

FRANKLIN BANCORP, INC.

December 2, 2020

To Our Shareholders and Customers:

Despite challenges presented by COVID-19, your Bank had good financial performance during the third quarter of 2020. However, we continue to increase our Allowance for Loan and Lease Losses to mitigate the potential future impact of the pandemic. Our Allowance at 9/30/2020 has increased 36.8% from 9/30/2019.

Net interest income increased 12.4% for the nine months ending 9/30/2020, as compared to the same period in the previous year, with total loans increasing 15.9% during the same period. This is attributable to strong loan demand and the Paycheck Protection Program. Our non-interest income has decreased by 35.5% due to the loss of significant ATM income resulting from the loss of a large ATM customer in January of 2020. These factors have led to a decrease in net income of 15.9% year over year. Capital levels continue to be strong and we anticipate a good fourth quarter.

During these unprecedented times, we sincerely appreciate the devotion of our team members, our customers and our shareholders. We are extremely grateful for the manner in which everyone has adapted and adjusted to doing business in new and different ways. We remain committed to provide our customers with outstanding service and products.

We are pleased to announce that your Board has approved a dividend of 33c per share payable on December 11, 2020, to shareholders of record on December 2, 2020.

We wish each of you and your families a safe, blessed and joyful holiday season.

Sincerely,

/s/ H. Alex Downing

H. Alex Downing

President/Chief Executive Officer

FRANKLIN BANCORP, INC.

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 September 30, 2020. 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/ H. Alex Downing

H. Alex Downing
President/Chief Financial Officer

/s/ Jill F. Gregory

Jill F. Gregory
Executive Vice President