NEW YORK STATE BANKING DEPARTMENT
CONSUMER SERVICES DIVISION

One State Street
New York, NY 10004

PUBLIC SUMMARY

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Date of Evaluation: December 31, 2004

Institution: First Central Savings Bank
70 Glen Street
Glen Cove, NY 11542

Note: **This evaluation is not an assessment of the financial condition of this institution. The rating assigned does not represent an analysis, conclusion or opinion of the New York State Banking Department concerning the safety and soundness of this financial institution.**

TABLE OF CONTENTS

GENERAL INFORMATION

This document is an evaluation of the Community Reinvestment Act ("CRA") performance of First Central Savings Bank ("FCSB") prepared by the New York State Banking Department. The evaluation represents the Banking Department's current assessment and rating of the institution's CRA performance based on an evaluation conducted as of December 31, 2004.

Section 28-b of the New York State Banking Law, as amended, requires that, when evaluating certain applications, the Superintendent of Banks shall assess a banking institution's record of helping to meet the credit needs of its entire community, including low- and moderate-income ("LMI") areas, consistent with safe and sound operations.

Part 76 of the General Regulations of the Banking Board implements Section 28-b and further requires the Banking Department to assess the CRA performance records of regulated financial institutions. Part 76 establishes the framework and criteria by which the Department will evaluate an institution's performance. Section 76.5 further provides that the Banking Department will prepare a written report summarizing the results of such assessment and will assign to each institution a numerical CRA rating based on a 1 to 4 scoring system. The numerical scores represent an assessment of CRA performance as follows:

(1) Outstanding record of meeting community credit needs;

(2) Satisfactory record of meeting community credit needs;

(3) Needs to improve record of meeting community credit needs; and

(4) Substantial noncompliance in meeting community credit needs.

Section 76.5 further requires that the CRA rating and the written summary ("evaluation") be made available to the public. Evaluations of small banking institutions are primarily based on a review of performance tests and standards described in Section 76.7 and detailed in Section 76.12. These tests and standards incorporate the 12 assessment factors contained in Section 28-b of the New York State Banking Law.

For an explanation of technical terms used in this report, please consult the **GLOSSARY** at the back of this document.

OVERVIEW OF INSTITUTION'S PERFORMANCE

First Central Savings Bank ("FCSB") is rated "2," indicating a satisfactory record of helping to meet community credit needs. This rating is based on the following factors:

- ***Loan-to-Deposit ("LTD") Ratio:*** FCSB's LTD ratio is reasonable in light of the bank's size, financial condition and the credit needs of its assessment area. The bank's average LTD ratio was 82.6% over the eight consecutive calendar quarters ending December 31, 2004.

- ***Assessment Area Concentration****:* FCSB extended a majority (84.2%) of its HMDA-reportable and small business loans within the assessment area. Since the previous examination period, the bank's assessment area concentration ratios for HMDA-reportable and small business loans have improved.

- ***Geographic Distribution of Loans****:* FCSB's geographic distribution of loans reflects a reasonable dispersion among census tracts of different income levels. The bank's LMI penetration rate of 62.8% for HMDA-reportable loans outperformed the market aggregate's penetration ratio of 56.4%. For small business loans, FCSB achieved an LMI penetration ratio of 42.9%, again exceeding the market aggregate's performance.

- ***Distribution by Borrower Characteristics****:* FCSB's lending distribution in the assessment area reflects reasonable penetration among businesses of different revenue sizes. Slightly more than half (51.7%) of the bank's small business loans were extended to companies with gross annual revenues of $1 million or less. By comparison, the market aggregate originated only 39.6% of its small business loans to companies grossing $1 million or less.

  During the evaluation period, most of FCSB's HMDA-reportable loans were made to finance multi-family properties. Since income data for such transactions is not reportable under HMDA, this evaluation does not include an analysis of FCSB's dispersion of HMDA-reportable loans among borrowers of different income levels.

Neither FCSB nor the New York State Banking Department received any complaints with respect to the bank's CRA performance during the evaluation period.

This evaluation is based on a review of the 12 assessment factors set forth in Section 28-b of the New York State Banking Law and Part 76 of the General Regulations of the Banking Board.

PERFORMANCE CONTEXT

Institution Profile

First Central Savings Bank received its charter from the New York State Banking on March 1, 1999, and commenced operations approximately one month later. The bank was established as a stockholder-owned savings institution that offers traditional community-oriented financial products and services to local residents and businesses.

In March 2005, the bank received approval from the New York State Banking Department to increase its capital stock from $5.0 million to $6.8 million. This increase facilitated and supported FCSB's asset growth and branch expansion.

On its year-end Call Report for 2004, FCSB reported total assets of $215.2 million, including $176.8 million in net loans and lease finance receivables. As of the same report date, FCSB reported total deposits of $192.2 million, resulting in a loan-to-deposit ratio of 92.0%.

According to the Federal Deposit Insurance Corporation's annual Summary of Deposits for 2004, FCSB held a market share of 0.4%, or $167.0 million out of $419.2 billion in deposits, inside its assessment area.[1] This market share gave FCSB a rank of 65th among 110 deposit-taking institutions within its assessment area.

The following table summarizes FSCB's loan portfolio based on Schedule RC-C of the bank's year-end Call Reports for calendar years 2002 through 2004:

TOTAL LOANS OUTSTANDING						
LOAN TYPE	12/31/2002		12/31/2003		12/31/2004	
	$000	%	$000	%	$000	%
1-4 Residential Mortgage Loans	4,133	5.5	10,772	9.6	36,244	20.3
Commercial & Industrial Loans	5,153	6.9	5,758	5.1	8,453	4.7
Commercial Mortgage Loans	32,145	43.1	53,344	47.4	84,735	47.5
Multifamily Mortgages	31,210	41.9	37,365	33.2	39,210	22.0
Consumer Loans	54	0.1	215	0.2	2,590	1.5
Construction Loans	1,653	2.2	4,770	4.2	7,000	3.9
Other Loans	151	0.2	245	0.2	255	0.1
Total	**74,499**	**100.0**	**112,469**	**100.0**	**178,487**	**100.0**

As illustrated in the table above, FCSB is primarily a commercial mortgage lender, with 47.5% of its loan portfolio in commercial mortgages as the end of 2004. As of the same time frame, one- to four-family residential mortgage loans accounted for 20.3% of the bank's portfolio; however, these loans were underwritten and brokered by Meridian Services, Incorporated. Based on FCSB's agreement with Meridian, the bank holds these brokered loans for 90 days and then sells them back to Meridian.

[1] The FDIC bases its Summary of Deposits on data collected annually as of June 30th.

FCSB operates in a highly-competitive lending and deposit market. Competitors with a presence inside the assessment area include: JPMorgan Chase, Bank of America, HSBC, Washington Mutual, Independence Community Bank, and Astoria Federal Savings. Most of these institutions are larger than FCSB and have the ability to compete aggressively for loans with lower rates and longer terms. As a result, FCSB focuses on multi-family loans.

As of the evaluation date, FCSB operated branches in the communities of Astoria, Whitestone and Ridgewood in Queens. To provide additional accessibility to its retail banking services, FCSB offers automated teller machines at each branch.

FCSB's prior Performance Evaluation, conducted by the New York State Banking Department as of December 31, 2002, resulted in a rating of "2." This rating reflected the bank's satisfactory record of helping to meet the credit needs of its assessment area. There are no known financial or legal impediments affecting the bank's ability to meet the credit needs of its community.

Assessment Area

FCSB's assessment area comprises Bronx, Kings, New York and Queens Counties. Taken together, these counties contain 2,107 census tracts. During the evaluation period, the distribution of census tracts by geographic income level changed as a result of revisions made in 2004 by the U.S. Office of Management and Budget; however, the total number of census tracts within the assessment area did not change.

Distribution of Assessment Area Census Tracts by Income Level (Reflects 2004 OMB Revisions)							
County	**Zero**	**Low**	**Moderate**	**Middle**	**Upper**	**Total**	**LMI %**
New York	9	60	59	24	144	296	40.2
Queens	18	12	148	310	185	673	23.8
Kings	15	119	297	235	117	783	53.1
Bronx	14	132	98	65	46	355	64.8
Total	**56**	**323**	**602**	**634**	**492**	**2107**	**43.9**

The following table shows the distribution of census tracts within the assessment area prior to the OMB's revisions in 2004:

Distribution of Assessment Area Census Tracts by Income Level (As of 2003)							
County	**Zero**	**Low**	**Moderate**	**Middle**	**Upper**	**Total**	**LMI %**
New York	9	47	68	26	146	296	38.9
Queens	18	12	107	298	238	673	17.7
Kings	15	100	271	250	147	783	47.4
Bronx	14	117	99	72	53	355	60.8
Total	**56**	**276**	**545**	**646**	**584**	**2107**	**39.0**

The assessment area appears reasonable based on the bank's lending patterns and the location of its offices. There is no evidence that LMI areas have been arbitrarily excluded from the assessment area.

Unemployment Rates

According to the U.S. Bureau of Labor Statistics, New York County's average unemployment rate for 2004 was 6.2%, compared to 6.4% for Queens County, 7.7% for Kings County and 9.1% for Bronx County. New York State's average unemployment rate for 2004 was 5.8%.

Details of the Assessment Area

The charts identified below show demographic and economic data for each county within the FCSB's assessment area:

- Chart #1: Population and Income Characteristics
- Chart #2: Housing Demographics
- Chart #3: Business Demographics

CHART # 1

COUNTY	Total Population	Population over 65		Age 15 and less		Median Family Income (MFI)	HUD MSA MFI	Total Households	# of HH below poverty level		Total Families	Low income		Moderate income		Middle income		Upper income		LMI families in LMI tracts	
	#	#	%	#	%	$	$	#	#	%	#	#	%	#	%	#	%	#	%	#	%
NEW YORK	1,537,195	186,776	12.2	229,772	14.9	$49,461	$57,000	739,167	123,037	17.0	306,220	89,281	29 2	40,700	13.3	38,804	12.7	137,435	44 9	100,358	71.2
QUEENS	2,229,379	283,042	12.7	453,930	20.4	$49,461	$57,000	782,646	110,462	14.0	542,804	123,580	22 8	94,780	17.5	108,206	19.9	216,238	39 8	84,937	38.9
KINGS	2,465,326	282,658	11.5	587,575	23.8	$49,461	$57,000	881,006	211,538	24.0	588,870	211,549	35 9	103,997	17.7	99,118	16.8	174,206	29 6	233,373	74
BRONX	1,332,650	133,948	10.1	356,895	26.8	$49,461	$57,000	463,242	134,404	29.0	317,248	133,175	42 0	58,715	18.5	51,854	16.3	73,504	23 2	163,697	85.3
TOTAL A/A*	7,564,550	886,424	11.7	1,628,172	21.5	$49,461	$57,000	2,866,061	579,441	20.0	1,755,142	557,585	31 8	298,192	17.0	297,982	17.0	601,383	34 3	582,365	68.1

Table title: ***ASSESSMENT AREA POPULATION AND INCOME CHARACTERISTICS BY COUNTY***

*** Assessment Area**

CHART # 2

ASSESSMENT AREA HOUSING CHARACTERISTICS BY COUNTY																				
COUNTY	Total Housing Units	1-4 family Units		Multifamily Units		Owner-Occupied Units (O-O)		O-O Units in Low-income Tracts		O-O Units in Mod-income Tracts		O-O Units in Midd-income Tracts		O-O Units in Upp-income Tracts		Rental Units		Vacant/ Boarded-up Units	
		#	%	#	%	#	%	#	%	#	%	#	%	#	%	#	%	#	%
NEW YORK	798,144	28,178	4.0	769,392	96.0	148,695	19.0	3,881	2.6	12,773	8.6	7,108	4.8	124,933	84.0	616,053	77.0	59,500	7.0
QUEENS	817,250	494,122	60 0	322,175	39.0	334,894	41.0	1,005	0.3	43,101	12.9	162,122	48.4	128,633	38.4	462,179	57.0	34,586	4.0
KINGS	930,866	455,859	49 0	474,122	51.0	238,290	26.0	13,368	5.6	77,659	32.6	92,885	39.0	54,378	22.8	670,996	72.0	50,139	5.0
BRONX	490,659	132,650	27 0	357,495	73.0	90,522	18.0	11,370	12.5	20,802	23.0	33,285	36.8	25,066	27.7	391,918	80.0	27,447	6.0
TOTAL A/A*	3,036,919	1,110,809	37 0	1,923,184	63.0	812,401	27.0	29,653	3.7	154,356	19.0	295,389	36.4	333,003	41.0	2,141,146	71.0	171,672	6.0

*** Assessment Area**

CHART # 3

BUSINESS DEMOGRAPHICS BY COUNTY											
COUNTY AND ASSESSMENT AREA ("A/A")	Number of Businesses	Businesses with Revenues of $1 million or Less		Businesses with Revenues > $1 million.		Bussinesses With Unknown Revenues		Businesses with < 50 Employees		Businesses Operating from a Single Location	
		#	%	#	%	#	%	#	%	#	%
NEW YORK	220,439	132,311	60.0	23,072	10.5	65,056	29.5	164,325	74.5	190,968	86.6
QUEENS	103,066	67,271	65.3	5,460	5.3	30,335	29.4	75,894	73.6	95,959	93.1
KINGS	108,807	72,127	66.3	5,368	4.9	31,312	28.8	80,804	74.3	101,940	93.7
BRONX	38,751	25,391	65.5	1,865	4.8	11,495	29.7	28,775	74.3	35,601	91.9
Total A/A	**471,063**	**297,100**	**63.1**	**35,765**	**7.6**	**138,198**	**29.3**	**349,798**	**74.3**	**424,468**	**90.1**

PERFORMANCE STANDARDS AND ASSESSMENT FACTORS

FCSB's performance was evaluated according to the Small Bank Performance Criteria, which include the following: (1) Loan-to-Deposit Ratio and other Lending-Related Activities; (2) Assessment Area Concentration; (3) Geographic Distribution of Loans; (4) Distribution by Borrower Characteristics; and (5) Action Taken in Response to Written CRA-related Complaints.

The evaluation period included calendar years 2003 and 2004. Examiners considered the bank's HMDA-reportable and small business loans in evaluating factors (2), (3) and (4), as noted above. FCSB became subject to HMDA reporting in 2002. Except for a single one- to four-family residential mortgage loan, all of the bank's HMDA-reportable loans were multifamily loans. Consequently, examiners placed greater emphasis on FCSB's multi-family lending when assigning ratings.

The demographic data cited in this report were generally obtained from the 2000 U.S. Census; however, updated median family income ("MFI") figures were obtained from annual estimates prepared by the U.S. Department of Housing and Urban Development ("HUD"). As noted in the Performance Context section of this report, the U.S. Office of Management and Budget adopted certain definitional changes in 2004 that affected the distribution of census tracts by income level within the assessment area. In light of these changes, FCSB's performance during each year of the evaluation period was analyzed based on the applicable demographic data for that year.

Based on its asset size, FCSB is considered a small bank and is not required to report small business lending data that federal regulators collect annually from larger institutions. Therefore, aggregate small business data cited in this report do not include the FCSB's data and cannot be used as a basis for evaluating the bank's performance. The aggregate small business lending data cited in this report are provided solely for reference purposes.

- **Loan-to-Deposit Ratio: "Satisfactory"**

The bank's LTD ratio is reasonable considering the bank's size, financial condition and the credit needs of the assessment area.

FCSB's average LTD ratio was 82.6% over the eight consecutive calendar quarters since the prior evaluation. Based on this percentage, FCSB slightly outperformed its peer group, which posted an average ratio of 76.9% over the same time frame. It is worth noting that FCSB's LTD ratio has improved significantly since the prior evaluation period, at which time the bank posted an average LTD ratio of 63.9%.[1] As shown in the table below, except for the quarter ended December 31, 2003, FCSB's LTD ratios were consistently above those of the bank's peer group.

1 These ratios were calculated from data contained in the bank's Uniform Bank Performance Report ("UBPR") as prepared by the Federal Deposit Insurance Corporation ("FDIC").

Loan-to-Deposit Ratios									
	2003 (Q1)	2003 (Q2)	2003 (Q3)	2003 (Q4)	2004 (Q1)	2004 (Q2)	2004 (Q3)	2004 (Q4)	Average LTD
Bank	85.70	89.22	79.70	70.53	78.03	84.06	81.33	91.99	82.57
Peer	75.32	74.56	75.56	76.55	76.81	77.64	79.06	79.34	76.86

- **<u>Assessment Area Concentration</u>: "Satisfactory"**

The bank originated a majority of its HMDA-reportable and small business loans within its assessment area. During the evaluation period, FCSB originated 84.2% by number, and 71.9% by dollar volume, of its combined HMDA-reportable and small business loans within the assessment area.

Distribution of Loans Inside and Outside of the Assessment Area										
Loan Type	**Number of Loans**					**Loans in Dollars (In Thousands)**				
	Inside		**Outside**		**Total**	**Inside**		**Outside**		**Total**
	#	**%**	**#**	**%**		**$**	**%**	**$**	**%**	
HMDA										
2003	23	88.5	3	11.5	26	11,704	72.1	4,535	27.9	16,239
2004	20	76.9	6	23.1	26	18,530	71.0	7,572	29.0	26,102
Subtotal	**43**	**82.7**	**9**	**17.3**	**52**	**30,234**	**71.4**	**12,107**	**28.6**	**42,341**
Small Business										
2003	3	75.0	1	25.0	4	1,320	98.5	20	1.5	1,340
2004	18	90.0	2	10.0	20	4,125	69.5	1,810	30.5	5,935
Subtotal	**21**	**87.5**	**3**	**12.5**	**24**	**5,445**	**74.8**	**1,830**	**25.2**	**7,275**
Total	**64**	**84.2**	**12**	**15.8**	**76**	**35,679**	**71.9**	**13,937**	**28.1**	**49,616**

<u>HMDA-Reportable Loans</u>

FCSB originated the same number of HMDA-reportable loans in 2003 and 2004; however, the percentage of loans extended inside the assessment area decreased from 88.5% in 2003 to 76.9% in 2004.

The total number of HMDA-reportable loans originated by FCSB during the current evaluation period represented a 57.0% decline from the prior evaluation period. To be specific, FCSB originated 121 HMDA-reportable loans during the prior evaluation period, but only originated 52 reportable loans during the current evaluation period. This drop in loan volume is attributable to a sharp decline in FCSB's origination of one- to four-family residential mortgage loans, as the bank refocused its lending efforts on originating multi-family residential mortgages loans.

Despite its decreased number of loan originations, FCSB actually increased the dollar volume of its HMDA-reportable lending by 23.2% because larger multi-family mortgage loans took the place of smaller, one- to four-family mortgage loans. Additionally, FCSB increased its assessment area penetration ratio from 76.9% at the prior examination to 82.7% during the current evaluation period.

Small Business Loans

During the current evaluation period, FCSB originated 24 small business loans totaling $7.3 million, compared to 42 loans totaling $6.8 million during the prior evaluation period.

- **Geographic Distribution of Loans: "Satisfactory"**

The geographic distribution of FCSB's HMDA-reportable and small business loans reflects a reasonable dispersion among census tracts of different income levels. The percentages cited below are calculated based solely on the number and dollar volume of loans originated within FCSB's assessment area.

HMDA Reportable Loans

In 2003, the bank extended 56.5% by number and 51.0% by dollar volume of its HMDA-reportable loans in LMI geographies. This level of performance compares favorably with the market aggregate's LMI penetration rates of 52.4% by number of loans and 35.4% by dollar volume. Furthermore, the bank's LMI penetration ratios compare favorably with the 2003 demographics for the assessment area, which show that 39.0% of the area's census tracts are designated as LMI and 47.5% its multi-family housing units are located in LMI geographies.

In 2004, the bank's LMI penetration rate increased significantly to 70.0% based on the number of loans, but decreased to 41.1% based on dollar volume. In comparison, the aggregate's LMI penetration rates in 2004 were 60.1% by number of loans and 45.7% by dollar volume. Based on dollar volume, the bank's 2004 LMI penetration rate was slightly below the demographic benchmark. At the same time, the bank's LMI penetration rate based on dollar volume exceeded the area's level of LMI-designated census tracts (43.9%) as well as the area's distribution of multi-family housing units (51.3% in LMI census tracts).

A county-by-county breakdown of FCSB's HMDA-reportable loans shows that FCSB originated HMDA-reportable loans in all four counties within its assessment area. The distribution of lending (based on number of loans) during the evaluation period was: 13.5% in Bronx County; 34.6% in Kings County; 9.6% in New York County; and 25.0% in Queens County.

The county-by-county distribution of FCSB's HMDA-reportable lending among LMI geographies can be summarized as follows: 18.5% in Bronx County; 55.6% in Kings County; 11.1% in New York County; and 14.8% in Queens County. Among the aforementioned counties, the Bronx had the highest concentration of LMI census tracts (64.5% in 2004) and the highest concentration of multi-family housing units (82.0%).

Furthermore, Bronx County had the highest unemployment rate and the highest percentage of households living below the poverty level. Further demographic details are available in the Performance Context section of this report.

The following chart summarizes the geographic distribution of FCSB's HMDA-reportable loans by tract income level during the evaluation period:

Distribution of HMDA-reportable Loans by Geography Income Level*								
Geographic Income Level	**2003**							
	Bank				**Aggregate**			
	#	%	$000	%	#	%	$000	%
Low	1	4.3	206	1.8	508	14.7	532,785	9.8
Moderate	12	52.2	5,758	49.2	1,304	37.7	1,396,269	25.6
Middle	7	30.5	3,960	33.8	776	22.4	963,020	17.7
Upper	2	8.7	1,305	11.2	857	24.8	2,534,042	46.5
Not Applicable	1	4.3	475	4.0	14	0.4	22,544	0.4
Total	**23**	**100.0**	**11,704**	**100.0**	**3,459**	**100.0**	**5,448,660**	**100.0**
Geographic Income Level	**2004**							
	Bank				**Aggregate**			
	#	%	$000	%	#	%	$000	%
Low	4	20.0	2,690	14.5	788	20.9	1,057,609	17.6
Moderate	10	50.0	4,937	26.6	1,475	39.2	1,693,576	28.1
Middle	3	15.0	2,278	12.3	625	16.6	1,162,111	19.3
Upper	3	15.0	8,625	46.6	874	23.2	2,103,483	34.9
Not Applicable					3	0.1	7,420	0.1
Total	**20**	**100.0**	**18,530**	**100.0**	**3,765**	**100.0**	**6,024,199**	**100.0**

* Geography income level is based upon 2000 Census data on median family income figure for the MSA of the mortgaged property. Low-income is defined as <50% of the MSA median, moderate-income is 50% to <80% of the MSA median income, middle-income is 80% to <120%, and upper-income is at least 120%.

Small Business Loans

The bank's geographic distribution of small business loans reflects a reasonable dispersion among census tracts of different income levels. During the evaluation period, the bank did not originate any small business loans in low-income geographies. In comparison, the market aggregate originated 6.4% of its small business loans in low-income geographies within the assessment area. Having said that, FCSB originated 42.9% of its 21 small business loans in moderate-income areas, far exceeding the aggregate's penetration ratio of 25.5% for moderate-income area.

The table below summarizes the distribution of FCSB's small business lending during the evaluation period:

Distribution of Small Business Loans by Geography Income Level								
Geographic Income Level	**2003**							
	Bank				**Aggregate**			
	#	%	$000	%	#	%	$000	%
Low		0.0		0.0	9,962	5.7	254,873	5.1
Moderate	1	33.3	1,200	90.9	31,659	18.3	822,325	16.4
Middle	1	33.3	100	7.6	41,270	23.8	997,258	19.9
Upper	1	33.3	20	1.5	88,117	50.8	2,794,757	55.9
N/A					2,484	1.4	132,356	2.7
Total	**3**	**100.0**	**1,320**	**100.0**	**173,492**	**100.0**	**5,001,569**	**100.0**
Geographic Income Level	**2004**							
	Bank				**Aggregate**			
	#	%	$000	%	#	%	$000	%
Low		0.0		0.0	12,308	7.0	377,372	6.6
Moderate	8	44.4	1,520	36.8	34,990	20.0	1,041,917	18.2
Middle	7	38.9	1,365	33.1	41,008	23.4	1,144,994	20.0
Upper	3	16.7	1,240	30.1	84,656	48.3	3,030,300	52.9
N/A					2,225	1.3	132,629	2.3
Total	**18**	**100.0**	**4,125**	**100.0**	**175,187**	**100.0**	**5,727,212**	**100.0**

- **Distribution by Borrower Characteristics: "Satisfactory"**

The bank's distribution of small business loans based on borrower characteristics reflects a reasonable penetration among businesses of different revenue sizes. Since FCSB's HMDA-reportable loans consisted almost entirely of multi-family residential mortgages, and given that borrower income data are not reported for this category of loans, examiners could not evaluate the distribution of FCSB's HMDA-reportable loans by borrower characteristics.

During the evaluation period, the bank originated 21 small business loans totaling $5.4 million, of which 57.1% by number and 19.0% by dollar amount were extended to businesses with gross annual revenues of $1 million or less. The difference between the bank's distribution ratio by number of loans versus dollar volume is attributable to the disproportionately large size of the loans extended to businesses with annual revenues greater than $1 million. This type of lending accounted for almost 81% of FCSB's total small business lending during the evaluation period. The average loan amount extended to businesses with annual revenues exceeding $1 million was $550 thousand, while loans made to businesses with annual revenues of $1 million or less averaged $86 thousand.

The bank's small business lending distribution based on borrower revenues is summarized in the table below:

Distribution of Small Business Loans by Business Revenue Size								
Revenue Size	2003							
	Bank				Aggregate			
	#	%	$000	%	#	%	$000	%
$1million or less	2	66.7	120	9.1	69,418	40.0	2,004,619	40.1
Over $1 million	1	33.3	1,200	90.9	n/a	n/a	n/a	n/a
No Revenue Info	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Total	**3**	**100.0**	**1,320**	**100.0**	**173,492**	**100.0**	**5,001,569**	**100.0**
Revenue Size	2004							
	Bank				Aggregate			
	#	%	$000	%	#	%	$000	%
$1million or less	10	55.6	915	22.2	68,782	39.3	2,252,161	39.3
Over $1 million	7	38.9	3,205	77.7	n/a	n/a	n/a	n/a
No Revenue Info	1	5.6	5	0.1	n/a	n/a	n/a	n/a
Total	**18**	**100.0**	**4,125**	**100.0**	**175,187**	**100.0**	**5,727,212**	**100.0**

- **Action Taken In Response to Written CRA-Related Complaints**

Since the prior CRA evaluation, neither FCSB nor the Banking Department has received any written complaints regarding the bank's CRA performance.

- **Discrimination and other Illegal Practices**

Any practices intended to discourage applications for types of credit set forth in the banking institution's CRA Public File.

Examiners did not note any practices that would tend to discourage applications for the types of credit offered by the institution.

Evidence of prohibited discriminatory or other illegal credit practices.

The most recent regulatory compliance and fair lending examinations of FCSB were conducted concurrently with this evaluation. These examinations found that FCSB has demonstrated satisfactory adherence to anti-discrimination and other applicable laws and regulations. No evidence of prohibited discriminatory or other illegal credit practices was noted.

- **Process Factors**

Activities conducted by the banking institution to ascertain the credit needs of its community, including the extent of the institution's efforts to communicate with members of its community regarding the credit services being provided by the bank.

FCSB ascertains the credit needs of its community through the interaction of its officers and directors with various community groups. The bank also makes frequent contact with local businesses in the assessment area to discuss various bank products.

The extent of the bank's marketing and special credit-related programs to make members of the community aware of the credit services offered by the institution.

The bank advertises its products and services in local newspapers and on a Greek television station.

The extent of participation by the institution's board of directors/trustees in formulating the bank's policies and reviewing its performance with respect to the purposes of the Community Reinvestment Act.

The board of directors' participation is adequate. The board minutes indicate that CRA matters are presented and discussed occasionally at the bank's monthly board meetings.

- **Other Factors**

Other factors that in the judgment of the Superintendent and Banking Board bear upon the extent to which an institution is helping to meet the credit needs of its entire community.

None noted.

GLOSSARY

Aggregate

The cumulative lending by all HMDA-reporting lenders in the same geographic area under evaluation.

Community Development

The term "community development" is defined to mean:

1. Affordable housing (including multifamily housing) for low- or moderate-income ("LMI") individuals;
2. Community services targeted to LMI individuals;
3. Activities that promote economic development by financing business or farms that meet the size eligibility standards of the United States Small Business Administration ("SBA") Development Company or Small Business Investment Company programs, or have gross annual incomes of $1 million or less;
4. Activities that revitalize or stabilize LMI geographies; and
5. Activities that seek to prevent defaults and/or foreclosures in loans included in (1) and (3), above.

A "community development loan" is defined as a loan that has as its *primary purpose* community development. This includes but is not limited to loans to:

- Borrowers for affordable housing rehabilitation and construction, including construction and permanent financing for multifamily rental property serving low or moderate income ("LMI") persons;
- Nonprofit organizations serving primarily LMI or other community development needs;
- Borrowers to construct or rehabilitate community facilities that are located in LMI areas or that primarily serve LMI individuals;
- Financial intermediaries including community development financial institutions, community development corporations, minority- and women-owned financial institutions, community loan funds or pools, micro-finance institutions, and low-income or community development credit unions that primarily lend or facilitate lending to promote community development;
- Local, state and tribal governments for community development activities; and
- Borrowers to finance environmental clean up or redevelopment of an industrial site as part of an effort to revitalize the LMI community in which the property is located.

A “qualified investment” is defined as a lawful investment, deposit, membership share or grant that has as its *primary purpose* community development. This includes but is not limited to investments, deposits, membership shares or grants in or to:

- Financial intermediaries (including community development financial institutions, community development corporations, minority- and women-owned financial institutions, community loan funds, micro-finance institutions and low-income or community development credit unions) that primarily lend or facilitate lending in LMI areas or to LMI individuals in order to promote community development;
- Organizations engaged in affordable housing rehabilitation and construction;
- Organizations, including, for example, small business investment corporations that promote economic development by financing small businesses;
- Facilities that promote community development in LMI areas or LMI individuals, such as youth programs, homeless centers, soup kitchens, health care facilities, battered women’s centers, and alcohol and drug recovery centers;
- Projects eligible for low-income housing tax credits;
- State and municipal obligations, such as revenue bonds that specifically support affordable housing or other community development needs;
- Organizations serving LMI housing or other community development needs, such as counseling for credit, home ownership, home maintenance, and other financial services education; and
- Organizations supporting activities essential to the capacity of LMI individuals or geographies to utilize credit to sustain economic development, such as day care operations and job training programs that facilitate access to permanent jobs.

A “community development service” is defined as a service that has as its *primary purpose* community development, is related to the provision of financial services, and has not been considered in the evaluation of the banking institution's retail banking services. This includes but is not limited to:

- Providing technical assistance on financial matters to nonprofit, tribal or government organizations serving LMI housing or economic revitalization and development needs;
- Providing technical assistance on financial matters to small businesses or community development organizations;
- Lending employees to provide financial services for organizations facilitating affordable housing construction and rehabilitation or development of affordable housing;
- Providing credit counseling, home buyers and home maintenance counseling, financial planning or other financial services education to promote community development and affordable housing;
- Establishing school savings programs for LMI individuals;
- Providing seminars for LMI persons on banking and bank account record-keeping;

- Making ATM "Training Machines" available for extended periods at LMI community sites or at community facilities that serve LMI individuals; and
- Technical assistance activities to community development organizations such as:
    - Serving on a loan review committee;
    - Developing loan application and underwriting standards;
    - Developing loan processing systems;
    - Developing secondary market vehicles or programs;
    - Assisting in marketing financial services, including the development of advertising and promotions, publications, workshops and conferences;
    - Furnishing financial services training for staff and management;
    - Contributing accounting/bookkeeping services; and
    - Assisting in fund raising, including soliciting or arranging investments.

Home Mortgage Disclosure Act ("HMDA")

The Home Mortgage Disclosure Act, enacted by Congress in 1975, and subsequently amended, requires institutions to annually report data about applications for residential (including multifamily) financing.

Loans to Small Businesses

Small business loans to businesses with gross annual revenues of $1 million or less.

Low or Moderate Income ("LMI") Geographies

Those census tracts or block numbering areas ("BNAs"), where according to the 2000 US Census, the median family income is less than 80% of the area median family income. In the case of tracted areas that are part of a Metropolitan Statistical Area ("MSA") or Primary Metropolitan Statistical Area ("PMSA"), this would relate to the median family income for the MSA or PMSA in which the tracts are located. In the case of BNAs and tracted areas that are not part of a MSA or PMSA, the area median family income would be the statewide non-metropolitan median family income.

LMI Borrowers

Borrowers whose income, as reported on the loan application which the lender relied upon in making the credit decision, is less than 80% of the area median family income. In the case where the residential property is located in a MSA or PMSA, this would relate to the median family income for that MSA or PMSA. Otherwise, the area median family income would be the statewide non-metropolitan median family income. In all instances, the area median family incomes used to measure borrower income levels are updated annually by the U.S. Department of Housing and Urban Development ("HUD").

LMI Individuals/Persons

Those individuals, whose income is less than 80% of the area median family income. In the case where the individual resides in a MSA or PMSA, this would relate to the median family income for that MSA or PMSA. Otherwise, the area median family income would be the statewide non-metropolitan median family income. In all instances, the area median family incomes used to measure individual income levels are updated annually by HUD.

LMI Penetration Rate

A number that depicts the percentage of a bank's total loans (for a particular product) that was extended to LMI geographies or borrowers. For example, an LMI penetration rate of 20% would indicate that the bank made 20 out of a total of 100 loans to LMI geographies or borrowers.

Small Business Loans

Loans to businesses with original amounts of $1 million or less.