



**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: June 30, 2019

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”). This evaluation represents the Department’s current assessment and rating of the institution’s CRA performance based on an evaluation conducted as of June 30, 2019.

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.

OVERVIEW OF INSTITUTION'S PERFORMANCE

DFS evaluated CCSB according to the intermediate small bank performance criteria pursuant to Sections 76.7 and 76.12 of the GRS. The assessment period included calendar years 2016, 2017 and 2018 for the lending test, and the period October 1, 2016 through June 30, 2019 for the community development test. CCSB is rated "2," indicating 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: "Satisfactory"

CCSB's average loan-to-deposit ("LTD") ratio was reasonable considering its size, business strategy, financial condition, and peer group activity.

CCSB's average LTD ratio of 83.8% for the evaluation period was below the peer group's average ratio of 90.4%. This was an improvement from the Bank's prior evaluation average LTD ratio of 75.8%.

Assessment Area Concentration: "Outstanding"

During the evaluation period CCSB originated 88% by number and 94% by dollar value of its total HMDA-reportable and MECA loans within its assessment area. This substantial majority of lending inside of its assessment area is an excellent concentration of lending within CCSB's assessment area.

Distribution by Borrower Characteristics: "Needs to Improve"

CCSB's HMDA-reportable and MECA lending demonstrated a less than adequate distribution of loans among borrowers of different income levels.

CCSB made only one HMDA-reportable loan and no MECA loans to LMI borrowers during the evaluation period. However, borrower income data was not available for 66% of its HMDA-reportable loans and 44.4% of its MECA loans because those loans were made for investment properties, for which the borrower's income was not required to be reported for HMDA.

Geographic Distribution of Loans: "Outstanding"

CCSB's origination of loans in census tracts of varying income levels demonstrated an excellent distribution of lending. CCSB's overall rates of lending in LMI census tracts exceeded both the aggregate's rates and the LMI owner-occupied demographics during the evaluation period.

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

Neither DFS nor CCSB received any written complaints during the evaluation period regarding CCSB’s CRA performance.

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 for and availability of opportunities for community development in its assessment area.

Community Development Lending: “Satisfactory”

During the evaluation period, CCSB originated \$5 million in new community development loans and had \$3.1 million outstanding from prior evaluation periods. This demonstrated a reasonable level of community development lending over the course of the evaluation period

Qualified Investments: “Satisfactory”

During the evaluation period, CCSB made \$2.9 million in new community development investments and had \$1.7 million outstanding from prior evaluation periods. In addition, CCSB made \$74,335 in community development grants. This demonstrated a reasonable level of community development investments over the course of the evaluation period.

Community Development Services: “Satisfactory”

CCSB demonstrated a reasonable level of community development services over the course of the evaluation period. Services included the Bank’s participation in community development organizations and financial education sessions for youths and adults.

Responsiveness to Community Development Needs

CCSB demonstrated a reasonable level of responsiveness to credit and community development needs.

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

CCSB is a New York State-chartered mutual savings bank, which was originally founded in 1888 as Bushwick Savings & Loan Association of New York.

CCSB offers various commercial and consumer services and products. Services include telephone, mobile, and internet banking, first-time homebuyer programs, funds transfer, bill payments, check imaging, coin counting, and financial advisory services. Products include business checking and savings accounts, certificates of deposit, residential and commercial real estate loans.

In its Consolidated Report of Condition (the "Call Report") as of December 31, 2018 filed with the Federal Deposit Insurance Corporation ("FDIC"), CCSB reported total assets of \$421 million, of which \$325 million were net loans and lease financing receivables. It also reported total deposits of \$352 million, resulting in a loan-to-deposit ratio of 92.2%. According to the latest available comparative deposit data as of June 30, 2019, CCSB had a market share of 0.17%, or \$366.3 million in a market of \$213 billion, ranking it 39th among 76 deposit-taking institutions in its assessment area.

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

TOTAL GROSS LOANS OUTSTANDING						
Loan Type	12/31/2016		12/31/2017		12/31/2018	
	\$000's	%	\$000's	%	\$000's	%
1-4 Family Residential Mortgage Loans	187,026	71.1	222,940	76.1	249,337	76.5
Commercial Mortgage Loans	64,431	24.5	59,732	20.4	66,474	20.4
Multifamily Mortgages	11,282	4.3	9,512	3.2	9,972	3.1
Consumer Loans	129	0.0	210	0.1	178	0.1
Other Loans	318	0.1	523	0.2	0	0.0
Total Gross Loans	263,186		292,917		325,961	

As illustrated in the above table, CCSB is primarily a real estate lender, with 76.5% of its loan portfolio in 1-4 family residential real estate loans, and 20.4% in commercial mortgage loans.

CCSB operates six branch offices. Four are in Queens County and one each in Bronx and Kings counties. Supplementing the banking offices is an automated teller machine ("ATM") network consisting of six deposit-taking ATMs, with one ATM located at each branch.

Examiners found no evidence of financial or legal impediments that had an adverse impact on CCSB's ability to meet the credit needs of its community.

Assessment Area

The Bank's assessment area was comprised of Bronx, Kings (Brooklyn), Nassau and Queens counties.

There were 2,053 census tracts in the area, of which 306 were low-income, 574 moderate-income, 734 middle-income, 382 upper-income, and 57 were tracts with no income indicated.

Assessment Area Census Tracts by Income Level							
County	N/A	Low	Mod	Middle	Upper	Total	LMI %
Bronx	7	160	90	56	26	339	73.7
Kings	14	115	280	211	141	761	51.9
Nassau	9	7	28	159	81	284	12.3
Queens	27	24	176	308	134	669	29.9
Total	57	306	574	734	382	2,053	42.9

The assessment area appeared reasonable based upon the location of the Bank's offices and its lending patterns. There was no evidence that CCSB had arbitrarily excluded LMI areas.

Demographic & Economic Data

The assessment area had a population of 7,679,367 during the evaluation period. Approximately, 12.9% of the population were over the age of 65 and 20.2% were under the age of 16.

Of the 1,770,269 families in the assessment area, 14.9% were low-income, 27.9% were moderate-income, 35.75% were middle-income and 18.61% were upper-income. There were 2,637,972 households in the assessment area, of which 18.7% had income below the poverty level and 4.2% were on public assistance.

The weighted average median family income in the assessment area was \$71,028.

There were 2,849,056 housing units within the assessment area, of which 54.9% were one-to-four family units and 44.8% were multifamily units. A majority (55.4%) of the area's housing units were rental units, while 37.2% were owner-occupied. Of the

1,059,048 owner-occupied housing units, 23.1% were in LMI census tracts, while 76.83% were in middle- and upper-income census tracts. The median age of the housing stock was 82 years, and the median home value in the assessment area was \$468,267.

There were 414,921 non-farm businesses in the assessment area. Of these, 99.1% were businesses reported revenues of less than or equal to \$1 million, 4.9% reported revenues of more than \$1 million, and 5.7% did not report their revenues. Of all the businesses in the assessment area, 97.6% were businesses with less than fifty employees, while 93.5% operated from a single location. The largest industries in the assessment area were services (45.2%), retail trade (15.9%), and finance, insurance and real estate (7.6%); 12.5% of businesses were not classified.

According to the New York State Department of Labor, the average unemployment rate for New York State was 4.6%. Nassau County had the lowest unemployment rates, while Bronx County's unemployment rates were the highest. Compared to the prior evaluation, unemployment rates statewide and for all counties in the assessment area have decreased.

Assessment Area Unemployment Rate					
	Statewide	Bronx	Kings	Nassau	Queens
2016	4.9	7.1	5.3	3.9	4.5
2017	4.7	6.3	4.7	4.1	4.0
2018	4.1	5.7	4.2	3.5	3.6
Average	4.6	6.4	4.7	3.8	4.0

Community Information

DFS examiners conducted community contact interviews with two nonprofit organizations that serve LMI communities and small businesses in the assessment area. The first interview was with the director of an agency that provides advisory services to start-up and existing small businesses in Nassau and Kings counties. The second interview was with the regional director of an organization that provides a variety of services including affordable housing opportunities through multifamily rental, financial education to improve credit and manage debt, first-time homebuying and foreclosure prevention.

The first interviewee indicated that while some local banks had started to actively make loans to small businesses, LMI communities were, in general, still underserved. Local financial institutions can help meet the needs of LMI communities by lending in distressed areas, opening branches in LMI communities, and providing financial education to small businesses and individuals in those communities.

The second interviewee stated that many Long Island (Nassau and Suffolk Counties) households were struggling financially, and a large number were unable to save for

an emergency. Individuals were living in illegal apartments and therefore, zoning prevents seniors from legally receiving supplemental security income. It was also observed that mass transit within Long Island counties was inadequate. This community contact also identified financial education as a primary need for LMI communities and small businesses.

PERFORMANCE STANDARDS AND ASSESSMENT FACTORS

DFS evaluated CCSB under the intermediate small bank performance standards in accordance with Sections 76.7 and 76.12 of the GRS, which consist 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 of loans 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; and*
- 4. Responsiveness to community development needs.*

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 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.*

DFS derived statistics employed in this evaluation from various sources. CCSB 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 data on Dun & Bradstreet reports, which Dun & Bradstreet updates annually. DFS obtained unemployment data from the New York State Department of Labor.

The assessment period included calendar years 2016, 2017 and 2018 for the lending test, and October 1, 2016 through June 30, 2019 for the community development test.

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

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

At the request of CCSB, DFS evaluated residential mortgage loan modification, extension, and consolidation agreements (“MECAs”) for 2016 and 2017. In 2018, MECAs became reportable pursuant to HMDA, and are accordingly included in that year’s statistics for HMDA-reportable loans.

At its **prior** Performance Evaluation as of September 30, 2016, DFS assigned CCSB a rating of “2,” reflecting a “Satisfactory” record of helping to meet the credit needs of CCSB’s communities.

Current CRA Rating: “Satisfactory”

Lending Test: “Satisfactory”

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

Loan-to-Deposit (“LTD”) Ratio and Other Lending-Related Activities: “Satisfactory”

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

CCSB’s average LTD ratio of 83.8% for the evaluation period was below the peer group’s average ratio of 90.4%. This ratio was an improvement from its average ratio of 75.8% for the prior evaluation period.

CCSB’s quarterly average LTD ratios increased steadily during the evaluation period. The Bank’s ratios ranged from a low of 77.4% (Q1 2016) to a high of 92.2% (Q4 2018), while the peer’s ratios ranged from a low of 88.2% (Q1 2016) to a high of 92.5% (Q3 and Q4 2018).

The table below shows CCSB’s LTD ratios in comparison with the peer group’s ratios for the 12 quarters since the prior evaluation.

Loan-to-Deposit Ratios													
	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	77.4	78.0	79.2	79.0	78.9	81.2	85.1	85.7	87.6	90.2	90.6	92.2	83.8
Peer	88.2	89.4	89.1	89.3	88.6	89.6	90.5	91.5	91.1	92.1	92.5	92.5	90.4

Assessment Area Concentration: “Outstanding”

During the evaluation period, CCSB originated 88% by number and 94% by dollar value of its total HMDA-reportable and MECA loans within its assessment area. This substantial majority of lending is an excellent concentration of lending within the Bank’s assessment area.

HMDA-Reportable Loans:

During the evaluation period CCSB originated 87.7% by number and 93.7% by dollar value of its HMDA-reportable loans within the assessment area, demonstrating an excellent record of lending.

MECA Loans:

In 2016 and 2017 CCSB originated 90% by number and 95% by dollar value of its MECA loans within the assessment area, indicating an excellent record of lending.

The following table show 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										
2016	19	86.4%	3	13.6%	22	13,141	92.2%	1,111	7.8%	14,252
2017	39	84.8%	7	15.2%	46	35,863	92.7%	2,814	7.3%	38,677
2018	49	90.7%	5	9.3%	54	42,653	95.1%	2,197	4.9%	44,850
Subtotal	107	87.7%	15	12.3%	122	91,657	93.7%	6,122	6.3%	97,779
MECA										
2016	10	90.9%	1	9.1%	11	9,223	98.5%	137	1.5%	9,360
2017	8	88.9%	1	11.1%	9	11,914	92.4%	975	7.6%	12,889
Subtotal	18	90.0%	2	10.0%	20	21,137	95.0%	1,112	5.0%	22,249
Grand Total	125	88.0%	17	12.0%	142	112,794	94.0%	7,234	6.0%	120,028

Distribution by Borrower Characteristics: “Needs to Improve”

CCSB’s HMDA-reportable lending demonstrated a less than adequate distribution of loans among individuals of different income levels. This is the same rating CCSB received at its to prior evaluations.

HMDA-Reportable Loans:

CCSB’s HMDA-reportable lending demonstrated a less than adequate distribution of loans among borrowers of different income levels.

CCSB's overall rates of lending to LMI borrowers was 1% by number and 0.2% by dollar value of loans, well below the aggregate's lending rates of 13.6% and 7.7%, respectively. During the evaluation period, CCSB made one HMDA-reportable loan to one moderate-income borrower and none to low-income borrowers. In addition, CCSB's level of lending to LMI borrowers compared unfavorably to the LMI family demographics (49.2%) of the assessment area. However, it should be noted that 66% of CCSB's 1-4 family mortgage loans were made for investment properties and as such the borrower's income is not required to be reported for HMDA purposes, as rental income is relied upon for repayment of the loan.

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

Distribution of 1-4 Family Loans by Borrower Income									
2016									
Borrower Income	Bank				Aggregate				Fam.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Low	0	0.0%	0	0.0%	1,543	2.7%	372,121	1.5%	30.8%
Moderate	0	0.0%	0	0.0%	6,279	10.8%	1,498,480	6.1%	18.2%
LMI	0	0.0%	0	0.0%	7,822	13.4%	1,870,601	7.6%	49.0%
Middle	0	0.0%	0	0.0%	14,414	24.8%	4,536,249	18.4%	18.5%
Upper	7	36.8%	3,746	28.5%	32,041	55.0%	16,290,369	66.0%	32.6%
Unknown	12	63.2%	9,395	71.5%	3,928	6.7%	1,970,830	8.0%	
Total	19		13,141		58,205		24,668,049		
2017									
Borrower Income	Bank				Aggregate				Fam.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Low	0	0.0%	0	0.0%	1,464	2.6%	334,221	1.3%	31.9%
Moderate	0	0.0%	0	0.0%	5,753	10.3%	1,395,988	5.6%	17.3%
LMI	0	0.0%	0	0.0%	7,217	13.0%	1,730,209	7.0%	49.2%
Middle	2	5.4%	510	1.5%	13,456	24.2%	4,329,293	17.4%	17.5%
Upper	7	18.9%	7,277	21.0%	31,675	56.9%	17,094,184	68.7%	33.3%
Unknown	28	75.7%	26,838	77.5%	3,310	5.9%	1,712,791	6.9%	
Total	37		34,625		55,658		24,866,477		
2018									
Borrower Income	Bank				Aggregate				Fam.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Low	0	0.0%	0	0.0%	2,299	3.3%	585,205	2.0%	31.9%
Moderate	1	2.4%	140	0.4%	7,610	11.0%	1,839,740	6.3%	17.3%
LMI	1	2.4%	140	0.4%	9,909	14.4%	2,424,945	8.3%	49.2%
Middle	2	4.9%	220	0.7%	16,234	23.5%	5,007,170	17.2%	17.5%
Upper	14	34.1%	10,413	31.2%	39,194	56.8%	19,537,480	66.9%	33.3%
Unknown	24	58.5%	22,562	67.7%	3,623	5.3%	2,222,325	7.6%	
Total	41		33,335		68,960		29,191,920		
GRAND TOTAL									
Borrower Income	Bank				Aggregate				Fam.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Low	0	0.0%	0	0.0%	5,306	2.9%	1,291,547	1.6%	
Moderate	1	1.0%	140	0.2%	19,642	10.7%	4,734,208	6.0%	
LMI	1	1.0%	140	0.2%	24,948	13.6%	6,025,755	7.7%	
Middle	4	4.1%	730	0.9%	44,104	24.1%	13,872,712	17.6%	
Upper	28	28.9%	21,436	26.4%	102,910	56.3%	52,922,033	67.2%	
Unknown	64	66.0%	58,795	72.5%	10,861	5.9%	5,905,946	7.5%	
Total	97		81,101						

MECA Loans:

CCSB's MECA lending demonstrated a less than adequate distribution of loans among borrowers of different income levels.

In 2016 and 2017 CCSB modified or extended eighteen residential mortgage loans totaling \$21.1 million, of which none were extended to low- or moderate-income borrowers. This compared unfavorably to the LMI family demographics of the assessment area. However, 44.4% of CCSB's MECA loans were secured by investment properties

for which the borrower's income is not required to be reported for HMDA purposes, as such loans rely on rental income from the subject properties for repayment.

The following table provides a summary of CCSB's distribution of 1-4 family MECA loans by borrower income in 2016 and 2017.

Distribution of 1-4 Family MECA Loans by Borrower Income					
2016					
Borrower	Bank				Fam.Dem.
Income	#	%	\$000's	%	%
Low	0	0.0%		0.0%	30.8%
Moderate	0	0.0%		0.0%	18.2%
LMI	0	0.0%	0	0.0%	49.0%
Middle	0	0.0%		0.0%	18.5%
Upper	6	60.0%	2,828	30.7%	32.6%
Unknown	4	40.0%	6,395	69.3%	0.0%
Total	10		9,223		
2017					
Borrower	Bank				Fam.Dem.
Income	#	%	\$000's	%	%
Low	0	0.0%	0	0.0%	31.9%
Moderate	0	0.0%	0	0.0%	17.3%
LMI	0	0.0%	0	0.0%	49.2%
Middle	1	12.5%	163	1.4%	17.5%
Upper	3	37.5%	1,780	14.9%	33.3%
Unknown	4	50.0%	9,971	83.7%	0.0%
Total	8		11,914		
GRAND TOTAL					
Borrower	Bank				Fam.Dem.
Income	#	%	\$000's	%	%
Low	0	0.0%	0	0.0%	
Moderate	0	0.0%	0	0.0%	
LMI	0	0.0%	0	0.0%	
Middle	1	5.6%	163	0.8%	
Upper	9	50.0%	4,608	21.8%	
Unknown	8	44.4%	16,366	77.4%	
Total	18		21,137		

Geographic Distribution of Loans: "Outstanding"

CCSB's origination of loans in census tracts of varying income levels demonstrated an excellent distribution of lending.

HMDA-Reportable Loans:

The distribution of CCSB's HMDA-reportable loans among census tracts of different income levels was excellent.

During the evaluation period, CCSB originated 61.7% by number and 61.4% by dollar

value of its HMDA-reportable loans in LMI census tracts. These rates were higher than those of the aggregate's 22.4% and 34.7%, respectively. In addition, CCSB's rates of lending in LMI census tracts during the evaluation period exceeded the LMI owner-occupied demographic level of 23.1% noted in 2018.

The following table provides a summary of the distribution of CCSB'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									
2016									
Geographic Income	Bank				Aggregate				OO HUs
	#	%	\$000's	%	#	%	\$000's	%	%
Low	6	31.6%	4,225	32.2%	2,959	4.9%	2,463,598	8.1%	4.0%
Moderate	9	47.4%	6,291	47.9%	11,141	18.6%	6,875,901	22.6%	19.0%
LMI	15	78.9%	10,516	80.0%	14,100	23.6%	9,339,499	30.7%	23.0%
Middle	1	5.3%	920	7.0%	28,569	47.7%	11,746,442	38.7%	49.1%
Upper	3	15.8%	1,705	13.0%	17,172	28.7%	9,285,231	30.6%	28.0%
Unknown	0	0.0%	0	0.0%	16	0.0%	9,869	0.0%	0.0%
Total	19		13,141		59,857		30,381,041		
2017									
Geographic Income	Bank				Aggregate				OO HUs
	#	%	\$000's	%	#	%	\$000's	%	%
Low	8	20.5%	8,702	24.3%	3,297	5.8%	2,762,496	8.3%	4.2%
Moderate	18	46.2%	14,892	41.5%	10,577	18.5%	9,304,541	28.1%	18.9%
LMI	26	66.7%	23,594	65.8%	13,874	24.3%	12,067,037	36.5%	23.1%
Middle	7	17.9%	7,100	19.8%	26,165	45.8%	11,109,162	33.6%	48.2%
Upper	6	15.4%	5,169	14.4%	16,967	29.7%	9,896,686	29.9%	28.6%
Unknown	0	0.0%	0	0.0%	74	0.1%	26,984	0.1%	0.1%
Total	39		35,863		57,080		33,099,869		
2018									
Geographic Income	Bank				Aggregate				OO HUs
	#	%	\$000's	%	#	%	\$000's	%	%
Low	10	20.4%	10,278	24.1%	4,101	5.7%	4,764,305	11.1%	4.2%
Moderate	15	30.6%	11,926	28.0%	13,262	18.5%	10,743,700	25.0%	18.9%
LMI	25	51.0%	22,204	52.1%	17,363	24.2%	15,508,005	36.0%	23.1%
Middle	10	20.4%	7,579	17.8%	32,628	45.5%	14,429,770	33.5%	48.2%
Upper	14	28.6%	12,870	30.2%	21,658	30.2%	13,057,460	30.3%	28.6%
Unknown	0	0.0%	0	0.0%	78	0.1%	32,750	0.1%	0.1%
Total	49		42,653		71,727		43,027,985		
GRAND TOTAL									
Geographic Income	Bank				Aggregate				OO HUs
	#	%	\$000's	%	#	%	\$000's	%	%
Low	24	22.4%	23,205	25.3%	6,291	3.4%	9,990,399	9.4%	
Moderate	42	39.3%	33,109	36.1%	34,980	18.9%	26,924,142	25.3%	
LMI	66	61.7%	56,314	61.4%	41,271	22.4%	36,914,541	34.7%	
Middle	18	16.8%	15,599	17.0%	87,362	47.3%	37,285,374	35.0%	
Upper	23	21.5%	19,744	21.5%	55,797	30.2%	32,239,377	30.3%	
Unknown	0	0.0%	0	0.0%	168	0.1%	69,603	0.1%	
Total	107		91,657						

MECA Loans:

In 2016 and 2017, CCSB modified or extended six 1-4 family mortgage loans totaling \$4.7 million in LMI census tracts. This equates to 33.3% by number and 22.2% by dollar amount of its total MECA lending. This represents a reasonable distribution of lending, and somewhat exceeds the 23.1% level in 2018 of owner-occupied housing in LMI census tracts. However, examiners noted that CCSB made five of the six loans in 2017, and only one in 2016. Furthermore, the Bank made no MECA loans in low income census tracts during the evaluation period.

Distribution of MECA Loans by Geographic Income of the Census Tract					
2016					
Borrower	Bank				OO HUs
Income	#	%	\$000's	%	%
Low	0	0.0%	0	0.0%	4.0%
Moderate	1	10.0%	1,050	11.4%	19.0%
LMI	1	10.0%	1,050	11.4%	23.0%
Middle	5	50.0%	2,195	23.8%	49.1%
Upper	4	40.0%	5,978	64.8%	28.0%
Unknown	0	0.0%	0	0.0%	0.0%
Total	10		9,223		
2017					
Borrower	Bank				OO HUs
Income	#	%	\$000's	%	%
Low	0	0.0%	0	0.0%	4.2%
Moderate	5	62.5%	3,648	30.6%	18.9%
LMI	5	62.5%	3,648	30.6%	23.1%
Middle	2	25.0%	3,595	30.2%	48.2%
Upper	1	12.5%	4,671	39.2%	28.6%
Unknown	0	0.0%	0	0.0%	0.1%
Total	8		11,914		
GRAND TOTAL					
Borrower	Bank				OO HUs
Income	#	%	\$000's	%	%
Low	0	0.0%	0	0.0%	
Moderate	6	33.3%	4,698	22.2%	
LMI	6	33.3%	4,698	22.2%	
Middle	7	38.9%	5,790	27.4%	
Upper	5	27.8%	10,649	50.4%	
Unknown	0	0.0%	-	0.0%	
Total	18		21,137		

Action Taken in Response to Written Complaints with Respect to CRA: "Not Rated"

Neither DFS nor CCSB received any written complaints during the evaluation period regarding CCSB's CRA performance.

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 for and availability of opportunities for community development in its assessment area.

Community Development Lending: “Satisfactory”

During the evaluation period, CCSB originated \$5 million in new community development loans and had \$3.1 million outstanding from prior evaluation periods. This demonstrated a reasonable level of community development lending over the course of the evaluation period.

Community Development Loans				
Purpose	This Evaluation Period		Outstandings from Prior Evaluation Periods	
	# of Loans	\$000	# of Loans	\$000
Affordable Housing	11	3,399	5	3,112
Economic Development	0	0		
Community Services	1	1,175		
Revitalize/Stablize	1	437		
Total	13	5,011	5	3,112

Below are highlights of CCSB’s community development lending:

- CCSB, during the evaluation period, made a cash-out refinance of an existing mortgage loan in the amount of \$1.2 million to a not-for-profit organization that focuses on education, counseling, truancy prevention, job preparation and employment opportunities. Funds from the cash-out portion of the loan were used to purchase furniture and equipment for the organization, which serves children and families.
- CCSB refinanced a \$510,000 mortgage loan for a multifamily property. The property contains six residential units and is located in a moderate-income area in Brooklyn. All units are leased at below fair market rents.
- CCSB refinanced a mortgage loan for a mixed-used property totaling \$890,000. Located in a moderate-income area in Brooklyn, the property consists of five residential units and one commercial unit. Four of the residential units are leased at below fair market rents.

Qualified Investments: “Satisfactory”

During the evaluation period, CCSB made \$2.9 million in new community development investments and had \$1.7 million outstanding from prior evaluation periods. In addition, CCSB made \$74,335 in community development grants. This demonstrated a reasonable level of community development investments over the course of the evaluation period.

Community Development Investments and Grants				
	This Evaluation Period		Outstandings from Prior Evaluation Periods	
	# of Inv.	\$000	# of Inv.	\$000
CD Investments				
Affordable Housing	2	2,880	3	1,661
Economic Development				
Community Services				
Revitalize/Stabilize				
Total	2	2,880	3	1,661
CD Grants	# of Grants	\$000	Not Applicable	
Affordable Housing				
Economic Development				
Community Services	25	74		
Revitalize/Stabilize				
Total	25	74		

Below is a description of CCSB’s community development investments and grants.

Investments

- In 2017 and 2019, CCSB purchased two mortgage-backed securities totaling \$2.9 million. The investments supported affordable housing for low- and moderate-income individuals and communities within CCSB’s assessment area.

Grants

- CCSB made grants totaling \$45,000 to a nonprofit organization whose primary focus is to improve the quality of life for youths and families in Queens. The organization is based in a moderate-income census tract and provides a variety of community services to LMI communities including free pre-kindergarten, high school transition, adult literacy, educational, cultural, and employment programs.
- CCSB contributed of \$11,500 to a nonprofit organization that provides financial support to students in need through programs primarily focusing on education. These programs, which include scholarships and tuition assistance, teacher training, and after school programs, are targeted to LMI individuals and immigrants residing in Brooklyn and Queens.
- CCSB donated \$7,500 to a nonprofit community development organization whose

mission is to preserve and improve neighborhoods. The organization serves LMI persons in North Brooklyn, including children, adults, and the elderly, through employment, education, housing, and health care services.

Community Development Services: “Satisfactory”

CCSB demonstrated a reasonable level of community development services over the course of the evaluation period. Bank personnel provided first-time homebuyer and financial education programs, taught children about how to save money, and provided financial education on banking for LMI individuals. CCSB provided community services in approximately 29 instances during the evaluation period.

Below are highlights of CCSB’s community development services:

- A CCSB senior vice president and other officers of the Bank periodically participated as guest speakers, providing information on the mortgage process to potential first-time homebuyers looking to purchase a home.
- CCSB’s officers provided financial education, and fraud and credit counseling to students of a nonprofit organization whose mission is to improve the life of young adults and families residing in Queens. The organization is based in a moderate-income area and offers various services, including free pre-kindergarten, high school transition, adult literacy, employment counseling, and after-school programs.
- A CCSB trustee is a board member of a nonprofit educational institution that assists families in need, including students, residing in high poverty neighborhoods of Brooklyn and Queens. The institution is based in a low-income area in Nassau County and caters to children with language and communication disorders, by teaching them to communicate and helping them academically, so they can become self-reliant.

Innovativeness of Community Development Investments:

CCSB did not make use of innovative investments to support community development.

Responsiveness to Community Development Needs

CCSB demonstrated a reasonable level of responsiveness to credit and community development needs.

CCSB offers deposit accounts for low- and moderate-income individuals and an account tailored for parents to teach children to save. In addition, CCSB donated funds and made community development loans to various nonprofit organizations that service LMI individuals and families.

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 CRA.

The Bank's CRA mortgage committee meets quarterly to discuss strategies and guidelines relating to CRA performance and meeting the credit needs of CCSB's assessment area. The committee is comprised of the CRA officer, the CEO, and two CCSB trustees. Among the topics discussed are assessment area, loan-to-deposit ratio, demographic and geographic data, CRA qualified loans and other CRA initiatives. Committee meeting minutes are provided to the board of trustees for review.

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 examiners noted no practices by CCSB intended to discourage applications for the types of credit offered by CCSB.

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

DFS examiners noted no evidence by CCSB of prohibited discriminatory or other illegal practices.

Record of opening and closing offices and providing services at offices

As of the evaluation date, CCSB operated six full-service branches which were all accessible by public transportation. CCSB's branch network was supplemented by full-service automated teller machines ("ATMs") at every branch. The Bank did not open or close any branches during the current evaluation period.

Four of the Bank's six branches were located in census tracts whose income-level designation changed since the prior evaluation period. The census tract designation for two branches in Queens County changed from middle to upper-income, the census tract designation for the branch in Bronx County changed from middle to moderate-income, and the census tract designation for the office in Kings County changed from middle to upper-income.

Banking hours were Monday to Friday from 9:00 AM to either 5:00 PM or 6:00 PM. All of the offices offered Saturday hours.

Distribution of Branches within the Assessment Area							
County	N/A #	Low #	Moderate #	Middle #	Upper #	Total #	LMI %
Bronx			1			1	100%
Kings					1	1	0%
Nassau							0%
Queens					4	4	0%
Total			1		5	6	17%

Availability and effectiveness of alternative systems for delivering retail services

CCSB's customers could perform a variety of banking services through alternative channels such as telephone, mobile, and CCSB's website. Customers can use these services to make balance inquiries, transfer funds, view statements, and pay bills. In addition, representatives were available during normal business hours to assist customers.

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.

A CCSB trustee was on the board of a nonprofit organization. The CRA officer and other Bank personnel participated in community development activities, which consisted of financial education, first-time homebuyer seminars, and outreach to community groups and associations that service the LMI population.

- 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.

CCSB marketed its products and services in local newspapers and at its branch locations. The Bank's products and services can also be accessed via the Bank's website.

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

DFS examiners noted no other factors.

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 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.

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

Small Business Loan

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

LMI Geographies

Those census tracts or block numbering areas where, according to the 2010 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.