



**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, 2007

**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.

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## **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, 2007.

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 that the Banking Department assess the CRA performance records of regulated financial institutions. Part 76 establishes the framework and criteria by which the Department will evaluate the 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 be made available to the public ("Evaluation"). Evaluations of intermediate 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. The 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.

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## **OVERVIEW OF INSTITUTION'S PERFORMANCE**

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 average LTD ratio of 85.0% was reasonable in light of its size, financial condition and the credit needs of its assessment area.
- ***Assessment Area Concentration:*** FCSB extended the majority of its HMDA-reportable, small business and consumer loans in the assessment area.
- ***Geographic Distribution of Loans:*** The geographic distribution of FCSB's HMDA, small business and consumer loans reflected a reasonable dispersion among census tracts of different income levels.
- ***Distribution by Borrowers Characteristics:*** The borrower characteristics of FCSB's small business lending within the assessment area reflected a reasonable penetration among businesses of different revenue sizes.

### **II. Community Development Test: "Satisfactory"**

FCSB's community development performance demonstrated an adequate responsiveness to the community development needs of its assessment area. FCSB extended community development loans and grants which totaled \$6.6 million, and provided a high level of community development services.

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

This evaluation was conducted 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.

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## **PERFORMANCE CONTEXT**

### **Institution Profile**

FCSB, chartered by the New York State Banking Department in 1999, is a stockholder-owned community-based thrift institution.

On FCSB's year-end Call Report for 2007, FCSB reported total assets of \$639.7 million, including \$453.6 million in net loans and lease finance receivables. As of the same report date, FCSB reported total deposits of \$578.5 million, resulting in a loan-to-deposit ratio of 78.4%.

According to the Federal Deposit Insurance Corporation's Summary of Deposits for 2007, FCSB held a market share of 0.07%, or \$304.6 million out of \$462.2 billion in deposits, inside its assessment area.<sup>1</sup> This market share gave FCSB a rank of 64<sup>th</sup> among 118 deposit-taking institutions within its assessment area.

The following is a summary of FCSB's lending portfolio based on Schedule RC-C of the year-end Call Reports for 2005, 2006 and 2007:

<b>TOTAL LOANS OUTSTANDING</b>						
<b>LOAN TYPE</b>	<b>12/31/2005</b>		<b>12/31/2006</b>		<b>12/31/2007</b>	
	<b>\$000</b>	<b>%</b>	<b>\$000</b>	<b>%</b>	<b>\$000</b>	<b>%</b>
1-4 Residential Mortgage Loans	75,840	25.5	99,398	25.4	93,876	20.5
Commercial & Industrial Loans	14,110	4.8	29,989	7.7	32,459	7.1
Commercial Mortgage Loans	118,929	40.1	159,326	40.7	207,132	45.3
Multifamily Mortgages	75,027	25.3	75,507	19.3	67,576	14.8
Consumer Loans	5,656	1.9	8,006	2.0	26,891	5.9
Construction Loans	6,536	2.2	19,035	4.9	29,754	6.5
Other Loans	797	0.3	0	0.0	0	0.0
<b>Total</b>	<b>296,895</b>	<b>100.0</b>	<b>391,261</b>	<b>100.0</b>	<b>457,688</b>	<b>100.0</b>

As illustrated in the table above, FCSB is primarily a commercial mortgage lender as it had a majority of its loan portfolio in commercial mortgages as of December 31, 2007. During the same period, one- to four-family residential mortgage loans represented 20.5% of its portfolio. FCSB's one- to four-family residential mortgages were underwritten and brokered by Meridian Services, Incorporated. Based on FCSB's agreement with Meridian and its affiliate, MSI, FCSB holds these brokered loans for 90 days and then sells them back to Meridian.

FCSB operates in a highly competitive lending and deposit market. Competitors with a presence inside its assessment area include JPMorgan Chase, Bank of America, HSBC, Washington Mutual and Citibank N. A. 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.

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<sup>1</sup> The FDIC bases its Summary of Deposits on data collected annually as of June 30.

FCSB moved its head office to Glen Cove, New York, however it maintains its retail banking services in Whitestone. In addition, it opened two branches, one in Bayside and another one in Flushing, New York, during the current evaluation period.

FCSB operates nine banking offices, including its main office in Glen Cove, Nassau County and eight branches in the communities of Astoria, Whitestone and Ridgewood in Queens County. Its head office is located in a moderate-income census tract; seven branches are in middle-income tracts and one is in an upper-income area. For additional accessibility to its retail banking services, FCSB offers a deposit-taking automated teller machine in each of its nine branches.

FCSB's previous Performance Evaluation, conducted by the New York State Banking Department as of December 31, 2004, resulted in a rating of "2." This rating reflected FCSB's satisfactory record of helping to meet the credit needs of its assessment area. There are no known financial or legal impediments affecting FCSB's ability to meet the credit needs of its community.

### Assessment Area

FCSB's assessment area is comprised of Bronx, Kings, New York, Queens and Westchester Counties located in Metropolitan Division ("MD") #35644; Nassau and Suffolk counties are located in MD #350004.<sup>2</sup> These counties contain 2,925 census tracts.

The following shows the distribution of census tracts within FCSB's assessment area:

Distribution of Assessment Area Census Tracts by Income Level													
County	Low		Moderate		Middle		Upper		N/A		Total	LMI	
	#	%	#	%	#	%	#	%	#	%	#	#	%
Kings	119	15.2	297	37.9	235	30.0	117	14.9	15	1.9	783	416	53.1
Queens	12	1.8	148	22.0	310	46.1	185	27.5	18	2.7	673	160	23.8
Bronx	132	37.2	98	27.6	65	18.3	46	13.0	14	3.9	355	230	64.8
Westchester	4	1.8	21	9.5	39	17.6	153	69.2	4	1.8	221	25	11.3
New York	60	20.3	59	19.9	24	8.1	144	48.6	9	3.0	296	119	40.2
Suffolk	2	0.6	64	20.0	197	61.6	49	15.3	8	2.5	320	66	20.6
Nassau	2	0.7	20	7.2	178	64.3	69	24.9	8	2.9	277	22	7.9
<b>Total</b>	<b>331</b>	<b>11.3</b>	<b>707</b>	<b>24.2</b>	<b>1,048</b>	<b>35.8</b>	<b>763</b>	<b>26.1</b>	<b>76</b>	<b>2.6</b>	<b>2,925</b>	<b>1,038</b>	<b>35.5</b>

The assessment area appears reasonable based on FCSB's lending patterns and the location of its offices. There was no evidence that FCSB had arbitrarily excluded LMI tracts from its assessment area.

2. MSA/MD – An area that has at least one urbanized area of 50,000 or more population, plus adjacent territory that has a high degree.

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## Details of Assessment Area:

### **Demographic & Economic Data**

The following charts show the demographic and the economic data for each county in FCSB's assessment area. The information shown in Charts #1 and #2 are according to the 2000 U.S. Census data. The information shown in Chart #3 is as provided by the 2007 business geo-demographic data obtained from PCI Corporation.

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

### **Unemployment Rates**

The following chart shows the annual unemployment rates for each county in FCSB's assessment area compared with the statewide and Metropolitan Division, based on the U.S. Bureau of Labor Statistics.

<b>Assessment Area Unemployment Rate</b>										
	State-wide	MD 350004	MD 356404	Kings County	Queens County	New York County	Bronx County	Westchester County	Nassau County	Suffolk County
2005	5	4.2	5.3	6.2	5.2	5	7.5	4	4.1	4.2
2006	4.6	3.9	4.8	5.4	4.5	4.3	6.7	3.8	3.8	4
2007	4.5	3.7	4.7	5.5	4.5	4.4	6.9	3.7	3.6	3.8

**CHART # 1**

FIRST CENTRAL SAVINGS BANK ASSESSMENT AREA POPULATION AND INCOME CHARACTERISTICS BY COUNTY																					
COUNTY	Total Population	Age 65 and over		Age 16 and less		Median Family Income(MFI)	HUD MSA MFI	Total Households	Total HH below poverty level		Total Families	Low income		Moderate income		Middle income		Upper income		LMI families in LMI tracts	
	#	#	%	#	%	\$	\$	#	#	%	#	#	%	#	%	#	%	#	%	#	%
KINGS	2,465,326	282,658	11.5	587,575	23.8	39,349	59,500	881,006	211,538	24.0	588,870	211,522	35.9	103,994	17.7	99,118	16.8	174,206	29.6	233,373	74.0
QUEENS	2,229,379	283,042	12.7	453,930	20.4	49,815	59,500	782,646	110,462	14.1	542,804	123,580	22.8	94,780	17.5	108,206	19.9	216,238	39.8	84,937	38.9
BRONX	1,332,650	133,948	10.1	356,895	26.8	33,099	59,500	463,242	134,404	29.0	317,248	133,175	42.0	58,745	18.5	51,854	16.3	73,504	23.2	163,697	85.3
NEW YORK	1,537,195	186,776	12.2	229,772	14.9	71,629	59,500	739,167	123,037	16.6	306,220	89,281	29.2	40,700	13.3	38,804	12.7	137,435	44.9	100,358	77.2
NASSAU	1,334,544	200,841	15.0	293,128	22.0	85,752	93,800	447,803	23,537	5.3	349,694	58,413	16.7	59,669	17.1	80,471	23.0	151,134	43.2	17,024	14.4
SUFFOLK	1,419,369	167,558	11.8	332,521	23.4	74,455	93,800	469,535	26,498	5.6	362,857	70,052	19.3	72,922	20.1	91,882	25.3	128,001	35.3	44,099	30.8
WESTCHESTER	923,459	128,964	14.0	207,207	22.4	89,228	59,500	337,486	28,554	8.5	237,010	30,205	12.7	24,729	10.4	33,274	14.0	148,802	62.8	14,189	25.8
TOTAL A/A	11,241,922	1,383,787	12.3	2,461,028	21.9	59,451	66,501	4,120,885	658,030	16.0	2,704,703	716,255	26.5	455,512	16.8	503,609	18.6	1,029,327	38.1	657,677	56.1



CHART # 2

FIRST CENTRAL SAVINGS BANK 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 Mid-income Tracts		O-O Units in Upp-income Tracts		Rental Units		Vacant/ Boarded-up Units		Medium House Value
		#	%	#	%	#	%	#	%	#	%	#	%	#	%	#	%	#	%	\$
KINGS	930,866	456,744	49.1	474,122	50.9	238,290	25.6	13,368	5.6	77,659	32.6	92,885	39.0	54,378	22.8	670,996	72.1	50,139	5.4	235,737
QUEENS	817,250	495,075	60.6	322,175	39.4	334,894	41.0	1,005	0.3	43,101	12.9	162,122	48.4	128,633	38.4	462,179	56.6	34,586	4.2	199,093
BRONX	490,659	133,164	27.1	357,495	72.9	90,522	18.4	11,370	12.6	20,802	23.0	33,285	36.8	25,066	27.7	391,918	79.9	27,447	5.6	159,625
NEW YORK	798,144	28,752	3.6	769,392	96.4	148,695	18.6	3,881	2.6	12,773	8.6	7,108	4.8	124,934	84.0	616,053	77.2	59,500	7.5	345,099
NASSAU	458,151	409,201	89.3	48,950	10.7	359,257	78.4	647	0.2	16,993	4.7	247,420	68.9	94,197	26.2	91,345	19.9	10,764	2.3	278,789
SUFFOLK	522,323	484,343	92.7	37,980	7.3	374,371	71.7	936	0.3	72,591	19.4	237,988	63.6	62,819	16.8	101,107	19.4	53,024	10.2	207,175
WESTCHESTER	349,445	237,328	67.9	112,117	32.1	202,765	58.0	507	0.3	4,887	2.4	20,824	10.3	176,547	87.1	140,169	40.1	12,303	3.5	285,775
TOTAL A/A	4,366,838	2,244,607	51.4	2,122,231	48.6	1,748,794	40.0	31,713	1.8	248,804	14.2	801,632	45.8	666,574	38.1	2,473,767	56.6	247,763	5.7	245,420

**CHART # 3**

<b>FIRST CENTRAL SAVINGS BANK 2007 - BUSINESS DEMOGRAPHICS BY COUNTY</b>											
<b>COUNTY</b>	<b>Number of Businesses</b>	<b>Businesses with Rev. of \$1 million or less</b>		<b>Businesses with Rev. of more than \$1 million</b>		<b>Businesses with no revenues reported</b>		<b>Businesses with less than 50 employees</b>		<b>Operating from a single location</b>	
		<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>
<b>KINGS</b>	131,882	93,541	70.9	5,610	4.3	32,731	24.8	101,114	76.7	125,472	95.1
<b>QUEENS</b>	112,658	80,891	71.8	5,509	4.9	26,258	23.3	88,505	78.6	106,051	94.1
<b>BRONX</b>	47,595	34,300	72.1	1,931	4.1	11,364	23.9	37,321	78.4	44,565	93.6
<b>NEW YORK</b>	249,633	162,992	65.3	23,386	9.4	63,255	25.3	191,601	76.8	223,275	89.4
<b>NASSAU</b>	132,977	93,765	70.5	7,483	5.6	31,729	23.9	103,851	78.1	124,329	93.5
<b>SUFFOLK</b>	136,291	96,740	71.0	7,820	5.7	31,731	23.3	107,847	79.1	126,929	93.1
<b>WESTCHESTER</b>	87,622	61,967	70.7	4,911	5.6	20,744	23.7	69,214	79.0	80,881	92.3
<b>TOTAL A/A</b>	898,658	624,196	69.5	56,650	6.3	217,812	24.2	699,453	77.8	831,502	92.5

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## **PERFORMANCE STANDARDS AND ASSESSMENT FACTORS**

*The New York State Banking Department assesses an intermediate small bank's performance under the Lending and Community Development tests. The Lending test is evaluated according to the following criteria: (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 Complaints Regarding CRA. The Community Development test entails the review of: (1) Community Development Loans (2) Community Development Qualified Investments and (3) Community Development Services. These tests are conducted pursuant to Part 76.12 of the General Regulations of the Banking Board.*

The assessment period included calendar years 2005, 2006 and 2007. In 2005, FCSB changed its business strategy, offering warehouse loans instead of small business loans.<sup>1</sup> Consumer lending was not included in FCSB's previous evaluation. Examiners considered FCSB's HMDA-reportable, small business and consumer lending in evaluating factors (2), (3) and (4), as noted above. HMDA-reportable loans, the primary product, received more emphasis. FCSB did not actively originate 1-4 family mortgages on its own; it acquired these types of loans primarily from a mortgage broker and ceased dealing with the mortgage broker as of September 2007.

Data employed in this evaluation were derived from various sources. The demographic data cited in this report were obtained from the 2000 U.S. Census, while updated median family income ("MFI") figures were obtained from annual estimates prepared by the U. S. Department of Housing and Urban Development ("HUD"). In addition to specific loan information submitted by FCSB, aggregate data for small business and HMDA-reportable lending activity during the evaluation were obtained from the Federal Financial Institutions Examination Council ("FFIEC") and PCI Services, Inc.'s CRA Wiz ®, an external vendor.

Based on its asset size, FCSB is an intermediate small bank and was not required to report small business lending data. Therefore, aggregate small business loan data discussed in this report was shown for reference only as it does not include FCSB's lending activity.

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

FCSB's average LTD ratio is reasonable considering its size, financial condition and the credit needs of its assessment area.

<b>Loan-to-Deposit Ratios</b>													
	2005 (Q1)	2005 (Q2)	2005 (Q3)	2005 (Q4)	2006 (Q1)	2006 (Q2)	2006 (Q3)	2006 (Q4)	2007 (Q1)	2007 (Q2)	2007 (Q3)	2007 (Q4)	Aver.* LTD
Bank	79.62	82.84	97.41	94.23	91.97	89.25	86.85	84.22	81.21	74.6	79.28	78.41	84.99
Peer	80.18	81.27	82.07	88.15	88.67	89.74	90.33	90.44	89.98	90.31	91.67	93.78	88.05

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<sup>1</sup> FCSB engaged in short term lending with auto dealers using the notes as collateral until the loan was sold to a permanent investor.

As illustrated above, FCSB's average LTD ratio over the 12 calendar quarters since the prior evaluation was slightly below its national peer group. FCSB is in peer group 102, which includes all FDIC-insured savings banks with assets between \$300 million and \$1 billion. FCSB's LTD ratio improved slightly since the prior evaluation period, at which time the bank posted an average LTD ratio of 82.6%.<sup>2</sup>

- **Assessment Area Concentration: "Satisfactory"**

FCSB originated a majority of its HMDA-reportable loans and a substantial majority of its consumer and small business loans within its 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-Reportable										
2006	44	60.3	29	39.7	73	26,166	65.9	13,541	34.1	39,707
2007	37	74.0	13	26.0	50	32,420	82.5	6,885	17.5	39,305
Subtotal	81	65.9	42	34.1	123	58,586	74.1	20,426	25.9	79,012
Small Business										
2006	32	100.0	0	0.0	32	4,295	100.0	0	0.0	4,295
2007	46	95.8	2	27.1	48	14,197	98.6	200	1.4	14,397
Subtotal	78	97.5	18	22.5	80	18,492	98.9	200	1.1	18,693
Consumer										
2006	29	96.7	1	16.7	30	12,454	80.6	3,000	19.4	15,454
2007	28	93.3	2	23.3	30	3,977	49.9	4,000	50.1	7,977
Subtotal	57	95.0	12	20.0	60	16,431	53.8	10,818	46.2	23,431
Total	216	82.1	72	27.4	263	93,509	77.2	31,444	26.0	121,136

### HMDA-Reportable Loans

FCSB originated a majority of its HMDA-reportable loans within its assessment area. During the evaluation period, FCSB originated 65.9% of its HMDA-reportable loans inside its assessment area.

Of the total number of HMDA-reportable loans originated by FCSB in its assessment area, one- to four-family residential mortgage loans represented 24.7% and multi-family mortgage loans accounted for 58.0%.

### Small Business Loans

FCSB originated a substantial majority of its small business loans within its assessment

<sup>2</sup> 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").

area. Of the 80 small business loans originated by FCSB during the evaluation period, 97.5% were inside its assessment area.

### Consumer Loans

During the current evaluation period, FCSB originated a substantial majority of its consumer loans within its assessment area. FCSB extended 95% of its consumer loans inside its assessment area.

- **Geographic Distribution of Loans: “Satisfactory”**

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

### HMDA-Reportable Loans

In 2006, FCSB did not originate any HMDA-reportable loans in low-income areas. However, 36.4% of its total HMDA-reportable loans were in moderate-income areas, which compares favorably with the aggregate’s percentage of originations - 21.9%. In 2007, FCSB’s level of performance improved significantly with 10.8% of its HMDA-reportable loans extended in low-income areas and 37.8% in moderate-income areas. These ratios were well above the aggregate’s level of lending in LMI areas. In addition, FCSB’s LMI penetration rate compares favorably with the owner-occupied housing demographic rate of 16.04% in LMI census tracts. Considering the limited lending opportunities and the number of entities competing in the assessment area, FCSB’s lending performance in LMI census tracts in the assessment area is adequate.

The following provides a summary of FCSB’s HMDA-reportable lending distribution during the evaluation period:

Distribution of HMDA-reportable Loans by Geographic Income Level*								
Geographic Income Level	2006							
	Bank				Aggregate			
	#	%	\$000	%	#	%	\$000	%
Low	0	0.0	0.0	0.0	11,033	4.1	4,145,024	4.5
Moderate	16	36.4	8,470	32.4	59,364	21.9	18,249,623	19.9
Middle	10	22.7	6,800	26.0	126,577	46.6	36,890,033	40.2
Upper	18	40.9	10,896	41.6	74,311	27.4	32,523,104	35.4
Not Applicable	0	0.0	0	0.0	102	0.0	61,627	0.1
<b>Total</b>	<b>44</b>	<b>100.0</b>	<b>26,166</b>	<b>100.0</b>	<b>271,387</b>	<b>100.0</b>	<b>91,869,411</b>	<b>100.0</b>
Geographic Income Level	2007							
	Bank				Aggregate			
	#	%	\$000	%	#	%	\$000	%
Low	4	10.8	1,464	4.5	6,959	3.5	3,560,230	4.6
Moderate	14	37.8	9,069	28.0	38,743	19.3	13,844,571	18.0
Middle	8	21.6	8,189	25.3	89,692	44.8	27,896,311	36.2
Upper	11	29.7	13,698	42.3	64,747	32.3	31,627,716	41.1
Not Applicable	0	0.0	0	0.0	95	0.0	98,583	0.1
<b>Total</b>	<b>37</b>	<b>100.0</b>	<b>32,420</b>	<b>100.0</b>	<b>200,236</b>	<b>100.0</b>	<b>77,027,411</b>	<b>100.0</b>

\*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%.

### Multi-family HMDA-Reportable Loans

The following depicts the geographic distribution of FCSB's multi-family HMDA-reportable loans compared with the aggregate's loans:

Geographic Distribution of Multifamily Loans								
Geography Income Level	Bank		Bank		Market Aggregate			
	2006		2007		2006		2007	
	#	%	#	%	#	%	#	%
Low	0	0.0	4	17.4	681	19.4	584	17.9
Moderate	12	50.0	11	47.8	1,386	39.4	1,292	39.6
Middle	7	29.2	4	17.4	679	19.3	637	19.5
Upper	5	20.8	4	17.4	763	21.7	752	23.0
NA	0	0.0	0	0.0	5	0.1	1	0.0
<b>Total</b>	<b>24</b>	<b>100.0</b>	<b>23</b>	<b>100.0</b>	<b>3,514</b>	<b>100.0</b>	<b>3,266</b>	<b>100.0</b>

As illustrated in the chart above, FCSB did not extend any multi-family loans in low-income areas in 2006, but it made 50% of its multi-family loans in LMI tracts compared with the aggregate's 58.8%. However, in 2007, FCSB extended 65.2% of its multi-family loans in LMI areas compared to the 57.5% made by the market aggregate. Given the percentage of LMI families which reside in the LMI census tracts within its assessment area, FCSB's

level of performance was reasonable.

#### 1-4 Family HMDA-Reportable Loans

The following depicts the geographic distribution of FCSB's 1-4 family HMDA-reportable loans compared with the market's aggregate:

<b>Geographic Distribution of 1-4 Family Residential Loans</b>								
Geography Income Level	<b>Bank</b>		<b>Bank</b>		<b>Market Aggregate</b>			
	2006		2007		2006		2007	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	9,749	3.4	6,375	3.2
Moderate	3	20.0	1	20.0	60,564	21.0	37,373	19.0
Middle	1	6.7	2	40.0	134,323	46.6	89,028	45.2
Upper	11	34.3	2	40.0	83,179	28.9	63,986	32.5
N/A	0	0.0	0	0.0	184	0.1	94	0.0
Total	15	100.0	5	100.0	287,999	100.0	196,856	100.0

The chart above indicates that the percentage of 1-4 family HMDA-reportable loans that FCSB extended in the LMI tracts was slightly below the market aggregate. However, in light of the percentage (16.04%) of owner-occupied housing units in the LMI geographies of its assessment area, FCSB's performance level was reasonable.

#### Small Business Loans

FCSB's geographic distribution of small business loans reflects a reasonable dispersion among census tracts of different income levels.

During the evaluation period, FCSB extended 25.6% by number and 24.9% by dollar amount of its small business loans in LMI geographies. This level of performance compares favorably with the aggregate's lending level and is consistent with the percentages (24.3%) of businesses located in LMI areas.

The following chart provides a summary of FCSB small business lending distribution during the current evaluation period:

Distribution of Small Business Loans by Geographic Income Level*								
Geographic Income Level	2006							
	Bank				Aggregate			
	#	%	\$000	%	#	%	\$000	%
Low	1	3.1	350	8.1	24,485	3.9	496,263	4.4
Moderate	9	28.1	825	19.2	99,226	15.7	1,806,114	16.1
Middle	15	46.9	1,645	38.3	226,224	35.8	3,803,758	34.0
Upper	7	21.9	1,475	34.3	277,997	44.0	4,974,895	44.4
Not Applicable	0	0.0	0	0.0	3,814	0.6	117,582	1.0
<b>Total</b>	<b>32</b>	<b>100.0</b>	<b>4,295</b>	<b>100.0</b>	<b>631,746</b>	<b>100.0</b>	<b>11,198,612</b>	<b>100.0</b>
Geographic Income Level	2007							
	Bank				Aggregate			
	#	%	\$000	%	#	%	\$000	%
Low	4	8.7	2,800	19.7	27,555	4.2	526,616	4.1
Moderate	6	13.0	625	4.4	109,319	16.5	2,029,701	16.0
Middle	19	41.3	5,387	37.9	237,735	36.0	4,279,622	33.7
Upper	15	32.6	5,185	36.5	282,786	42.8	5,735,164	45.1
Not Applicable	2	4.3	200	0.0	3,766	0.6	144,382	1.1
<b>Total</b>	<b>46</b>	<b>100.0</b>	<b>14,197</b>	<b>98.6</b>	<b>661,161</b>	<b>100.0</b>	<b>12,715,485</b>	<b>100.0</b>

\*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%.

### Consumer Loans

FCSB's geographic distribution of consumer loans reflects a reasonable penetration among census tracts of different income levels. FCSB's dispersion of consumer loans in LMI tracts in 2006 increased significantly in 2007. Of the total households in the assessment area, 55.6% reside in LMI census tracts, of which 16 % are below poverty level.

The following chart depicts the distribution of FCSB's consumer loans during the current evaluation period:



<b>Distribution of Consumer Loans by Geographic Income Level*</b>				
<b>Geographic Income Level</b>	<b>2006</b>			
	<b>Bank</b>			
	<b>#</b>	<b>%</b>	<b>\$000</b>	<b>%</b>
Low	0	0.0	0	0.0
Moderate	5	17.2	231	1.9
Middle	16	55.2	9,162	73.6
Upper	8	27.6	3,061	24.6
Not Applicable	0	0.0	0	0.0
<b>Total</b>	<b>29</b>	<b>100.0</b>	<b>12,454</b>	<b>100.0</b>
<b>Geographic Income Level</b>	<b>2007</b>			
	<b>Bank</b>			
<b>Income Level</b>	<b>#</b>	<b>%</b>	<b>\$000</b>	<b>%</b>
Low	1	3.6	400	10.1
Moderate	10	35.7	315	7.9
Middle	6	21.4	593	14.9
Upper	11	39.3	2,669	67.1
Not Applicable	0	0.0	0	0.0
<b>Total</b>	<b>28</b>	<b>100.0</b>	<b>3,977</b>	<b>100.0</b>

\*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%.

- **Distribution by Borrower Characteristics: “Satisfactory”**

The distribution of FCSB's loans based on borrower characteristics of its small business loans is reasonable. HMDA-reportable loans based on borrower characteristics were not rated as majority of these loans were multi-family loans, where income information was not reported.

**Small Business Lending**

FCSB's small business lending distribution based on borrower characteristics reflects a reasonable penetration among businesses of different revenue sizes. During the evaluation period, FCSB extended over 90% of its small business loans to businesses with revenue of \$1 million or less. FCSB's performance level was significantly above the aggregate level. Given the assessment area's business demographic, FCSB's performance was reasonable as 69.5% of the businesses in the assessment area reported revenue of \$1 million or less.

The following chart depicts the distribution of FCSB's small business loans during the current evaluation period:

Distribution of Small Business Loans by Business Revenue Size								
Revenue Size	2006							
	Bank				Aggregate			
	#	%	\$000	%	#	%	\$000	%
\$1million or less	31	96.9	3,595	83.7	187,059	29.6	4,523,023	40.4
Over \$1 million	0	0.0	0	0.0	440,873	69.8	6,558,007	58.6
No Revenue Info	1	3.1	700	16.3	3,814	0.6	117,582	1.0
<b>Total</b>	<b>32</b>	<b>100.0</b>	<b>4,295</b>	<b>100.0</b>	<b>631,746</b>	<b>100.0</b>	<b>11,198,612</b>	<b>100.0</b>
Revenue Size	2007							
	Bank				Aggregate			
	#	%	\$000	%	#	%	\$000	%
\$1million or less	40	87.0	8,147	57.4	206,415	31.2	4,909,151	38.6
Over \$1 million	0	0.0	0	0.0	450,980	68.2	7,661,952	60.3
No Revenue Info	6	13.0	6,050	42.6	3,766	0.6	144,382	1.1
<b>Total</b>	<b>46</b>	<b>100.0</b>	<b>14,197</b>	<b>100.0</b>	<b>661,161</b>	<b>100.0</b>	<b>12,715,485</b>	<b>100.0</b>

- **Action Taken In Response to Written Complaints With Respect to CRA**

Since the latest CRA evaluation as of December 31, 2004, neither FCSB nor the New York State Banking Department has received any written complaints regarding FCSB's CRA performance.

## II. **Community Development Test: "Satisfactory"**

FCSB demonstrates an adequate responsiveness to the community development needs of its assessment area, given its capacity and the availability of opportunities for community development in its assessment area.

### Community Development Lending:

FCSB makes an adequate level of community development loans in its assessment area. During the evaluation period, FCSB's community development loans totaled \$4.4 million, which were approximately .7% of its total assets as of December 31, 2007. These loans were HMDA-reportable multi-family loans extended to finance affordable housing projects in LMI geographies. The subject properties were registered under the New York State Division of Housing and Community Renewal's Rent Control and Stabilization Program.

### Qualified Investments and Grants:

FCSB extended grants totaling \$2,200 to various community development organizations during the current evaluation period. The following are examples of some of these organizations:

- Interfaith Nutrition Network ("INN"): This is a not-for-profit organization. Its mission is to provide food, shelter and support services for those who seek its help. INN provides

services in a moderate-income area of Long Island City, in New York.

- Greater Ridgewood Restoration Corporation (“GRRC”): This is a non-profit organization founded in 1975, dedicated to preserving and upgrading the housing stock of Ridgewood and its neighboring communities in Queens. Its programs were designed to provide overall community development improvements to raise the quality of life and maintain stability, and to assist tenants in remaining in their homes. GRRC provides its services in a moderate-income area of Ridgewood in New York.
- Community Development Corporation of Long Island (“CDC”): This is a private not-for-profit, housing, community and economic development corporation. It has nearly four decades of experience serving LMI families and individuals. CDC’s program addresses the issues of affordable housing, community and economic development.

#### Community Development Services:

FCSB demonstrates a high level of responsiveness to community development needs and services. FCSB’s president and chief executive officer participated actively in various organizations through serving on boards and committees of organizations that promote community development initiatives.

The following are examples of some of the community development organizations in which FCSB officials actively participated during the current evaluation period:

- Glen Cove Chamber of Commerce: FCSB’s senior assistant vice president is the treasurer of this organization. He provides an ongoing financial technical expertise for this organization. The organization’s mission includes improving the business climate and businesses of Glen Cove.
- Check Cashing Seminar: FCSB’s executive management and staff offered their financial technical expertise at a compliance seminar held in 2006 and 2007 for commercial check cashers.

- **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 noted no practices that were intended to discourage applications for the types of credit offered by FCSB.

#### **Evidence of prohibited discriminatory or other illegal credit practices.**

The most recent regulatory compliance and fair lending examinations conducted concurrently with this evaluation indicated satisfactory adherence to anti-discrimination and other applicable laws and regulations. No evidence of prohibited discriminatory or other

illegal credit practices were noted.

- **Process Factors**

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

FCSB ascertains the credit needs of the community through the interaction of its officers and directors with various community groups such as the Astoria Civic Association, the Kiwanis Club and the Unisphere Inc. FCSB's staff makes frequent contact with local businesses in the assessment area to discuss various FCSB's products.

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

FCSB advertises its products and credit services in local newspapers, such as the Queens Courier, Gazette and on a Greek television station.

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

The board discusses matters regarding CRA policies during its monthly meeting. The board minutes indicate that it is the policy of FCSB to provide for and work to satisfy the credit needs of its entire community.

- **Other Factors**

**Other factors that in the judgment of the Superintendent and Banking Board bear upon the extent to which a banking 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.