

1868-2018



Franklin Savings Bank

2017 Annual Report

A Message from the President

2018 marks Franklin Savings Bank's 150th anniversary. As we consider the history of the Bank, we would be remiss if we did not recognize the contributions of two recent retirees, whose leadership has been instrumental to the success of the Bank.

Board Chairman, Bill Bernard, retired in December 2017 after having served the Bank for 31 years as a director, the last fourteen of those as chairman. As a director, Bill was a believer that community banking done right, would lead to success for our customers, our communities, and our Bank. We thank Bill for his dedication and wish him a happy and healthy retirement. Richard Walker, a Board member since 1991, was unanimously elected to serve as Chairman of the Board.

Peter Judkins, President and CEO since 2006, also retired in December of 2017. Peter joined the Bank in 1999 and from the start he was committed to the objective of ensuring that Franklin Savings Bank would continue to serve our communities for many



years to come. Peter couldn't have anticipated that this objective would be challenged by the Great Recession, the Mortgage Crisis, record declines in interest rates and a technological revolution. Despite these challenges, under Peter's leadership, the Bank has maintained the ranking of Strongest Bank in Maine by Weiss Ratings, Inc. and has grown from \$292 to \$393 million in assets.

Peter felt one of his most meaningful responsibilities was serving as President of the Franklin Savings Bank Community Development Foundation. Through 2017, the Foundation has contributed more than \$2.3 million in support of charitable, economic, and educational needs throughout the Bank's service area.

Peter's enthusiasm and dedication to supporting the community while managing the Bank to guarantee the long-term financial success has been, and continues to be, the right strategy. Speaking for all employees of the Bank, our customers and our communities, I offer a heartfelt thank you to Peter for his commitment to the longevity of the Bank and the Bank's service to our communities. We are all pleased that Peter will continue to offer his insights and leadership to the Bank by remaining on the Board of Directors.

Financial Highlights

The bank completed 2017 with total assets of \$393.6 million and net income of \$3.5 million. We closed 356 consumer mortgages and home equity loans for a total of \$41.7 million. We also closed 568 commercial loans, totaling \$65.8 million and 743 non-mortgage consumer loans totaling \$7.4 million.



Our lending efforts resulted in an increase in loan balances over 2016 levels of \$26.9 million. Deposits totaled \$259.1 million at year end, representing a 3.37% increase for the year.

Western Mountain Financial Services also had a very productive year while serving the investment needs of its many clients, with assets under management increasing 17.15% over 2016 year-end numbers.

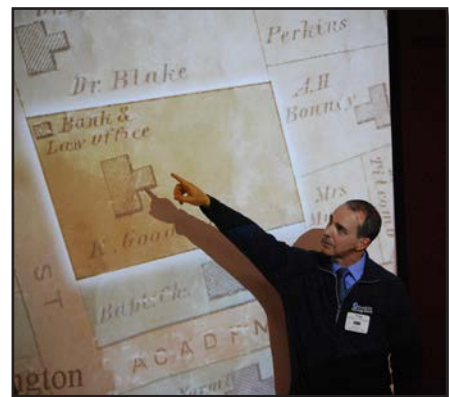
Our employees continue to show deep dedication to the communities we serve in their volunteering. Last year, employees volunteered for more than 3,500 hours and raised tens of thousands of dollars for local charities.

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 have chosen Franklin Savings Bank and Western Mountain Financial Services as their financial partners.

As I look forward to 2018 and beyond, there will continue to be opportunities for growth and challenges to work through. As President, my responsibility is to be a steward of the core tenets of community banking that Franklin Savings Bank was founded on 150 years ago; relationship banking and local reinvestment into our communities.

150 years of success through superior service to our customers and communities is a great achievement. There is a significant responsibility to upholding this legacy. Through continued dedication to the bank's mission, the employees of Franklin Savings Bank look forward to upholding this legacy for many years to come.

Tim



On the cover: Our Broadway location in the early part of the 1900s, when horseless carriages shared parking areas with "horsed" carriages. Above, a framed piece of the window from our Broadway location, which now hangs in our Administration Building on Front Street and Tim Thompson points out our first bank location as he speaks on the bank's history to the Farmington Rotary Club. At left, Peter Judkins and Bill Bernard at the 2017 Annual Meeting.

Yesterday

There was a time, long before the days of mobile banking and even checking accounts, people kept their money in their mattress or in a jar on the shelf. More often than not, they bartered for what they needed.

Banking was for the wealthiest only, or for commercial needs, and there was little or nothing available to wage earners. Meanwhile, in the foothills of Western Maine, an agricultural community was blossoming. By 1850, Franklin County was Maine's second largest wool producer. In addition to agriculture, Farmington's water power attracted other industry too. At one point, there were nearly a dozen carriage factories alone. The railroad arrived in town in 1859 and made it possible for farmers to get their crops and livestock to markets further away from the farm, which further accelerated the growth.

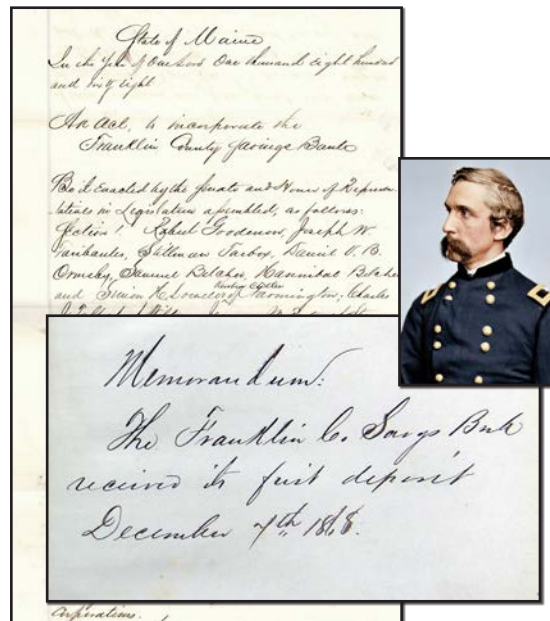
Enter the concept of a Mutual Savings Bank for our growing community. Savings Banks came to the U.S. from Britain in the early 1800s and reached Maine in 1819, flourishing after the Civil War. These savings banks were a philanthropic effort to help the working class save money for emergencies and old age and build wealth by setting aside a small portion of their pay. They sought to elevate the poor and wage earners out of poverty and give them a level of security that would enable them to save money for their futures and own personal betterment. They were a stark contrast to the for-profit commercial banks that catered to wealthier people and businesses and, instead, brought together the small depositors with the small borrowers. Prior to 1860, commercial banks were not even able to accept savings deposits. After the Civil War, we had a growing working class in Farmington. It seemed a perfect fit.

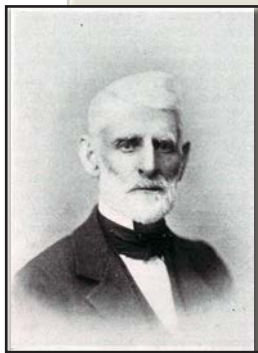
Getting Organized: At right, the hand-written legislative document establishing Franklin County Savings Bank and Governor and Civil War hero Joshua Chamberlain, who signed it into law. Bottom right, our first deposit was noted on December 7th, 1868.

Franklin County Savings Bank wasn't Farmington's first bank. The Sandy River Bank was state chartered in 1853. After a mismanagement problem, citizens of the town took over the bank and converted it to Sandy River National Bank, which later became the First National and various other incarnations. Our savings bank had an interest in the national bank. In fact, one of our early presidents, Joseph Fairbanks, also served as a director for that bank. Still, as a national or commercial bank, its priorities were different. There was a recognized need for a bank that would be there for the working families. Mutual savings banks are owned by the depositors. They do not have stockholders, who expect a return on their investment. Bank profits were returned to those depositors as dividends.

Incorporation

A group of local community members and businessmen decided it was time for Franklin County, itself only 30 years old, to have its own savings bank.





The bank's early mission:

To help the people of Franklin County lay by something each year and deposit it in some good bank where it will be safe and earn a little something.

"We prefer the one-dollar account of a child which will be added to in small amounts from time to time to the \$2,000 account of a rich man."

President Joseph Fairbanks

On January 7, 1868, a bill was submitted to the Legislature creating Franklin County Savings Bank. The bill passed and on February 24th that year was signed by Governor Joshua Chamberlain, of Gettysburg fame.

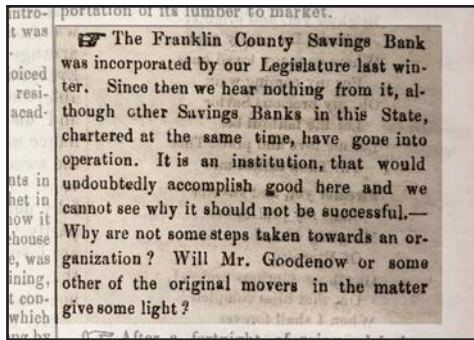
Many of the original incorporators of Franklin County Savings Bank are familiar names to us even today. The same family names continue to thrive in our area. Our incorporators were Robert Goodenow, Joseph W. Fairbanks, Stillman Tarbox, Daniel V. B. Ormsby, Samuel Belcher, Hannibal Belcher, Simeon H. Lowell and Reuben Cutler, all

of Farmington, Charles J. Talbot of Wilton, Jeremy W. Porter of Strong, Daniel Howes of New Sharon and Seward Dill of Phillips. Franklin County Savings Bank was the 40th to be incorporated in Maine.

That charter was put into effect and bylaws created November 16th, when Daniel Ormsby was chosen to serve as the bank's first president, a title given to the person who served as the chairman of the Bank's Board of Trustees. Goodenow was selected to be Treasurer, the chief executive at the time. The tiny bank would be housed in

Our first location: Our first Treasurer, Robert Goodenow, shared his law office with the bank. This building was roughly where the Pierce House now stands, across the street from our current Main Office, and is presumed to have been lost in the massive fire that devastated much of the downtown in 1886. The bank had moved from here to the second floor of the First National Bank in 1875 and may have been already planning its move to Broadway at the time of the fire.





In the May 28, 1868 edition, the eager editor of the Farmington Chronicle gave bank founders a poke for being pokey in opening the bank.

Goodenow's law office, across the street from the current Main Office. We received our first deposit on December 7th, 1868.

"The bank opened for deposits the day of its organization and at once commended itself to the people of the county," wrote Francis Gould Butler, "A History of Farmington, Maine," (1885). "While suffering somewhat during the period of great financial depression, it has had a successful history and been of marked value to the business interests of the place." The origins of the bank were well known to Butler, who himself was the bank's second treasurer.

The bank operated at the Goodenow office until 1875, when it moved to the second floor of the First National Bank of Farmington. It built a two-story brick building on Broadway, where it moved in 1887.

Early banking at the County Bank, as any other saving bank, was not as carefree as it is today. Depositors received a bank book in which to record their accumulations. They were invited to make deposits, no matter how small, but withdrawals weren't quite so easy. In addition to insisting that the depositor have the bank book in hand, the bank required several weeks' notice for withdrawals to give the bank time to liquidate its investments, if necessary, but also to discourage impulsive spending, a trait blamed for

insufficient personal savings efforts. Many savings banks restricted the total amount an individual could deposit in an effort to prevent middle and upper income people from taking advantage of the steady return on low-risk accounts.

The Great Depression brought about by the crash of the stock market in 1929 had a tremendous impact on banks. Nationally more than 5,000 banks failed between 1930 and 1932. National banks in Maine were among the failures, but no Maine savings bank failed in the 1930s, due in part to state restrictions on allowable investments



that didn't affect national banks and savings banks' more conservative investment practices in general. In fact, only Phillips Savings Bank experienced any serious difficulty. It scaled back its deposits by 50 percent to remain solvent. On December 23, 1935, Franklin County Savings Bank gave local depositors a gift by stepping up to purchase the bank and preserve those deposits.



Inside the Broadway bank location. Although the man in the picture is not identified, it is likely he is J.P. Whorff, who was Treasurer 1908 through 1934. Above right, Phillips Savings Bank.

Photos courtesy Farmington Historical Society and Jim Engel

Branching out

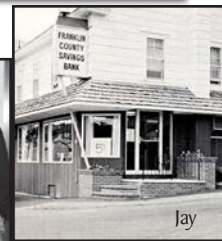
We outgrew our Broadway location and by 1964 had built a new building on Main Street, almost opposite our first location. In the late '60s through '70s, the bank saw its assets grow dramatically, from \$15 million in 1966 to \$80 million in 1978, as President Avon Pulcifer expanded bank locations. First was Rumford in 1968, followed by Jay in 1970, Rangeley and Mexico in 1975, Skowhegan in 1976 and Wilton in 1977.

By 1980, the main office was bursting at the seams and the bank expanded into what used to be the First National grocery store. The two buildings were connected by a subterranean tunnel. A unique teaching branch was opened at Mt. Blue High School in 1993.

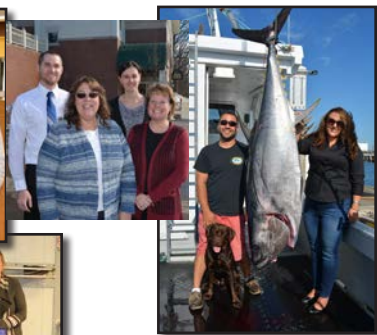
Franklin Savings Bank continued to buck the consolidation and buyout trend by forming a mutual holding company, Maine's first such bank company, in 1998. In 1999, the bank sought to broaden its offerings and acquired Robert E. Bean Financial Services, now known as Western Mountain Financial Services. The added business and bustling loan business prompted the need for another expansion, this time on Front Street, in 2000. That same year, the bank created the Franklin Savings Bank Community Development Foundation.

The Mexico branch merged with Rumford in 2014 to become the River Valley Branch and a new FSB Business Center was opened in Ellsworth in 2016.

From the top: Pres. Earle Ham lays the first brick for the Main Street office in 1963; main office construction; 1964 staff; First Rumford location; First Jay location; Rangeley staff celebrates our 125th, including Leeanna Wilbur, Deann Trafton, Denise Mercier and Crystal Haley; Skowhegan ribbon cutting, including Gary Downs; the Wilton branch; Customer Service, including Shelley Deane, in 1980; Mt. Blue High School branch, including Lynn O'Connor; new Administration Building on Front St.



Today



Our staff in action:
 Clockwise from top,
 President Tim Thompson,
 Skowhegan Manager Patrick
 Dore and Lisa Thompson;
 the Jay crew; James
 Ouelette, Becky Redlevske,
 Pam Dixon and Crystal Ellis from Accounting;
 Amanda Look from our Ellsworth office with
 tuna fisherman Mitch Napolitano; FSB's
 dodgeball teams raise funds for the United
 Way; the River Valley staff; Amanda Look,
 Derek Hayes and Nicole Lovely at the Ellsworth
 Business Center; Information Systems staffers;
 Wanda Nichols and Brandi Manning at the
 Wilton office; Amy Bond from Western Mountain
 Financial Services; Thanksgiving baskets
 for service families and veterans, Lorna
 Niedner with the rolls, Lynn O'Connor and
 granddaughter Cassidee Moulton add their
 homemade pies, staffers and Tim Callahan
 with the 60 finished baskets; Pam Dixon,
 Kylee Dixon and Sherri Lewis.



TOMORROW



Looking to the future generation: Clockwise from top, Hannah Boivin, Bethany Frazier and RaeAnn Pike host our Free Ski Event at Titcomb Mountain; Kelli Lascko, Cortany Tinker and Bernice Cote prepare employee gift donations for Operation Santa Claus; Franklin Scholars John Adley, Michael Kersey Jr. and Jeremiah Richardson with River Valley Manager Diane Perry and staffers Leanne Gagne and Jen Merrill; Parade penguins Shelley Deane and grandchildren Connor and Aulora; Benjamin Black Bear makes friends at the Chester Greenwood Parade; Bristol Alexander lends her wheels to luminary bag distribution at the Relay for Life, a youngster cools his marshmallow at the FSB Christmas Tree Lighting; Heidi Lee and daughter Bree raise money for the Pine Tree Camp in its Paddle for Pine Tree event.



Management

Directors

Richard M. Walker, Chairman of the Board
Bradford S. Adley Richard H. Smith
Mary Ellen Carpenter Timothy J. Thompson
Peter L. Judkins James M. Witt IV
Michael A. Luciano

Corporators

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

Franklin Savings Bank is a wholly-owned subsidiary of FSB Bancorp MHC
Chairman Gary M. Downs, Vice Chairman Richard M. Walker,
Directors Bradford S. Adley, Mary Ellen Carpenter,
Peter L. Judkins, Michael A. Luciano, Richard H. Smith,
Timothy J. Thompson, Richard M. Walker and James M. Witt IV



Corporators and officers and their guests listen to financial updates at the 2017 Annual Meeting.

Officers

Main Office - Farmington

Timothy J. Thompson, President, Chief Executive Officer
Shelley W. Deane, Exec. V.P., Admin. & Human Resources
Kelli A. Lascko, Internal Auditor
Derek W. Hayes, S.V.P., 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, V.P., Commercial Lending
Thomas L. Sawyer, V.P., Residential Lending
Cindy A. Spencer, V.P., Credit Risk Management
Brad A. Martin, V.P., Director of Information Technology
Pamala J. Dixon, V.P., Treasurer
Anna C. H. Lyon, A.V.P., Marketing Director
Jeanne M. Norton, A.V.P., Information Systems Dept.
Bernice P. Cote, A.V.P., Customer Service
RaeAnn A. Pike, A.V.P., Commercial Lending
Christine A. St. Laurent, A.V.P., Loan Officer
Bett E. Hardy, A.V.P., Loan Processing Mgr. & Underwriter
Lindsay E. Coolidge, Loan Officer
Heather L. Erskine, Loan Compliance Officer

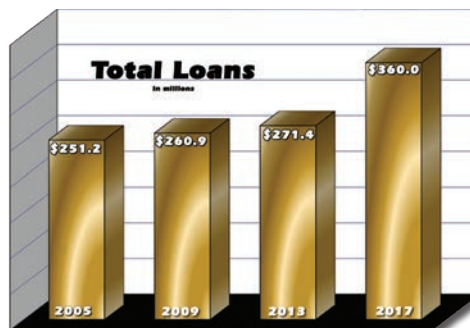
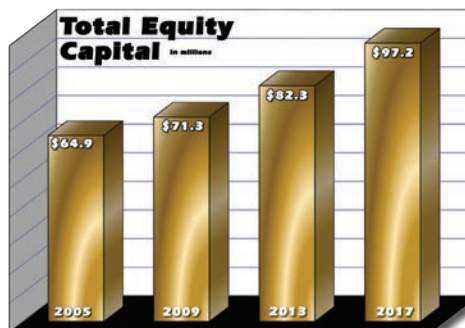
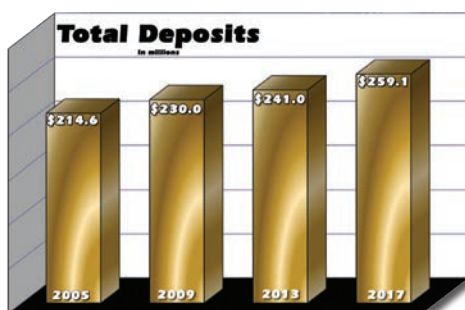
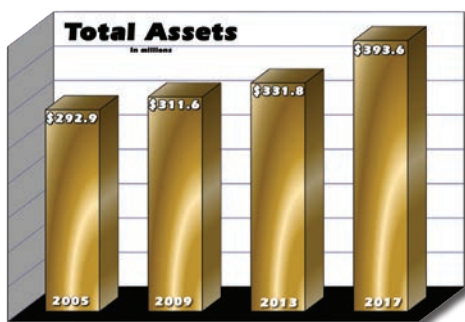
Branch Locations

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
Stacy L. Fortin, 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
Patrick A. Dore, A.V.P., Skowhegan Branch Manager
Sherri A. Lewis, Assistant Manager, Skowhegan Branch
Amanda A. 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



2017 Statement of Condition

Assets

Cash & Due from Banks	\$ 5,963,178
Bonds	8,247,184
Stocks	2,598,750
Mortgage Loans	316,394,473
Other Loans	43,491,372
Allowance for Loan Losses	(3,400,000)
Bank Premises and Fixed Assets	4,634,684
Other Assets	15,703,277
Total Assets	<u>\$393,632,918</u>

Liabilities

Deposits	\$ 259,126,436
Other Liabilities	37,322,127
Total Liabilities	<u>\$296,448,563</u>

Equity Capital

Surplus and Reserves	97,184,355
Total Liabilities & Equity Capital	<u>\$393,632,918</u>

Please Note: Letters of Credit outstanding
not included in above figures: \$141,000

Statement of Earnings

Twelve Months: ended December 31, 2017

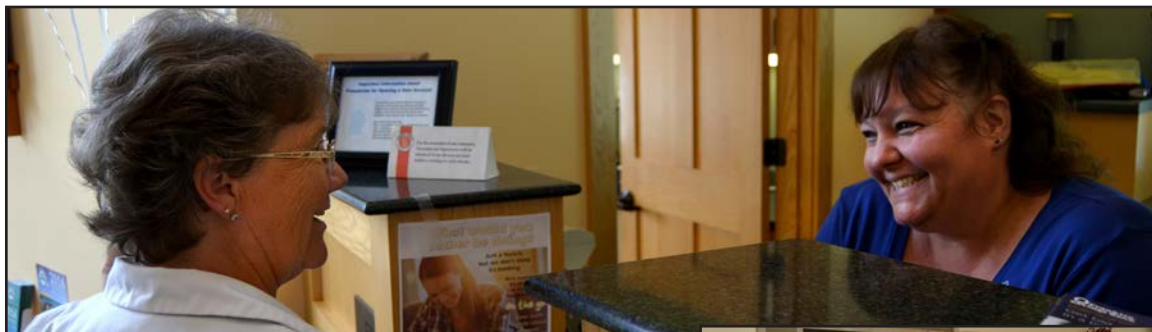
Interest and fee income on loans	\$ 17,731,831
Interest and dividend income on investments	256,108
Non-interest income	2,956,048
Total interest and other income	<u>\$20,943,987</u>

Interest paid on deposits	711,273
Other expenses	15,159,919
Earnings after interest and other expenses	<u>\$5,072,795</u>

Net gains (losses) on securities	0
Earnings before taxes	<u>\$5,072,795</u>

Income taxes	1,568,884
Net income for period	<u>\$3,503,911</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

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



Clockwise from top: Leeanna Wilbur and Leslie Walton at the Rangeley branch; Farmington staffers from customer service and lending; Nancy Jones and Jeanne Norton.



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 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.

