999. We also continue to receive top rankings from BankRate.com and Bauer Financial. Getting top marks helps us easily set ourselves apart from our competitors and gives our customers confidence in the safety of their accounts.

In 2015, we closed 361 consumer mortgages and home equity loans for a total of \$43 million. We also closed 435 commercial loans, totaling \$45 million and 929 non-mortgage consumer loans totaling \$9 million. These lending efforts resulted in an increase in loan balances over 2014 levels of \$21.5 million. Deposits totaled \$247 million at year-end, representing a 1.28% increase from year-end 2014.

Western Mountain Financial Services had a very productive year while serving the investment needs of their many clients; they grew the number of clients served by 7% with a resulting 2.15% increase in assets under management over 2014 year-end numbers.

It is a pleasure to be able to present a very favorable report on the bank's performance. Thanks go out to our employees, our Corporators, and our Board of Directors for their tremendous support and to our many customers who allow us to serve them with their financial needs.

We look forward to being here for our customers and our communities for many years to come!

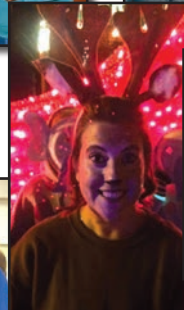


On the cover: (Clockwise from upper left) Benjamin Guild of the Livermore Fire Department with Jay Branch Manager Diane Jackson and the new RIT PAK (Rapid Intervention Team pack); Wilton branch Head Teller Cortany Tinker hands Ross Clair a bag of popcorn during the Blueberry Festival parade; Rangeley staffers show the Coats for Kids donations they collected, about three-quarters of the 160 total collected; The River Valley crew welcomes folks to the Rumford Pumpkin Festival; FSB staffers filled 30 Thanksgiving baskets for service member and veteran families; Skowhegan staffers prepare for the Relay for Life.

Our Community



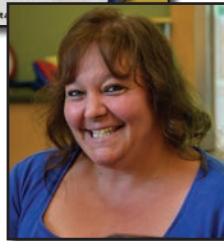
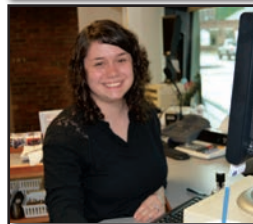
FSB in the Community: (Clockwise from upper left), Cortany Tinker's daughters Brielle and Avery and husband, Dave, help put together the luminaria bags for the Relay for Life; Jen McPherson, Mary LaPointe, Diane and Julia Perry raise funds for the American Heart Association; Benjamin Black Bear gets a hug; Lorna Niedner, as "Mother Nature" waves to the audience at the Chester Greenwood parade; Derek Hayes, "Snow Miser," Clyde Ross "Chester Greenwood" and Tim Thompson, "Heat Miser," share a moment before the parade; Benjamin Black Bear gets another hug at the Farmington Fair; Lisa, Makenzie and Tim Thompson hand out hot chocolate during the Christmas Tree Lighting; Diane Jackson greets a visitor at the Verso Resource Fair in Jay; Becky Redlevske, Crystal Ellis, Lynn Vashaw and Katie Rickards show off some of the Christmas gifts employees bought for Operation Santa Claus; Delila Robbins sparkles in Skowhegan's Holiday Stroll parade; Cindy Spencer and grandson, Austin, Haily Turner's daughter Avery, and Pam Dixon and her son Alex, and Ava Tinker wave from the Blueberry Festival parade float in Wilton; Benjamin Black Bear makes friends after the Chester Greenwood parade; Cortany Tinker and Haily Turner collect garbage on Main Street on Earth Day; Lorna Niedner and Derek Hayes welcome staff back to the Mt. Blue Campus; Mt. Blue Middle School students crafted a 'thank you' mural for sponsoring their trip to the planetarium; FSB staffers raise funds for the Androscoggin Home Health and Hospice walk; Katelyn Holbrook, Kerstin Hand, Katrina Pease and RaeAnn Hargreaves help guide youngsters in the Pumpkin Festival maze; Benjamin Black Bear poses with skiers at the Free-Ski sponsored by FSB; Roberta Meisner makes music with a tot at the Franklin County Children's Festival.



Our Staff



FSB Staffers: (Clockwise from upper left), Leeanna Wilbur and Perry Williams of Nibóban Camps at Rangeley Lake; Bernice Cote talks banking careers with Mt. Blue students; Amy Broadway, Dee LaPlant, Angie Alexander, Lindsay Coolidge, Cortany Tinker and Michele Nichols share a moment; Jared Ranger at WMFS; Wanda Nichols, Cortany Tinker and Kelly Smith at Wilton; Kelly King at Jay; Leslie Walton at Rangeley; Aaron Knapp, Lorna Niedner, Jared Ranger and Diane Jackson at the Verso Resource Fair; Lorna Niedner, Beckie Bowering, Shelley Deane, Derek Hayes, Leeanna Wilbur, Tim Thompson, Catherine Dorian and Anna Lyon with our Best Places to Work in Maine trophy; Kristen Rowley at River Valley; Derek Hayes and RaeAnn Hargreaves at the Main Office; Lindsay Coolidge at the Loan Center; Sally Dwyer and Patrick Dore at a bank-financed property; Denise Mercier at Rangeley; Darcie Hunt at Jay; and April Franke at Skowhegan.



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

Erald L. Farmer

Peter A. Robichaud

Susan L. Allmendinger

Richard B. Gould Jr.

Bruce A. Ross, DMD

Alan R. Archibald

Marco A. Grimaldi

Ronald W. Savage

Rebecca L. Arsenault

Curtis C. Haley

Gary J. Shaffer

Noel E. Austin, DMD

David L. Haley

Jerry P. Simpson

William J. Bernard

Duane A. Hardy

Juanita Bean Smith

Robert L. Berry III

Bart J. Hersey

Richard H. Smith

Jennifer F. Bjorn

Barbara B. Hitchcock

Lynn M. Soriano-Noyes

Caitlin J. Bogar

Mary B. Howes

Roger J. Soucy Jr.

John D. Bogar

Leroy Ireland

Brian St. Louis

Brenda L. Brochu

James A. Jannace

Steven J. Swasey

Darryl N. Brown

Craig A. Jordan

Timothy J. Thompson

James P. Brown

Peter L. Judkins

Robert A. Thorndike

Todd W. Bullen

Glenn P. Kapiloff

James D. Timberlake

Mary Ellen Carpenter

L. Gary Knight

Matthew Timberlake

Linda S. Cipriano

Jennifer F. Kreckel

Peter F. Tracy

Mark J. Cote

Michael A. Luciano

Kevin L. Vining

Donald K. Cummings

William H. Marceau

Richard M. Walker

Shelley W. Deane

Frederick H. Marshall III

Carroll M. Ware

Erik L. Dickson

Paul H. Mills

Bruce D. Waugh

Peter F. Dougeneck

Michael F. Monahan

Robert C. Welch

Gary M. Downs

Ronald B. Morin

Gerard K. Williams

Matthew P. Dubois

James A. Nicols Jr.

Lolisa M. Windover

John H. Duffy

Troy A. Norton

James M. Witt IV

Colon E. Durrell

Virginia G. Nuttall

Katherine W. Yardley

Stewart K. Durrell

Gary F. Paling

Ann B. Yorks

James L. Eastlack

Meredith J. Pike

Honorary

Patricia A. Ellis

Thomas N. Puia

Beverly N. Adams



Peter Judkins speaks to FSB Corporators at the 2015 Annual Meeting.

Officers

Main Office - Farmington

Peter L. Judkins, President, Chief Executive Officer

Timothy J. Thompson, Exec. V.P., Chief Operating Officer

Shelley W. Deane, Exec. V.P., Admin. & Human Resources

Kelli A. Given, Internal Auditor

Derek W. Hayes, Director of Commercial Lending

Lorna Durrell Niedner, V.P., Lending, Main Office Manager

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.

Brad A. Martin, Bank Information Systems Manager

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, Assistant V.P., Customer Service

RaeAnn A. Hargreaves, Asst. V.P. and Workout Officer

Christine A. St. Laurent, Asst. Vice Pres., Loan Officer

Lindsay E. Coolidge, Loan Officer

Bett E. Hardy, Mortgage Underwriting Officer

Heather L. Erskine, Loan Compliance Officer

Branch Locations

Diane M. Perry, V.P., River Valley Branch Manager

Richard E. Allen, V.P., Comm. Lending, River Valley Branch

Leanne Gagne, Loan Officer, River Valley Branch

Catherine G. Dorion, Loan Officer, River Valley Branch

Stacy L. Fortin, Consumer Loan Officer

Diane L. Jackson, Asst. V.P., Jay Branch Manager

Leeanna J. Wilbur, V.P., Rangeley Branch Manager

Crystal W. Haley, Assistant Manager, Rangeley Branch

Sally A. Dwyer, V.P., Skowhegan Branch Manager

Patrick A. Dore, Loan Officer, Skowhegan

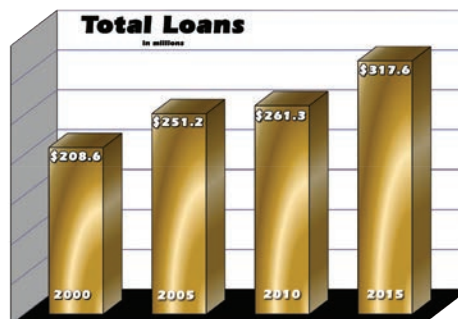
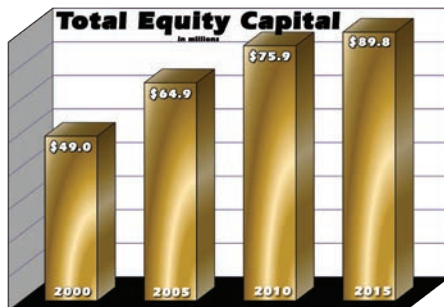
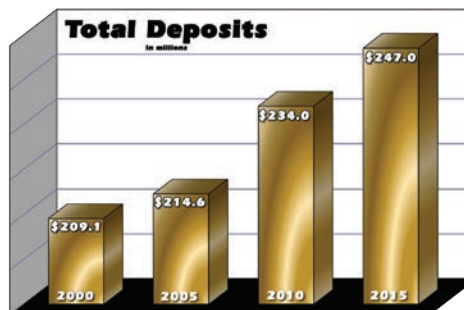
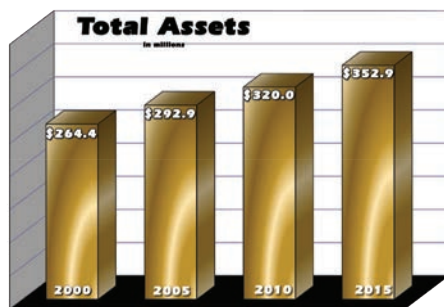
Additional Services

Aaron C. Knapp, LPL Financial Advisor, WMFS

Jared P. Ranger, LPL Financial Advisor, WMFS

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

Financials



2015 Statement of Condition

Assets

Cash & Due from Banks	\$ 4,825,545
Bonds	11,831,125
Stocks	1,903,050
Mortgage Loans	279,837,963
Other Loans	37,805,508
Allowance for Loan Losses	(3,400,000)
Bank Premises and Fixed Assets	4,963,970
Other Assets	15,174,387
Total Assets	<u>\$352,941,548</u>

Liabilities

Deposits	\$ 246,996,797
Other Liabilities	16,192,460
Total Liabilities	<u>\$263,189,257</u>

Equity Capital

Surplus and Reserves	89,752,291
Total Liabilities & Equity Capital	<u>\$352,941,548</u>

Please Note: Letters of Credit outstanding
not included in above figures: \$271,000

Statement of Earnings

Twelve Months: ended December 31, 2015

Interest and fee income on loans	\$ 16,042,175
Interest and dividend income on investments	327,277
Non-interest income	2,741,816
Total interest and other income	<u>\$19,111,268</u>

Interest paid on deposits	732,510
Other expenses	13,596,578
Earnings after interest and other expenses	<u>\$4,782,180</u>

Net gains (losses) on securities	0
Earnings before taxes	<u>\$4,782,180</u>

Income taxes	1,672,100
Net income for period	<u>\$3,110,080</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

River Valley

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

Jay

ATM & Drive Up

9 Main Street, PO Box 30, Jay, ME 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
www.WesternMountainFinancial.com



Above, Tyler Daigle, of Rumford, chats with Peter Judkins at the Pine Tree Camp in Rome. Franklin Savings Bank contributes tuition for two local campers each year. At top, Marla Dubay and Tim Thompson greet spectators at the 4th of July parade in Farmington.

The mission of Franklin Savings Bank is to remain a financially strong, independent, community bank, dedicated to superior customer and community service. We believe this mission will be accomplished through our commitment to retaining an experienced and highly motivated workforce.



Franklin Savings Bank has entered into a third-party arrangement allowing LPL Financial to offer securities to bank customers. Securities and advisory services offered through LPL Financial, a registered investment advisor. 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	

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