

# FRANKLIN BANCORP, INC.

To Our Shareholders and Customers:

Your bank finished 2016 with a very strong fourth quarter. On the strength of our performance in the third and fourth quarters, our Net Income slightly exceeded that of 2015. We experienced loan growth in 2016 of 9.3% over 2015, and total asset growth of 9.8%. We continue to be encouraged by the growth in the trust and mortgage areas, which has led to an increase of non-interest income of 11.1% in 2016 over the previous year.

We are pleased to announce that we are increasing our first quarter dividend to 27c per share payable on March 10, 2017, to shareholders of record on March 1, 2017. We appreciate your loyalty and support of Franklin Bank & Trust Company and Franklin Bancorp, Inc. We are honored to have the opportunity to serve our shareholders, our customers and our communities.

Sincerely,

/s/ Gary L. Broady

Gary L. Broady

Chief Executive Officer

/s/ H. Alex Downing

H. Alex Downing

President

## **MANAGEMENT'S STATEMENT ON RESPONSIBILITY FOR FINANCIAL REPORTING**

The management of Franklin Bank & Trust Co. is responsible for the content and integrity of the financial statements included in this unaudited quarterly report. We are presenting a portion of the information included in our Reports of Income and Condition submitted to the Federal Financial Examination Council for the period ending June 30, 2015. We have reviewed these financial statements and do hereby declare that these reports have been prepared in conformance with the instructions issued by the appropriate Federal regulatory authority and are true to the best of our knowledge and belief.

/s/ Gary L. Broady

Gary L. Broady

Chief Executive Officer

/s/ H. Alex Downing

H. Alex Downing

President

/s/ Jill F. Gregory

Jill F. Gregory

Senior Vice President  
& Chief Financial Officer