



**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, 2010

**Institution:** CheckSpring Bank  
69 E 167<sup>th</sup> Street  
Bronx NY 10452

**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 CheckSpring Bank (“CSB”) 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, 2010.

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 banking institutions are primarily based on a review of performance tests and standards described in Section 76.7 and detailed in Sections 76.8 through 76.13. 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**

CSB is evaluated according to the small bank performance criteria pursuant to Part 76.12 of the General Regulations of the Banking Board. This assessment period included calendar years 2008, 2009 and 2010. CSB is rated "1," indicating an "Outstanding" record of helping to meet community credit needs. This is the first examination conducted by the New York State Banking Department.

The rating is based on the following factors:

- **Loan-to-Deposit (LTD) Ratio and Other Lending-Related Activities:** "Outstanding"

CSB's average LTD ratio was more than reasonable considering its size, business strategy, financial condition and peer group activity.

During the evaluation period, CSB's average LTD ratio was 116.9 %, with a high of 209.0 % as of December 31, 2008 and a low of 48.0 % as of December 31, 2007, which was the first quarter the bank started its operation. Overall, CSB's LTD ratio of 116.9 % was significantly higher than its peers' average LTD of 87.6 %.

- **Assessment Area Concentration:** "Outstanding"

During the evaluation period, CSB originated 95.9% by number, and 85.8% by dollar value of the combination of its small business and consumer loans within the assessment area. This substantial majority of lending inside its assessment area is an outstanding record of lending.

- **Distribution by Borrowers Characteristics:** "Outstanding"

The distribution of loans based on borrower characteristics demonstrated an excellent penetration rate of lending among businesses of different revenue sizes. CSB's small business loans penetration ratios exceeded the levels achieved by the peer group. The consumer loans were not rated because the majority of the loans were secured loans and borrower's income was not reported as it was not part of the lending decision criterion.

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

The distribution of loans based on lending in census tracts of varying income levels demonstrated an excellent rate of lending. The majority of CSB's small business and consumer loans were made in LMI geographies.

- **Action Taken in Response to Written Complaints With Respect to CRA:**

Since CSB began operation in October 2007, neither CSB nor the New York State

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Banking Department has received any written complaints regarding CSB's CRA performance.

*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:

CSB, chartered in 2007, is a commercial bank located in Bronx, New York. The bank is a wholly owned subsidiary of CheckSpring Community Corporation, and has one office located at 69 E 167<sup>th</sup> Street in the Bronx. CheckSpring Financial Services is a wholly-owned subsidiary of the Bank, housing three check cashers.

The Bank commenced business October 25, 2007. The evaluation period is from October 25, 2007 to December 31, 2010. With the exception of loan-to-deposit ratio analysis, only complete-year data from the CSB's operations are included in the charts for evaluation.

As per the December 31, 2010 Consolidated Report of Condition (the Call Report) filed with the Federal Deposit Insurance Corporation ("FDIC"), CSB reported total assets of \$49.1 million, of which \$29.7 million were net loans and lease finance receivables. It also reported total deposits of \$41.3 million, resulting in a loan-to-deposit ratio of 71.9%. According to the latest available comparative deposit data as of June 30, 2010, CSB's share of the deposits was \$29.8 million in its \$853.7 billion market, ranking it 226<sup>th</sup> among 242 deposit-taking institutions.

The following is a summary of CSB's loan portfolio, based on Schedule RC-C of CSB's December 31, 2008, December 31, 2009, and December 31, 2010's Call Reports:

<b>TOTAL GROSS LOANS OUTSTANDING</b>						
Loan Type	2008		2009		2010	
	\$000's	%	\$000's	%	\$000's	%
1-4 Family Residential Mortgage Loans	1,704	13.0	2,412	13.7	4,962	16.3
Commercial & Industrial Loans	197	1.5	1,547	8.8	7,863	25.8
Commercial Mortgage Loans	4,532	34.6	6,053	34.5	9,508	31.2
Multifamily Mortgages	1,746	13.3	2,957	16.8	3,002	9.8
Consumer Loans	22	0.2	52	0.3	59	0.2
Construction Loans	4,883	37.3	4,536	25.8	5,128	16.8
Total Gross Loans	13,084		17,557		30,522	

As illustrated in the above chart, CSB is primarily a commercial business lender, with approximately 57% of its loan portfolio in commercial & industrial and mortgage loans.

CSB has its main office located in the Bronx, in a low-income census tract. There are two deposit taking ATM's at the office, which are open from 8 am to 8 pm Monday through Friday, and 10 am to 4 pm on Saturday.

There are no known financial or legal impediments that adversely impacted CSB's ability to meet the credit needs of its community.

**Assessment Area:**

CSB's assessment area is comprised of 12 counties; five in New Jersey and seven in New York. The Banking Department evaluates the bank's CRA activities conducted in the New York assessment area, which consists of the following seven counties: Bronx, Kings, New York, Queens, Richmond, Westchester and Nassau.

There are 2,715 census tracts in the area, of which 332 are low-income, 654 are moderate-income, 880 are middle-income, 779 are upper-income and 70 are tracts with no income indicated.

<b>Assessment Area Census Tracts by Income Level</b>								
County	N/A	Low	Mod	Middle	Upper	Total	LMI %	LMI & Dis-tressed %
Bronx	14	132	98	65	46	355	64.8	65%
Kings	15	119	297	235	117	783	53.1	53%
New York	9	60	59	24	144	296	40.2	40%
Queens	18	12	148	310	185	673	23.8	24%
Richmond	2	3	11	29	65	110	12.7	13%
Westchester	4	4	21	39	153	221	11.3	11%
Nassau	8	2	20	178	69	277	7.9	8%
<b>Total</b>	<b>70</b>	<b>332</b>	<b>654</b>	<b>880</b>	<b>779</b>	<b>2,715</b>	<b>36.3</b>	<b>36%</b>

The assessment area appears reasonable based upon the location of CSB and its lending patterns. There is no evidence that LMI areas have been arbitrarily excluded.

**Demographic & Economic Data**

The assessment area had a population of 10.3 million during the evaluation period. About 12.4% of the population were over the age of 65 and 21.7% were under the age of 16.

Of the 2,456,513 families in the assessment area, 27.0% were low-income, 16.1% were moderate-income, 17.6% were middle-income and 39.3% were upper-income families. There were 3,807,766 households in the assessment area, of which 17.0% had income below the poverty level and 6.4% were on public assistance.

The MSA median family income within the assessment area was \$57.5 thousand in 2000. The U.S. Department of Housing and Urban Development ("HUD") estimated

median family income for the area was \$69.5 thousand for 2010. Three of the counties were significantly below the MSA median family income: Bronx, Kings and Queens Counties had MSA median family incomes of \$33.1 thousand, \$39.3 thousand and \$49.8 thousand, respectively. Richmond County had a MSA median family of \$64.5 thousand. New York, Westchester and Nassau Counties exceeded the average in the assessment area. MSA family income for these counties was \$71.6 thousand, \$89.2 thousand, and \$85.8 thousand, respectively.

There were 4,008,508 housing units within the assessment area, of which 47.3% were one- to four-family units, and 52.6% were multifamily units. A majority (58.2%) of the area's housing units were rental-occupied units, while 36.8% were owner-occupied units. Of the 1,474,155 owner-occupied housing units, 14.3% were in low- and moderate-income census tracts while 85.7% were in middle- and upper-income census tracts. The median age of the housing stock was 59 years and the median home value in the assessment area was \$249 thousand.

There were 686,583 non-farm businesses in the assessment area. Of these, 76.2% were businesses with reported revenues of less than or equal to \$1 million, 5.2% reported revenues of more than \$1 million and 18.5% did not report their revenues. Of all the businesses in the assessment area, 85.1% had less than fifty employees while 92.7% operated from a single location. The largest industries in the area were services (47.5%), followed by the retail trade (16.0%) and finance, Insurance & Real Estate (9.5%), while 7.8% of businesses in the assessment area were not classified.

According to the New York State Department of Labor, the average unemployment rate for New York State jumped to 8.4% in 2009 from 5.3% in 2008, and increased slightly to 8.6% in 2010 from 2009. Bronx County experienced the worst of all the counties in the assessment area, and its unemployment rate was the highest of all the counties for the three-year period. Its unemployment rate for 2008, 2009 and 2010 exceeded the State rate by 2.0%, 3.5% and 4.2% respectively.

Assessment Area Unemployment Rate								
	NYS	Bronx County	Kings County	Nassau County	New York County	Queens County	Richmond County	Westchester County
2008	5.3	7.3	5.8	4.7	4.7	4.8	4.9	4.8
2009	8.4	11.9	9.9	7.1	8.4	8.3	8.1	7.3
2010	8.6	12.8	10.2	7.1	8	8.5	8.7	7.2

### **Community Information**

Ariva, a not-for-profit community development organization was contacted during the evaluation. The Deputy Director of this community group was interviewed.

Ariva is located at the premises of CSB. It primarily serves the South Bronx, but has clients from all of New York City. Founded in 2003, Ariva focuses on providing free

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tax preparation, benefit access and financial education for limited income and low-wealth individuals. Through these programs, it is hoped that the people it serves gain knowledge to make informed financial decisions that will allow them to gain financial stability.

CSB provides space free of charge to Ariva in its banking office located at 69 E 167<sup>th</sup> Street in the Bronx. The bank also helps Ariva's clients open bank accounts.

The Deputy Director said that the banks in the area need to make it easier for people to bank with them. They should open more branches, have low or no fees and improve customer service by being more courteous, welcoming and friendlier. The community contact had favorable comments about CSB's service.

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## **PERFORMANCE STANDARDS AND ASSESSMENT FACTORS**

*CSB is evaluated under the small banking institution's performance standards in accordance with Parts 76.7 and 76.12 of the General Regulations of the Banking Board. CSB's performance was evaluated according to the small bank performance criteria, which consists of the lending test including (1) loan-to-deposit ratio and other lending-related activities; (2) assessment area concentration; (3) distribution by borrower characteristics; (4) geographic distribution of loans; and (5) action taken in response to written complaints regarding CRA. The following factors were also considered in assessing the bank's record of performance: the extent of participation by the board of directors or board of trustees in formulating CRA policies and reviewing CRA performance; any practices intended to discourage credit applications, evidence of prohibited discriminatory or other illegal credit practices; record of opening and closing offices and providing services at offices; and process factors, such as activities to ascertain credit needs and the extent of marketing and special credit related programs. Finally, the evaluation considered other factors as delineated in Section 28-b of the Banking Law that reasonably bear upon the extent to which a banking institution is helping to meet the credit needs of its entire community.*

Statistics employed in this evaluation were derived from various sources. Bank-specific information was submitted by the bank both as part of the examination process and on its Call Report submission to the Federal Deposit Insurance Corporation ("FDIC"). Aggregate lending data were obtained from the Federal Financial Institutions Examination Council ("FFIEC") and deposit data were obtained from the FDIC. Loan-to-deposit ratios were calculated from information shown in the bank's Uniform Bank Performance Report ("UBPR") as submitted to the FDIC.

The demographic data referred to in this report were derived from the 2000 U.S. Census and the U.S. Department of Housing and Urban Development ("HUD"). Business demographic data used in this report provide information on US businesses, enhanced by Dun & Bradstreet reports and updated annually. Unemployment data were obtained from the New York State Department of Labor.

The assessment period is from October 25, 2007 to December 31, 2010.

Examiners considered CSB's small business and consumer loans in evaluating factors (2), (3) and (4) of the lending test as noted above. During the evaluation period, CSB originated six HMDA-reportable loans. Due to the minimal lending of HMDA-reportable loans, the HMDA-reportable loans were excluded from the analysis at this evaluation.

### **Current CRA Rating: "Outstanding"**

#### **Loan-to-Deposit Ratio and other Lending-Related Activities: "Outstanding"**

CSB's average LTD ratio was more than reasonable considering its size, business strategy, financial condition and peer group activity.

During the evaluation period, CSB's average LTD ratio was 116.9 %, with a high of 209.0 % as of December 31, 2008 and a low of 48.0 % as of December 31, 2007, which was the first quarter the bank started its operation. Overall, CSB's LTD ratio of 116.9 % was significantly higher than its peers' average LTD of 87.6 %.

The chart below shows CSB's LTD ratios in comparison with the peer group's ratios for the 13 quarters since CSB commenced operation in October 2007.

	2007 Q4	2008 Q1	2008 Q2	2008 Q3	2008 Q4	2009 Q1	2009 Q2	2009 Q3	2009 Q4	2010 Q1	2010 Q2	2010 Q3	2010 Q4	Avg.
Bank	48.0	178.7	196.6	157.8	209.0	123.6	129.5	101.6	79.7	74.2	78.6	71.1	71.9	116.9
Peer	89.4	93.5	99.0	95.9	93.2	88.5	87.7	85.0	83.7	81.8	80.6	79.8	80.1	87.6

Assessment Area Concentration: "Outstanding"

During the evaluation period, CSB originated 95.9% by number, and 85.8% by dollar value of the combination of its small business and consumer loans within the assessment area. This substantial majority of lending inside its assessment area is an outstanding record of lending.

Small Business Loans: "Outstanding"

During the evaluation period, for small business lending, CSB originated 87.0% by number, and 85.7% by dollar value of its loans within the assessment area. This substantial majority of lending inside of its assessment area is an outstanding record of small business lending.

Consumer Loans: "Outstanding"

During the evaluation period, for consumer lending, CSB originated 99.3% by number, and 99.4% by dollar value of its loans within the assessment area. This substantial majority of lending inside of its assessment area is an outstanding record of consumer lending.

The following table shows the percentages of CSB's small business and consumer loans originated inside and outside of 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
	#	%	#	%		\$	%	\$	%	
<b>Small Business</b>										
2008	9	69.2%	4	30.8%	13	4,030	70.0%	1,729	30.0%	5,759
2009	17	100.0%	-	0.0%	17	6,627	100.0%	-	0.0%	6,627
2010	21	87.5%	3	12.5%	24	8,601	85.4%	1,475	14.6%	10,076
Subtotal	47	87.0%	7	13.0%	54	19,258	85.7%	3,204	14.3%	22,462
<b>Consumer</b>										
2008	10	100.0%	-	0.0%	10	35	100.0%	-	0.0%	35
2009	63	100.0%	-	0.0%	63	78	100.0%	-	0.0%	78
2010	69	98.6%	1	1.4%	70	55	98.2%	1	1.8%	56
Subtotal	142	99.3%	1	0.7%	143	168	99.4%	1	0.6%	169
Grand Total	189	95.9%	8	4.1%	197	19,426	85.8%	3,205	14.2%	22,631

### Distribution by Borrower Characteristics: "Outstanding"

The distribution of loans based on borrower characteristics demonstrated an excellent penetration rate of lending among businesses of different revenue sizes. CSB's small business loans penetration ratios exceeded the levels achieved by the peer group. The consumer loans were not rated because the majority of the loans were secured loans and borrower's income was not reported as it was not part of the lending decision criterion.

#### Small Business Loans: "Outstanding"

The distribution of small business loans based on the revenue size of the business demonstrated an excellent penetration rate of lending among businesses of different revenue sizes.

During the evaluation period, CSB made 78.7% by number and 76.3% by dollar value of its loans to businesses with revenues less than \$1.0 million. CSB outperformed the market aggregate by 18.9% by number and 25.5% by dollar value of loans for all three years. CSB achieved small business loan penetration ratios of 66.7%, 82.4% and 81.0% by number, and 66.9%, 85.7% and 73.6% by dollar value in 2008, 2009 and 2010, respectively. These ratios were well above the corresponding small business loan penetration ratios achieved by the market aggregate (20.7%, 16.5% and 17.3% by number and 28.4%, 23.2% and 22.4% by dollar value in 2008, 2009 and 2010, respectively.)

CSB's lending to small businesses was better than the business demographics for the assessment area for 2009 and 2010, and met the demographics in 2008.

The following chart provides a summary of CSB's small business lending distribution based on revenue size during the evaluation period:

<b>Distribution of Small Business Lending by Revenue Size of Business</b>									
<b>2008</b>									
<b>Rev. Size</b>	<b>Bank</b>				<b>Aggregate</b>				<b>Bus.Dem.</b>
	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	
Rev. <= \$1MM	6	66.7%	2,695	66.9%	92,501	20.7%	2,687,921	28.4%	67.7%
Rev. > \$1MM	3	33.3%	1,335	33.1%					5.7%
<b>Total</b>	<b>9</b>		<b>4,030</b>		<b>447,361</b>		<b>9,466,367</b>		
<b>2009</b>									
<b>Rev. Size</b>	<b>Bank</b>				<b>Aggregate</b>				<b>Bus.Dem.</b>
	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	
Rev. <= \$1MM	14	82.4%	5,677	85.7%	33,213	16.5%	1,208,065	23.2%	75.9%
Rev. > \$1MM	3	17.6%	950	14.3%					5.5%
<b>Total</b>	<b>17</b>		<b>6,627</b>		<b>200,847</b>		<b>5,213,464</b>		
<b>2010</b>									
<b>Rev. Size</b>	<b>Bank</b>				<b>Aggregate</b>				<b>Bus.Dem.</b>
	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	
Rev. <= \$1MM	17	81.0%	6,331	73.6%	31,480	17.3%	1,087,024	22.4%	76.2%
Rev. > \$1MM	4	19.0%	2,270	26.4%					5.2%
<b>Total</b>	<b>21</b>		<b>8,601</b>		<b>182,059</b>		<b>4,862,588</b>		
<b>GRAND TOTAL</b>									
<b>Rev. Size</b>	<b>Bank</b>				<b>Aggregate</b>				<b>Bus.Dem.</b>
	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	
Rev. <= \$1MM	37	78.7%	14,703	76.3%		18.9%		25.5%	
Rev. > \$1MM	10	21.3%	4,555	23.7%					
<b>Total</b>	<b>47</b>		<b>19,258</b>						

#### Geographic Distribution of Loans: "Outstanding"

The distribution of loans based on lending in census tracts of varying income levels demonstrated an excellent rate of lending. The majority of CSB's small business and consumer loans were made in LMI geographies.

#### Small Business Loans: "Outstanding"

The distribution of small business loans based on the income level of the geography of the business demonstrated an excellent penetration rate of lending.

The majority of CSB's lending was in LMI areas, and the ratios of CSB's lending in LMI geographies were greater than the aggregate ratios for 2008, 2009 and 2010.

In 2008, CSB lent 44.4% by number and 42.6 % by dollar value of the loans in LMI geographies. In 2009, the ratios improved to 58.8% by number and 62.0% by dollar value. In 2010, the ratios further improved to 81.0% by number and 82.3% by dollar value. In comparison, the aggregate reported 19.9%, 19.6% and 18.2% by number; and 19.0%, 19.3% and 18.3% by dollar value for the same period, respectively. In addition, CSB's lending activities in LMI areas were better than the business demographics.

The following chart provides a summary of CSB's small business lending distribution based on the income level of the geography.

Distribution of Small Business Lending by Geographic Income of the Census Tract									
2008									
Geographic Income	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Low	3	33.3%	1,417	35.2%	21,279	4.8%	438,750	4.6%	7.0%
Moderate	1	11.1%	300	7.4%	67,775	15.1%	1,362,280	14.4%	17.8%
LMI	4	44.4%	1,717	42.6%	89,054	19.9%	1,801,030	19.0%	24.8%
Middle	2	22.2%	1,002	24.9%	130,635	29.2%	2,651,321	28.0%	28.3%
Upper	2	22.2%	1,090	27.0%	224,391	50.2%	4,877,492	51.5%	45.9%
Unknown	1	11.1%	221	5.5%	3,281	0.7%	136,524	1.4%	1.0%
<b>Total</b>	<b>9</b>		<b>4,030</b>		<b>447,361</b>		<b>9,466,367</b>		
2009									
Geographic Income	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Low	5	29.4%	1,629	24.6%	9,862	4.9%	238,872	4.6%	7.0%
Moderate	5	29.4%	2,483	37.5%	29,474	14.7%	766,124	14.7%	17.8%
LMI	10	58.8%	4,112	62.0%	39,336	19.6%	1,004,996	19.3%	24.8%
Middle	2	11.8%	600	9.1%	56,132	27.9%	1,419,911	27.2%	28.3%
Upper	5	29.4%	1,915	28.9%	103,724	51.6%	2,711,068	52.0%	46.0%
Unknown	0	0.0%	0	0.0%	1,655	0.8%	77,489	1.5%	1.0%
<b>Total</b>	<b>17</b>		<b>6,627</b>		<b>200,847</b>		<b>5,213,464</b>		
2010									
Geographic Income	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Low	9	42.9%	3,021	35.1%	7,972	4.4%	233,751	4.8%	6.8%
Moderate	8	38.1%	4,055	47.1%	25,147	13.8%	653,850	13.4%	17.4%
LMI	17	81.0%	7,076	82.3%	33,119	18.2%	887,601	18.3%	24.2%
Middle	2	9.5%	735	8.5%	50,024	27.5%	1,343,617	27.6%	28.4%
Upper	2	9.5%	790	9.2%	97,086	53.3%	2,534,662	52.1%	46.4%
Unknown	0	0.0%	0	0.0%	1,830	1.0%	96,708	2.0%	1.0%
<b>Total</b>	<b>21</b>		<b>8,601</b>		<b>182,059</b>		<b>4,862,588</b>		
GRAND TOTAL									
Geographic Income	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Low	17	36.2%	6,067	31.5%		4.7%		4.7%	
Moderate	14	29.8%	6,838	35.5%		14.7%		14.2%	
LMI	31	66.0%	12,905	67.0%		19.5%		18.9%	
Middle	6	12.8%	2,337	12.1%		28.5%		27.7%	
Upper	9	19.1%	3,795	19.7%		51.2%		51.8%	
Unknown	1	2.1%	221	1.1%		0.8%		1.6%	
<b>Total</b>	<b>47</b>		<b>19,258</b>						

Consumer Loans: "Outstanding"

The distribution of consumer loans based on lending in census tracts of varying income levels demonstrated an excellent penetration rate of lending among LMI geographies. During the evaluation period, CSB made 85.2% by number and 66.7% by dollar value of the consumer loans in LMI tracts. This substantial majority of lending among LMI

geographies is an outstanding record of geographic distribution of lending.

CSB's consumer lending by number of loans and dollar value of loans in LMI tracts far out-paced the household demographics of the LMI tracts.

The following chart provides a summary of CSB's consumer lending distribution based on census tracts of varying income levels during the evaluation period:

<b>Distribution of Consumer Lending by Geographic Income of the Census Tract</b>					
<b>2008</b>					
<b>Geographic Income</b>	<b>Bank</b>				<b>HH Dem.</b>
	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>%</b>
Low	8	80.0%	10	28.6%	11.9%
Moderate	0	0.0%	0	0.0%	24.6%
LMI	8	80.0%	10	28.6%	36.5%
Middle	2	20.0%	25	71.4%	30.9%
Upper	0	0.0%	0	0.0%	32.6%
Unknown	0	0.0%	0	0.0%	0.0%
<b>Total</b>	<b>10</b>		<b>35</b>		
<b>2009</b>					
<b>Geographic Income</b>	<b>Bank</b>				<b>HH Dem.</b>
	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>%</b>
Low	40	63.5%	51	65.4%	11.9%
Moderate	14	22.2%	6	7.7%	24.6%
LMI	54	85.7%	57	73.1%	36.5%
Middle	7	11.1%	20	25.6%	30.9%
Upper	0	0.0%	0	0.0%	32.6%
Unknown	2	3.2%	1	1.3%	0.0%
<b>Total</b>	<b>63</b>		<b>78</b>		
<b>2010</b>					
<b>Geographic Income</b>	<b>Bank</b>				<b>HH Dem.</b>
	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>%</b>
Low	41	59.4%	32	58.2%	11.9%
Moderate	18	26.1%	13	23.6%	24.6%
LMI	59	85.5%	45	81.8%	36.5%
Middle	8	11.6%	8	14.5%	30.9%
Upper	2	2.9%	2	3.6%	32.6%
Unknown	0	0.0%	0	0.0%	0.0%
<b>Total</b>	<b>69</b>		<b>55</b>		
<b>GRAND TOTAL</b>					
<b>Geographic Income</b>	<b>Bank</b>				<b>HH Dem.</b>
	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>%</b>
Low	89	62.7%	93	55.4%	
Moderate	32	22.5%	19	11.3%	
LMI	121	85.2%	112	66.7%	
Middle	17	12.0%	53	31.5%	
Upper	2	1.4%	2	1.2%	
Unknown	2	1.4%	1	0.6%	
<b>Total</b>	<b>142</b>		<b>168</b>		

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Action Taken In Response to Written Complaints With Respect to CRA:

Since CSB began operation in October 2007, neither CSB nor the New York State Banking Department has received any written complaints regarding CSB's CRA performance.

**Additional Factors**

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

CSB's Board of Directors is responsible for assuring that CRA is an integral part of the bank's business. It ensures that the Community Development and Reinvestment Committee, which meets quarterly fulfills its responsibilities. The Board of Directors reviews the CRA loan report monthly; and at least quarterly, it reviews the CRA activities report, all written complaints and associated corrective action. The Board reviews and approves CRA policies and procedures annually or more frequently.

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

The New York State Banking Department noted no practices that were intended to discourage applications for the types of credit offered by the institution.

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

The New York State Banking Department noted no evidence of prohibited discriminatory or other illegal practices.

**Record of opening and closing offices and providing services at offices**

CSB's sole location is 69 E. 167<sup>th</sup> Street, Bronx, NY 10452, where CSB operates two 24-hour deposit-taking ATMs that allow CSB customers to make deposit and withdrawal. CSB's hours of operation as of December 31, 2010 were 8 am to 8 pm for Monday through Friday, and 10 am to 4 pm on Saturdays. In addition, customers can access their accounts and perform certain transactions through CSB's website.

**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.

Prior to opening, CSB conducted a market feasibility analysis to assess the

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financial service needs of the local community. Subsequent to commencing business, CSB has utilized feedback from customers and local relationships, including Ariva, Inc. to assess local credit needs. The \$aveNYC Loan Product for instance, was designed in response to customer demand for access to credit.

CSB offers an Access Card account that is designed to specifically support various Volunteer Income Tax Assistance (VITA) programs. This account is for direct deposit of tax refunds and includes free ATM withdrawals from the bank's and MoneyPass network ATMs. The account is marketed as a no cost alternative to Refund Anticipation Loans, while emphasizing the speed of direct deposit refunds. For non-tax season, the card is marketed as a starter savings account for customers reluctant to bear the costs of full checking.

The Safe Start account is a result of CSB partnering with New York City to offer a safe and affordable starter account. This account has no minimum balance, no monthly or overdraft fees and has only an ATM card.

- *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*

CSB relies on its relationship with Ariva, Inc.; its interactions with community organizations and its presence in the Bronx, one of New York City's most un-banked areas, to build awareness of its products and services.

CSB offers two special loan programs; SBA loans and \$aveNYC loans. The SBA loans enable CSB to make loans to small businesses, which CSB would otherwise, may not be able to make without the government guarantees offered in the program.

\$aveNYC loans are CD-secured loans for \$aveNYC Account program participants. The \$aveNYC Account pilot program, sponsored by the New York City Department of Consumer Affairs Office of Financial Empowerment under the Bloomberg administration, ran from February 2008 through 2010. This anti-poverty program aimed to help consumers with low incomes build savings, by offering a 50% match incentive, up to \$500 (effective 2010), for the portion of the individual's tax refund deposited in a \$aveNYC Account for at least one year. CSB participated in this saving program and developed its "\$aveNYC loan program". The loan program allowed customers to withdraw up to 100% of their funds deposited, in the form of a CD-secured loan, enabling them to access their money without losing the matching deposit. CSB attracted individuals to open these accounts by working with the community group Ariva, Inc., on its free tax preparation program given through the IRS' VITA program. CSB and Ariva also went to other community groups such as Sahki, a non-profit whose focus is domestic violence advocacy and Accion New York, a non-profit concentrating on micro lending, to conduct tax workshops.

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**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**

CSB's focus is to serve the financial service needs of its community; one that is largely unbanked. It is extremely active in its community and does a great deal of outreach. The location, in a low-income census tract of the South Bronx, says a lot about how serious CSB's management takes its mission.

CSB's community development initiatives are centered on its relationship with Ariva, Inc., an independent non-profit corporation that was originally founded by organizers of the CSB that is committed to community development and financial education in the South Bronx. Ariva, which operates at CSB's space, provided free of charge, has collaborated with CSB to achieve the common goals of building financial awareness and promoting savings and financial stability in the South Bronx community. In fall 2010, CSB sponsored Ariva's financial education program named "Rise Up! Light Up Your Financial Future."

In December 2010, CSB assisted by the Bronx based non-profit Start Small, Think Big, which provides financial education to low income residence of the South Bronx, designed and began to manage a match savings program for student participants of the Mott Haven Village High School College Preparatory and Leadership Program.

In 2010, CSB participated in New York City's Summer Youth Employment program. CSB supported the city's efforts to establish long-term banking relationships for working city youths. CSB staff worked with five local non-profits to educate students on the importance of savings and the role of banks in their communities.

CSB's current and former management have been involved in various community development organizations as follows:

A director of CSB is a Board member with the Bronx Council on the Arts ("BCA") and was Treasurer from 2005 until 2009. BCA is a non-profit membership organization providing cultural services and arts programs in the Bronx. The director is also the Chairperson of Ariva, a role held since 2004. Under the director's leadership Ariva's programs, fundraising and infrastructure have grown from a start-up non-profit to an organization with a \$500 thousand annual budget, including grant income and in-kind support. Ariva has been a leading non-profit in the VITA and asset building initiatives in NYC since 2008.

The President of CSB participated in the Journey to Excellence, an outreach program of the Diversity Development Department of News Corporation. The purpose of the program was to reach out to inner city high school students to educate, inspire and provide them with the necessary tools to become successful in life. There were approximately 35 students from the Eagle Academy and the Bronx School of Government, Law and Justice in the program, who met at least once per month at 244

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East 163<sup>rd</sup> St, in the Bronx, to discuss career opportunities, work on academic programs and take life skills training.

A former director and executive of CSB and its holding company, was a Trustee of the Bronx Museum of the Arts and has served an important role in helping guide the institution through a successful turn-around over the past five years. The former director and executive also served on the board of BronxWorks, formerly the Citizens Advice Bureau. BronxWorks is a leading social service not-for-profit that feeds, shelters, teaches and supports Bronx residents. The former director and executive also served on the Bronx Small Business Initiative Steering Committee in conjunction with BOEDC (Bronx Overall Economic Development Corporation), supporting targeted pro-bono consulting efforts for Bronx based businesses.

A director of CSB was Director of the Association of Hispanic Arts, a non-profit organization dedicated to promoting a greater appreciation and understanding of Latino arts and culture.

## GLOSSARY

### Aggregate Penetration Rate

The number of loans originated and purchased by all reporting lenders in specified categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the assessment area.

### 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.

**Income Level**

The income level of the person, family or household is based on the income of person, family or household. A geography’s income is categorized by median family income for the geography. In both cases, the income is compared to the MSA or statewide nonmetropolitan median income.

<b>Income level of individual or geography</b>	<b>% of the area median income</b>
Low-income	Less than 50
Moderate-income	At least 50 and less than 80
Middle-income	At least 80 and less than 120
Upper-income	120 or more

**Loans to Small Businesses**

Small business loans to businesses with gross annual revenues (“GAR”) of \$1 million or less (“< = \$ 1MM”).

**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**

Individuals or persons 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 in LMI geographies or to LMI borrowers.

### **Small Business Loans**

Loans to businesses with original amounts of  $\leq$  \$1MM.