INTERMEDIATE SMALL BANK

PUBLIC DISCLOSURE

February 24, 2014

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Franklin Federal Savings Bank
Charter Number 702386

4501 Cox Road
Glen Allen, Virginia 23060-3381

Office of the Comptroller of the Currency
Roanoke Field Office
4419 Pheasant Ridge Road
Suite 300
Roanoke, Virginia 24014

NOTE: This document is an evaluation of this institutions 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.

INSTITUTIONS CRA RATING: This institution is rated Satisfactory.

The Lending Test is rated: Outstanding.
The Community Development Test is rated: Satisfactory.

Summarize the major factors supporting the institutions rating.

- The bank's loan-to-deposit ratio is reasonable.
- A majority of the number of loans was made within the bank's assessment areas (AAs).
- The distribution of borrowers, given the demographics of the AAs, reflects an overall excellent dispersion and good performance.
- The geographic distribution of loans reflects excellent penetration throughout the AAs.
- The bank demonstrates adequate responsiveness to community development needs.
- The bank has had no consumer complaints regarding its community reinvestment act performance.

SCOPE OF EXAMINATION

Franklin Federal Savings Bank (Franklin FSB) was evaluated under the Intermediate Small Bank examination procedures, which include a lending and community development (CD) test. The lending test evaluates the institution's record of meeting the credit needs of its AAs through its lending activities. The CD test evaluates the institutions responsiveness to CD needs in its AAs through CD qualified loans, services, and investments. The evaluation period under the Lending Test covers the institutions performance from January 1, 2011 through December 31, 2013. The evaluation period for the community development test is February 23, 2011 through February 24, 2014.

For purposes of this evaluation, we considered residential mortgage loans as the primary loan product, based on the institution's business strategy and total loan originations by loan product during the evaluation period. Franklin FSB originated 259 mortgage loans during the evaluation period. We excluded business loans, small loans to farms, and multi-family loans because Franklin FSB made a minimal number of these loans.

Our analysis for the lending test included Home Mortgage Disclosure Act (HMDA) reported mortgage loans for the period of January 1, 2012 through December 31, 2013. We determined that this period was representative of Franklin FSBs lending activity during the evaluation period, using comparative demographic data from the 2010 U.S. Census.

DESCRIPTION OF INSTITUTION

Franklin Federal is a federally chartered, stock savings and loan association with total assets over $1 billion as of December 31, 2013. The bank's parent company is Franklin Financial Corporation, which completed a mutual-to-stock conversion in 2011 and began trading on the NASDAQ Global Market under the symbol "FRNK".

The bank conducts business from its headquarters located in Glen Allen (Richmond), Virginia and seven branch offices located throughout the Richmond metropolitan area. Franklin Federal's branch network consists of four offices in the city of Richmond, two offices in Henrico County, one office in Hanover County, and one office in Chesterfield County, Virginia. No branches were opened and no branches were closed during the review period.

Franklin Federal makes a variety of real estate loans including one-to-four family mortgage loans, construction loans and loans on commercial properties in the Richmond, VA Metropolitan Statistical Area (MSA). The bank does not offer any type of consumer loan product. The bank is distinct in that it only offers money market checking accounts and does not have any automated teller machines (ATMs). The bank's deposit base consists of passbook savings, money market checking, and certificates of deposit. The bank ranked seventh in deposit market share within the AA at June 30, 2013, with 0.93 percent of the total deposits, which is down slightly from 1.15 percent at the prior evaluation.

As of December 31, 2013, Franklin FSB had total assets of approximately $1 billion and a total loan portfolio of approximately $547 million. Cash and investments comprise the bulk of the remaining total assets. Since the prior evaluation, assets increased $85 million, or 8.85 percent, while loan balances increased by approximately $62 million. Table 1 shows the dollar amount, percentage to total loans, and percentage to total assets of each loan category.

Table 1 Loan Portfolio			
Loan Category	**Amount ($000s)**	**Percent of Total Loans**	**Percent of Total Assets**
Residential Real Estate Mortgage	$198,741	36.34%	19.02%
Commercial Real Estate Loans to Small Businesses	11,910	2.18%	1.14%
Other – Commercial Real Estate	245,093	44.82%	23.46%
Construction & Land Development	80,119	14.65%	7.67%
Commercial & Industrial	10,980	2.01%	1.05%
Total	$546,843	100.0%	52.34%

*Schedule RC-C Part 1 - Loans and Leases as reported in the Consolidated Reports of Condition and Income as of December 31, 2013.

DESCRIPTION OF ASSESSMENT AREA

Table 2. Demographic Information for Chesterfield, Hanover and Henrico Counties and Richmond City Virginia within Richmond VA MSA (Franklin FSB AA)						
Demographic Characteristics	**#**	**Low % of #**	**Moderate % of #**	**Middle % of #**	**Upper % of #**	**NA* % of #**
Geographies (Census Tracts/BNAs)	224	9.82	22.32	32.14	35.27	0.45
Population by Geography	927,248	7.96	19.76	32.68	39.61	0.00
Owner-Occupied Housing by Geography	237,404	3.79	14.55	35.23	46.43	0.00
Business by Geography	99,260	5.09	18.91	32.17	43.73	0.10
Farms by Geography	2,038	2.65	12.95	34.99	49.41	0.00
Family Distribution by Income Level	231,138	19.63	16.97	20.63	42.78	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	84,581	15.23	29.97	34.07	20.73	0.00
Median Family Income 2013 HUD Adjusted Median Family Income Households Below Poverty Level		$71,292 $73,900 10%	Median Housing Value		$241,467	

(*) The NA category consists of geographies that have not been assigned an income classification.
Source: 2010 U.S. Census and 2013 HUD updated MFI

Franklin FSBs AA includes Chesterfield, Hanover, and Henrico Counties, in the entirety, and the independent city of Richmond in Virginia. The bank's AA is included in the Richmond MSA. The assessment area is comprised of 224 census tracts according to the 2010 census. The assessment area meets the requirements of the regulation and does not arbitrarily exclude low- and moderate-income census tracts. Demographic data on the AA is included in Table 2 above.

Chesterfield County is a commuter town for Richmond. Much of the northern portion of the county accounts for what is referred to as Metropolitan Richmond's "South Side". As of the 2010 census, the population was 316,236, making it the third-most populous county in Virginia (behind Fairfax County and Prince William County, respectively). According to the Bureau of Labor Statistics, unemployment in the AA in December 2013 was 4.7 percent for Chesterfield County. The county unemployment rate is below the state average for Virginia of 5.2 percent and significantly below the national average of 6.7 percent for that month.

Chesterfield County's economy is largely industrial based. Forty-one international companies have operations in the county. Some of these companies include Amazon.com, Capital One, Honeywell International, and Sabra Dipping Co., which located with the help of Chesterfield Economic Development and the Greater Richmond Partnership, regional economic development organizations.

Hanover County at its closest point is only 5 miles from the current city limits of Richmond. As of the 2010 census, the population was 99,863. According to the Bureau of Labor Statistics, unemployment in December 2013 was 4.4 percent for Hanover County. The county unemployment rate is below the state average for Virginia of 5.2 percent and significantly below the national average of 6.7 percent for that month.

Hanover County has the lowest real estate property tax rate in the Richmond Region, which makes for a competitive business location. Some of the major job creators that have taken advantage of the tax rate include Bass Pro Shops, FedEx Ground and The Vitamin Shoppe. These businesses located with the help of Hanover County Economic Development and the Greater Richmond Partnership, regional economic development organizations.

Henrico County borders the city of Richmond on the west, north, and east, and constitutes approximately a third of the Richmond metropolitan area. As of the 2010 census, the population was 306,935. According to the Bureau of Labor Statistics, unemployment in December 2013 was 4.6 percent for Henrico County. The county unemployment rate is below the state average for Virginia of 5.2 percent and significantly below the national average of 6.7 percent for that month.

Henrico County is one of only two counties in Virginia that maintains its own roads, the other being Arlington County. This special status was due to the existence of county highway departments prior to the creation of the state agency that is now VDOT in 1927, and the assumption of local roads in most counties by that agency in 1932. The control of the roads system is considered a powerful advantage for community urban planners, who can require developers to contribute to funding for road needs serving the planners' projects.

The incorporated city of Richmond was officially part of Henrico County until a state constitutional change in 1871 made all incorporated cities in Virginia independent cities. As of the 2010 census, the population was 204,214. According to the Bureau of Labor Statistics, unemployment in the AA in December 2013 was 7.0 percent for the City of Richmond. The city's unemployment rate is well above the state average and slightly above the national average.

The Richmond area has a strong and diverse manufacturing base that has helped the community remain resilient during economic recessions. Other factors that have contributed to this economic stability include the concentration of federal and state agencies, the headquarters of major corporations and bank-holding companies, numerous health facilities, and the concentration of educational institutions in the area. Services and government together account for more than half of all jobs in Richmond.

Information technology and major semiconductor manufacturing firms have been attracted to Richmond throughout the past seven to ten years. The increase in semiconductor firms in the area has made the city a central point of the East Coast's

Silicon Dominion. Cutting edge technology makes Richmond a hub for innovation and entrepreneurship. The Virginia Bio-technology Research Park, located in the heart of the East Coast's pharmaceutical and biotechnology corridor, supports research and development in drug development, medical diagnostics, biomedical engineering, forensics and environmental analysis. Located on 20 acres next to Virginia Commonwealth University's (VCU) Medical College of Virginia, the facility is home to about 45 biotechnology, bioscience and other related companies and research institutions.

Richmond, as headquarters of the Fifth Federal Reserve District, is a financial nerve center for an industrially strong and diverse region that consists of Maryland, Virginia, West Virginia, North Carolina, South Carolina, and the District of Columbia. Banking has always been a significant employment factor in the Richmond area, and liberalization of branch banking laws has increased the centralization of headquarters activity in the Richmond area by many of the state's large and regionally oriented banks.

Insurance is also a strong, steady growth industry in the Richmond area. Richmond is headquarters for GE Financial Assurance (a unit of GE Capital Services), Anthem, Inc., Markel Corp., and LandAmerica Financial Group, as well as diversified financial service companies.

Richmond has become a major East Coast distribution center and customer service center with the arrival of firms like Hewlett Packard, Owens & Minor, Mazda, and Time-Life.

Other major companies with substantial capital investment in plants and operations in the Richmond area are DuPont, Allied Corporation, Kraft Foods, McKesson Corp., Alcoa, and Smurfit-Stone Containers. Five Fortune 500 companies are headquartered in the region, including CSX, Dominion Resources, Circuit City Stores, Performance Food Group, and Pittston Company.

There are no legal, financial or other factors impeding Franklin FSB's ability to help meet the credit needs in its AAs. Franklin FSB received a "Satisfactory" rating on its February 23, 2011 CRA Performance Evaluation.

COMMUNITY CONTACT

We contacted a private, non-profit organization located in Richmond, Virginia created specifically to present opportunities for low- and moderate-income families preparing to purchase affordable homes and to strengthen communities in Richmond and other communities in Virginia. The contact for the organization provided insight into community credit needs and how financial institutions were meeting those needs. The contact discussed the need for low-cost affordable housing in the Richmond area and the organization's efforts to work with financial institutions in the market area to address this need. The contact stated that the local financial institutions were satisfactory with their degree of involvement. The contact informed us that Franklin Federal Savings Bank donated an OREO property to the organization for use in building affordable housing.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

LENDING TEST

Franklin FSB's performance under the lending test in the AA is rated "Outstanding". The bank's geographic distribution reflects excellent distribution throughout census tracts of different income levels, and the banks borrower distribution reflects excellent penetration among borrowers of different incomes.

For purposes of this evaluation, we considered residential mortgage loans as the primary loan product, based on the institution's business strategy and total loan originations by loan product during the evaluation period. We generated a Standard Summary Report, which indicated a total of 259 mortgage loans were originated during the evaluation period.

LOAN-TO-DEPOSIT RATIO

Franklin FSB's quarterly average net loan-to-deposit (LTD) ratio is reasonable given the institutions size, financial condition, and credit needs of the AAs. The institution's LTD ratio meets the standards for satisfactory performance. The bank's quarterly average loan-to-deposit ratio for the twelve consecutive quarters since the previous CRA Evaluation (January 1, 2011 to December 31, 2013) is 70.77 percent. The bank's quarterly LTD ratios ranged from a quarterly high of 80.23 percent at December 31, 2013 to a quarterly low of 53.14 percent at March 31, 2011. External factors beyond the control of management, such as the condition of the local economy and lack of loan demand factored into the bank's LTD ratio fluctuations during the time period.

The main competitors in the bank's AA are Capital One Bank (USA), N.A., Bank of America, N.A., Wells Fargo Bank, N.A., Sun Trust Bank, Branch Banking and Trust (BB&T) Company, and Union First Market Bank. These banks have 94.84 percent of the deposit market share in this AA. These competitors have 189 offices in the AA, have substantially greater resources and lending limits, and offer deposit and loan products and banking services that Franklin FSB does not currently provide.

Bank management identified the following banks as primary competitors for deposits: Union First Market Bank, Village Bank, First Capital Bank, Xenith Bank, and Bank of Virginia. The Average Quarterly LTD for these five banks was 77.39 percent for the same time period. These banks are local institutions with the majority of their bank offices in the Richmond MSA and have comparable asset size. FFSB's average quarterly LTD for the evaluation period is satisfactory given the size and complexity of the bank.

LENDING IN ASSESSMENT AREA

A majority of the home mortgage loans originated during the evaluation period were within the AA. Franklin FSB meets the standard for satisfactory performance for lending in its AA.

Lending in the assessment area is considered reasonable with a majority of loans originated within the AAs. Cumulatively, 66.02 percent by number and 48.33 percent by dollar volume were extended inside the institution's AAs. The distribution of loans inside the AAs indicates that the institution is serving the credit needs of its AAs. Table 3 provides a summary of the lending activity during the evaluation period.

Table 3- Lending in Franklin FSB AA										
	Number of Loans					Dollars of Loans ($000s)				
Loan Type	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%	#	$	%	$	%	$
Home Purchase	62	50.8	60	49.2	122	6,841	19.8	27,621	80.2	34,462
Home Refinance	98	77.8	28	22.2	126	49,425	59.6	33,530	40.4	82,955
Home Improvement	11	100.0	0	0	11	928	100.0	0	0	928
Totals	171	66.0	88	34	259	57,194	48.0	61,151	52	118,345

Source: Data reported in HMDA reports from January 1, 2012 – December 31, 2013.

LENDING TO BORROWERS OF DIFFERENT INCOMES

Franklin FSB exceeds the standard for satisfactory performance during the evaluation period for the distribution of home mortgage loans to borrowers of different income levels in the AA. Tables 4 and 5 illustrate loan originations, categorized by loan type and borrower income level, during the review period. Table 4 compares the percentage of bank loans made by borrower income category to the 2012 aggregate industry percentage of loans originated by borrower income category in the AA area during the evaluation period. The 2013 aggregate industry data has not been released.

The institution's percentage of home purchase loans made in low-income geographies exceeds the percentage of home purchase loans made in low-income geographies by the HMDA aggregate peer lenders. The percentage of home purchase loans made in moderate-income geographies exceeds the percentage of home purchase loans made in moderate-income geographies by the aggregate peer lenders.

The institution's percentage of home mortgage refinance loans made in low-income geographies is below the percentage of home mortgage refinance loans made in low-income geographies by the HMDA aggregate peer lenders. The percentage of home mortgage refinance loans made in moderate-income geographies exceeds the percentage of home purchase loans made in low-income geographies by the aggregate peer lenders.

The institution's percentage of home-improvement loans made in low-income geographies exceeds the percentage of home purchase loans made in low-income geographies by the HMDA aggregate peer lenders. The percentage of home improvement loans made in moderate-income geographies exceeds the percentage of home improvement loans made in moderate-income geographies by the aggregate peer lenders.

Table 4 – Borrower Distribution of HMDA-Reportable Loans in AA (compared to aggregate industry HMDA data)								
Borrower Income Level	**Low**		**Moderate**		**Middle**		**Upper**	
Loan Type	% HMDA Aggregate Lending Data	% of Number of Loans	% HMDA Aggregate Lending Data	% of Number of Loans	% HMDA Aggregate Lending Data	% of Number of Loans	% HMDA Aggregate Lending Data	% of Number of Loans
Home Purchase	14.30	40.00	26.36	33.33	23.23	6.67	36.10	20.00
Home Refinance	6.86	6.67	18.35	30.00	24.08	23.33	50.72	40.00
Home Improvement	12.47	37.50	24.42	37.50	28.08	0.00	35.03	25.00

Source: Aggregate HMDA data; Bank HMDA data

Table 5 compares the percentage of bank loans made by borrower income category to the percentage of families in the AA having the respective income designation.

The institution's percentage of home purchase loans made in low-income geographies exceeds the percentage of families in low-income geographies in the AA. The percentage of home purchase loans made in moderate-income geographies exceeds the percentage of families in moderate-income geographies in the AA.

The institution's percentage of home mortgage refinance loans made in low-income geographies is well below the percentage of families in low-income geographies in the AA. The percentage of home mortgage refinance loans made in moderate-income geographies exceeds the percentage of home purchase loans made in low-income geographies in the AA.

The institution's percentage of home-improvement loans made in low-income geographies exceeds the percentage of families in low-income geographies in the AA. The percentage of home improvement loans made in moderate-income geographies exceeds the percentage of families in moderate-income geographies in the AA.

Table 5- Borrower Distribution of HMDA-Reportable Loans in AA (compared to family distribution in AA)								
Borrower Income Level	**Low**		**Moderate**		**Middle**		**Upper**	
Loan Type	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans
Home Purchase	19.63	40.00	16.97	33.33	20.63	6.67	42.78	20.00
Home Refinance	19.63	6.67	16.97	30.00	20.63	23.33	42.78	40.00
Home Improvement	19.63	37.50	16.97	37.50	20.63	0.00	42.78	25.00

Source: 2010 U.S. Census data; Bank HMDA data;

FLEXIBLE LENDING PROGRAMS

Franklin Federal participates in or offers loan programs that are considered innovative or flexible and tend to benefit low- and moderate-income borrowers. These are discussed below.

FEDERAL HOME LOAN BANK OR ATLANTA FIRST-TIME HOMEBUYER PROGRAM (FHLB FHP)

Franklin Federal actively participates in the Federal Home Loan Bank of Atlanta's First-Time Homebuyer Program (FHP). During the evaluation period, the bank accessed FHP grants totaling $20,000 for three borrowers, originating $377 thousand in related loans and all were HMDA reportable.

Over the review period, the program provided down payment assistance for low- and moderate-income applicants, matching each dollar contributed by the homeowner five-for-one ranging from a maximum of $10,000 to a low of $7,500. Each grant must be monitored for a period of five years and requires a significant amount of paperwork at application and subsequent to closing. Additional time is required by loan officers, processors, and closers to ensure the FHLBA's required paperwork is completed and submitted in a timely manner. The FHP funds are available to low-and-moderate income first-time homebuyers located within the Commonwealth of Virginia.

GEOGRAPHIC DISTRIBUTION OF LOANS

Franklin FSB exceeds the standard for satisfactory performance during the evaluation period for the distribution of home mortgage loans to census tracts of different income levels in the AA.

Tables 6 and 7 illustrate loan originations during the evaluation period categorized by loan type and census tract income designation. Table 6 compares the percentage of bank loans made in the AA to the 2012 aggregate industry percentage of loans made in each census tract designation. The 2013 aggregate industry data has not been released.

The institution's percentage of home purchase loans made in low-income geographies exceeds the percentage of home purchase loans made in low-income geographies by the aggregate peer lenders. The percentage of home purchase loans made in moderate-income geographies exceeds the percentage of home purchase loans made in low-income geographies by the aggregate peer lenders.

The institution's percentage of home mortgage refinance loans made in low-income geographies is below the percentage of home purchase loans made in low-income geographies by the aggregate peer lenders. The percentage of home mortgage refinance loans made in moderate-income geographies is below the percentage of home purchase loans made in low-income geographies by the aggregate peer lenders.

The institution's percentage of home-improvement loans made in low-income geographies exceeds the percentage of home purchase loans made in low-income geographies by the aggregate peer lenders. The percentage of home improvement loans made in moderate-income geographies is below the percentage of home purchase loans made in low-income geographies by the aggregate peer lenders.

Table 6 – Geographic Distribution of HMDA-Reportable Loans (compared to aggregate lending data)

Census Tract Income Level	**Low**		**Moderate**		**Middle**		**Upper**	
Loan type	% Aggregate HMDA Lending Data	% of Number of Loans	% Aggregate HMDA Lending Data	% of Number of Loans	% Aggregate HMDA Lending Data	% of Number of Loans	% Aggregate HMDA Lending Data	% of Number of Loans
Home Purchase	2.12	13.64	12.64	31.82	33.19	36.36	52.05	18.18
Home Mortgage Refinance	1.42	0.00	8.78	5.13	29.08	33.33	60.73	61.54
Home Improvement	3.83	25.00	15.11	12.50	37.23	12.50	43.83	50.00

Source: Aggregate HMDA data; Bank HMDA data

Table 7 compares the percentage of bank loans made to the percentage of owner-occupied units in each census tract designation.

The institution's percentage of home purchase loans made in low-income geographies exceeds the percentage of owner occupied housing units in low-income census tracts. The percentage of home purchase loans made in moderate-income geographies exceeds the percentage of owner occupied housing units in moderate-income census tracts.

The institution's percentage of home mortgage refinance loans made in low-income geographies is below the percentage owner occupied housing units in low-income census tracts. The percentage of home mortgage refinance loans made in moderate-income geographies is below the percentage owner occupied housing units in moderate-income census tracts.

The institution's percentage of home-improvement loans made in low-income geographies exceeds the percentage of owner occupied housing units in low-income census tracts. The percentage of home improvement loans made in moderate-income geographies is below the percentage of owner occupied housing units in moderate-income census tracts.

Table 7 – Geographic Distribution of HMDA-Reportable Loans (compared to owner-occupied unit distribution)

Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan type	% Owner occupied units	% of Number of Loans	% Owner occupied units	% of Number of Loans	% Owner occupied units	% of Number of Loans	% Owner occupied units	% of Number of Loans
Home Purchase	3.79	13.64	14.55	31.82	35.23	36.36	46.43	18.18
Home Improvement	3.79	25.00	14.55	12.50	35.23	12.50	46.43	50.00
Home Mortgage Refinance	3.79	0.00	14.55	5.13	35.23	33.33	46.43	61.54

Source: 2010 U.S. Census data; Bank HMDA data

RESPONSES TO COMPLAINTS

Franklin FSB did not receive any complaints regarding its CRA performance during this review period. This has a neutral impact on the overall CRA rating.

COMMUNITY DEVELOPMENT TEST

Franklin FSB demonstrated a satisfactory level of responsiveness in providing community development loans, investments, and services within the AA.

Community development refers to affordable housing, community services targeted to low- and moderate-income individuals, activities that revitalize or stabilize low- or moderate-income geographies, and activities that promote economic development by financing businesses that meet size eligibility standards.

NUMBER AND AMOUNT OF COMMUNITY DEVELOPMENT LOANS

During the evaluation period, the bank refinanced two community development loans in its AA totaling $3.2 million. Proceeds from these loans were used to promote economic development through job retention in low- and moderate-income areas. Additionally during the evaluation period, the bank refinanced eight community development loans in its AA totaling $34.8 million. The proceeds from these loans were used to finance affordable housing in the AA.

NUMBER AND AMOUNT OF QUALIFIED INVESTMENTS

Security Investments

VIRGINIA COMMUNITY DEVELOPMENT CORPORATION (VCDC)

VCDC was formed in 1990 to serve as an intermediary in the promotion, financing, development and operation of safe, decent, affordable housing for the residents of Virginia. The organization's mission is to serve as a leader in the development of innovative affordable housing and revitalization of Virginia's communities. In order to accomplish this mission, the Housing Equity Funds of Virginia were organized. Through VCDC's funds, corporations make financial investments in affordable housing and historic renovations. In exchange for their participation, investors receive after-tax return from tax credits, which are allocated to projects through the Federal Low Income Housing Tax Credit Program and the Federal and State Historic Tax Credit Programs. Since inception, the organization has launched 14 tax-credit equity funds and assisted in the development of nearly 100 properties throughout Virginia.

The bank made investments in the prior review period of $6.7 million in six funds sponsored by Virginia Community Development Corporation and the net balance remaining is $1 million. The bank's commitment to make these investments serves as collateral for VCDC's borrowings under its line-of-credit while it is creating these projects and serves to payoff the borrowings under the line of-credit once the projects are completed. The proceeds of these funds serve to create housing and other necessary facilities that serve the needs of the low- and moderate-income residents of the Commonwealth of Virginia, including those areas included in Franklin FSB's assessment area.

Donations and Grants

During the review period, Franklin FSB made additional contributions totaling approximately $1.6 million to 21 organizations that promote housing and community development, primarily for low-and moderate-income areas and/or to low-and moderate-income individuals within the assessment area. Below is information on five of these organizations.

HomeAgain- $15,000

Established in 1980, HomeAgain provides emergency shelter and transitional housing for Richmond's men, women, children and veterans who have no place to live. HomeAgain also connects clients to community resources and assists them in developing the skills necessary to obtain and maintain permanent housing.

Virginia Supportive Housing - $15,100

Virginia Supportive Housing (VSH) is a nonprofit homeless services provider and community development corporation whose mission is to provide permanent housing and comprehensive support services to very low-income individuals and families who are homeless and/or who have disabilities in order to initiate and promote their transition from homelessness to productivity and independence.

Good Samaritan Ministries- $40,650

Founded in 1987, Good Samaritan Ministries is a multi-faceted ministry, which includes a year long rehab/discipleship program, an inner-city Christian school for low-income families, holiday assistance for needy families and residential housing for program graduates and those in the community who are seeking a safe, drug-free place to raise their families.

Better Housing Coalition - $22,000

Founded in 1988, Better Housing Coalition (Coalition) operates as a private, non-profit 501 (c)(3) organization. Their mission is to change lives and transform communities through high quality, affordable housing. To achieve this, the Coalition forms creative partnerships with public agencies, businesses and other community-based organizations as well as grassroots neighborhood leadership.

Feed More, Inc. - $15,275

An umbrella organization for Central VA Food Bank, and Meals on Wheels serving Central VA and Community Kitchen to increase feeding capacity and meal quality. This organization focuses on childhood hunger, feeding families, and Senior hunger.

EXTENT TO WHICH THE BANK PROVIDES COMMUNITY DEVELOPMENT SERVICES

The employees and officers of the Franklin FSB provided services and support to qualified community development organizations over the evaluation period. The majority of the community development services benefitted the Franklin FSB AA.

The bank's officers provide ongoing technical assistance to community service organizations or participate in other community development activities, as follows:

- Franklin FSB has committed to teaching children about financial literacy through its "Making Money Count" program that teaches second grade students responsible decisions about spending and saving. The one-hour "edutainment" lesson is written specifically for the 2nd grade classroom and incorporates many 1st and 2nd grade Standard of Learning (SOL) objectives; including economics, literature, math, and art. To date, over 29,000 students in 42 schools were taught lessons on saving, spending and sharing". Twenty-eight of the schools are in low-and moderate census tracts, which equates to 66.7 percent of schools visited in low-ando moderate census tracts. Over $100 thousand has been invested in supplies and part-time teachers' salaries for this program.

- Franklin FSB's Senior Loan Officer serves on the Board of Directors of The Partnership of Housing Affordability. This organization, which consists of non-profits such as LISK, HOME and VHDA, as well as bankers, meets quarterly to promote housing affordability.

- Franklin FSB was a financial title sponsor for Affordable Housing Awareness Week", which served to educate Richmond residents about the multi-faceted, regional challenge of ensuring that all Richmond citizens have access to safe, decent, affordable housing, and also to provide individuals with various opportunities to help meet this challenge.

RESPONSIVENESS TO COMMUNITY DEVELOPMENT NEEDS

The banks community development activities demonstrate adequate responsiveness to the community development needs of its AAs. This takes into consideration the banks capacity, the need and the availability of such opportunities for community development in the bank's AAs. We did not identify any un-met community development needs during the evaluation period.

Fair Lending or Other Illegal Credit Practices Review

Pursuant to 12 C.F.R. 25.28(c), or 12 C.F.R. 195.28(c), in determining a national bank's (bank) or Federal savings association's (FSA) CRA rating, respectively, the OCC considers evidence of discriminatory or other illegal credit practices in any geography by the bank or FSA, or in any assessment area by an affiliate whose loans have been considered as part of the bank's or FSA's lending performance.

We found no evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs.