



ANNUAL USE OF CAPITAL SURVEY - 2009

NAME OF INSTITUTION

(Include Holding Company Where Applicable)

Franklin Bancorp, Inc. / Bank of Franklin County

Person to be contacted regarding this report:	Robert D. Dobsch
UST Sequence Number:	1201
CPP Funds Received:	5,097,000
CPP Funds Repaid to Date:	0
Date Funded (first funding):	May 22, 2009
Date Repaid ¹ :	N/A

RSSD: (For Bank Holding Companies)	2913711
Holding Company Docket Number: (For Thrift Holding Companies)	
FDIC Certificate Number: (For Depository Institutions)	35543
City:	Washington
State:	Missouri

¹If repayment was incremental, please enter the most recent repayment date.

American taxpayers are quite interested in knowing how banks have used the money that Treasury has invested under the Capital Purchase Program (CPP). To answer that question, Treasury is seeking responses that describe generally how the CPP investment has affected the operation of your business. We understand that once received, the cash associated with TARP funding is indistinguishable from other cash sources, unless the funds were segregated, and therefore it may not be feasible to identify precisely how the CPP investment was deployed or how many CPP dollars were allocated to each use. Nevertheless, we ask you to provide as much information as you can about how you have used the capital Treasury has provided, and how your uses of that capital have changed over time. Treasury will be pairing this survey with a summary of certain balance sheet and other financial data from your institution's regulatory filings, so to the extent you find it helpful to do so, please feel free to refer to your institution's quarterly call reports to illustrate your answers. This is your opportunity to speak to the taxpayers in your own words, which will be posted on our website.

What specific ways did your institution utilize CPP capital? Check all that apply and elaborate as appropriate, especially if the uses have shifted over time. Your responses should reflect actions taken over the past year (or for the portion of the year in which CPP funds were outstanding).

<input checked="" type="checkbox"/>	Increase lending or reduce lending less than otherwise would have occurred.	Efforts were made to increase mortgage lending in the bank's market area through increased and expanded advertising. These efforts have produced new loan activity that has allowed the bank to maintain current outstanding balances offsetting repayment and paydowns of existing loans
<input type="checkbox"/>	To the extent the funds supported increased lending, please describe the major type of loans, if possible (residential mortgage loans, commercial mortgage loans, small business loans, etc.).	
<input checked="" type="checkbox"/>	Increase securities purchased (ABS, MBS, etc.).	While the CPP funds were not pushed down to the bank from the holding company as capital, the proceeds from the loan sale described below did allow the bank to purchase additional US Agency securities for its portfolio which helped maintain its liquidity position.

<input type="checkbox"/>	Make other investments	
<input type="checkbox"/>	Increase reserves for non-performing assets	
<input type="checkbox"/>	Reduce borrowings	
<input type="checkbox"/>	Increase charge-offs	
<input checked="" type="checkbox"/>	Purchase another financial institution or purchase assets from another financial institution	Franklin Bancorp, Inc. was able to purchase a \$3.75mm non-performing loan from its subsidiary bank. This loan was a participation from a now failed bank, and moving it up to the holding company made it possible for our bank to gain control of the total outcome and control its resolution.
<input checked="" type="checkbox"/>	Held as non-leveraged increase to total capital	While the subsidiary bank remains well capitalized, the remainder of the CPP funds being held at the holding company level could feasibly be pushed down the bank level as additional capital if the need should arise.

What actions were you able to avoid because of the capital infusion of CPP funds?

What actions were you able to take that you may not have taken without the capital infusion of CPP funds?

The loan sale described above certainly would not have been possible without the infusion of CPP funds. Had this infusion not taken place, the FDIC would have ultimately controlled the fate of the underlying asset which was not in the best interest of the bank or the borrower. By allowing our bank to control the asset as well as the resolution, we can work toward ensuring completion of a viable project for the borrower and the restructuring of the credit into a performing asset for the bank.

Please describe any other actions that you were able to undertake with the capital infusion of CPP funds.

According to the Paperwork Reduction Act of 1995, no persons are required to respond to a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 1505-0222. The time required to complete this information collection is estimated to average 80 hours per response.