

**FRANKLIN BANK & TRUST COMPANY**  
**A WHOLLY OWNED SUBSIDIARY OF FRANKLIN BANCORP, INC.**  
**BALANCE SHEET AS OF SEPTEMBER 30**  
*(DOLLAR AMOUNTS IN THOUSANDS)*

<b>ASSETS</b>	<b>2018</b>	<b>2017</b>
Cash and Balances Due From Depository Institutions:		
Noninterest-Bearing Balances and Currency and Coin	\$14,273	\$11,559
Interest Bearing Balances	41,512	38,639
Securities Available for Sale	6,714	7,107
Federal Funds Sold and Securities Purchased to Resell	461	1,665
Loans and Lease Financing Receivables:		
Loans and Leases, Net of Unearned Income	432,327	397,088
LESS: Allowance for Loan and Lease Losses	5,409	4,842
Loans and Leases, Net of Unearned Income and Allowance	426,918	392,246
Premises and Fixed Assets (Including Capitalized Leases)	6,986	4,560
Other Real Estate Owned	511	708
Other Assets	16,552	15,641
<b>TOTAL ASSETS</b>	<b><u>\$513,927</u></b>	<b><u>\$472,125</u></b>
<b>LIABILITIES</b>		
Deposits:	\$391,287	\$369,529
Noninterest-Bearing	90,022	68,001
Interest Bearing	301,265	301,528
Other Borrowed Money	62,414	46,509
Other Liabilities	2,897	2,584
<b>TOTAL LIABILITIES</b>	<b><u>456,598</u></b>	<b><u>418,622</u></b>
<b>EQUITY CAPITAL</b>		
Common Stock	176	176
Surplus	39,824	37,832
Undivided Profits and Capital Reserves	17,420	15,490
Net unrealized holding gains (losses) on available for sale securities	-91	5
<b>TOTAL EQUITY CAPITAL</b>	<b><u>57,329</u></b>	<b><u>53,503</u></b>
<b>TOTAL LIABILITIES AND EQUITY CAPITAL</b>	<b><u>\$513,927</u></b>	<b><u>\$472,125</u></b>

**UNAUDITED**

**STATEMENT OF INCOME FOR NINE MONTHS ENDED SEPTEMBER 30**

	<b>2018</b>	<b>2017</b>
<b>INTEREST INCOME:</b>		
Real Estate Loans	\$10,236	\$9,527
Commercial and All Other Loans	4,911	4,502
Securities	93	120
Federal Funds Sold	17	9
Other Interest Income	496	373
<b>TOTAL INTEREST INCOME</b>	<b><u>15,753</u></b>	<b><u>14,531</u></b>
<b>INTEREST EXPENSE:</b>		
Transaction Deposit Accounts	336	327
Savings Deposits	698	530
Time Certificates of Deposit of \$250,000 or More	20	54
All Other Time Deposits	1,241	976
Federal Funds Purchased and Securities Sold U/A to Repurchase	1	0
Other Borrowed Money	644	415
<b>TOTAL INTEREST EXPENSE</b>	<b><u>2,940</u></b>	<b><u>2,302</u></b>
<b>NET INTEREST INCOME</b>	<b>12,813</b>	<b>12,229</b>
<b>PROVISION FOR LOAN AND LEASE LOSSES</b>	<b>1,030</b>	<b>-358</b>
<b>NONINTEREST INCOME:</b>		
Income from Fiduciary Activities	494	522
Service Charges on Deposit Accounts	1,885	1,683
Other Noninterest Income	387	674
<b>TOTAL NONINTEREST INCOME</b>	<b><u>2,766</u></b>	<b><u>2,879</u></b>
<b>GAINS(LOSSES) ON SECURITIES</b>	<b>0</b>	<b>2</b>
<b>NONINTEREST EXPENSE:</b>		
Salaries and Employee Benefits	4,860	4,643
Expenses of Premises and Fixed Assets	659	764
Other Noninterest Expense	3,623	3,321
<b>TOTAL NONINTEREST EXPENSE</b>	<b><u>9,142</u></b>	<b><u>8,728</u></b>
<b>INCOME (LOSS) BEFORE TAXES</b>	<b>5,407</b>	<b>6,740</b>
<b>APPLICABLE INCOME TAXES</b>	<b><u>1,078</u></b>	<b><u>1,855</u></b>
<b>NET INCOME (LOSS)</b>	<b><u>\$4,329</u></b>	<b><u>\$4,885</u></b>

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