

# **PUBLIC DISCLOSURE**

October 15, 2013

## **COMMUNITY REINVESTMENT ACT (CRA) PERFORMANCE EVALUATION**

Franklin Savings Bank  
RSSD #228000

197 Main Street  
Farmington, Maine 04398

Federal Reserve Bank of Boston  
600 Atlantic Avenue  
Boston, Massachusetts 02106

**NOTE:** This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

**INSTITUTION'S CRA RATING: This institution is rated Outstanding.**

**The Lending Test is rated: Outstanding.**

**The Community Development Test is rated: Satisfactory.**

Franklin Savings Bank ("Franklin" or "the bank") demonstrates an excellent responsiveness to the credit needs of its assessment area based on the following findings:

**Lending Test**

- Franklin originated a substantial majority (94.9 percent) of its residential real estate and small business loans inside its assessment area.
- The distribution by borrower reflects an excellent penetration among individuals of different income levels and businesses of different sizes.
- The geographic distribution of residential and small business loans reflects an excellent dispersion throughout the assessment area.
- The bank's average loan-to-deposit ratio of 108.7 percent is considered to be more than reasonable and indicates the bank has been responsive in meeting local credit needs.

**Community Development Test**

- Franklin originated two community development loans during the period reviewed. Given the limited opportunities in the assessment area, the level of lending is adequate. Additionally, the bank made fourteen Small Business Administration (SBA) loans that were not previously considered under the lending test.
- Qualified investments consist of donations and were considered to be at an adequate level.
- Services include a sufficient level of banking services and a strong involvement in community organizations.

The bank's assessment area has been adversely affected by the economy, although slightly improved from the last examination, unemployment remains above the national average for the majority of the assessment area. Small business lending opportunities are still not at a demand level that Franklin would strategically desire. However, given these circumstances, the bank did originate \$1.7 million in community development loans. This is a significant amount for an institution this size, particularly given the needs and opportunities in the community. The bank was considered to provide an adequate level of community development loans in its assessment area.

## Investments

Franklin's record of helping to meet the credit needs of its assessment area(s) through its use of qualified investments<sup>4</sup> that benefit the assessment area or a broader statewide or regional area that includes the institution's assessment area was considered. The following criteria were evaluated: (1) the dollar amount of qualified investments; (2) the responsiveness of qualified investments to credit and community development needs; and (3) the degree to which the qualified investments are not routinely provided by private investors.

### Qualified Investment

In 2010, Franklin invested in a \$500,000 bond and shares the yield earned in 2012 and 2013 (\$12,656) with a non-profit community development foundation that provides affordable housing, safety, and crime prevention for low-and moderate-income seniors.

### Grants and Donations

Franklin Savings Bank plays an active role in supporting numerous economic, educational, civic, and social organizations in its assessment area. The bank made a significant amount of charitable grants to several community organizations through direct contributions from the bank or from its Community Development Fund. During the period under review, the bank made \$368,500 in grants and donations. From this total, \$265,183 was for purposes considered to be primarily community development in nature. This is both a large total of contributions for a bank this size, and a significant amount of qualified contributions. The following are examples of recipients who provide services to the community and the economically disadvantaged (low- and moderate-income people, the elderly, and children): Greater Franklin Economic Development Corporation, River Valley Growth Council, Somerset Economic Development Corporation, Community Concepts, Jobs for Maine Graduates Inc., and Good Shepherd Food Bank.

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<sup>4</sup> **Qualified investment:** A qualified investment is defined as any lawful investment, deposit, membership share, or grant that has as its primary purpose community development.