

FRANKLIN BANK & TRUST COMPANY
A WHOLLY OWNED SUBSIDIARY OF FRANKLIN BANCORP, INC.
BALANCE SHEET AS OF DECEMBER 31
(DOLLAR AMOUNTS IN THOUSANDS)

ASSETS	2018	2017
Cash and Balances Due From Depository Institutions:		
Noninterest-Bearing Balances and Currency and Coin	\$16,999	\$10,634
Interest Bearing Balances	38,446	36,791
Securities Available for Sale	6,461	7,010
Federal Funds Sold and Securities Purchased to Resell	602	498
Loans and Lease Financing Receivables:		
Loans and Leases, Net of Unearned Income	434,233	397,351
LESS: Allowance for Loan and Lease Losses	5,712	4,507
Loans and Leases, Net of Unearned Income and Allowance	428,521	392,844
Premises and Fixed Assets (Including Capitalized Leases)	7,288	4,492
Other Real Estate Owned	0	536
Other Assets	16,619	16,611
TOTAL ASSETS	<u>\$514,936</u>	<u>\$469,416</u>
LIABILITIES		
Deposits:	\$388,319	\$369,015
Noninterest-Bearing	88,829	75,736
Interest Bearing	299,490	293,279
Federal Funds Purchased	0	0
Other Borrowed Money	62,046	43,979
Other Liabilities	2,976	2,462
TOTAL LIABILITIES	<u>453,341</u>	<u>415,456</u>
EQUITY CAPITAL		
Common Stock	176	176
Surplus	42,324	37,832
Undivided Profits and Capital Reserves	19,153	15,983
Net Unrealized Holding Gains (Losses) on Available for Sale Securities	(58)	(31)
TOTAL EQUITY CAPITAL	<u>61,595</u>	<u>53,960</u>
TOTAL LIABILITIES AND EQUITY CAPITAL	<u>\$514,936</u>	<u>\$469,416</u>

UNAUDITED

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 Institutions Examination Council for the period ending December 30, 2019. 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

STATEMENT OF INCOME FOR TWELVE MONTHS ENDED DECEMBER 31		2018	2017
INTEREST INCOME:			
Real Estate Loans	\$14,115	\$12,775	
Commercial and All Other Loans	6,594	6,024	
Interest Income on Balances Due from Depository Institutions	653	447	
All Securities	122	151	
Federal Funds Sold	25	13	
Other Interest Income	104	75	
TOTAL INTEREST INCOME	<u>21,613</u>	<u>19,485</u>	
INTEREST EXPENSE:			
Transaction Deposit Accounts	450	442	
Savings Deposits	975	738	
Time Certificates of Deposit of \$250,000 or More	42	62	
All Other Time Deposits	1,894	1,281	
Other Borrowed Money	971	581	
TOTAL INTEREST EXPENSE	<u>4,332</u>	<u>3,104</u>	
NET INTEREST INCOME	17,281	16,381	
PROVISION FOR LOAN AND LEASE LOSSES	1,383	(1)	
NONINTEREST INCOME:			
Income from Fiduciary Activities	674	688	
Service Charges on Deposit Accounts	2,522	2,253	
Other Noninterest Income	611	875	
TOTAL NONINTEREST INCOME	<u>3,807</u>	<u>3,816</u>	
GAINS(LOSSES) ON SECURITIES	0	2	
NONINTEREST EXPENSE:			
Salaries and Employee Benefits	6,447	6,139	
Expenses of Premises and Fixed Assets	892	1,026	
Other Noninterest Expense	4,751	4,441	
TOTAL NONINTEREST EXPENSE	<u>12,090</u>	<u>11,606</u>	
INCOME (LOSS) BEFORE TAXES	7,615	8,594	
APPLICABLE INCOME TAXES	<u>1,520</u>	<u>2,674</u>	
NET INCOME (LOSS)	<u>\$6,095</u>	<u>\$5,920</u>	

UNAUDITED

/s/ Jill F. Gregory
Jill F. Gregory
Executive Vice President