



**NEW YORK STATE  
DEPARTMENT OF FINANCIAL SERVICES  
CONSUMER PROTECTION AND FINANCIAL ENFORCEMENT  
DIVISION**

One State Street  
New York, NY 10004

**PUBLIC SUMMARY**

**COMMUNITY REINVESTMENT ACT  
PERFORMANCE EVALUATION**

**Date of Evaluation:** *December 31, 2018*

**Institution:** North Country Savings Bank  
127 Main Street  
Canton, NY 13617

**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 North Country Savings Bank (“NCSB” or the “Bank”) prepared by the New York State Department of Financial Services (“DFS” or the “Department”). This evaluation represents the Department’s current assessment and rating of the institution’s CRA performance based on an evaluation conducted as of December 31, 2018.

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 (“GRS”) 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 institutions’ 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 (“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.

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

The Department evaluated NCSB according to the small banking institution performance standards pursuant to Sections 76.7 and 76.12 of the GRS. The assessment period included calendar years 2014, 2015, 2016, 2017, and 2018. NCSB is rated “**Satisfactory**” or “2.” This rating means NCSB had a satisfactory record of helping to meet community credit needs.

The rating is based on the following factors:

### **Lending Test: Satisfactory**

#### **Loan-to-Deposit Ratio and Other Lending-Related Activities: “Outstanding”**

NCSB’s average loan-to-deposit (“LTD”) ratio was excellent considering its size, business strategy, financial condition, and peer group activity

NCSB’s average LTD ratio of 104.9% for the evaluation period was significantly higher than the peer’s average ratio of 85.4%. The Bank’s quarterly average LTD ratios exceeded the peer group’s ratios during each quarter of the evaluation period.

#### **Assessment Area Concentration: “Outstanding”**

NCSB originated 86.7% by number and 85.7% by dollar value of its total HMDA-reportable loans within the assessment area. This substantial majority of lending inside of its assessment area reflects an excellent concentration of lending.

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

NCSB’s HMDA-reportable lending demonstrated a reasonable distribution of loans among individuals of different income levels.

NCSB’s overall rate of lending to low- and moderate-income individuals was 27.6% by number and 18.6% by dollar value, compared to the aggregate’s ratios of 30.3% and 16.2%, respectively.

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

NCSB’s origination of loans in census tracts of varying income levels demonstrated a reasonable distribution of lending.

NCSB’s overall rate of lending in moderate-income census tracts was 11.8% by number and 10.3% by dollar value. This level of lending was slightly below the aggregate’s rates of 13.4% and 10.8%, respectively. There are no low-income census tracts in the assessment area.

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Action Taken in Response to Written Complaints with Respect to CRA: "N/A"

Neither DFS nor NCSB received any written complaints during the evaluation period regarding NCSB'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 GRS Part 76.*

## PERFORMANCE CONTEXT

### Institution Profile

NCSB is a New York State-chartered, mutual savings bank headquartered in Canton, New York. NCSB operates four full-service branches in St. Lawrence County and operates two loan production offices, one each in Franklin and Clinton counties.

NCSB focuses on originating one-to-four family residential mortgage loans and meeting the deposit needs of the community residents, while offering consumer and commercial loans, including commercial mortgages.

In its Consolidated Report of Condition (the "Call Report") as of December 31, 2018, filed with the Federal Deposit Insurance Corporation ("FDIC"), NCSB reported total assets of \$257.5 million, of which \$217.4 million were net loans and lease financing receivables. The Bank also reported total deposits of \$192.7 million, resulting in a LTD ratio of 112.8%. According to the latest available comparative deposit data, as of June 30, 2018, NCSB had a market share of 16.3%, or \$196 million in a market of \$1.2 billion, ranking it second among the eight deposit-taking institutions in St. Lawrence County.

The following is a summary of NCSB's loan portfolio, based on Schedule RC-C of the Bank's December 31, 2014, 2015, 2016, 2017 and 2018's Call Reports:

<b>TOTAL GROSS LOANS OUTSTANDING</b>										
Loan Type	12/31/2014		12/31/2015		12/31/2016		12/31/2017		12/31/2018	
	\$000's	%								
1-4 Family Residential Mortgage Loans	181,965	92.9	182,704	92.7	184,511	91.4	188,356	93.3	195,247	96.7
Commercial & Industrial Loans	407	0.2	379	0.2	437	0.2	481	0.2	368	0.2
Commercial Mortgage Loans	5,977	3.1	7,042	3.6	7,570	3.8	7,753	3.8	8,968	4.4
Multifamily Mortgages	973	0.5	570	0.3	536	0.3	826	0.4	345	0.2
Consumer Loans	4,244	2.2	5,149	2.6	5,796	2.9	7,409	3.7	8,322	4.1
Construction Loans	2,264	1.2	1,307	0.7	2,937	1.5	2,129	1.1	4,857	2.4
Other Loans	74	0.0	33	0.0	44	0.0	50	0.0	45	0.0
<b>Total Gross Loans</b>	<b>195,904</b>		<b>197,184</b>		<b>201,831</b>		<b>207,004</b>		<b>218,152</b>	

As illustrated in the above table, NCSB is primarily a residential real estate lender, with 96.7% of its loan portfolio in residential real estate as of December 31, 2018.

NCSB operates four full-service branches in the villages of Massena and Potsdam and in the cities of Canton and Ogdensburg, all of which are in St. Lawrence County. In addition, the Bank has two loan production offices, one in the village of Malone (Franklin County) and the other in the city of Plattsburgh (Clinton County). The branch offices are supplemented by an automated teller machine ("ATM") network consisting of nine ATMs, four ATMs at each of the four branch offices and five off-site ATMs at

various locations within the assessment area. The ATMs at the full-service branches and the St. Lawrence University Student Center accept deposits. All but two ATMs, operate 24 hours a day and seven days a week. One off-site ATM, located at the St. Lawrence University Student Center, is accessible during building hours. The other, located at the SUNY Potsdam Barrington Hall, operates from 7:30 am to 1:00 am Monday through Friday, and 9:00 am to 1:00 am Saturday and Sunday.

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

**Assessment Area**

The Bank's assessment area is comprised of St. Lawrence County in its entirety.

There are 28 census tracts in the area, of which two are moderate-income, twenty are middle-income, three are upper-income, and three had no income indicated.

<b>Assessment Area Census Tracts by Income Level</b>							
County	N/A	Low	Mod	Middle	Upper	Total	LMI %
St. Lawrence	3	0	2	20	3	28	7.1
Total	3	0	2	20	3	28	7.1

**Demographic & Economic Data**

NCSB's assessment area had a population of 112,011 during the examination period. About 14.9% of the population were over the age of 65 and 18.3% were under the age of 16.

Of the 26,288 families in the assessment area, 23.8% were low-income, 18.3% were moderate-income, 21.6% were middle-income, and 36.3% were upper-income. There were 41,449 households in the assessment area, of which 17.4% had income below the poverty level and 3.9% were on public assistance.

The weighted average median family income in the assessment area was \$55,494.

There were 52,203 housing units within the assessment area, of which 81.6% were one-to-four family units and 7.2% were multifamily units. A majority (56.7%) of the area's housing units were owner-occupied, while 23.8% were rental units. Of the 29,600 owner-occupied housing units, 6.9% were in LMI census tracts while 93.1% were in middle- and upper-income census tracts. The median age of the housing stock was 56 years, and the median home value in the assessment area was \$89,901.

There were 4,558 non-farm businesses in the assessment area. Of these, 75% were businesses with reported revenues of less than or equal to \$1 million, 5.6% reported

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revenues of more than \$1 million, and 19.4% did not report their revenues. Of all the businesses in the assessment area, 96.3% were businesses with less than fifty employees while 81.2% operated from a single location. The largest industries in the area were services (41%), retail trade (15.3%), and construction (7.1%); 6.9% of businesses in the assessment area were not classified.

According to the New York State Department of Labor, the annual average unemployment rates for New York State and St. Lawrence County consistently declined during the evaluation period. This is indicative of an improving economy; however, St. Lawrence County's annual unemployment rates, which were higher than the State's rate for each year of the evaluation period, indicate a weaker economy than the State's.

<b>Assessment Area Unemployment Rate</b>		
	<b>Statewide</b>	<b>St. Lawrence County</b>
2014	6.3%	7.8%
2015	5.3%	7.3%
2016	4.9%	6.6%
2017	4.7%	6.7%
2018	4.1%	5.6%
<b>5-year Average</b>	<b>5.1%</b>	<b>6.8%</b>

### **Community Information**

DFS examiners interviewed the executive director of a nonprofit housing organization in conjunction with this CRA evaluation. The organization was established to serve the housing and community revitalization needs of rural communities across St. Lawrence County. It also provides technical assistance, grant preparation, program administration and property management services to local nonprofit organizations or groups interested in the development of affordable housing and community facilities.

The interviewee identified flexible loan programs for first-time home buyers as a primary need for the community, especially for those with difficulty coming up with a down-payment. Financial education was also mentioned as a need for first-time home buyers.

Overall, the interviewee mentioned NCSB as one local financial institution that helps to meet the credit needs of the communities. NCSB has also partnered with the organization in a variety of programs such as home repair assistance, loans and grants for first-time LMI borrowers, interest rate reductions, and financial training.

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## **PERFORMANCE STANDARDS AND ASSESSMENT FACTORS**

*The Department evaluated NCSB under the small banking institution performance standards in accordance with Sections 76.7 and 76.12 of the GRS, which consist of the following lending test criteria:*

- 1. Loan-to-deposit ratio and other lending-related activities;*
- 2. Assessment area concentration;*
- 3. Distribution of loans by borrower characteristics;*
- 4. Geographic distribution of loans; and*
- 5. Action taken in response to written complaints regarding CRA.*

*DFS also considered the following factors in assessing the bank's record of performance:*

- 1. The extent of participation by the board of directors or board of trustees in formulating CRA policies and reviewing CRA performance;*
- 2. Evidence of practices intended to discourage credit applications;*
- 3. Evidence of prohibited discriminatory or other illegal credit practices;*
- 4. The institution's 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.*

*Finally, DFS considered other factors as delineated in Section 28-b of the New York Banking Law that reasonably bear upon the extent to which NCSB helps meet the credit needs of its entire community.*

DFS derived statistics employed in this evaluation from various sources. NCSB submitted bank-specific information both as part of the examination process and on its Call Report submitted to the FDIC. DFS obtained aggregate lending data from the Federal Financial Institutions Examination Council ("FFIEC") and deposit data from the FDIC. DFS obtained LTD ratios from information shown in the Bank's Uniform Bank Performance Report, compiled by the FFIEC from Call Report data.

DFS derived the demographic data referred to in this report from the 2010 U.S. Census and the FFIEC. DFS based business demographic data on Dun & Bradstreet reports, which Dun & Bradstreet updates annually. DFS obtained unemployment data from the New York State Department of Labor.

The evaluation period included calendar years 2014, 2015, 2016, 2017, and 2018.

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

At its **prior** Performance Evaluation as of June 30, 2013, DFS assigned NCSB a rating of “1,” reflecting an “Outstanding” record of helping to meet the credit needs of NCSB’s community.

**Current CRA Rating: “Satisfactory”**

**Lending Test:** “Satisfactory”

NCSB’s HMDA-reportable lending activities were reasonable in light of its size, business strategy, and financial condition, as well as aggregate and peer group activity and the demographic characteristics and credit needs of its assessment area.

**Loan-to-Deposit Ratio and other Lending-Related Activities:** “Outstanding”

NCSB’s average LTD ratio was excellent considering its size, business strategy, and financial condition, as well as the lending activity of its peer group and the demographic characteristics and credit needs of its assessment area.

NCSB’s average LTD ratio of 104.9% for the evaluation period was significantly higher than the peer’s average ratio of 85.4%. Furthermore, the Bank’s quarterly average LTD ratios exceeded the peer group’s ratios during each quarter of the evaluation period.

The table below shows NCSB’s LTD ratios in comparison with the peer group’s ratios for the 20 quarters since the prior evaluation.

<b>Loan-to-Deposit Ratios</b>																					
	2014 Q1	2014 Q2	2014 Q3	2014 Q4	2015 Q1	2015 Q2	2015 Q3	2015 Q4	2016 Q1	2016 Q2	2016 Q3	2016 Q4	2017 Q1	2017 Q2	2017 Q3	2017 Q4	2018 Q1	2018 Q2	2018 Q3	2018 Q4	Avg.
Bank	99.1	101.4	103.9	104.7	104.2	105.1	105.8	104.9	103.0	101.8	105.0	104.3	103.7	102.8	104.8	108.5	105.4	106.1	110.4	112.8	104.9
Peer	79.4	80.6	81.9	81.9	80.7	82.7	84.1	83.8	83.0	83.7	84.4	84.6	83.8	85.4	86.2	86.5	86.8	95.5	96.6	96.1	85.4

**Assessment Area Concentration:** “Outstanding”

During the evaluation period, NCSB originated 86.7% by number and 85.7% by dollar value of its total HMDA-reportable loans within the assessment area. This substantial majority of lending inside of its assessment area reflects an excellent concentration of lending.

Although the Bank originated a substantial majority of its HMDA-reportable loans within the assessment area, the distribution of HMDA-reportable loans made inside the assessment area trended downward in 2017 and 2018. This was mainly due to the Bank’s lending through its two LPOs located outside of its assessment area.

The following table shows the percentages of NCSB’s HMDA-reportable 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										
2014	393	93.1%	29	6.9%	422	24,839	91.4%	2,327	8.6%	27,166
2015	274	87.5%	39	12.5%	313	20,903	89.6%	2,428	10.4%	23,331
2016	416	91.2%	40	8.8%	456	27,184	92.1%	2,316	7.9%	29,500
2017	311	83.4%	62	16.6%	373	23,181	82.0%	5,102	18.0%	28,283
2018	311	77.2%	92	22.8%	403	27,794	76.4%	8,584	23.6%	36,378
Subtotal	1,705	86.7%	262	13.3%	1,967	123,901	85.7%	20,757	14.3%	144,658
Grand Total	1,705	86.7%	262	13.3%	1,967	123,901	85.7%	20,757	14.3%	144,658

### Distribution by Borrower Characteristics: "Satisfactory"

NCSB's HMDA-reportable lending demonstrated a reasonable distribution of loans among individuals of different income levels.

During the evaluation period, NCSB originated 27.6% by number and 18.6% by dollar value of its HMDA-reportable loans to LMI individuals, compared to the aggregate's ratios of 30.3% and 16.2%, respectively. Both the Bank's and the aggregate's rates of lending to LMI borrowers were below the average LMI family demographics (42.1%) in the assessment area. According to Bank management, this can be attributed to high poverty and unemployment rates, as well as significant competition from larger institutions in St. Lawrence County. This has resulted in a lack of lending opportunities within NCSB's assessment area.

The following table provides a summary of the distribution of NCSB's 1-4 family loans by borrower income.

Distribution of 1-4 Family Loans by Borrower Income									
2014									
Borrower	Bank				Aggregate				Fam.Dem.
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	41	10.7%	1,406	5.8%	66	7.2%	1,713	2.6%	23.6%
Moderate	80	20.9%	3,406	14.1%	178	19.5%	7,284	11.1%	18.5%
LMI	121	31.7%	4,812	19.9%	244	26.7%	8,997	13.7%	42.1%
Middle	92	24.1%	5,585	23.1%	257	28.1%	14,929	22.8%	21.8%
Upper	164	42.9%	13,570	56.1%	386	42.2%	36,363	55.5%	36.1%
Unknown	5	1.3%	211	0.9%	28	3.1%	5,212	8.0%	0.0%
<b>Total</b>	<b>382</b>		<b>24,178</b>		<b>915</b>		<b>65,501</b>		
2015									
Borrower	Bank				Aggregate				Fam.Dem.
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	19	7.2%	1,125	5.5%	85	8.9%	2,446	3.4%	23.6%
Moderate	55	20.8%	2,942	14.5%	192	20.2%	8,781	12.4%	18.5%
LMI	74	27.9%	4,067	20.0%	277	29.1%	11,227	15.8%	42.1%
Middle	69	26.0%	4,330	21.3%	246	25.8%	16,054	22.6%	21.8%
Upper	121	45.7%	11,882	58.5%	403	42.3%	41,628	58.6%	36.1%
Unknown	1	0.4%	44	0.2%	26	2.7%	2,075	2.9%	0.0%
<b>Total</b>	<b>265</b>		<b>20,323</b>		<b>952</b>		<b>70,984</b>		
2016									
Borrower	Bank				Aggregate				Fam.Dem.
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	37	9.2%	1,388	5.3%	59	6.4%	1,820	2.4%	23.6%
Moderate	69	17.1%	2,835	10.8%	165	17.8%	9,208	12.1%	18.5%
LMI	106	26.3%	4,223	16.1%	224	24.2%	11,028	14.5%	42.1%
Middle	86	21.3%	5,094	19.4%	255	27.6%	17,971	23.6%	21.8%
Upper	209	51.9%	16,941	64.4%	420	45.4%	44,596	58.6%	36.1%
Unknown	2	0.5%	52	0.2%	26	2.8%	2,529	3.3%	0.0%
<b>Total</b>	<b>403</b>		<b>26,310</b>		<b>925</b>		<b>76,124</b>		
2017									
Borrower	Bank				Aggregate				Fam.Dem.
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	24	7.9%	1,196	5.3%	98	9.7%	3,371	4.2%	23.8%
Moderate	62	20.5%	3,422	15.1%	187	18.5%	10,062	12.5%	18.3%
LMI	86	28.5%	4,618	20.4%	285	28.2%	13,433	16.7%	42.1%
Middle	81	26.8%	5,200	23.0%	268	26.5%	19,296	23.9%	21.6%
Upper	133	44.0%	12,672	56.0%	426	42.2%	44,223	54.8%	36.3%
Unknown	2	0.7%	141	0.6%	31	3.1%	3,687	4.6%	0.0%
<b>Total</b>	<b>302</b>		<b>22,631</b>		<b>1,010</b>		<b>80,639</b>		
2018									
Borrower	Bank				Aggregate				Fam.Dem.
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	19	6.1%	1,331	4.8%	79	8.62%	4,025	4.5%	23.8%
Moderate	53	17.0%	3,534	12.7%	198	21.62%	13,150	14.8%	18.3%
LMI	72	23.2%	4,865	17.5%	277	30.24%	17,175	19.3%	42.1%
Middle	75	24.1%	5,961	21.4%	233	25.44%	19,825	22.2%	21.6%
Upper	164	52.7%	16,968	61.0%	379	41.38%	49,335	55.4%	36.3%
Unknown	0	0.0%	0	0.0%	27	2.95%	2,795	3.1%	0.0%
<b>Total</b>	<b>311</b>		<b>27,794</b>		<b>916</b>		<b>89,130</b>		
GRAND TOTAL									
Borrower	Bank				Aggregate				Fam.Demo
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	140	8.4%	6,446	5.3%		9.0%		3.5%	23.7%
Moderate	319	19.2%	16,139	13.3%		21.3%		12.7%	18.4%
LMI	459	27.6%	22,585	18.6%		30.3%		16.2%	42.1%
Middle	403	24.2%	26170	21.6%		29.2%		23.0%	21.7%
Upper	791	47.6%	72033	59.4%		37.9%		56.5%	36.2%
Unknown	10	0.6%	448	0.4%		2.6%		4.3%	0.0%
<b>Total</b>	<b>1,663</b>		<b>121,236</b>						

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Geographic Distribution of Loans: “Satisfactory”

NCSB’s origination of loans in census tracts of varying income levels demonstrated a reasonable distribution of lending.

NCSB’s overall rates of lending during the evaluation period in moderate-income census tracts were 11.8% by number and 10.3% by dollar value which were slightly below the aggregate’s rates of 13.4% and 10.8%, respectively. There are no low-income census tracts in the assessment area.

During calendar years 2017 and 2018, the Bank originated a total of 14 loans in moderate-income geographies, compared to 188 loans during the previous three-year period. Similarly, the percentage of owner-occupied household units in moderate-income geographies sharply declined from 17% in 2014 through 2016 to 6.9% in 2017 through 2018.

The following table provides a summary of the distribution of NCSB’s HMDA-reportable loans by the income level of the geography where the property was located.

Distribution of HMDA-Reportable Lending by Geographic Income of the Census Tract									
2014									
Geographic Income	Bank				Aggregate				OO Hus
	#	%	\$000's	%	#	%	\$000's	%	%
Low	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0.0%
Moderate	63	16.0%	4,122	16.6%	149	15.0%	8,518	11.9%	17.0%
LMI	63	16.0%	4,122	16.6%	149	15.0%	8,518	11.9%	17.0%
Middle	261	66.4%	14,683	59.1%	762	76.7%	55,987	78.1%	76.9%
Upper	69	17.6%	6,034	24.3%	83	8.4%	7,160	10.0%	6.2%
Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0.0%
<b>Total</b>	<b>393</b>		<b>24,839</b>		<b>994</b>		<b>71,665</b>		
2015									
Geographic Income	Bank				Aggregate				OO Hus
	#	%	\$000's	%	#	%	\$000's	%	%
Low	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0.0%
Moderate	54	19.7%	3,845	18.4%	154	14.9%	10,424	13.8%	17.0%
LMI	54	19.7%	3,845	18.4%	154	14.9%	10,424	13.8%	17.0%
Middle	164	59.9%	12,243	58.6%	804	78.0%	57,750	76.7%	76.9%
Upper	56	20.4%	4,815	23.0%	73	7.1%	7,102	9.4%	6.2%
Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0.0%
<b>Total</b>	<b>274</b>		<b>20,903</b>		<b>1,031</b>		<b>75,276</b>		
2016									
Geographic Income	Bank				Aggregate				OO Hus
	#	%	\$000's	%	#	%	\$000's	%	%
Low	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0.0%
Moderate	71	17.1%	3,814	14.0%	158	15.7%	11,800	14.5%	17.0%
LMI	71	17.1%	3,814	14.0%	158	15.7%	11,800	14.5%	17.0%
Middle	281	67.5%	17,807	65.5%	768	76.3%	61,997	76.4%	76.9%
Upper	64	15.4%	5,563	20.5%	81	8.0%	7,366	9.1%	6.2%
Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0.0%
<b>Total</b>	<b>416</b>		<b>27,184</b>		<b>1,007</b>		<b>81,163</b>		
2017									
Geographic Income	Bank				Aggregate				OO Hus
	#	%	\$000's	%	#	%	\$000's	%	%
Low	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0.0%
Moderate	6	1.9%	214	0.9%	120	10.8%	6,485	7.5%	6.9%
LMI	6	1.9%	214	0.9%	120	10.8%	6,485	7.5%	6.9%
Middle	241	77.5%	17,144	74.0%	865	78.0%	68,122	78.3%	81.2%
Upper	64	20.6%	5,823	25.1%	124	11.2%	12,422	14.3%	11.9%
Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0.0%
<b>Total</b>	<b>311</b>		<b>23,181</b>		<b>1,109</b>		<b>87,029</b>		
2018									
Geographic Income	Bank				Aggregate				OO Hus
	#	%	\$000's	%	#	%	\$000's	%	%
Low	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0.0%
Moderate	8	2.6%	731	2.6%	95	10.4%	6385	7.2%	6.9%
LMI	8	2.6%	731	2.6%	95	10.4%	6385	7.2%	6.9%
Middle	226	72.4%	18,991	67.9%	705	77.0%	69545	78.0%	81.2%
Upper	78	25.0%	8,228	29.4%	114	12.4%	12980	14.6%	11.9%
Unknown	0	0.0%	0	0.0%	2	0.2%	220	0.2%	0.0%
<b>Total</b>	<b>312</b>		<b>27,950</b>		<b>916</b>		<b>89,130</b>		
GRAND TOTAL									
Geographic Income	Bank				Aggregate				OO Hus
	#	%	\$000's	%	#	%	\$000's	%	%
Low	0	0.0%	0	0.0%		0.0%		0.0%	
Moderate	202	11.8%	12,726	10.3%		13.4%		10.8%	
LMI	202	11.8%	12,726	10.3%		13.4%		10.8%	
Middle	1173	68.8%	80868	65.2%		77.2%		77.5%	
Upper	331	19.4%	30463	24.6%		9.4%		11.6%	
Unknown	-	0.0%	-	0.0%		0.0%		0.1%	
<b>Total</b>	<b>1,706</b>		<b>124,057</b>						

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Action Taken in Response to Written Complaints with Respect to CRA: "N/A"

Neither DFS nor NCSB received any written complaints during the evaluation period regarding NCSB'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**

NCSB conducts an annual CRA self-assessment that includes analyses of the Bank's loans within the assessment area and an evaluation of the distribution of loans in LMI geographies, the results are reported to the Board. In addition, a third-party vendor conducts periodic review of the Bank's CRA compliance, which together with regulatory reports are reported to the Board.

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

DFS examiners did not note practices by NCSB intended to discourage applications for the types of credit offered by NCSB.

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

DFS examiners did not note evidence by NCSB of prohibited discriminatory or other illegal practices.

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

NCSB closed the St. Lawrence University mini branch on May 31, 2017 due to a decrease in business volume and consistent operating losses. The customer accounts are continuously served at the Bank's Canton branch, located less than one mile from the closed mini-branch. While NCSB does not have any of its branches in LMI census tracts, the Bank's 401 Caroline Street branch is located adjacent to a moderate-income census tract servicing the area. In addition, the two middle-income census tracts where the Bank's branches are located were designated as distressed middle-income census tracts in 2018.

Distribution of Branches within the Assessment Area									
County	N/A #	Low #	Moderate #	Middle #	Upper #	Total #	LMI %	Distressed or Underserved	LMI and Distressed or Underserved
St. Lawrence				2	2	4	0%	2	50%
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2</b>	<b>2</b>	<b>4</b>	<b>0%</b>	<b>2</b>	<b>50%</b>

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## 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.*

NCSB ascertains the community credit needs through outreach to community groups and not-for-profit organizations and participation in the activities of the St. Lawrence housing council and fair housing task force relating to housing concerns of LMI individuals and the elderly. Bank staff and management are also encouraged to participate in local service organizations. The Bank supports these organizations in their efforts by participating in their workshops by providing training and financial assistance.

- *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*

NCSB's marketing efforts are focused primarily in its residential mortgage lending and uses television advertisements, social media (such as Facebook) and emails to make the community aware of the credit services offered by the Bank. Information on the credit services offered can also be found at its branch locations and loan production offices. The Bank offers a variety of loan programs that benefit LMI borrowers.

## **Other factors that in the judgment of the Superintendent bear upon the extent to which NCSB is helping to meet the credit needs of its entire community**

Because NCSB is evaluated under the small banking institution performance standards, the Bank is not required to submit community development activities for CRA evaluation. Nevertheless, during the evaluation period, NCSB donated funds to foundations and civic and community development organizations. The Bank has also partnered with community development organizations and has participated in affordable housing loan programs designed to assist LMI individuals and families with their housing needs.

## GLOSSARY

### Aggregate Lending

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 Metropolitan Statistical Area ("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

### **Small Business Loan**

A small business loan is a loan less than or equal to \$1 million.

### **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 tracted areas that are part of a 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 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.