

*Deep Roots . . . New Horizons*



*2016 Annual Report*

*[www.FranklinSavings.Bank](http://www.FranklinSavings.Bank)*

# A Message from the President

Franklin Savings Bank is changing. The picture on the front of this report represents a significant step for us in exploring new horizons while continuing to invest in the Western and Central Maine communities in which we are deeply rooted.

The bank opened a commercial loan production office in the Ellsworth and Down East markets to grow our loan business and to diversify our loan portfolio beyond the boundaries of Western Mountains and Central Maine. This in no way changes our commitment to our current market; it simply complements what we do well.

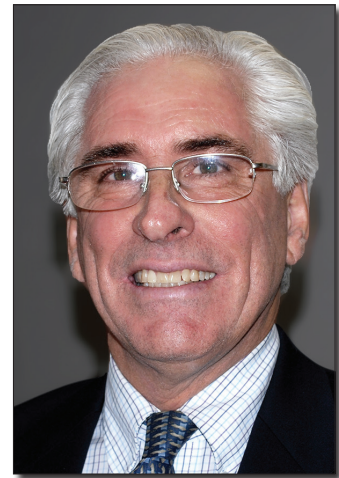
As the needs and desires of our customers change, we are growing our banking model to serve our customers through our traditional branch system and also through our evolving technology initiatives. Customers have been quick to adopt our mobile banking and electronic bill payment offerings, changing the dynamic of how we deliver our services. We have also redone our web page to make it easier and more enjoyable for customers to see who we are and what we offer, no matter what device they use.

This is my last letter to you as President and CEO of Franklin Savings Bank. I plan to retire at the end of 2017. My time at Franklin Savings Bank has been a tremendous period in my life. The opportunity to return to my hometown to work for and ultimately lead this fine institution has been a true pleasure and honor.

Tim Thompson, the bank's Chief Operating Officer and a long-time partner in running the business, will assume the presidency upon my retirement. The bank will be in very good hands going forward under Tim's leadership!

I concluded my first President's letter in 2005 with a goal to insure that Franklin Savings Bank is here to serve our communities for many years to come. I have been driven by that goal and our mission, "to remain a financially strong, independent, community bank, dedicated to superior customer and community service," since that time. In reflecting back, I believe in this mission more than ever. I have experienced firsthand how important Franklin Savings Bank is to our communities, our employees and our customers.

The bank's contributions to our communities go well beyond providing banking services. We are a major benefactor of many organizations and initiatives that make our communities better places to live, work and play. We give back, both through our employee's significant personal involvement and through



*The Western Mountain Financial Services crew: Lisa Thompson, Jared Ranger, Amy Bond, Nicole Knowles and Aaron Knapp.*





financial support from the bank and the Franklin Savings Bank Community Development Foundation. In 2016, our employees contributed more than 4,700 hours of their time to volunteer activities; the bank and our Foundation contributed nearly \$200,000 to support various non-profit, economic development and educational efforts in our communities.

I am very pleased to report that, in keeping with the bank's mission statement, the bank remains very strong and well positioned for the future.

### *Financial Highlights*

The bank ended the year with total assets of \$365.2 million and net income of \$3.3 million. We closed 379 consumer mortgages and home equity loans for a total of \$43.4 million. We also closed 449 commercial loans, totaling \$49.0 million and 783 non-mortgage consumer loans totaling \$6.5 million. Deposits totaled \$250.7 million at year end, representing a 1.49% increase for the year and our lending efforts resulted in an increase in loan balances over 2015 levels of \$15.3 million.

Western Mountain Financial Services had a very productive year while serving the investment needs of their many clients, with assets under management increasing 7.93% over 2015 year-end numbers.

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

*Pat & Judith*

*On the cover: (Clockwise from upper left) Amanda Look, Derek Hayes and Nicole Lovely in Ellsworth. At left, FSB Administration gains insight from Corporators at a series of breakfasts in our communities and the board takes on business matters following the Annual Meeting.*

# Changes

2017 is a year of change for Franklin Savings Bank. In December, Peter L. Judkins retires as President and CEO, to be replaced by Timothy J. Thompson, and William J. Bernard retires as Chairman of the Board of Directors.

Raised in Farmington, Peter held various sales and sales management positions at American Express, Citicorp and Key Bank before he returned home in 1999 to serve as Executive Vice President at the bank where his father before him had been a member of the Board of Trustees. Peter became President in 2005. Under his leadership



these past dozen years, the bank has grown from \$293 million in assets to \$365 million and remained "The Strongest Bank in Maine," despite a brutal eight-year mortgage crisis and extended economic recession that hurt or forced the closure of many community banks.

Peter represents Maine and U.S. community banks as a Class A Director at the Federal Reserve Bank of Boston.

Peter passes the torch to Tim Thompson, who joined the bank in 2000. Tim was raised in Kingfield and has lived in Farmington for many years. He earned a Bachelor of Science in Business Administration from the University of Maine and a Master of Business



Administration from Thomas College. He is also a graduate of the National School of Banking. In his time at Franklin, Tim has been responsible for finance, operations and technology, as well as other administrative functions.



We also bid farewell to Bill Bernard, who has served as the Chairman of the Franklin Savings Bank Board of Directors since 2003. He has been a member of the board since 1985.

As an independent accountant, Bill's financial background has been a valuable asset on the board. Prior to entering private practice, Bill was a cost accountant at G.H. Bass and a merchandise manager at W.T. Grant Company. He taught accounting at the University of Maine at Farmington for 13 years.

Bill was born and raised in Rumford, where he graduated from Stephens High School. He earned degrees from Husson College in Bangor and UMF and has studied taxation at Thomas College in Waterville.

# Deep Roots

FSB proudly invests in Western Maine, its businesses and people.



(Clockwise from upper left) Employees raised funds and baked pies to fill 30 Thanksgiving baskets for military service, veteran and Gold Star families; Peter Judkins, Tim Thompson and Derek Hayes look over production with Randy and Brody Cousineau of Cousineau Wood Products; Katrina Pease, Jeanne Norton, Amy Broadway and Angie Alexander offer hot chocolate and popcorn while collecting winter gear for Coats for Kids at the Chester Greenwood Parade; Crystal Haley with Benjamin Black Bear in Rangeley; Katie Deming and her daughter Alana Ames share the treats with viewers at the Blueberry Festival Parade in Wilton; Bett Hardy, Jeanne Norton and Beckie Bowering welcome guests at Customer Appreciation Day; Sarah Baker and RaeAnn Pike at the Relay for Life; Mike Mansir and Diane Jackson look over the Main-Land Development Consultants expansion with Angela Pinkham and Robert Berry III; Kelsea Pinkham counts down the lighting of the Itty Bitty Christmas Tree with singer Mark Gentle; Angie Alexander places luminaria bags at the Relay; Diane Perry checks out can stock during a tour of the Sunday River Brewery; Wanda Nichols in Wilton; and Skowhegan Branch Manager Sally Dwyer.

# 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

## Corporators

Bradford S. Adley	Ronald A. Gelinas	Ronald W. Savage
Susan L. Allmendinger	Richard B. Gould Jr.	Gary J. Shaffer
Alan R. Archibald	Marco A. Grimaldi	Jerry P. Simpson
Rebecca L. Arsenault	Curtis C. Haley	Juanita Bean Smith
Noel E. Austin, DMD	David L. Haley	Richard H. Smith
Robert L. Berry III	Duane A. Hardy	Lynn M. Soriano-Noyes
Jennifer F. Bjorn	Bart J. Hersey	Roger J. Soucy Jr.
Caitlin J. Bogar	Barbara B. Hitchcock	Brian St. Louis
John D. Bogar	Mary B. Howes	Steven J. Swasey
Stephen S. Boivin	Leroy Ireland	Timothy J. Thompson
Brenda L. Brochu	James A. Jannace	Robert A. Thorndike
Jon L. Bubier	Craig A. Jordan	James D. Timberlake
Todd W. Bullen	Peter L. Judkins	Matthew Timberlake
Mary Ellen Carpenter	Glenn P. Kapiloff	Peter F. Tracy
Linda S. Cipriano	Jennifer F. Kreckel	Kevin L. Vining
Mark J. Cote	Michael A. Luciano	Richard M. Walker
Donald K. Cummings	William H. Marceau	Carroll M. Ware
Shelley W. Deane	Frederick H. Marshall III	Bruce D. Waugh
Erik L. Dickson	Paul H. Mills	Robert C. Welch
Daniel S. DiPompo	Michael F. Monahan	Gerard K. Williams
Peter F. Dougeneck	James A. Nicols Jr.	Lolisa M. Windover
Gary M. Downs	Troy A. Norton	James M. Witt IV
Matthew P. Dubois	Virginia G. Nuttall	Katherine W. Yardley
John H. Duffy	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



*New corporator Jon Bubier at the 2016 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 D. Niedner, V.P., Residential and Consumer Lending, Main Office Manager  
Nancy W. Jones, V.P., Underwriter, Loan Services  
Deidre C. LaPlant, V.P., 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, V.P., Director of Information Technology  
Pamala J. Dixon, Vice President, Treasurer  
Anna C. H. Lyon, Asst. V.P., Marketing Director  
Jeanne M. Norton, Asst. V.P., Information Systems Dept.  
Bernice P. Cote, Assistant V.P., Customer Service  
RaeAnn A. Pike, Asst. V.P., Loan and Workout Officer  
Christine A. St. Laurent, Asst. Vice Pres., Loan Officer  
Bett E. Hardy, A.V.P., Loan Processing Mgr. & Underwriter  
Lindsay E. Coolidge, Loan Officer  
Heather L. Erskine, Loan Compliance Officer

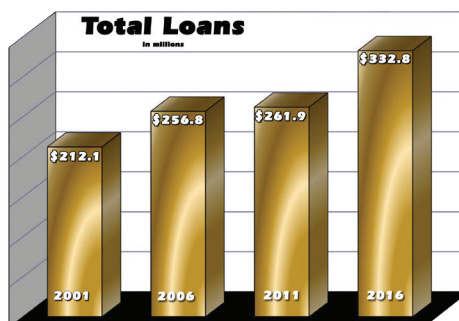
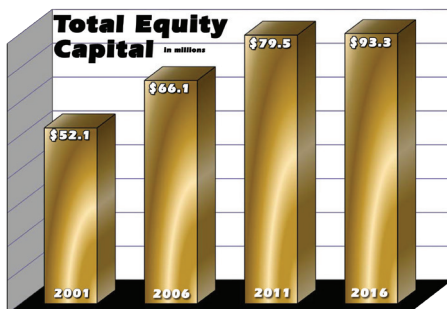
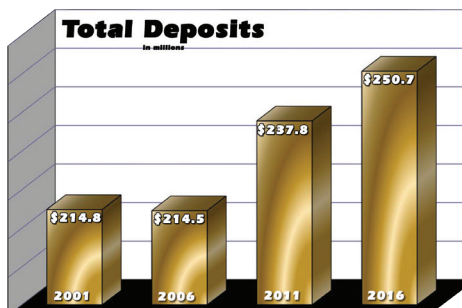
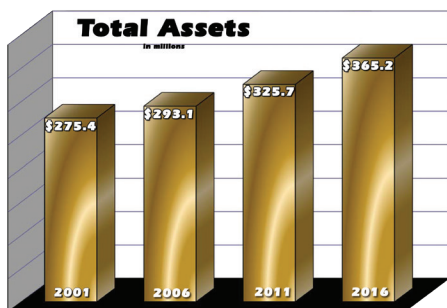
### Branch Locations

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, River Valley Branch  
Diane L. Jackson, 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, Assistant Manager, Skowhegan Branch  
Sherri A. Lewis, Consumer Loan Officer, Skowhegan Branch  
Amanda Look, V.P., Commercial Banking, Ellsworth Business Center

### Additional Services

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

# Financials



## 2016 Statement of Condition

### Assets

Cash & Due from Banks	\$ 5,094,020
Bonds	8,217,833
Stocks	2,048,350
Mortgage Loans	294,798,484
Other Loans	38,000,389
Allowance for Loan Losses	(3,200,000)
Bank Premises and Fixed Assets	4,954,300
Other Assets	15,260,193
<b>Total Assets</b>	<b><u>\$365,173,569</u></b>

### Liabilities

Deposits	\$ 250,676,309
Other Liabilities	21,182,130
<b>Total Liabilities</b>	<b><u>\$271,858,439</u></b>

### Equity Capital

Surplus and Reserves	93,315,130
<b>Total Liabilities &amp; Equity Capital</b>	<b><u>\$365,173,569</u></b>

Please Note: Letters of Credit outstanding  
not included in above figures: \$201,000

## Statement of Earnings

Twelve Months: ended December 31, 2016

Interest and fee income on loans	\$ 16,830,653
Interest and dividend income on investments	261,581
Non-interest income	2,809,884
<b>Total interest and other income</b>	<b><u>\$19,902,118</u></b>
Interest paid on deposits	696,875
Other expenses	14,111,527
<b>Earnings after interest and other expenses</b>	<b><u>\$5,093,716</u></b>
Net gains (losses) on securities	2,963
<b>Earnings before taxes</b>	<b><u>\$5,096,679</u></b>
Income taxes	1,726,925
<b>Net income for period</b>	<b><u>\$3,369,754</u></b>

# 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

**Ellsworth** **Business Center**  
130 Oak Street, Suite 9, Ellsworth ME 04605-1668  
Telephone: 207-610-5068

**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



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Not FDIC Insured No Bank Guarantee May Lose Value  
Not a Bank Deposit Not Insured by Any Federal Government Agency  
Franklin Savings Bank and Western Mountain Financial Services are not registered broker/dealers and are not affiliated with LPL Financial.



*Clockwise from top:  
Benjamin Black  
Bear makes friends  
at the Rangeley  
Lakes Heritage Trust  
Festival in the Park; Stacy Fortin welcomes  
customers to the River Valley Branch;  
Lisa Walker and Jeannine McDonald at  
the Relay for Life; Patrick Dore and Sally  
Dwyer at the Skowhegan Branch; and  
Brandi Manning at the Wilton Branch.*

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.