NEW YORK STATE
DEPARTMENT OF FINANCIAL SERVICES
FINANCIAL FRAUDS AND CONSUMER PROTECTION DIVISION

One State Street
New York, NY 10004

PUBLIC SUMMARY

COMMUNITY REINVESTMENT ACT
PERFORMANCE EVALUATION

Date of Evaluation: December 31, 2013

Institution: Cross County Savings Bank
79-21 Metropolitan Avenue
Middle Village, NY 11379

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 Department of Financial Services 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 Cross County Savings Bank ("CCSB") prepared by the New York State Department of Financial Services ("DFS" or the "Department"). The evaluation represents the Department's current assessment and rating of the institution's CRA performance based on an evaluation conducted as of December 31, 2013.

Section 28-b of the New York Banking Law, as amended, requires that when evaluating certain applications, the Superintendent of Financial Services 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 Superintendent of Financial Services implements Section 28-b and further requires that the 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 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 in 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 (collectively, the "Evaluation") be made available to the public. 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 Banking Law.

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

OVERVIEW OF INSTITUTION'S PERFORMANCE

DFS evaluated Cross County Savings Bank according to the intermediate small bank performance criteria pursuant to Part 76.12 of the General Regulations of the Superintendent of Financial Services. HMDA-reportable loans, CD loans and investments were considered during this assessment period that included calendar years 2009, 2010, 2011, 2012 and 2013. CCSB is rated "2," indicating a "Satisfactory**"** record of helping to meet community credit needs. This is the first CRA examination of the bank by the New York State Department of Financial Services.

The rating is based on the following factors:

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

CCSB's average LTD ratio is less than reasonable considering its size, business strategy, financial condition and peer group activity. CCSB's average LTD ratio for the eight quarters that were available and ended December 31, 2013 was 64.4%, compared to 81.7% for the peer group. CCSB's assessment area consists of Bronx County, Kings County, Queens County and Nassau County.

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

During the evaluation period, CCSB originated 90.0% by number, and 88.4% by dollar value of its HMDA-reportable loans within the assessment area. This substantial majority of loans within the assessment area is an excellent record of lending.

- **Distribution by Borrower Characteristics**: "Needs to Improve"

CCSB's distribution of loans based on borrower income demonstrated a poor rate of lending among borrowers of different income levels. The HMDA-reportable loans penetration rates to LMI borrowers were consistently less than the peer group's rate in the first four years of the evaluation period. Peer group data were not available for the fifth year.

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

During the evaluation period, CCSB originated 29.7% by number and 33.6% by dollar value of its HMDA-reportable loans within LMI tracts in the assessment area. This distribution of loans was greater than the average of the peer group.

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

Neither CCSB nor the DFS received any written complaints regarding CCSB'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 Banking Law and Part 76 of the General Regulations of the Superintendent.

PERFORMANCE CONTEXT

Institution Profile:

Chartered in 1888, Cross County Savings Bank ("CCSB") is a mutually owned savings bank located in Middle Village (Queens County), New York. CCSB operates six branch offices in its assessment area.

In the Consolidated Report of Condition (the "Call Report") as of December 31, 2013, filed with the Federal Deposit Insurance Corporation ("FDIC"), CCSB reported total assets of $400 million, of which $258 million were net loans and lease finance receivables. They also reported total deposits of $360 million, resulting in a loan-to-deposit ratio of 72%. According to the latest available comparative deposit data, as of June 30, 2013, CCSB had a market share of 0.23%, or $368 million in a market of $159 billion, ranking it 31st among 74 deposit taking institutions in its assessment area.

The following is a summary of CCSB's loan portfolio, based on Schedule RC-C of the bank's Call Reports for December 31, 2009 through December 31, 2013:

TOTAL GROSS LOANS OUTSTANDING										
	2009		2010		2011		2012		2013	
Loan Type	$000's	%	$000's	%	$000's	%	$000's	%	$000's	%
1-4 Family Residential Mortgage Loans	159,994	62.5	158,642	63.7	154,530	66.5	161,078	69.1	181,320	70.0
Commercial & Industrial Loans	56	0.0	42	0.0	34	0.0	23	0.0	9	0.0
Commercial Mortgage Loans	73,423	28.7	68,476	27.5	58,497	25.2	51,254	22.0	61,396	23.6
Multifamily Mortgages	22,076	8.6	21,280	8.5	18,526	8.0	20,259	8.7	16,638	6.4
Consumer Loans	207	0.1	372	0.1	287	0.1	208	0.1	174	0.1
Agricultural Loans		0.0		0.0		0.0		0.0		0.0
Construction Loans		0.0		0.0		0.0		0.0		0.0
Obligations of States & Municipalities		0.0		0.0		0.0		0.0		0.0
Other Loans	368	0.1	423	0.2	567	0.2	237	0.1	223	0.1
Lease Financing		0.0		0.0		0.0		0.0		0.0
Total Gross Loans	256,124		249,235		232,441		233,059		259,760	

As illustrated in the above table, CCSB is primarily a residential real estate lender, with 70.0% of its 2013 loan portfolio in residential real estate.

CCSB operates six banking offices located in its assessment area. Bronx County and Kings County each have one office. The remaining four offices are located in Queens County. Supplementing the banking offices is a free automated teller machine ("ATM") network operating at each branch office. All ATMs accept deposits. CCSB does not have any off-site ATMs.

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

Assessment Area:

CCSB's assessment area is comprised of Bronx, Kings, Queens and Nassau counties in New York.

Per the 2010 US census, the assessment area has 2,053 census tracts of which 262 tracts are low-income, 530 are moderate-income, 758 are middle-income and 446 tracts are upper-income. In addition, there are 57 tracts with no income indicated.

County	N/A	Low	Mod	Middle	Upper	Total	LMI %	LMI & Dis-tressed %
Bronx	10	129	101	64	35	339	67.8	68%
Kings	13	108	269	234	137	761	49.5	50%
Nassau	8	9	26	157	84	284	12.3	12%
Queens	26	16	134	303	190	669	22.4	22%
Total	57	262	530	758	446	2,053	38.6	39%

The assessment area appears reasonable based upon the location of CCSB's offices 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 7,460,062 during the evaluation period. About 12.2% of the population were over the age of 65 and 20.5% were under the age of sixteen.

Of the 1,759,587 families in the assessment area, 29.0% were low-income families, 17.9% were moderate-income, 18.6% were middle-income, and 34.3% were upper-income families. There were 2,593,599 households in the assessment area, of which 17.2% had income below the poverty level and 4.1% were on public assistance.

The weighted average median family income within the assessment area was $66,950.

There were 2,795,225 housing units within the assessment area, of which 55.7% were one-to-four family units, and 44.1% were multifamily units. Of the area's housing units, 38.9% were owner-occupied, while 56.6% were rental units. Of the 1,087,465 owner-occupied housing units, 19.5% were in low- and moderate-income census tracts, while 80.5% were in middle- and upper-income census tracts. The median age of the housing stock was 71years and the median home value in the assessment area was $482,300.

There were 485,617 non-farm businesses in the assessment area. Of these, 74.7% were businesses with reported revenues of less than or equal to $1 million; 3.9% reported revenues of more than $1 million; and 21.3% did not report their revenues. Of all the businesses in the assessment area, 80.1% were businesses with less than fifty employees, and 95.3% operated from a single location. The largest industries in the area were services (44.2%), retail trade (15.8%), finance, insurance & real Estate (7.3%), and 13.5% were not classified.

According to the New York State Department of Labor, the average unemployment rate in New York State has fluctuated between 8.3% in 2009 and 7.7% in 2013. The statewide rate has been less than the rates in Bronx and Kings Counties throughout the period. The unemployment rate in Queens County has been relatively the same as the statewide rate. In contrast, Nassau County has maintained a lower unemployment rate than the statewide rate throughout the evaluation period, starting at 7.0% in 2009 and decreasing to 5.9% in 2013.

	Statewide	Bronx	Kings	Queens	Nassau
2009	8.3%	11.9%	9.8%	8.3%	7.0%
2010	8.6%	12.8%	10.3%	8.7%	7.1%
2011	8.2%	12.4%	9.8%	8.1%	6.8%
2012	8.5%	12.7%	9.9%	8.3%	7.1%
2013	7.7%	11.8%	9.4%	7.8%	5.9%

Community Information:

The DFS and FDIC examiners contacted a nonprofit youth services organization within Community Board 5 in Queens, and a housing advocate CDC for the South Asian community in Jackson Heights, New York.

The youth services organization’s programs are focused on education, recreation, counseling, truancy prevention, job readiness, employment opportunities and a host of other services. The agency helps children and adults find new avenues of learning and positive life experiences.

The examiners met with the executive director/president of the organization. The director is of the opinion that the quality of life of many families in its community would deteriorate without the services provided by his agency. He indicated that many of the families in the area are bilingual and most of the adults do not speak English at home. The children of many of those families do not speak English either. That makes it difficult for those children to succeed in the early stages of their education. Hence, there is a need for ESL and GED programs for those families.

Unemployment in Queens is high. According to the director, most of the jobs are in sales or as office workers. About half a million people are below the poverty line. The majority of the housing units in the area are rental units.

The organization has not had positive experiences with many banks in the area. Hence, credit services from community oriented financial institutions could boost the overall condition of the community.

The examiners did not receive a response from the CDC.

PERFORMANCE STANDARDS AND ASSESSMENT FACTORS

DFS evaluated CCSB under the intermediate small banking institution's performance standards in accordance with Parts 76.7 and 76.12 of the General Regulations of the Superintendent of Financial Services. CCSB's performance was evaluated according to the intermediate small bank performance criteria, which consists of the lending test and the community development test.

The lending test includes:

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 community development test includes:

1. Community development lending;
2. Community development investments;
3. Community development services;
4. Innovative or complex practices; and
5. Responsiveness to community development needs

The following factors were also considered in assessing the bank's record of performance:

1. Extent of participation by the board of directors or board of trustees in formulating CRA policies and reviewing CRA performance;
2. Any practices intended to discourage credit applications;
3. Evidence of prohibited discriminatory or other illegal credit practices;
4. Record of opening and closing offices and providing services at offices; and
5. Process factors, such as activities to ascertain credit needs and the extent of marketing and special credit related programs

Statistics employed in this evaluation were derived from various sources. Bank-specific information was submitted by the bank both as part of the evaluation process and on its Call Report submitted to the FDIC. Aggregate lending data was 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 2010 U.S. Census and the U.S. Department of Housing and Urban Development ("HUD"). Business demographic data used in this report was based on Dun & Bradstreet reports which are updated annually. Unemployment data were obtained from the New York State Department of Labor. Some non-specific bank data was only available on a county-wide basis, and was used even where the institution's assessment area includes partial counties.

The assessment period included calendar years 2009, 2010, 2011, 2012 and 2013.

Examiners considered CCSB's HMDA-reportable loans in evaluating factors (2), (3) and (4) of the lending test as noted above.

CCSB did not report small business, small farm or consumer loans for this evaluation. Hence, all analyses are based on HMDA-reportable lending only.

HMDA-reportable loan data evaluated in this performance evaluation represented actual originations.

At the request of CCSB, home mortgage loan modification, extension, and consolidation agreements ("MECA"s) were also evaluated.

Since CCSB obtained a New York State charter in March 2012, this is the first CRA evaluation by DFS.

Current CRA Rating: "Satisfactory"

<u>Lending Test</u>: "Satisfactory"

CCSB's HMDA-reportable lending activities were reasonable in light of aggregate and peer group activity and demographics.

<u>Loan-to-Deposit Ratio and Other Lending-Related Activities</u>: "Needs to Improve"

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

CCSB's average deposit ratio for the last eight quarters was 64.4%, compared with the peer group's average ratio for the same period of 81.7%. CCSB's deposit ratio did not rise above or come close to the peer group's ratio during this period.

The table below shows CCSB's LTD ratios in comparison with the peer group for the last eight quarters of this evaluation.

Loan-to-Deposit Ratios									
	2012 Q1	2012 Q2	2012 Q3	2012 Q4	2013 Q1	2013 Q2	2013 Q3	2013 Q4	Avg.
Bank	60.2	60.3	65.2	61.9	62.0	65.1	68.4	71.9	64.4
Peer	80.1	81.2	81.7	81.9	80.8	82.0	82.4	83.5	81.7

Assessment Area Concentration: "Excellent"

During the evaluation period, CCSB originated 90.0% by number and 88.4% by dollar value of its HMDA-reportable loans within the assessment area. This substantial majority of lending is an excellent record of lending.

HMDA-Reportable Loans:

The excellent record of assessment area concentration lending is limited to HMDA-reportable loans since CCSB did not submit other categories of lending, such as small business, small farm, or consumer loans for this evaluation.

MECA Loans:

While the examiners were on-site, CCSB submitted a MECA Loan Application Register containing 86 loans for consideration. The 86 loans modified during 2012 and 2013 were a significant number and the files reviewed by the examiners were found to be in good order.

The following table shows the percentages of CCSB's HMDA-reportable and MECA loans originated inside and outside of the assessment area.

Distribution of Loans Inside and Outside of the Assessment Area										
Loan Type	Number of Loans					Loans in Dollars (in thousands)				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		$	%	$	%	
HMDA-Reportable										
2009	56	90.3%	6	9.7%	62	23,373	85.1%	4,088	14.9%	27,461
2010	48	88.9%	6	11.1%	54	14,068	86.0%	2,290	14.0%	16,358
2011	40	95.2%	2	4.8%	42	10,360	95.1%	530	4.9%	10,890
2012	38	92.7%	3	7.3%	41	15,790	97.3%	435	2.7%	16,225
2013	42	84.0%	8	16.0%	50	21,722	84.9%	3,849	15.1%	25,571
Subtotal	224	90.0%	25	10.0%	249	85,313	88.4%	11,192	11.6%	96,505
MECA (CEMA)										
2012	57	95.0%	3	5.0%	60	18,656	86.2%	2,985	13.8%	21,641
2013	21	87.5%	3	12.5%	24	8,884	76.8%	2,690	23.2%	11,574
Subtotal	78	92.9%	6	7.1%	84	27,540	82.9%	5,675	17.1%	33,215
Grand Total	302	90.7%	31	9.3%	333	112,853	87.0%	16,867	13.0%	129,720

Distribution by Borrower Characteristics: "Needs to Improve"

The distribution of loans based on borrower characteristics demonstrated a poor rate of lending among individuals of different income levels.

HMDA-Reportable Loans:

CCSB's HMDA-reportable lending by borrower characteristics demonstrated a poor rate of lending among individuals of different income levels. The average rate of lending to LMI borrowers during the five year period was 3.6% by number and 1.9% by dollar value. In contrast, the rate of lending to combined middle- and upper-income borrowers was 73.2% and 67.5% by number and dollar value, respectively.

The following table provides a summary of the HMDA-reportable lending distribution based on borrower income.

Distribution of HMDA-Reportable Lending by Borrower Income

Borrower Income	Bank #	Bank %	Bank $000's	Bank %	Aggregate #	Aggregate %	Aggregate $000's	Aggregate %	Fam.Dem. %
2009									
Low	0	0.0%	0	0.0%	1,702	2.7%	294,139	1.4%	29.3%
Moderate	1	1.8%	45	0.2%	8,458	13.3%	1,723,377	8.2%	17.6%
LMI	1	1.8%	45	0.2%	10,160	16.0%	2,017,516	9.6%	46.9%
Middle	3	5.4%	555	2.4%	17,292	27.2%	4,583,034	21.7%	18.9%
Upper	38	67.9%	16,173	69.2%	31,503	49.5%	11,805,756	56.0%	34.2%
Unknown	14	25.0%	6,600	28.2%	4,646	7.3%	2,693,256	12.8%	
Total	**56**		**23,373**		**63,601**		**21,099,562**		
2010									
Low	0	0.0%	0	0.0%	1,472	2.5%	220,504	1.1%	29.3%
Moderate	1	2.1%	30	0.2%	7,589	12.8%	1,484,815	7.3%	17.6%
LMI	1	2.1%	30	0.2%	9,061	15.3%	1,705,319	8.4%	46.9%
Middle	4	8.3%	260	1.8%	15,653	26.5%	4,081,080	20.0%	18.9%
Upper	39	81.3%	12,318	87.6%	31,670	53.6%	12,246,083	60.1%	34.2%
Unknown	4	8.3%	1,460	10.4%	2,739	4.6%	2,339,292	11.5%	
Total	**48**		**14,068**		**59,123**		**20,371,774**		
2011									
Low	1	2.5%	20	0.2%	1,666	3.0%	241,512	1.2%	29.3%
Moderate	1	2.5%	310	3.0%	7,171	12.8%	1,385,831	6.7%	17.6%
LMI	2	5.0%	330	3.2%	8,837	15.7%	1,627,343	7.9%	46.9%
Middle	3	7.5%	279	2.7%	14,358	25.6%	3,687,604	17.8%	18.9%
Upper	34	85.0%	9,566	92.3%	29,279	52.1%	11,680,213	56.4%	34.2%
Unknown	1	2.5%	185	1.8%	3,708	6.6%	3,720,247	18.0%	
Total	**40**		**10,360**		**56,182**		**20,715,407**		
2012									
Low	1	2.6%	450	2.8%	2,181	3.3%	396,211	1.6%	29.1%
Moderate		0.0%	0	0.0%	8,319	12.7%	1,704,327	6.7%	17.9%
LMI	1	2.6%	450	2.8%	10,500	16.0%	2,100,538	8.3%	47.0%
Middle	4	10.5%	585	3.7%	16,198	24.7%	4,304,270	17.0%	18.6%
Upper	17	44.7%	6,206	39.3%	34,012	52.0%	13,775,461	54.5%	34.4%
Unknown	16	42.1%	8,549	54.1%	4,743	7.2%	5,099,319	20.2%	
Total	**38**		**15,790**		**65,453**		**25,279,588**		
2013									
Low	1	2.4%	180	0.8%	Data not available				29.1%
Moderate	2	4.8%	621	2.9%					17.9%
LMI	3	7.1%	801	3.7%					47.0%
Middle	2	4.8%	298	1.4%					18.6%
Upper	20	47.6%	11,446	52.7%					34.4%
Unknown	17	40.5%	9,177	42.2%					
Total	**42**		**21,722**				-		
GRAND TOTAL									
Low	3	1.3%	650	0.8%				1.3%	
Moderate	5	2.2%	1,006	1.2%				7.2%	
LMI	8	3.6%	1,656	1.9%				8.5%	
Middle	16	7.1%	1,977	2.3%				19.1%	
Upper	148	66.1%	55,709	65.3%				56.8%	
Unknown	52	23.2%	25,971	30.4%				15.6%	
Total	**224**		**85,313**						

MECA Loans:

CCSB's MECA loans demonstrated a very poor rate of lending among borrowers of different income levels.

During the two-year period for which MECA loans were evaluated, the average rates of lending to LMI borrowers in terms of number of loans and dollar value were 1.3% and 0.3%, respectively. The rates for middle- and upper-income borrowers for number of loans and dollar value were 55.1% and 51.1%, respectively.

The following table provides a summary of MECA loans distribution based on borrower income.

Distribution of MECA (CEMA) Lending by Borrower Income					
2012					
Borrower	**Bank**				**Fam. Dem.**
Income	#	%	$000's	%	%
Low	0	0.0%	0	0.0%	29.1%
Moderate	0	0.0%	0	0.0%	17.9%
LMI	0	0.0%	0	0.0%	47.0%
Middle	4	7.0%	1,278	6.9%	18.6%
Upper	27	47.4%	8,055	43.2%	34.4%
Unknown	26	45.6%	9,323	50.0%	
Total	**57**		**18,656**		
2013					
Borrower	**Bank**				**Fam. Dem.**
Income	#	%	$000's	%	%
Low	0	0.0%	0	0.0%	29.1%
Moderate	1	4.8%	95	1.1%	17.9%
LMI	1	4.8%	95	1.1%	47.0%
Middle	2	9.5%	410	4.6%	18.6%
Upper	10	47.6%	4,346	48.9%	34.4%
Unknown	8	38.1%	4,033	45.4%	
Total	**21**		**8,884**		
GRAND TOTAL					
Borrower	**Bank**				**Fam. Dem.**
Income	#	%	$000's	%	%
Low	0	0.0%	0	0.0%	
Moderate	1	1.3%	95	0.3%	
LMI	1	1.3%	95	0.3%	
Middle	6	7.7%	1,688	6.1%	
Upper	37	47.4%	12,401	45.0%	
Unknown	34	43.6%	13,356	48.5%	
Total	**78**		**27,540**		

Geographic Distribution of Loans: “Satisfactory”

The distribution of loans based on lending in census tracts of varying income levels demonstrated a satisfactory distribution of lending.

HMDA-Reportable Loans:

The distribution of HMDA-reportable loans based on the income level of the geography demonstrated a reasonable rate of lending.

The five-year average of lending to LMI borrowers based on the income level of the geography was 31.3% by number and 31.2% by dollar value.

The following table provides a summary of CCSB’s HMDA-reportable lending distribution based on the income level of the geography.

Distribution of HMDA-Reportable Lending by Geographic Income of the Census Tract									
2009									
Geographic	**Bank**				**Aggregate**				**O/O HHld**
Income	#	%	$000's	%	#	%	$000's	%	%
Low	2	3.6%	540	2.3%	1,652	2.6%	722,720	3.4%	2.6%
Moderate	11	19.6%	4,829	20.7%	8,990	14.1%	3,345,639	15.9%	15.5%
LMI	13	23.2%	5,369	23.0%	10,642	16.7%	4,068,359	19.3%	18.1%
Middle	23	41.1%	8,842	37.8%	32,655	51.3%	9,633,625	45.7%	52.4%
Upper	20	35.7%	9,162	39.2%	20,224	31.8%	7,373,984	34.9%	29.6%
Unknown	0	0.0%	0	0.0%	80	0.1%	23,594	0.1%	
Total	**56**		**23,373**		**63,601**		**21,099,562**		
2010									
Geographic	**Bank**				**Aggregate**				**O/O HHld**
Income	#	%	$000's	%	#	%	$000's	%	%
Low	4	8.3%	1,522	10.8%	1,681	2.8%	845,472	4.2%	2.6%
Moderate	13	27.1%	4,319	30.7%	8,336	14.1%	2,972,399	14.6%	15.5%
LMI	17	35.4%	5,841	41.5%	10,017	16.9%	3,817,871	18.7%	18.1%
Middle	18	37.5%	4,115	29.3%	30,076	50.9%	9,043,385	44.4%	52.4%
Upper	13	27.1%	4,112	29.2%	18,973	32.1%	7,465,436	36.6%	29.6%
Unknown	0	0.0%	0	0.0%	57	0.1%	45,082	0.2%	
Total	**48**		**14,068**		**59,123**		**20,371,774**		
2011									
Geographic	**Bank**				**Aggregate**				**O/O HHld**
Income	#	%	$000's	%	#	%	$000's	%	%
Low	4	10.0%	1,548	14.9%	1,668	3.0%	1,147,055	5.5%	2.6%
Moderate	8	20.0%	1,217	11.7%	8,412	15.0%	3,596,142	17.4%	15.5%
LMI	12	30.0%	2,765	26.7%	10,080	17.9%	4,743,197	22.9%	18.1%
Middle	12	30.0%	3,484	33.6%	27,789	49.5%	8,587,873	41.5%	52.4%
Upper	16	40.0%	4,111	39.7%	18,264	32.5%	7,364,485	35.6%	29.6%
Unknown	0	0.0%	0	0.0%	49	0.1%	19,852	0.1%	
Total	**40**		**10,360**		**56,182**		**20,715,407**		
2012									
Geographic	**Bank**				**Aggregate**				**O/O HHld**
Income	#	%	$000's	%	#	%	$000's	%	%
Low	9	23.7%	4,287	27.2%	2,151	3.3%	1,179,151	4.7%	3.3%
Moderate	3	7.9%	1,452	9.2%	8,919	13.6%	3,858,663	15.3%	16.1%
LMI	12	31.6%	5,739	36.3%	11,070	16.9%	5,037,814	19.9%	19.4%
Middle	16	42.1%	6,183	39.2%	29,800	45.5%	9,906,299	39.2%	48.1%
Upper	10	26.3%	3,868	24.5%	24,490	37.4%	10,297,571	40.7%	32.4%
Unknown	0	0.0%	0	0.0%	93	0.1%	37,904	0.1%	
Total	**38**		**15,790**		**65,453**		**25,279,588**		
2013									
Geographic	**Bank**				**Aggregate**				**O/O HHld**
Income	#	%	$000's	%	#	%	$000's	%	%
Low	8	19.0%	3,592	16.5%	Data not available				3.3%
Moderate	8	19.0%	3,294	15.2%					16.1%
LMI	16	38.1%	6,886	31.7%					19.4%
Middle	15	35.7%	6,520	30.0%					48.1%
Upper	11	26.2%	8,316	38.3%					32.4%
Unknown	0	0.0%	0	0.0%					
Total	**42**		**21,722**						
GRAND TOTAL									
Geographic	**Bank**				**Aggregate**				**O/O HHld**
Income	#	%	$000's	%	#	%	$000's	%	%
Low	27	12.1%	11,489	13.5%		2.9%		4.5%	
Moderate	43	19.2%	15,111	17.7%		14.2%		15.7%	
LMI	70	31.3%	26,600	31.2%		17.1%		20.2%	
Middle	69	30.8%	29,144	34.2%		49.2%		42.5%	
Upper	70	31.3%	29,569	34.7%		33.5%		37.2%	
Unknown	-	0.0%	-	0.0%		0.1%		0.1%	
Total	**224**		**85,313**						

MECA Loans:

The distribution of MECA loans based on the income level of the geography demonstrated a reasonable rate of lending.

The two-year average of MECA lending to LMI borrowers based on the income level of the geography was 28.2% by number and 23.4% by dollar value.

The following table provides a summary of CCSB's MECA lending distribution based on the income level of the geography.

Distribution of MECA (CEMA) Lending by Geographic Income of the Census Tract					
2012					
Geographic	**Bank**				**OO HUs**
Income	#	%	$000's	%	%
Low	15	26.3%	4,733	25.4%	3.3%
Moderate	5	8.8%	1,203	6.4%	16.1%
LMI	20	35.1%	5,936	31.8%	19.4%
Middle	27	47.4%	9,278	49.7%	48.1%
Upper	10	17.5%	3,442	18.4%	32.4%
Unknown	0	0.0%	0	0.0%	0.0%
Total	**57**		**18,656**		
2013					
Geographic	**Bank**				**OO HUs**
Income	#	%	$000's	%	%
Low	1	4.8%	398	4.5%	3.3%
Moderate	1	4.8%	100	1.1%	16.1%
LMI	2	9.5%	498	5.6%	19.4%
Middle	12	57.1%	4,750	53.5%	48.1%
Upper	7	33.3%	3,636	40.9%	32.4%
Unknown	0	0.0%	0	0.0%	0.0%
Total	**21**		**8,884**		
GRAND TOTAL					
Geographic	**Bank**				**OO HUs**
Income	#	%	$000's	%	%
Low	16	20.5%	5,131	18.6%	
Moderate	6	7.7%	1,303	4.7%	
LMI	22	28.2%	6,434	23.4%	
Middle	39	50.0%	14,028	50.9%	
Upper	17	21.8%	7,078	25.7%	
Unknown	0	0.0%	0	0.0%	
Total	**78**		**27,540**		

<ins>Action Taken in Response to Written Complaints with Respect to CRA</ins>

Neither CCSB nor DFS received any CRA related consumer complaints during this evaluation period.

Community Development Test: "Satisfactory"

CCSB's community development performance demonstrated reasonable responsiveness to the community development needs of its assessment area through community development loans, investments and services, considering CCSB's capacity and the need and availability of such opportunities in its assessment area.

CCSB originated $6.2 million in new community development loans and had $592,000 outstanding from prior periods, as well as having made $2 million in new community investments. Additionally, CCSB made $215,400 in community development grants and services available. This record of lending and investments represented an annualized ratio of 0.45% of CCSB's total assets.

Community Development Lending: "Satisfactory"

CCSB originated $6.2 million in new community development loans during this evaluation period and had $592,000 outstanding from prior periods. This amount of lending is considered reasonable based on CCSB's capacity and the opportunities available in the area. On an annualized basis CCSB's community development loans represent 0.34% of its assets.

Below are highlights of CCSB's community development lending.

Community Development Loans				
	This Evaluation Period		Outstanding from Prior Evaluation Periods	
Purpose	# of Loans	$000	# of Loans	$000
Affordable Housing	9	5,645	2	592
Economic Development	1	549		
Community Services				
Other (Please Specify)				
Total	10	6,194	2	592

Community Development Investments: "Satisfactory"

During the evaluation period, CCSB made $2 million of new investments in community development activities. In addition, CCSB provided $215,000 in community development grants. In total this represented 0.11% of CCSB's assets. This demonstrated a reasonable level of community development investments.

The following are highlights of CCSB's community development investments:

- In 2013 CCSB invested $1.9 million in a pool of affordable housing mortgage securities in its assessment area.

- CCSB donated $141,000 for library/school supplies for children with language and communication disorders.

Community Development Investments and Grants				
	This Evaluation Period		Outstanding from Prior Evaluation Periods	
CD Investments	# of Inv.	$000	# of Inv.	$000
Affordable Housing	2	1,997		
Economic Development				
Community Services				
Other (Please Specify)				
Total	2	1,997	0	0
CD Grants	# of Grants	$000	Not Applicable	
Affordable Housing	1	60		
Economic Development				
Community Services	6	152		
Other (Hurricane Sandy)	1	3		
Total	8	215		

Community Development Services: "Satisfactory"

CCSB demonstrated a reasonable level of community development services during the evaluation period.

CCSB's management and staff participate in a number of community development organizations, such as the Federal Home Loan Bank of New York's Affordable Housing Program, Habitat for Humanity, Opportunities for a Better Tomorrow, NYC Community Bank Deposit Programs, and the Greater Ridgewood Youth Council.

CCSB's Vice President of Human Resources serves on the board of directors of the School for Language Communication and Development. The Assistant Vice President/Branch Coordinator serves as treasurer for the Woman's Industrial Service League and works with the Outreach Programs for Children and Adults at the Rockaway Revival Center.

CCSB works in partnership with schools in the community to provide financial education training. In this regard, in 2011 CCSB created a new account called the "Stepping Stone

Savings Account," designed to teach children the importance of saving. The bank branch managers are entrusted to ensure success of this endeavor. As of December 2013, CCSB had opened 56 such accounts which had total balances of $63,200.

In addition, some members of management presented financial education speeches to school children and young adults in the community.

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.

CCSB's policies and CRA performance are reviewed quarterly at CRA Mortgage Committee meetings. CCSB's President and CEO, several trustees and some members of senior management serve on this committee. CCSB's LTD ratio, CRA lending and other activities, such as financial education provided in the community are discussed at these meetings.

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.*

  DFS did not note any practices that were intended to discourage applications for the types of credit offered by CCSB.

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

  DFS did not note any evidence of prohibited discriminatory or other illegal practices.

Record of opening and closing offices and providing services at offices

CCSB closed one office in Brooklyn and opened another in the Bronx during the evaluation period. The office at 175 Bedford Avenue in Brooklyn was closed in June 2013 due to a fire in the building, and was not reopened. The office at 791 Morris Park Avenue in the Bronx was opened in June 2011 and is located in a middle-income census tract. Currently, CCSB operates six branch offices within its assessment area. All of them are open on Saturdays and have free ATMs that accept deposits.

Prior to the opening of its branch at 791 Morris Park Avenue, the Van Nest area of the Bronx was considered an "underserved banking area." CCSB petitioned to have Van Nest declared a new banking development district. The then New York State Banking

Department designated that branch as a banking development district branch in May 2010.

CCSB offers personal computer banking services such as retrieving balances, transferring funds, printing statements, bill paying, etc. In addition, CCSB offers online banking 24/7 and telephone banking during business hours.

Distribution of Branches within the Assessment Area								
County	N/A #	Low #	Moderate #	Middle #	Upper #	Total #	LMI %	LMI and Distressed or Underserved
Bronx				1		1	0%	0%
Kings				1		1	0%	0%
Queens				2	2	4	0%	0%
Total	**-**	**-**	**-**	**4**	**2**	**6**	0%	0%

Process Factors

- *<u>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</u>*.

  CCSB participates in a variety of community development services through which CCSB makes its services available to the community. CCSB performs financial education programs in schools and other community organizations in the community. Its officers and trustees serve on the boards of some community organizations such as the School for Language Communication and Development.

  In addition to customary banking products, CCSB's Van Nest branch (Bronx) sells postage stamps. This service can be considered an innovative service since it is a deviation from usual banking products and services.

- *<u>The extent of the banking institution's marketing and special credit-related programs to m</u>*<u>ake members of the community aware of the credit services offered by the banking</u> *<u>institution.</u>*

  CCSB advertises in community newspapers, makes donations, and attends charitable and social events in the community. In its lobbies, CCSB maintains a supply of free brochures that advertise products and services that are offered.

Other factors that in the judgment of the Superintendent bear upon the extent to which a banking institution is helping to meet the credit needs of its entire community

DFS noted none.

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

"Community development":

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.

Community development loan

A loan that has 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.

Community development service

Service that has community development as its *primary purpose*, 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.

Geography

A census tract delineated by the United States Bureau of the Census in the most recent decennial census

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 for borrowers is based on household or family income. 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.

Income level of individual or geography	% of the area median income
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 of $1 million or less.

Low or Moderate Income ("LMI") Geographies

Those census tracts or block numbering areas where, according to the 2000 U.S. Census, the median family income is less than 80% of the area median family income. In the case of tracked 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 tracked 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 cases 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 represents 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.

Low-Income Housing Tax Credit (LIHTC)

A dollar for dollar tax credit for affordable housing, created under the Tax Reform Act of 1986, that provides incentives to invest in projects for the utilization of private equity in the development of affordable housing aimed at low income Americans. It is also more commonly called Section 42 credits in reference to the applicable section of the IRC. The tax credits are more attractive than tax deductions as they provide a dollar for dollar reduction in a taxpayer's federal income tax. It is more commonly attractive to corporations since the passive loss rules and similar tax changes greatly reduced the value of tax credits and deductions to individual taxpayers.

New Markets Tax Credit (NMTC)

The New Markets Tax Credits (NMTC) Program was established by Congress in December 2000 to stimulate economic and community development and job creation in low-income communities. It permits individual and corporate taxpayers to receive a credit against federal income taxes for making qualified equity investments in Community Development Entities (CDEs). The credit provided to the investor totals 39% of the cost of the investment and is claimed over a 7-year period. CDEs must use substantially all of the taxpayer's investments to make qualified investments in low-income communities. The Fund is administered by the US Treasury Department's Community Development Financial Institutions Fund (CDFI).

Qualified investment

A lawful investment, deposit, membership share or grant that has community development as its *primary purpose*. 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.