



**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: March 31, 2018

Institution: PCSB Bank
2651 Strang Boulevard
Yorktown Heights, NY 10598-0712

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 PCSB Bank (“PCSB”) 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 March 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.

OVERVIEW OF INSTITUTION'S PERFORMANCE

The Department evaluated PCSB according to the large banking institution performance criteria pursuant to Sections 76.7, 76.8, 76.9, and 76.10 of the GRS. The Department evaluated PCSB's performance under the lending test in calendar years 2014, 2015, 2016, and 2017, and evaluated its community development activities from January 1, 2014 through March 31, 2018. PCSB is rated "**Satisfactory**" or "2." This rating means PCSB had a satisfactory record of helping to meet community credit needs.

This rating is based on the following factors:

LENDING TEST: "Low Satisfactory"

PCSB's small business and HMDA-reportable lending activities were adequate in light of PCSB's 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.

Lending Activity: "Low Satisfactory"

PCSB's lending levels were adequate considering its size, business strategy and financial condition, as well as the activity of its peer group and the demographic characteristics of its assessment area.

PCSB's average loan-to-deposit ("LTD") ratio for the evaluation period was 65.7%, which was an improvement over the 54.9% it recorded for the prior evaluation period. However, PCSB's ratio was well below its peer group ratio of 91.9%. Therefore, examiners also compared PCSB's ratio to two similarly situated institutions, which were selected based on lending focus, asset size, and geographic location. PCSB's average LTD ratio was comparable to those institutions.

PCSB's assessment area is highly competitive and the institutions ranked ahead of PCSB in the Institution Market Share report are primarily larger regional or national banks and mortgage bankers. PCSB during the evaluation ranked as high as 23th (2014) and as low as 47th (2016) among more than 260 HMDA lenders and 31th (2014) and 39th (2017), respectively, among more than 110 small business lenders.

Assessment Area Concentration: "Low Satisfactory"

During the evaluation period, PCSB originated 80.5% by number and 67.3% by dollar value of its total HMDA-reportable and small business loans within its assessment area. This majority of lending inside of its assessment area reflects an adequate concentration of lending within PCSB's assessment area.

Geographic Distribution of Loans: "Needs to Improve"

PCSB's origination of loans in census tracts of varying income levels demonstrated a less

than adequate distribution of lending.

PCSB's average rates of lending for HMDA-reportable and small business loans during the evaluation period trailed the aggregate's rates, except for dollar value of HMDA reportable loans.

Distribution by Borrower Characteristics: "Outstanding"

PCSB's HMDA-reportable and small business lending demonstrated an excellent distribution of loans among individuals of different income levels and businesses of different revenue sizes.

Community Development Lending: "High Satisfactory"

During the evaluation period, PCSB originated \$13.7 million in new community development loans and had none outstanding from prior evaluation periods. This demonstrated a more than reasonable level of community development lending over the course of the evaluation period.

INVESTMENT TEST: "High Satisfactory"

PCSB's qualified investments were more than reasonable in light of the assessment area's credit needs.

Qualified Investments: "High Satisfactory"

During the evaluation period, PCSB made \$13.7 million in new community development investments and had \$480,000 outstanding from prior evaluation periods. In addition, PCSB made \$54,150 in community development grants. This demonstrated a more than reasonable level of qualified investments over the course of the evaluation period.

Innovativeness of Community Development Investments

PCSB did not use innovative qualified investments to support community development.

Responsiveness of Community Development Investments to Credit and Community Development Needs

PCSB's qualified investments exhibited adequate responsiveness to the assessment area's credit and community development needs by supporting affordable housing.

SERVICE TEST: "Low Satisfactory"

Retail Banking Services: "High Satisfactory"

PCSB has a more than reasonable branch network, delivery systems, branch hours and

services, and alternative delivery systems, particularly as they relate to LMI individuals.

Community Development Services: “Low Satisfactory”

PCSB provided an adequate level of community development services. PCSB management and employees serve on the boards of various community organizations that provide services to small businesses and LMI individuals and/or families. In addition, PCSB employees participated in first-time homebuyer seminars.

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

Chartered in 1871, PCSB (formerly Putnam County Savings Bank) is a savings bank headquartered in Yorktown Heights, NY. The bank is a wholly-owned subsidiary of PCSB Financial Corp. PCSB has three wholly-owned subsidiaries: PCSB Commercial Bank, a limited purpose financial institution with the sole purpose of accepting municipal deposits; PCSB Funding Corp., a real estate investment trust; and PCSB Realty Limited.

In 2015, PCSB acquired Community Mutual Savings Bank (“CMSB”) in White Plains, NY. At the time of the acquisition CMSB had \$267.1 million in total assets and operated five branch offices in southern Westchester County.

PCSB offers various banking services and deposit and lending products for consumers and businesses. Deposit products include checking, savings and money market accounts, certificates of deposit, and IRA accounts. Lending products include residential mortgage, home equity, auto, and personal loans, as well as lines-of-credit, and small business and commercial mortgage loans. PCSB also offers online banking, bill pay, and remote deposit capture. Services offered include debit cards, overdraft protection, cash management, and merchant processing.

Per the Consolidated Report of Condition (the “Call Report”), as of December 31, 2017, filed with the Federal Deposit Insurance Corporation (“FDIC”), PCSB reported total assets of \$1.4 billion, of which \$830.7 million were net loans and lease financing receivables. It also reported total deposits of \$1.2 billion, resulting in an LTD ratio of 69.4%. According to the latest available comparative deposit data, as of June 30th, 2017 PCSB had a market share of 0.96%, or \$1.2 billion in a market of \$122.3 billion, ranking it 17th among 41 deposit-taking institutions in the assessment area.

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

TOTAL GROSS LOANS OUTSTANDING								
Loan Type	2014		2015		2016		2017	
	\$000's	%	\$000's	%	\$000's	%	\$000's	%
1-4 Family Residential Mortgage Loans	194,899	38.4	277,539	37.6	261,344	34.1	255,308	30.6
Commercial & Industrial Loans	34,653	6.8	54,923	7.4	35,841	4.7	36,814	4.4
Commercial Mortgage Loans	199,167	39.3	293,414	39.8	347,831	45.4	404,866	48.5
Multifamily Mortgages	35,089	6.9	68,790	9.3	69,325	9.1	107,126	12.8
Consumer Loans	509	0.1	404	0.1	323	0.0	252	0.0
Construction Loans	37,668	7.4	37,813	5.1	46,282	6.0	26,881	3.2
Obligations of States & Municipalities	4,970	1.0	4,495	0.6	4,001	0.5	3,492	0.4
Other Loans	0	0.0	465	0.1	438	0.1	400	0.0
Total Gross Loans	506,955		737,843		765,385		835,139	

As illustrated in the above table, PCSB is primarily a mortgage lender with 48.5% of its loan portfolio in commercial mortgage loans and 30.6% in one-to-four family residential mortgage loans.

PCSB operates 15 banking offices: eight in Westchester County, three in Putnam County, three in Dutchess County, and one in Rockland County. Supplementing the banking offices is an automated teller machine (“ATM”) network consisting of 15 ATMs, with one ATM at each branch office. All 15 ATMs have the capability to take deposits.

Examiners did not find evidence of financial or legal impediments that had an adverse impact on PCSB’s ability to meet the credit needs of its community.

Assessment Area

PCSB’s assessment area for 2015, 2016, and 2017 was comprised of all of Putnam and Westchester counties, and parts of Dutchess and Rockland counties.

There are 293 census tracts in the bank’s assessment area, of which ten are low-income, 39 are moderate-income, 78 are middle-income, 159 are upper-income, and seven have no income indicated.

Assessment Area Census Tracts by Income Level							
County	N/A	Low	Mod	Middle	Upper	Total	LMI %
Dutchess*	2	1	5	22	4	34	17.6
Putnam	0	0	0	8	11	19	0.0
Rockland*	0	2	2	3	10	17	23.5
Westchester	5	7	32	45	134	223	17.5
Total	7	10	39	78	159	293	16.7

* Partial county

PCSB’s assessment area for 2014 was comprised of all of Putnam County and parts of Westchester, Dutchess and Rockland counties. There were 120 census tracts in the bank’s assessment area, of which two were low-income, nine were moderate-income, 44 were middle-income, 60 were upper-income, and five had no income indicated. This was an increase from the 104 census tracts reported in the prior evaluation, as PCSB included an additional 16 census tracts in Rockland County in its assessment area in 2014.

Demographic & Economic Data

The assessment area had a population of 1.3 million during the evaluation period. Approximately 15% of the population were over the age of 65 and 20.2% were under the age of 16.

Of the 314,904 families in the assessment area 16.3% were low-income, 12.5% were moderate-income, 14.8% were middle-income, and 56.4% were upper-income families. There were 445,321 households in the assessment area, of which 8.9% had income below the poverty level and 2.2% were on public assistance.

The weighted average median family income in the assessment area was \$116,742.

There were 482,944 housing units within the assessment area, of which 71.6% were one-to-four family units and 27.7% were multifamily units. A majority (59.7%) of the area's housing units were owner-occupied, while 35.1% were rental units. Of the 288,335 owner-occupied housing units, 6.3% were in LMI census tracts while 93.7% were in middle- and upper-income census tracts. The median age of the housing stock was 62 years, and the median home value in the assessment area was \$464,338.

There were 93,085 non-farm businesses in the assessment area. Of these, 86.8% were businesses with reported revenues of less than or equal to \$1 million, 6.2% reported revenues of more than \$1 million and 7.1% did not report their revenues. Of all the businesses in the assessment area, 97.3% were businesses with less than fifty employees while 91.6% operated from a single location. The largest industries in the area were services (48.9%), retail trade (13.1%), and finance, insurance and real estate (8.9%); 7.2% 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 were higher than the unemployment rates for each of the four counties in PCSB's assessment area. Of the four counties in PCSB's assessment area, Putnam County consistently had the lowest annual average unemployment rates, while Dutchess County had the highest unemployment rate in 2014 and Westchester County had the highest unemployment rate in 2016 and 2017. In 2015, Dutchess, Westchester, and Rockland counties shared the highest unemployment rate.

Assessment Area Unemployment Rate					
	Statewide	Dutchess	Putnam	Rockland	Westchester
2014	6.3	5.3	4.9	5.2	5.1
2015	5.3	4.5	4.3	4.5	4.5
2016	4.8	4.2	4.0	4.2	4.3
2017	4.7	4.3	4.3	4.4	4.6

Community Information

DFS examiners conducted community contact interviews with representatives from two nonprofit organizations. One of the organizations provides safe and affordable housing and serves mostly Putnam County, while the other is a small business

organization providing training programs, advisory services, and access to capital to small business owners (women and minority-owned) serving primarily Westchester County.

The interviewee from the organization focusing on housing noted that one major issue in Putnam County is the inability of homeowners to obtain affordable home improvement loans or lines-of-credit, which contributes to the large number of “zombie homes” in disrepair that can affect home prices in the area.

Both interviewees stressed that their service areas do not only include middle- and upper-income households but pockets of poverty, which are oftentimes not obviously visible in the communities served. They further noted that many of the issues cited by residents (high taxes, underemployment, infrastructure issues) are not issues that banks or other financial institutions can change. They also indicated there are an adequate number of banks/financial institutions in their service areas and that these institutions are generally supportive of their efforts and goals. However, it was suggested that banks could offer more in terms of financial education, such as one-on-one or small group training as opposed to classroom training.

PERFORMANCE STANDARDS AND ASSESSMENT FACTORS

The Department evaluated PCSB under the large banking institution performance standards in accordance with Sections 76.7, 76.8, 76.9, and 76.10 of the GRS, which consist of the lending, investment, and service tests. 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. 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.*

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

DFS derived statistics employed in this evaluation from various sources. PCSB 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 calculated LTD ratios from information shown in the Bank's Uniform Bank Performance Report as submitted to the FDIC.

DFS sourced 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, and obtained unemployment data from the New York State Department of Labor. Some non-specific bank data are only available on a county-wide basis, and DFS used this information even though PCSB's assessment area includes only a portion of Dutchess and Rockland counties.

DFS evaluated PCSB's HMDA-reportable and small business lending in calendar years 2014, 2015, 2016, and 2017, and evaluated its community development activities from January 1, 2014 through March 31, 2018.

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

This is PCSB's first evaluation under the large banking institution performance standards. At the prior evaluation PCSB was evaluated under the intermediate small banking institution performance standards.

At its **prior** Performance Evaluation, as of December 31, 2013, DFS assigned PCSB a

rating of “2,” reflecting a “Satisfactory” record of helping to meet the credit needs of PCSB’s communities.

Current CRA Rating: “Satisfactory”

LENDING TEST: “Low Satisfactory”

The bank’s lending performance was evaluated pursuant to the following criteria:

- (1) Lending Activity;*
- (2) Assessment Area Concentration;*
- (3) Geographic Distribution of Loans;*
- (4) Borrower Characteristics;*
- (5) Community Development Lending; and*
- (6) Flexible and/or Innovative Lending Practices.*

PCSB’s small business and HMDA-reportable lending activities were adequate in light of PCSB’s 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.

Lending Activity: “Low Satisfactory”

PCSB’s lending levels were adequate considering its size, business strategy and financial condition, as well as the activity of its peer group and the demographic characteristics of its assessment area.

PCSB’s assessment area is highly competitive and the institutions ranked ahead of PCSB in the Institution Market Share report are primarily larger regional or national banks and mortgage bankers. The lenders with the largest market share by number of HMDA-reportable loans originated in PCSB’s assessment area were Wells Fargo Bank, Quicken Loans, JPMorgan Chase Bank, LOANDEPOT.COM LLC, and Citibank, which consistently had a combined market share of more than 30%. The lenders with the largest market share by number of small business loans originated in PCSB’s assessment area were American Express, FSB, Chase Bank USA, Citibank, and Capital One Bank (USA), which consistently had a combined market share of more than 60%.

In 2017, PCSB originated 90 HMDA-reportable loans, which ranked it 41st by number of loans among 346 lenders in the assessment area. In 2014, 2015, and 2016 PCSB ranked 23rd (53 loans), 36th (88 loans), and 47th (79 loans) among 263, 354, and 368 lenders, respectively.

In 2017, PCSB originated 44 small business loans, which ranked it 39th by number of loans among 135 lenders in the assessment area. In 2014, 2015, and 2016 PCSB ranked 31st, 29th, and 36th among 110, 122, and 134 small business lenders, respectively.

PCSB’s average LTD ratio for the evaluation period was 65.7%, which was an

improvement over the 54.9% it recorded for the prior evaluation period. Still, PCSB's ratio was well below its peer group¹ average ratio of 91.9%, which improved from 81.4%. Therefore, examiners also compared PCSB's ratio to two similarly situated institutions, which were selected based on lending focus, asset size, and geographic location. PCSB's average LTD ratio also trailed the ratios of those two institutions, but its average LTD ratio of 65.7% compared more favorably with the ratios of 77.6% and 85.3% for those similarly situated institutions.

The table below shows PCSB's LTD ratios in comparison with its peer group's ratios for the 16 quarters since the prior evaluation.

Loan-to-Deposit Ratios																	
	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	Avg.
PCSB	59.1	58.2	59.0	58.9	58.6	67.7	68.7	68.5	68.1	69.3	67.7	68.2	68.7	68.7	72.2	69.4	65.7
Peer Group 101	83.4	84.8	85.6	87.5	87.0	93.9	94.3	95.3	94.1	95.6	94.4	94.4	93.6	94.9	95.8	95.5	91.9
Similarly Situated 1	75.3	73.7	71.8	78.3	74.1	71.1	70.0	80.2	72.9	76.2	70.4	83.8	80.6	86.9	80.2	96.2	77.6
Similarly Situated 2	83.0	79.5	80.8	84.8	86.2	85.4	87.6	84.9	85.2	83.8	82.0	84.3	86.1	87.3	91.3	92.5	85.3

Assessment Area Concentration: "Low Satisfactory"

During the evaluation period, PCSB originated 80.5% by number and 67.3% by dollar value of its total HMDA-reportable and small business loans within its assessment area. This majority of lending inside of its assessment area reflects an adequate concentration of lending within PCSB's assessment area.

HMDA-Reportable Loans

During the evaluation period PCSB originated 86% by number and 67.6% by dollar value of its HMDA-reportable loans within its assessment area. This majority of lending inside of its assessment area reflects an adequate concentration of lending within PCSB's assessment area.

PCSB's percentage of HMDA-reportable loans originated within the assessment area by number of loans remained above 80% for each year of the evaluation period; however, by dollar value of loans its percentage was below 72% for three years of the evaluation period and only exceeded 80% in 2016.

¹Peer Group 101 - Insured Savings Banks having assets greater than \$1 billion. The peer group contained banks located throughout the US.

Small Business Loans

During the evaluation period, PCSB originated 74% by number and 66.9% by dollar value of its small business loans within its assessment area. This majority of lending inside of its assessment area reflects an adequate concentration of lending within PCSB's assessment area.

PCSB's percentage of small business loans originated within the assessment area ranged from a high of 77.1% in 2016 to a low of 71.1% in 2014. By dollar value, PCSB's percentage of small business loans originated within the assessment area ranged from a high of 74.9% in 2016 to a low of 57.1% in 2014.

The following table shows the percentages of PCSB's HMDA-reportable and small business lending 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	54	83.1%	11	16.9%	65	12,470	55.6%	9,963	44.4%	22,433
2015	89	88.1%	12	11.9%	101	23,765	71.4%	9,503	28.6%	33,268
2016	79	87.8%	11	12.2%	90	16,068	86.0%	2,615	14.0%	18,683
2017	90	84.1%	17	15.9%	107	19,826	61.4%	12,459	38.6%	32,285
Subtotal	312	86.0%	51	14.0%	363	72,129	67.6%	34,540	32.4%	106,669
Small Business										
2014	54	71.1%	22	28.9%	76	11,565	57.1%	8,675	42.9%	20,240
2015	75	75.8%	24	24.2%	99	22,071	70.9%	9,040	29.1%	31,111
2016	54	77.1%	16	22.9%	70	13,982	74.9%	4,678	25.1%	18,660
2017	45	71.4%	18	28.6%	63	14,045	63.4%	8,099	36.6%	22,144
Subtotal	228	74.0%	80	26.0%	308	61,663	66.9%	30,492	33.1%	92,155
Grand Total	540	80.5%	131	19.5%	671	133,792	67.3%	65,032	32.7%	198,824

Geographic Distribution of Loans: "Needs to Improve"

PCSB's origination of loans in census tracts of varying income levels demonstrated a less than adequate distribution of lending.

PCSB's average rates of lending for HMDA-reportable and small business loans during the evaluation period trailed the aggregate's rates, except for dollar value of HMDA-reportable loans.

In 2014, PCSB added 16 census tracts in Rockland County to its assessment area after opening its first branch in Rockland County in late 2013. As a result, the assessment area contained two low-income and nine moderate-income census tracts. The prior evaluation period's assessment area had no low-income census tracts and six moderate-income

tracts. In 2015, PCSB expanded its assessment area to include all of Westchester County after its acquisition of CMSB and its five branches located in Westchester County. As a result, the number of low-income census tracts in the assessment area increased to ten and moderate-income census tracts increased to 39. Despite this increase in LMI census tracts, the percentage of owner-occupied housing (housing demographics) in the assessment area did not significantly change from 2014 to 2015.

HMDA-Reportable Loans

The distribution of PCSB's HMDA-reportable loans by the income level of the geography was adequate.

PCSB's average rates of lending in LMI census tracts were 3.8% by number and 5.5% by dollar value of loans, which were comparable to the aggregate's rates of 5.4% and 4.8%, respectively.

PCSB did not originate any HMDA-reportable loans in low-income census tracts during the evaluation period. PCSB's assessment area, as noted above, had only two low-income census tracts in 2014. Low-income census tracts increased to ten in 2015, but still only represented 3.4% of all census tracts in the assessment area. Furthermore, housing demographics showed that owner-occupied housing units represented only 0.2% to 0.3% of all housing units in the assessment area. Aggregate rates of lending in low-income census tracts also never exceeded 0.4% by number and dollar value of loans. These factors indicate limited opportunities for lending.

PCSB's rates of lending in moderate-income census tracts increased every year of the evaluation period, except for a slight decline by dollar value of loans in 2017 (8.5%) from 2016 (8.6%). The aggregate rates of lending in moderate-income census tracts exceeded PCSB's rates in 2014 and 2015, while in 2016 PCSB's rates exceeded the aggregate's rates. In 2017 the rates were comparable. PCSB's rates trailed the percentage of owner-occupied housing units (assessment area housing demographics) in 2014. Its rates were comparable to the demographics in 2015 and exceeded the demographics in 2016 and 2017.

The following table provides a summary of the distribution of PCSB'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%	0.2%
Moderate	0	0.0%	0	0.0%	195	3.4%	41,083	2.2%	3.3%
LMI	0	0.0%	0	0.0%	195	3.4%	41,083	2.2%	3.5%
Middle	19	35.2%	5,443	43.6%	2,198	38.2%	505,403	27.5%	35.3%
Upper	35	64.8%	7,027	56.4%	3,359	58.4%	1,288,108	70.2%	61.2%
Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0.0%
Total	54		12,470		5,752		1,834,594		
2015									
Geographic Income	Bank				Aggregate				OO HUs
	#	%	\$000's	%	#	%	\$000's	%	%
Low	0	0.0%	0	0.0%	71	0.4%	24,017	0.3%	0.3%
Moderate	2	2.2%	913	3.8%	698	4.2%	359,039	5.1%	4.3%
LMI	2	2.2%	913	3.8%	769	4.6%	383,056	5.4%	4.6%
Middle	26	29.2%	5,652	23.8%	4,338	26.1%	1,288,036	18.3%	28.0%
Upper	61	68.5%	17,200	72.4%	11,480	69.2%	5,367,913	76.2%	67.4%
Unknown	0	0.0%	0	0.0%	5	0.0%	1,235	0.0%	0.0%
Total	89		23,765		16,592		7,040,240		
2016									
Geographic Income	Bank				Aggregate				OO HUs
	#	%	\$000's	%	#	%	\$000's	%	%
Low	0	0.0%	0	0.0%	68	0.4%	32,698	0.4%	0.3%
Moderate	4	5.1%	1,384	8.6%	835	4.5%	282,110	3.6%	4.3%
LMI	4	5.1%	1,384	8.6%	903	4.9%	314,808	4.0%	4.6%
Middle	22	27.8%	3,445	21.4%	5,129	27.9%	1,747,900	22.2%	28.0%
Upper	53	67.1%	11,239	69.9%	12,369	67.2%	5,821,660	73.8%	67.4%
Unknown	0	0.0%	0	0.0%	1	0.0%	76	0.0%	0.0%
Total	79		16,068		18,402		7,884,444		
2017									
Geographic Income	Bank				Aggregate				OO HUs
	#	%	\$000's	%	#	%	\$000's	%	%
Low	0	0.0%	0	0.0%	70	0.4%	30,393	0.4%	0.2%
Moderate	6	6.7%	1,695	8.5%	1,253	7.0%	401,980	5.4%	6.1%
LMI	6	6.7%	1,695	8.5%	1,323	7.4%	432,373	5.8%	6.3%
Middle	31	34.4%	5,054	25.5%	4,531	25.4%	1,342,298	18.0%	24.5%
Upper	53	58.9%	13,077	66.0%	11,956	67.1%	5,678,639	76.2%	69.1%
Unknown	0	0.0%	0	0.0%	5	0.0%	1,105	0.0%	0.0%
Total	90		19,826		17,815		7,454,415		
GRAND TOTAL									
Geographic Income	Bank				Aggregate				OO HUs
	#	%	\$000's	%	#	%	\$000's	%	%
Low	0	0.0%	0	0.0%	209	0.4%	87,108	0.4%	
Moderate	12	3.8%	3,992	5.5%	2,981	5.1%	1,084,212	4.5%	
LMI	12	3.8%	3,992	5.5%	3,190	5.4%	1,171,320	4.8%	
Middle	98	31.4%	19,594	27.2%	16,196	27.7%	4,883,637	20.2%	
Upper	202	64.7%	48,543	67.3%	39,164	66.9%	18,156,320	75.0%	
Unknown	0	0.0%	0	0.0%	11	0.0%	2,416	0.0%	
Total	312		72,129		58,561		24,213,693		

Small Business Loans

The distribution of PCSB's small business loans among census tracts of varying income levels was less than adequate.

PCSB's average rates of lending in LMI census tracts were 6.6% by number and 8.2% by dollar value of loans, which were below the aggregate's rates of 11.7% and 12.3%, respectively.

PCSB originated only one small business loan in a low-income census tract (0.4% by number and 0.1% by dollar value of loans) during the evaluation period. Although low-income census tracts made up only 3.4% of all census tracts in PCSB's assessment area and only 0.9% to 1.6% of small businesses were located in low-income census tracts, the aggregate rates of lending in low-income census tracts for the evaluation period of 3.1% by number and 2% by dollar value exceeded both PCSB's rates and the business demographics of the assessment area.

PCSB's average rates of lending in moderate-income census tracts of 6.1% by number and 8.1% by dollar value of loans trailed the aggregate's rates of 8.5% and 10.3%, respectively. Furthermore, PCSB's annual rates of lending trailed the aggregate's annual rates every year of the evaluation period except by dollar value of loans in 2015 and number of loans in 2017. The annual rates for the aggregate were comparable to the business demographics of 6.2% to 11.2%. PCSB's rates were well below business demographics in 2014 and 2015 but trended upward in 2016 and 2017 and were comparable to the demographics.

Examiners deemed small business lending as less than adequate due to PCSB's level of lending in LMI census tracts, which for the most part trailed the aggregate's level and the level of businesses located in those tracts.

The following table provides a summary of the distribution of PCSB's small business loans by the income level of the geography where the business was located.

Distribution of Small Business Lending by Geographic Income of the Census Tract									
2014									
Geographic Income	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Low	0	0.0%	0	0.0%	379	3.3%	5,118	1.6%	0.9%
Moderate	0	0.0%	0	0.0%	528	4.6%	18,198	5.5%	6.2%
LMI	0	0.0%	0	0.0%	907	7.9%	23,316	7.1%	7.1%
Middle	18	33.3%	4,626	40.0%	3,591	31.1%	130,395	39.6%	32.1%
Upper	36	66.7%	6,939	60.0%	7,043	61.0%	175,675	53.3%	60.8%
Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0.0%
Total	54		11,565		11,541		329,386		
2015									
Geographic Income	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Low	1	1.3%	72	0.3%	930	2.9%	17,827	1.8%	1.2%
Moderate	5	6.7%	1,233	5.6%	2,851	9.0%	100,158	10.2%	11.1%
LMI	6	8.0%	1,305	5.9%	3,781	11.9%	117,985	12.0%	12.3%
Middle	25	33.3%	4,529	20.5%	8,001	25.2%	277,652	28.3%	25.9%
Upper	44	58.7%	16,237	73.6%	19,930	62.8%	584,487	59.6%	61.8%
Unknown	0	0.0%	0	0.0%	3	0.0%	2	0.0%	0.0%
Total	75		22,071		31,715		980,126		
2016									
Geographic Income	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Low	0	0.0%	0	0.0%	1,023	3.0%	23,399	2.3%	1.3%
Moderate	4	7.4%	2,232	16.0%	3,109	9.0%	111,346	10.9%	11.2%
LMI	4	7.4%	2,232	16.0%	4,132	11.9%	134,745	13.2%	12.5%
Middle	20	37.0%	2,883	20.6%	8,588	24.8%	275,924	26.9%	25.7%
Upper	30	55.6%	8,867	63.4%	21,908	63.2%	612,926	59.9%	61.7%
Unknown	0	0.0%	0	0.0%	19	0.1%	247	0.0%	0.1%
Total	54		13,982		34,647		1,023,842		
2017									
Geographic Income	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Low	0	0.0%	0	0.0%	1,197	3.3%	20,924	2.0%	1.6%
Moderate	5	11.1%	1,522	10.8%	3,232	9.0%	119,628	11.3%	10.7%
LMI	5	11.1%	1,522	10.8%	4,429	12.4%	140,552	13.3%	12.3%
Middle	10	22.2%	3,149	22.4%	7,617	21.3%	258,559	24.4%	22.1%
Upper	30	66.7%	9,374	66.7%	23,755	66.3%	658,391	62.3%	65.5%
Unknown	0	0.0%	0	0.0%	11	0.0%	99	0.0%	0.1%
Total	45		14,045		35,812		1,057,601		
GRAND TOTAL									
Geographic Income	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Low	1	0.4%	72	0.1%	3,529	3.1%	67,268	2.0%	
Moderate	14	6.1%	4,987	8.1%	9,720	8.5%	349,330	10.3%	
LMI	15	6.6%	5,059	8.2%	13,249	11.7%	416,598	12.3%	
Middle	73	32.0%	15,187	24.6%	27,797	24.4%	942,530	27.8%	
Upper	140	61.4%	41,417	67.2%	72,636	63.9%	2,031,479	59.9%	
Unknown	0	0.0%	0	0.0%	33	0.0%	348	0.0%	
Total	228		61,663		113,715		3,390,955		

Distribution by Borrower Characteristics: “Outstanding”

PCSB’s one-to-four family HMDA-reportable and small business lending demonstrated an excellent distribution of loans among individuals of different income levels and businesses of different revenue sizes.

HMDA-Reportable Loans (One-to-Four Family)

PCSB’s one-to-four family HMDA-reportable lending demonstrated an excellent distribution of loans among individuals of different income levels.

PCSB’s average rates of lending to LMI borrowers of 15.7% by number of loans and 8.3% by dollar value of loans was well above the aggregate’s rates of 10.2% and 4.1%, respectively. Furthermore, PCSB’s lending rates to LMI borrowers for each year of the evaluation period exceeded the rates of the aggregate by number and dollar value of loans.

Although PCSB’s annual rates of lending to LMI borrowers outperformed the rates of the aggregate, it trailed the annual percentage of LMI families (family demographics) living in the assessment area.

The following table provides a summary of the distribution of PCSB’s one-to-four 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	1	1.9%	120	1.3%	192	3.4%	22,751	1.3%	13.0%
Moderate	7	13.5%	735	8.0%	672	11.7%	110,293	6.3%	13.3%
LMI	8	15.4%	855	9.3%	864	15.1%	133,044	7.5%	26.3%
Middle	13	25.0%	1,677	18.3%	1,210	21.2%	259,137	14.7%	17.8%
Upper	28	53.8%	6,087	66.4%	3,542	61.9%	1,335,554	75.7%	55.9%
Unknown	3	5.8%	545	5.9%	104	1.8%	35,793	2.0%	0.0%
Total	52		9,164		5,720		1,763,528		
2015									
Borrower	Bank				Aggregate				Fam.Dem.
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	3	3.5%	242	1.3%	301	1.8%	37,217	0.6%	14.8%
Moderate	12	14.1%	1,371	7.2%	1,235	7.5%	196,356	3.0%	12.6%
LMI	15	17.6%	1,613	8.5%	1,536	9.4%	233,573	3.6%	27.4%
Middle	15	17.6%	2,267	12.0%	2,666	16.3%	557,674	8.6%	16.0%
Upper	50	58.8%	13,108	69.3%	11,296	69.1%	5,313,940	82.1%	56.5%
Unknown	5	5.9%	1,932	10.2%	861	5.3%	370,423	5.7%	0.0%
Total	85		18,920		16,359		6,475,610		
2016									
Borrower	Bank				Aggregate				Fam.Dem.
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	2	2.6%	180	1.2%	295	1.6%	38,960	0.5%	14.8%
Moderate	10	13.2%	1,158	7.7%	1,444	7.9%	234,124	3.3%	12.6%
LMI	12	15.8%	1,338	8.9%	1,739	9.6%	273,084	3.8%	27.4%
Middle	14	18.4%	2,286	15.2%	3,092	17.0%	677,689	9.5%	16.0%
Upper	45	59.2%	9,671	64.3%	12,524	68.8%	5,851,843	81.8%	56.5%
Unknown	5	6.6%	1,745	11.6%	844	4.6%	352,747	4.9%	0.0%
Total	76		15,040		18,199		7,155,363		
2017									
Borrower	Bank				Aggregate				Fam.Dem.
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	0	0.0%	0	0.0%	302	1.7%	38,860	0.6%	16.3%
Moderate	12	14.0%	1,242	6.9%	1,466	8.3%	230,226	3.3%	12.5%
LMI	12	14.0%	1,242	6.9%	1,768	10.0%	269,086	3.9%	28.8%
Middle	15	17.4%	2,171	12.1%	3,210	18.2%	710,613	10.2%	14.8%
Upper	54	62.8%	13,253	73.8%	11,976	67.9%	5,691,294	81.6%	56.4%
Unknown	5	5.8%	1,281	7.1%	675	3.8%	305,508	4.4%	0.0%
Total	86		17,947		17,629		6,976,501		
GRAND TOTAL									
Borrower	Bank				Aggregate				Fam.Dem.
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	6	2.0%	542	0.9%	1,090	1.9%	137,788	0.6%	
Moderate	41	13.7%	4,506	7.4%	4,817	8.3%	770,999	3.4%	
LMI	47	15.7%	5,048	8.3%	5,907	10.2%	908,787	4.1%	
Middle	57	19.1%	8,401	13.8%	10,178	17.6%	2,205,113	9.9%	
Upper	177	59.2%	42,119	69.0%	39,338	67.9%	18,192,631	81.3%	
Unknown	18	6.0%	5,503	9.0%	2,484	4.3%	1,064,471	4.8%	
Total	299		61,071		57,907		22,371,002		

Small Business Loans

PCSB's small business lending demonstrated an excellent distribution of loans among businesses of different revenue sizes.

PCSB's average rates of lending to businesses with gross annual revenues of \$1 million or less during the evaluation period were 64.5% by number and 61.3% by dollar value of loans. This was well above the aggregate's average rates of 49.6% and 35.1%, respectively. PCSB's annual rates of lending by number and dollar value of loans to businesses with gross annual revenues of \$1 million or less exceeded the aggregate's rates for each year of the evaluation period.

Both PCSB and the aggregate rates of lending to businesses with gross annual revenues of \$1 million or less trailed the assessment area's percentage of business that had gross annual revenues of \$1 million or less, which ranged from 77.5% to 87% during the evaluation period.

The following table provides a summary of the distribution of PCSB's small business loans by the revenue size of the business.

Distribution of Small Business Lending by Revenue Size of Business									
2014									
Rev. Size	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Rev. <= \$1MM	36	66.7%	7,570	65.5%	5,095	44.1%	118,647	36.0%	77.5%
Rev. > \$1MM	18	33.3%	3,995	34.5%	6,446	55.9%	210,739	64.0%	3.7%
Rev. Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%	18.8%
Total	54		11,565		11,541		329,386		
2015									
Rev. Size	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Rev. <= \$1MM	47	62.7%	14,144	64.1%	15,511	48.9%	319,763	32.6%	80.9%
Rev. > \$1MM	28	37.3%	7,927	35.9%	16,204	51.1%	660,363	67.4%	5.1%
Rev. Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%	14.0%
Total	75		22,071		31,715		980,126		
2016									
Rev. Size	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Rev. <= \$1MM	39	72.2%	9,472	67.7%	16,637	48.0%	351,305	34.3%	87.0%
Rev. > \$1MM	14	25.9%	3,660	26.2%	18,010	52.0%	672,537	65.7%	5.9%
Rev. Unknown	1	1.9%	850	6.1%	0	0.0%	0	0.0%	7.1%
Total	54		13,982		34,647		1,023,842		
2017									
Rev. Size	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Rev. <= \$1MM	25	55.6%	6,623	47.2%	19,158	53.5%	400,585	37.9%	86.8%
Rev. > \$1MM	20	44.4%	7,422	52.8%	16,654	46.5%	657,016	62.1%	6.0%
Rev. Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%	7.2%
Total	45		14,045		35,812		1,057,601		
GRAND TOTAL									
Rev. Size	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Rev. <= \$1MM	147	64.5%	37,809	61.3%	56,401	49.6%	1,190,300	35.1%	
Rev. > \$1MM	80	35.1%	23,004	37.3%	57,314	50.4%	2,200,655	64.9%	
Rev. Unknown	1	0.4%	850	1.4%	0	0.0%	0	0.0%	
Total	228		61,663		113,715		3,390,955		

Community Development Lending: “High Satisfactory”

During the evaluation period, PCSB originated \$13.7 million in new community development loans and had none outstanding from prior evaluation periods. This demonstrated a more than reasonable level of community development lending over the course of the evaluation period.

The majority of the community development loans (4) were for affordable housing located in Westchester County, which makes up the majority of PCSB’s assessment area.

Community Development Loans				
Purpose	This Evaluation Period		Outstandings from Prior Evaluation Periods	
	# of Loans	\$000	# of Loans	\$000
Affordable Housing	4	12,959		
Economic Development	1	363		
Community Services	1	420		
Other (Please Specify)				
Total	6	13,742	0	0

Below are highlights of PCSB’s community development lending.

- PCSB extended an \$8.5 million loan as a participation in a loan to construct a Low Income Housing Tax Credit apartment complex in Westchester County. The complex consists of two four-story buildings with a total of 75 apartments, of which a majority will be set aside for those involved in artistic or literary activities/professions, with rents below HUD fair market rents for the area.
- PCSB refinanced a \$1.8 million commercial mortgage loan, secured by a four-story building with 18 apartments in Yonkers, NY. All apartments in the building have rents below HUD fair market rents for the area.
- PCSB provided a \$420,000 loan to a not-for-profit organization in Yonkers to fund renovations on an eight-unit apartment building, establish a reserve account for delayed payments from the county and pay outstanding debts. The organization provides food and shelter, and a range of social services to young adults with substance abuse and psychological problems. The property securing the loan provides temporary housing to young mothers from the foster care system and their children.

Flexible and/or Innovative Lending Practices

In 2015, PCSB created the True Community Mortgage Program, designed specifically for LMI borrowers. The program offers a 3% down payment, no application fee, and grants

to help with closing costs. Advertising and marketing for this program has been limited to a small geographic area within the bank’s assessment area.

PCSB also participates in the First Home Club Program, a savings program for first-time homebuyers. The program matches funds saved by the homebuyer at a rate of \$4 for every \$1 saved, up to a total of \$7,500.

INVESTMENT TEST: “High Satisfactory”

DFS evaluated PCSB’s investment performance pursuant to the following criteria:

- (1) The dollar amount of qualified investments;*
- (2) The innovativeness or complexity of qualified investments; and*
- (3) The responsiveness of qualified investments to the credit and community development needs of the assessment area.*

PCSB’s qualified investments were more than reasonable in light of the assessment area’s credit needs.

Qualified Investments: “High Satisfactory”

During the evaluation period, PCSB made \$13.7 million in new community development investments and had \$480,000 outstanding from prior evaluation periods. In addition, PCSB made \$54,150 in community development grants. This demonstrated a more than reasonable level of qualified investments over the course of the evaluation period.

PCSB’s level of new community development investments increased significantly from the prior evaluation period’s level of \$1.7 million. Furthermore, all of PCSB’s community development investments supported affordable housing in PCSB’s assessment area and in a county adjacent to the assessment area.

Community Development Investments and Grants				
	This Evaluation Period		Outstandings from Prior Evaluation Periods	
CD Investments	# of Inv.	\$000	# of Inv.	\$000
Affordable Housing	6	13,704	1	480
Economic Development				
Community Services				
Other (Please Specify)				
Total	6	13,704	1	480
CD Grants	# of Grants	\$000	Not Applicable	
Affordable Housing	12	14		
Economic Development	1	3		
Community Services	22	37		
Other (Please Specify)				
Total	35	54		

Below are highlights of PCSB's qualified investments.

Investments:

- PCSB purchased two Fannie Mae ("FNMA") mortgage-backed securities ("MBS") totaling \$4.4 million secured by a multifamily building in Mt Vernon, Westchester County. The building provides affordable housing with the majority of rental units at or below 60% of area median income.
- PCSB made a \$4 million investment in a FNMA Multifamily MBS secured by a multifamily building that supports affordable housing as 100% of the tenants must meet income guidelines at or below 60% of area median income. The building is located in Westchester County.
- PCSB invested in a \$2 million FNMA MBS secured by several multifamily buildings located in Bronx County. All tenants in the buildings receive Section 8 housing assistance.
- PCSB purchased a \$2 million FNMA MBS secured by one multifamily building also located in the Bronx. All tenants of this building receive section 8 assistance.

Grants:

- PCSB made donations totaling \$30,500 to three local food banks in the bank's assessment area. The food banks provide food to LMI individuals and families. PCSB made donations each year of the evaluation period.
- PCSB made two grants (2015 and 2016) totaling \$4,500 to a health services organization that works with children, seniors, and families in underserved communities in Westchester County.
- In 2014, PCSB contributed \$3,000 to a local economic development corporation which works to cultivate and expand existing businesses, as well as attract new business to deliver economic growth in Putnam County.

Innovativeness of Qualified Investments

PCSB did not use innovative qualified investments to support community development. All qualified investments were mortgage-backed securities supporting affordable housing.

Responsiveness of Qualified Investments to Credit and Community Development Needs

PCSB's qualified investments exhibited adequate responsiveness to the assessment area's credit and community development needs by supporting affordable housing.

SERVICE TEST: “Low Satisfactory”

DFS evaluated PCSB’s retail service performance pursuant to the following criteria:

- (1) The current distribution of the banking institution’s branches;
- (2) The institution’s record of opening and closing branches;
- (3) The availability and effectiveness of alternative systems for delivering retail services;
and
- (4) The range of services provided.

DFS evaluated PCSB’s community development service performance pursuant to the following criteria:

- (1) The extent to which the banking institution provides community development services;
and
- (2) The innovativeness and responsiveness of community development services.

Retail Banking Services: “High Satisfactory”

PCSB branch network, delivery systems, branch hours and services, and alternative delivery systems were more than reasonable, particularly as they relate to LMI individuals.

Current distribution of the banking institution’s branches

PCSB has an adequate distribution of branches within its assessment area.

Two of PCSB’s fifteen branches (13.3%) are in LMI census tracts, which is similar to the percentage of LMI census tracts in PCSB’s assessment area (16.7%).

Distribution of Branches within the Assessment Area							
County	N/A #	Low #	Moderate #	Middle #	Upper #	Total #	LMI %
Dutchess*			1	2		3	33.3%
Putnam				1	2	3	0.0%
Rockland*					1	1	0.0%
Westchester		1		1	6	8	12.5%
Total	-	1	1	4	9	15	13.3%

*Partial County

Record of opening and closing branches

PCSB’s record of opening and closing branches has not adversely affected the accessibility of its delivery systems, particularly to LMI geographies and/or LMI individuals.

PCSB did not open or close any branches during the evaluation period but it did keep the five branches it acquired as a part of the acquisition of CMSB open. PCSB relocated one branch in Dutchess County and one branch in Putnam County a short distance during the evaluation period.

Availability and effectiveness of alternative systems for delivering retail services

PCSB's delivery systems are reasonably accessible to significant portions of the bank's assessment area, including LMI geographies and individuals.

The bank offers telephone banking, banking by mail, mobile banking, and online banking via its website. All of these services are available to all customers within the bank's assessment area.

All of PCSB's branch offices have an ATM on-site with the capability of taking deposits.

Range of services provided:

PCSB's services meet the convenience and accessibility needs of its assessment area, particularly LMI geographies and individuals.

PCSB's branches offer business hours from Monday through Friday from 9:00 AM to 4:00 PM, with ten branches offering extended hours to 6:00 PM on Thursday. Ten branches also have drive-up windows, and those that do not are located in middle- or upper- income census tracts. Nine branches with drive-up windows offer hours from 8:30 AM to 5:00 PM Monday, Tuesday, Wednesday, and Friday and 8:30 AM to 6:30 PM on Thursday. The Mount Vernon branch drive-up window offers hours from 9:00 AM to 4:00 PM on Monday, Tuesday, Wednesday, and Friday and 9:00 AM to 6:00 PM on Thursday. All branch offices offer Saturday banking hours from 9:00 AM to 1:00 PM and all branches with drive-up windows offer Saturday drive-up service hours from 9:00 AM to 1:00 PM.

Community Development Services: "Low Satisfactory"

PCSB provided an adequate level of community development services.

PCSB management and employees serve on the boards of various community organizations that provide services to small businesses and LMI individuals and/or families. In addition, PCSB employees participated in first-time homebuyer seminars.

During the evaluation period, employees of PCSB performed 30 services that qualified for community development services by sponsoring community programs or conducting community services.

Below are highlights of PCSB's community development services:

-
- A senior vice president of PCSB serves on the board of a local organization whose mission is to promote business development in Westchester County.
 - A first vice president serves on the board and the audit and finance committee of a certified nonprofit health agency whose mission includes providing high quality health services to low-income residents and seniors through a range of community-based charitable programs.
 - In 2016, a vice president presented a first-time homebuyers seminar on the State of New York Mortgage Agency (“SONYMA”) loan programs to potential homebuyers. SONYMA provides home financing for low- and moderate-income home buyers in New York State.
 - In 2017, a bank vice president participated in a homebuyer seminar hosted by a nonprofit organization. The seminar was attended by 40 potential homebuyers and topics included credit, the mortgage process and PCSB’s First Home Club savers program. The savers program provides matching funds up to \$7,500 for down payment and closing costs to income eligible borrowers. This program is offered in partnership with FHLBNY.

Additional Factors

The following factors were also considered in assessing PCSB’s record of performance.

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.

PCSB does not have a CRA policy. The CRA committee meets quarterly to discuss CRA performance and concerns. The CRA Officer prepares an annual CRA self-assessment update, which is presented to the board. The self-assessment contains the CRA large bank evaluation criteria.

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

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

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

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.*

PCSB's management team is active in the community and involved with several community and business organizations in the area. Members of PCSB's management serve as board members at a few of these organizations. As a result, of its involvement with these organizations PCSB developed its "True Community Mortgage Program" in 2015, which is targeted to the LMI community.

- *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*

While PCSB has no formalized marketing policy/plan, its strategy is to market its products and services through local and regional newspapers, as well as through its involvement with civic, community, and nonprofit organizations, as well as local housing corporations.

PCSB has made a strong effort to advertise and promote its True Community Mortgage Program created for LMI borrowers. Advertising included a direct mail campaign to all households within a radius of one mile of PCSB's Mount Vernon branch located in a moderate-income census tract. PCSB, also has been advertising the program in the monthly newspaper "The Mount Vernon Inquirer" every month since December 2016 and will continue its advertisement through 2018.

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

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

During the evaluation period, PCSB also had the following community development activity outside its assessment area, but in New York State.

- PCSB originated a \$5.9 million loan to a limited partnership constructing 26 multifamily buildings with one-, two- or three-bedroom rental units, as well as 56 housing units for seniors 55 years and older in Ulster County, New York. All units are subject to income limitations providing affordable housing.
- PCSB purchased a \$2 million MBS security for the construction of 10 two-story

buildings with 156 units of which 155 units shall be for seniors 55 years and older. The units are to be occupied by low- or moderate-income individuals or families, therefore providing affordable housing. The property is located in Suffolk County, NY.

- PCSB purchased a \$2 million participation in a Fannie Mae MBS for a federally-subsidized multifamily affordable housing project with more than 1600 apartments located in Manhattan, New York. The property is subject to a regulatory agreement in which 100% the apartment units are restricted to tenants with low- to moderate-household incomes.

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

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 Metropolitan Statistical Area (“MSA”) or Primary Metropolitan Statistical Area (“PMSA”), this would relate to the median family income for the MSA or PMSA in which the tracts are located. In the case of BNAs and tracted areas that are not part of a MSA or PMSA, the area median family income would be the statewide 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.