

# **PUBLIC DISCLOSURE**

August 3, 2009

## **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

**Flushing Savings Bank, FSB  
14451 Northern Blvd  
Flushing, NY 11354-4230  
Docket #: 11990**

**Office of Thrift Supervision  
Northeast Region  
Harborside Financial Center Plaza Five, Suite 1600  
Jersey City, NJ 07311**

**NOTE:** This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion, or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

**CRA Rating Definitions**

**Lending, Investment, Service Test Table**

The following table indicates the performance level of Flushing Savings Bank with respect to the lending, investment, and service tests.

Flushing Savings Bank, FSB 08/03/2009			
PERFORMANCE LEVELS	PERFORMANCE TESTS		
	Lending Test*	Investment Test	Service Test
Outstanding			
High Satisfactory	X		X
Low Satisfactory		X	
Needs to Improve			
Substantial Noncompliance			

\* The lending test is weighted more heavily than the investment and service tests when arriving at an overall rating.

**Description of Institution**

Flushing Savings Bank (“FSB”) is a federally-chartered stock savings bank. As of June 30, 2009, the bank reported \$4.1 billion in total assets, a 46 percent increase over the \$2.8 billion it had at the prior CRA evaluation of December 31, 2006. The bank is 100 percent owned by its holding company, Flushing Financial Corporation, and operates 15 branch offices. Nine offices, including the main office, are in Queens County, three are in Kings County (Brooklyn), two are in Nassau County, and one is in New York County.

During the 30-month review period, the bank opened one new branch office in an upper-income geography in Garden City (Nassau County). No branches were closed during the review period.

The bank is primarily a residential mortgage lender, but it also offers commercial real estate, business, and consumer loans. These are funded mainly by locally gathered deposits, and to a lesser extent, Federal Home Loan Bank of New York (FHLBNY) advances.

As of June 30, 2009, the total loan portfolio equaled \$3.1 billion. This figure represents a 32.8 percent increase from the prior evaluation. Growth was realized in each loan category, with a \$380.5 million increase in residential mortgage loans, a \$230 million increase in non residential mortgages, a \$69.5 million increase in commercial non mortgage loans, and a \$57.3 million increase in consumer loans. Table 1 indicates the dollar amount, percentage to total loans, and percentage to total assets of each loan category.

### ***CRA Rating Definitions (continued)***

- **FSB invested \$5 million in preferred stock of the Senior Housing Crime Prevention Foundation, an organization dedicated to addressing crime problems in senior housing projects in New York City. This investment was made during the current review period and management is commended for the positive impact that this investment has, and will continue to have, on the LMI community in the assessment area.**
- FSB invested \$100 thousand in the stock of the New York Business Development Corporation, an organization that provides financing for small businesses in the assessment area. This investment was made prior to the previous CRA evaluation and has a book value of \$4 thousand as of June 30, 2009.
- FSB committed to investing \$640 thousand in the Community Preservation Corporation (Collateral Trust Note Series NY State-I), a non-profit organization that helps developers finance and build affordable housing throughout New York. This investment was also made before the current review period and has an outstanding balance of \$367 thousand as of June 30, 2009.

During the 30-month review period, FSB donated over \$825 thousand to nearly 200 community organizations. For calendar year 2008 alone, donations represented 3.5 percent of net income for the year. Fourteen of the donations/grants extended during the review period, totaling \$120 thousand, were to various organizations that primarily serve community development purposes. This level of qualified CD donation activity reflects approximately 15 percent of all donations made during the period. This dollar level is on the low end when compared to the activity of the three similarly situated banks identified by management. Organizations realizing the benefit of FSB's qualified CD donations include the United Way, Neighborhood Housing Services of New York, The Child Center of New York, and Chinatown Manpower Project. These organizations provide affordable housing, economic rehabilitation, and social services to LMI residents.

#### **Service Test:**

The bank's performance under the Service Test is considered strong. Under the Service Test, the areas reviewed consisted of the accessibility of delivery systems, changes in branch locations, reasonableness of business hours, and the extent of community development services.