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, 2002

Institution: First Central Savings Bank
19-19 Francis Lewis Blvd.
Whitestone, NY 11357

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, 2002.

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 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 are primarily based on a review of performance tests and standards described in Section 76.7 and detailed in Sections 76.8 – 76.13. The tests and standards incorporate the 12 assessment factors contained in Section 28-b of the New York State Banking Law.

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

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:

- The bank's average loan-to-deposit ("LTD") ratio is reasonable considering that it has been in business for less than four year as of evaluation date. FCSB's average LTD for the eight calendar quarters ending December 31, 2002 was 63.9%, compared with the peer group's average LTD ratio of 81.2%.

- The bank extended a majority of its HMDA-type and small business loans within its assessment area. For the evaluation period, the bank originated approximately 77% by number and 74% by dollar volume of its loan inside the assessment area.

- The bank's geographic distribution of loans reflects a reasonable dispersion throughout the assessment area.

    - The bank extended 22.6% by number and 23% by dollar volume of its 2001 HMDA-type loans in LMI areas. During 2002, the LMI penetration ratio declined to 17.7% by number and 18.5% by dollar volume, but still was slightly above the aggregate ratios of 16.3% and 16.7%, respectively.

    - The bank extended 12.5% by number (one loan for $250 thousand) and 39.1% by dollar volume of its 2001 small business loans in LMI areas. During 2002, the bank's LMI penetration ratio improved to 16.7% by number (four loans) but declined to 13.6% by dollar volume.

- The distribution by borrower characteristics reflects reasonable penetration among consumers of different income levels and businesses of different sizes.

    - The bank extended 15.4% by number and 12.6% by dollar volume of its 2001 HMDA-type loans to LMI borrowers. During 2002, the LMI penetration ratio improved significantly to 33.3% and 28.4%, well above the aggregate ratios of 14.5% and 7.5%, respectively.

    - The bank extended 75% (six loans) of its 2001 small business loans to businesses with gross annual revenues of $1 million or less. The ratio improved to 83.3% (20 loans) in 2002.

- Neither the bank nor the New York State Banking Department received any written complaints with respect to the bank'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.

PERFORMANCE CONTEXT

Institution's Profile:

FCSB opened for business on April 5, 1999. The bank is a state-chartered nonmember commercial bank. As of the evaluation date, the bank had two full service branch locations. The main office is located at 19-19 Francis Lewis Blvd. in Whitestone, Queens; the other office is located at 35-01 30th Avenue in Astoria, Queens.

As of the December 31, 2002 Consolidated Report of Condition ("Call Report"), the bank had total assets of $109 million, of which $73.7 million were loans and lease finance receivables. The bank reported total deposits of $99.5 million, resulting in a LTD ratio of 74%. The following is a summary of the bank's loan portfolio based on Schedule RC-C of the bank's December 31, 2001 and December 31, 2002 Call Reports.

TOTAL GROSS LOANS OUTSTANDING				
	12/31/2002		12/31/2001	
LOAN TYPE	**$000**	**%**	**$000**	**%**
1-4 Family Residential Mortgage Loans	4,133	5.5	975	2.2
Commercial Mortgage Loans	32,145	43.2	22,914	51.7
Multifamily Mortgages	31,210	41.9	17,929	40.4
Construction & Development	1,653	2.2	596	1.3
Commercial & Industrial Loans	5,153	6.9	1,718	3.9
Consumer Loans	54	0.1	157	0.4
Other Loans	151	0.2	42	0.1
Total Gross Loans	**74,499**	**100**	**44,331**	**100**

The bank's overall loan portfolio increased by 68.1% from $44.3 million to $74.5 million between year-end 2001 and year-end 2002. The portfolio continues to be dominated by commercial real estate loans and multifamily mortgage loans. Meanwhile, residential mortgage loans increased by more than 300% from $975 thousand to $4.1 million, and commercial and industrial loans increased by almost 200% from $1.7 million to $5.2 million.

The bank does not participate in any government guaranteed or sponsored loan programs.

At its prior Performance Evaluation conducted by the New York State Banking Department as of December 31, 2000, the bank received a rating of "2," reflecting a satisfactory record of helping to meet community credit needs.

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

Assessment Area:

The bank's assessment area includes part of MSA 5600, specifically the counties of the Bronx, Kings (Brooklyn), New York (Manhattan), and Queens in their entirety. The area consists of 2115 census tracts, of which 310 (14.7%) are low-income tracts, 417 (19.7%) are moderate-income, 754 (35.7%) are middle-income, and 572 (27.0%) are upper-income tracts. There are also 62 (2.9%) zero-income tracts in the area.

According to the U.S. Census Bureau, the four counties in the assessment area had a population of 6.9 million in 1990. There were almost 2.7 million households, of which 18.2% had income below the poverty level. In 1990, the median family income for MSA 5600 was $37.5 thousand. HUD's estimated median family income for the MSA was $62.8 thousand in 2002.

There were 2.9 million housing units, 33.5% of which were 1-4 family units and 64.8% were multifamily units. About 25% of the housing units were owner occupied and nearly 69% were rental occupied. About 6% of all housing units were vacant or boarded up. The median age of housing was 42 years and the median value was $186.5 thousand.

The following chart shows the distribution of census tracts within the assessment area.

Assessment Area - Distribution by Census Tracts												
	Low		Moderate		Middle		Upper		N/A		Total	
County	#	%	#	%	#	%	#	%	#	%	#	%
Bronx	126	35.5	65	18.3	88	24.8	61	17.2	15	4.2	355	100
Kings	114	14.5	207	26.2	302	38.3	147	18.6	19	2.4	789	100
New York	63	21.1	65	21.8	33	11.1	126	42.3	11	3.7	298	100
Queens	7	1.0	80	11.9	331	49.2	238	35.4	17	2.5	673	100
Total	**310**	**14.7**	**417**	**19.7**	**754**	**35.7**	**572**	**27.0**	**62**	**2.9**	**2,115**	**100**

The assessment area appears reasonable based upon the location of the branches and the bank's lending patterns. No evidence was found that LMI areas were arbitrarily excluded from the bank's assessment area.

Details of Assessment Area:

Bronx County: According to the U.S. Census Bureau, the Bronx had a population of 1.2 million in 1990. Almost 11.6% of the county's population were over the age of 65 and 24.7% were under the age of 16. There were almost 292 thousand families in the county, of which 38.8% (113.2 thousand) were low-income families, 17.9% (52.3 thousand) were moderate-income, 17.9% (52.2 thousand) were middle-income and 25.4% (74.3 thousand) were upper-income families. Of the 165.5 thousand LMI families, 77.2% (127.7 thousand) lived in LMI areas and these families accounted for 72.2% of all the families (177 thousand) that lived in LMI areas. There were 423.2 thousand households in the county, of which 26.9% (114 thousand) had income below the poverty level.

There were approximately 441 thousand housing units in the Bronx, 23.4% (103.1 thousand) of which were 1-4 family units and 74.6% (329.2 thousand) were multifamily units. About 17.2% (75.8 thousand) of all the housing units were owner occupied and 19.9% (15.1 thousand) were in LMI areas. Nearly 79% (348.3 thousand) were rental occupied and 66.4% (231.3 thousand) were in LMI areas. Nearly 4% (about 17 thousand) of all the housing units were vacant and/or boarded up. The median age of housing was 38 years and the median value was $130.8 thousand.

According to the New York Department of Labor, Bronx County's unemployment rate averaged 7.2% in 2001 and 9.3% in 2002. The county's average rates were significantly above the State's average rates of 4.9% in 2001 and 6.1% in 2002.

According to a Dun and Bradstreet survey for 2002, 11.4 thousand (33%) of all firms in the Bronx were service providers, 7.9 thousand (22.9%) were in retail trade, 2.9 thousand (8.4%) were in finance, insurance and real estate, 1.4 thousand (4.1%) were in wholesale trade, 1.7 thousand (4.9%) were in construction, 0.9 thousand (2.5%) were in manufacturing and 1.3 thousand (3.8%) were in transportation and communication.

Kings County: According to the U.S. Census Bureau, Kings County had a population of 2.3 million in 1990. Almost 12.5% of the county's population were over the age of 65 and 23.5% were under the age of 16. There were 563.3 thousand families in the county, of which 32.4% (182.5 thousand) were low-income families, 17.6% (99.1 thousand) were moderate-income, 19% (106.8 thousand) were middle-income and 31% (174.9 thousand) were upper-income families. Of the 281.6 thousand LMI families, 62.3% (175.4 thousand) lived in LMI areas and these families accounted for 65.9% of all the families (266.1 thousand) that lived in LMI areas. There were 827.7 thousand households in the county, of which 21.5% (178.1 thousand) had income below the poverty level.

There were 873.7 thousand housing units in Kings County, 46.3% (404.7 thousand) of which were 1-4 family units and 52.2% (455.7 thousand) were multifamily units. About 24.7% (215.8 thousand) of all the housing units were owner occupied and 25.7% (55.5 thousand) were in LMI areas. Almost 70.1% (612.4 thousand) were rental occupied and 51.3% (314.1 thousand) were in LMI areas. Approximately 5.6% (48.9 thousand) of all the housing units were vacant and/or boarded up. The median age of housing was 44 years and the median value was $181.4 thousand.

According to the New York Department of Labor, the average unemployment rate for Kings County was 8.6% in 2002 and 6.7 % in 2001, compared with 6.1% for New York State in 2002 and 4.9 % in 2001.

According to a Dun and Bradstreet survey for 2002, 31.4 thousand (31.5%) of all firms in Kings County were service providers, 19.9 thousand (20%) were in retail trade, 7 thousand (7.1%) were in finance, insurance and real estate, 5.3 thousand (5.4%) were in wholesale trade, 4.8 thousand (4.8%) were in construction, 3.7 thousand (3.8%) were in manufacturing and 3.7 thousand (3.7%) were in transportation and communication.

New York County: According to the U.S. Census Bureau, New York County had a population of approximately 1.5 million in 1990. About 13.3% of the county's population were over the age of 65 and 14.9% were under the age of 16. There were 305.4 thousand families in the county, of which 28.8% (88 thousand) were low-income families, 13.8% (42.3 thousand) were moderate-income, 14.3% (43.8 thousand) were middle-income and 43% (131.3 thousand) were upper-income families. Of the 130.2 thousand LMI families, 76.6% (99.7 thousand) lived in LMI areas and these families accounted for 68.3% of all the families (145.9 thousand) that lived in LMI areas. There were 716.8 thousand households in the county, of which 16.8% (120.1 thousand) had income below the poverty level.

There were 785.1 thousand housing units in New York County, 2.9% (22.6 thousand) of which were 1-4 family units and 95.7% (751.4 thousand) were multifamily units. About 16.3% (128 thousand) of all the housing units were owner occupied and 9.7% (12.4 thousand) were in LMI areas. Nearly 75% (588.4 thousand) were rental occupied and 39.7% (233.9 thousand) were in LMI areas. Approximately 9.1% (71.2 thousand) of all the housing units were vacant and/or boarded up. The median age of housing was 41 years and the median value was $212.4 thousand

According to the New York Department of Labor, the average unemployment rate for New York County was 8.2% in 2002 and 6.4 % in 2001, compared with 6.1% for New York State in 2002 and 4.9 % in 2001.

According to a Dun and Bradstreet survey for 2002, nearly 80.4 thousand (38.1%) of all firms in New York County were service providers, 30.6 thousand (14.5%) were in the retail trade, 23 thousand (10.9%) were in finance, insurance and real estate, 14.9 thousand (7.1%) were in the wholesale trade, 10.1 thousand (4.8%) were in manufacturing and 6.1 thousand (2.9%) were in transportation and communication.

Queens County: According to the U.S. Census Bureau, Queens County had a population of almost 2 million in 1990. Almost 14.7% of the county's population were over the age of 65 and 18.6% were under the age of 16. There were 495.6 thousand families in the county, of which 18.2% (90.2 thousand) were low-income families, 16.4% (81.5 thousand) were moderate-income, 21.7% (107.5 thousand) were middle-income and 43.7% (216.4 thousand) were upper-income families. Of the 171.7 thousand LMI families, 24.4% (41.9 thousand) lived in LMI areas and these families accounted for 57.9% of all the families (72.3 thousand) that lived in LMI areas. There were 718.4 thousand households in the county, of which 10.8% (77.9 thousand) had income below the poverty level.

There were 752.7 thousand housing units in Queens County, 56.6% (426.3 thousand) of which were 1-4 family units and 41.4% (311.8 thousand) were multifamily units. Almost 40.7% (306.1 thousand) of all the housing units were owner occupied and 5.9% (18 thousand) were in LMI areas. About 55% (414 thousand) were rental occupied and 21% (87.1 thousand) were in LMI areas. Approximately 4.5% (34 thousand) of all the housing units were vacant and/or boarded up. The median age of housing was 41 years and the median value was $198.1 thousand.

According to the New York Department of Labor, the average unemployment rate for Queens County was 6.5% in 2002 and 4.9 % in 2001, compared with 6.1% for New York State in 2002 and 4.9 % in 2001.

According to a Dun and Bradstreet survey for 2002, 27.6 thousand (29.4%) of all firms in Queens County were service providers, 17.4 thousand (18.6%) were in the retail trade, 6.9 thousand (7.3%) were in finance, insurance and real estate, 5.8 thousand (6.2%) were in construction, 4.9 thousand (5.2%) were in transportation and communications and 4.5 thousand (4.8%) were in wholesale trade.

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 Complaints Regarding CRA.

The assessment period included calendar years 2001 and 2002. Examiners considered HMDA-type and small business lending in evaluating factors (2), (3) and (4), as noted above. The bank's HMDA-type loan performance is compared to aggregate lending for 2002, but not for 2001 since the bank only became a HMDA reporter in 2002. The bank's small business lending is not compared to aggregate data since small banks are not required to report small business loan information, and their loans are not included in aggregate data.

The demographic data referred to in this report was obtained from the 1990 U.S. Census, with the updated median family income figures provided by HUD.

- **Loan-to-Deposit Analysis and Other Lending-Related Activities: "Satisfactory"**

The bank's average LTD ratio for the eight quarters ended December 31, 2002 is 63.9%, which is lower than the peer group's average LTD ratio of 81.2%. While the bank's average LTD ratio is lower than the peer group's LTD ratio, it is a reasonable ratio for a bank that had been open for less than four years as of December 31, 2002.

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

The bank extended a majority of its HMDA-type and small business loans within its assessment area. Overall, the bank originated 76.7% by number and 73.7% by dollar volume of its loans inside the assessment area during the evaluation period.

The table below illustrates the distribution of loans originated inside and outside of the assessment area for 2001 and 2002:

Distribution of Loans Inside and Outside of the Assessment Area										
	Number of Loans					Dollars in Loans (000s)				
	Inside		Outside			Inside		Outside		
Loan Category or Type	#	%	#	%	Total	$	%	$	%	Total
HMDA-Type Loans										
2001	31	75.6	10	24.4	41	9,955	75.4	3,241	24.6	13,196
2002	62	77.5	18	22.5	80	15,084	71.3	6,082	28.7	21,166
Sub-total	**93**	**76.9**	**28**	**23.1**	**121**	**25,039**	**72.9**	**9,323**	**27.1**	**34,362**
Small Business Loans										
2001	8	72.7	3	27.3	11	640	52.0	590	48.0	1,230
2002	24	77.4	7	22.6	31	4,679	83.9	900	16.1	5,579
Sub-total	**32**	**76.2**	**10**	**23.8**	**42**	**5,319**	**78.1**	**1,490**	**21.9**	**6,809**
Combined Total	**125**	**76.7**	**38**	**23.3**	**163**	**30,358**	**73.7**	**10,813**	**26.3**	**41,171**

- **<u>Geographic Distribution of Loans</u>: "Satisfactory"**

The geographic distribution of the bank's HMDA-type and small business loans reflects reasonable dispersion throughout the assessment area.

HMDA-Type Loans

In 2001, the bank extended 22.6% (seven loans) by number and 23% ($2.3 million) by dollar volume of its HMDA-type loans in LMI geographies.

During 2002, the bank's LMI penetration ratios declined to 17.7% (11 loans) by number and 18.5% ($2.8 million) by dollar volume. The bank's LMI penetration ratios were slightly above the aggregate ratios of 16.3% and 16.7%, respectively.

The following chart provides a summary of the bank's HMDA-type loan distribution during the evaluation period.

Distribution of HMDA-Type Loans by Geography Income Level*								
2001								
Geography	**Bank**				**Aggregate**			
Income Level	**#**	**%**	**$ 000s**	**%**	**#**	**%**	**$ 000s**	**%**
Low	4	12.9%	1,575	15.8%				
Moderate	3	9.7%	720	7.2%				
Middle	10	32.3%	3,061	30.7%				
Upper	14	45.2%	4,599	46.2%				
N/A	-	0.0%	-	0.0%				
Total	**31**	**100.0%**	**9,955**	**100.0%**				
2002								
Geography	**Bank**				**Aggregate**			
Income Level	**#**	**%**	**$ 000s**	**%**	**#**	**%**	**$ 000s**	**%**
Low	3	4.8%	1,400	9.3%	5,167	4.6%	1,581,215	5.0%
Moderate	8	12.9%	1,385	9.2%	13,116	11.7%	3,665,057	11.7%
Middle	31	50.0%	8,005	53.1%	39,423	35.1%	8,959,104	28.6%
Upper	20	32.3%	4,294	28.5%	54,243	48.4%	17,057,648	54.5%
N/A	-	0.0%	-	0.0%	208	0.2%	56,275	0.2%
Total	**62**	**100.0%**	**15,084**	**100.0%**	**112,157**	**100.0%**	**31,319,299**	**100.0%**

* Geography income level is based upon 1990 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

In 2001, the bank extended 12.5% by number (one loan) and 39.1% ($250 thousand) by dollar volume of its small business loans in LMI geographies. In 2002, the bank's LMI penetration ratio improved to 16.7% (four loans) by number but declined to 13.6% ($638 thousand) by dollar volume.

The following chart provides a summary of the distribution of the bank's small business loan originations during the evaluation period:

Distribution of Small Business Loans by Geography Income Level								
Geography	2001				2002			
Income Level	#	%	$ 000s	%	#	%	$ 000s	%
Low	-	0.0%	-	0.0%	1	4.2%	500	10.7%
Moderate	1	12.5%	250	39.1%	3	12.5%	138	2.9%
Middle	6	75.0%	380	59.4%	17	70.8%	2,131	45.5%
Upper	1	12.5%	10	1.6%	3	12.5%	1,910	40.8%
Total	**8**	**100.0%**	**640**	**100.0%**	**24**	**100.0%**	**4,679**	**100.0%**

- **<u>Distribution by Borrower Characteristics</u>: "Satisfactory"**

The distribution of loans by borrower characteristics reflects reasonable penetration among consumers of different income levels and businesses of different sizes.

HMDA-Type Loans

In 2001, the bank extended 15.4% (two loans) by number and 12.6% ($510 thousand) by dollar volume of its HMDA-type loans to LMI borrowers.

During 2002, the bank's LMI penetration ratios improved significantly to 33.3% (18 loans) and 28.4% ($3.4 million), respectively. The bank's 2002 rates were well above the aggregate ratios of 14.5% by number and 7.5% by dollar volume.

The following chart provides a summary by borrower income level of the bank's loans during the evaluation period. Only the bank's home purchase and refinance loans are included. Loans secured by multifamily residences are normally excluded from the analysis of borrower characteristics.

Distribution of HMDA-Type Loans by Borrower Income Level*								
2001								
Borrower	Bank				Aggregate			
Income Level	#	%	$ 000s	%	#	%	$	%
Low	1	7.7%	235	5.8%				
Moderate	1	7.7%	275	6.8%				
Middle	1	7.7%	175	4.3%				
Upper	8	61.5%	2,916	71.6%				
N/A	2	15.4%	470	11.5%				
Total	**13**	**100.0%**	**4,071**	**100.0%**				
2002								
Borrower	Bank				Aggregate			
Income Level	#	%	$ 000s	%	#	%	$	%
Low	8	14.8%	2,045	16.8%	2,896	2.7%	303,348	1.1%
Moderate	10	18.5%	1,407	11.6%	12,888	11.8%	1,751,543	6.4%
Middle	8	14.8%	1,748	14.4%	25,014	22.9%	4,405,392	16.2%
Upper	22	40.7%	5,109	42.0%	56,970	52.2%	18,081,312	66.3%
N/A	6	11.1%	1,853	15.2%	11,297	10.4%	2,734,168	10.0%
Total	**54**	**100.0%**	**12,162**	**100.0%**	**109,065**	**100.0%**	**27,275,763**	**100.0%**

* Borrower income level is based upon the Department of Housing and Urban Development's annual estimate of median family income ("MFI") figure for the MSA of the mortgaged property. Low-income is defined as <50% of the MSA MFI, moderate-income is 50% to <80%, middle-income is 80% to <120%, and upper-income is at least 120%.

Small Business Loans

In 2001, six (75%) small business loans totaling $365 thousand were extended to businesses with gross annual revenues of $1 million or less, and two loans (25%) totaling $275 thousand were made to businesses with annual revenues of more than $1 million.

In 2002, 20 loans (83.3%) totaling more than $4 million were extended to businesses with gross annual revenues of $1 million or less, and two loans (8.3%) totaling $550 thousand were extended to businesses with annual revenues of more than $1 million. For two loans, revenue figures were unavailable.

The following chart shows the distribution of the bank's small business loans based on borrower revenues.

Distribution of Small Business Loans by Business Revenue Size								
Revenue	2001				2002			
Size	#	%	$ 000s	%	#	%	$ 000s	%
$1million or less	6	75.0%	365	57.0%	20	83.3%	4,025	86.0%
Over $1 million	2	25.0%	275	43.0%	2	8.3%	550	11.8%
No Revenue Info	-	0.0%	-	0.0%	2	8.3%	104	2.2%
Total	**8**	**100.0%**	**640**	**100.0%**	**24**	**100.0%**	**4,679**	**100.0%**

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

Neither the bank nor the New York State Banking Department has received any written complaints regarding the bank's CRA performance.

- **Discrimination or Other Illegal Practices**

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

No practices were noticed that discourage applicants for any type of credit set forth in the banking institution's CRA Public File.

Evidence of prohibited discriminatory or other illegal credit practices.

The most recent regulatory compliance report as of March 31, 2003 indicates a satisfactory performance in terms of adherence to antidiscrimination or 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 banking institution's efforts to communicate with members of its community regarding the credit services being provided by the banking institution.

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

The banking institution advertises its products and credit services in local newspapers and sends statement stuffers informing customers of new products or specials offered. The bank also uses a brochure, which introduces the bank and its products to residents in close proximity to the branches.

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

There was evidence in the minutes of the board of directors meeting that it is the policy of the bank to provide for and to work to satisfy the credit needs of its entire community.

- **<u>Other Factors</u>**

Other factors that in the judgement 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.

Demand-Adjusted Penetration Rate

The number of owner-occupied loans made by the institution (or aggregate as appropriate) in a geographic area per thousand owner-occupied housing units in that area. Mathematically, it is arrived at by dividing the number of owner-occupied housing units into the number of loans made and then multiplying by 1,000.

Demand-Adjusted Penetration Ratio

A ratio that depicts geographic penetration of loans by comparing demand-adjusted lending in LMI areas with non-LMI areas. Mathematically, it is arrived at by dividing the demand-adjusted penetration rate in non-LMI areas into the demand-adjusted penetration rate in LMI areas and then expressed as a percentage.

A ratio of 100% means that the institution (or aggregate as appropriate) made an equal number of loans proportionally in LMI and non-LMI areas. Less than 100 percent would indicate less lending in LMI areas on the same basis compared to non-LMI areas, whereas over 100 percent would indicate a greater level of lending in LMI areas versus non-LMI areas.

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 1990 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 nonmetropolitan 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 nonmetropolitan 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 nonmetropolitan median family income. In all instances, the area median family incomes used to measure individual income levels are updated annually by HUD.

Small Business Loans

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