



**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:** September 30, 2016

**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 Saving Bank (“CCSB” or the “Bank”) prepared by the New York State Department of Financial Services (“DFS” or the “Department”). This evaluation represents the Department’s current assessment and rating of the institution’s CRA performance based on an evaluation conducted as of September 30, 2016.

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 implements Section 28-b and further requires that the Department assess the CRA performance records of regulated financial institutions. Part 76 establishes the framework and criteria by which the Department will evaluate the performance. Section 76.5 further provides that the Department will prepare a written report summarizing the results of such assessment and will assign to each institution a numerical CRA rating based on a 1 to 4 scoring system. The numerical scores represent an assessment of CRA performance as follows:

- (1) Outstanding record of meeting community credit needs;
- (2) Satisfactory record of meeting community credit needs;
- (3) Needs to improve in meeting community credit needs; and
- (4) Substantial noncompliance in meeting community credit needs.

Section 76.5 further requires that the CRA rating and the written summary (“Evaluation”) be made available to the public. Evaluations of banking institutions are primarily based on a review of performance tests and standards described in Section 76.7 and detailed in Sections 76.8 through 76.13. The tests and standards incorporate the 12 assessment factors contained in Section 28-b of the New York Banking Law.

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

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## **OVERVIEW OF INSTITUTION'S PERFORMANCE (To be done)**

DFS evaluated CCSB according to the intermediate small bank performance criteria pursuant to Part 76.7 and Part 76.12 of the General Regulations of the Superintendent ("GRS"). This evaluation period included calendar years 2014 and 2015 for HMDA and small business lending, while community development activities were evaluated through September 30, 2016. 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 ("LTD") Ratio:** "Satisfactory"

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

CCSB's average LTD ratio for the evaluation period was 75.8%. While well below its peer group ratio of 87.1%, it was well above its average LTD ratio of 64.4% for the prior evaluation period.

**Assessment Area Concentration:** "Satisfactory"

During the evaluation period, CCSB originated 81.3% by number and 88.5% by dollar value of its HMDA-reportable and small business loans within the assessment area. This majority of lending inside of its assessment area is a reasonable concentration of lending.

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

CCSB's HMDA-Reportable and small business lending demonstrated a less than adequate distribution of loans among individuals of different income levels and businesses of different revenue sizes. This rating reflects the greater weight given to CCSB's HMDA-reportable lending and is the same rating CCSB received at its prior evaluation.

**Geographic Distribution of Loans:** "Outstanding"

CCSB's origination of loans in census tracts of varying income levels demonstrated an excellent distribution of lending. The rating reflects the greater weight given to CCSB's HMDA-reportable lending.

**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 the bank's CRA performance. Therefore, this criterion was not rated.

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**Community Development Test: “Satisfactory”**

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

**Community Development Loans: “Satisfactory”**

During the evaluation period, CCSB originated \$6.5 million in new community development loans and had \$1.6 million outstanding from prior evaluation periods. CCSB’s total community development loans of \$8.1 million represented on an annualized basis 0.8% of average assets. This level of community development loans was considered a reasonable level of lending.

**Community Development Investments: “Satisfactory”**

During the evaluation period, CCSB did not originate any new community development investments, but had \$1.8 million outstanding from prior periods. CCSB made \$108,400 in community development grants during the evaluation period. 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.

*This evaluation was conducted based on a review of the 12 assessment factors set forth in Section 28-b of the New York Banking Law and Part 76 of the GRS.*

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## PERFORMANCE CONTEXT

### Institution Profile:

Cross County Savings Bank (“CCSB”), chartered in 1888, is a mutually owned savings bank. CCSB is located in Middle Village, New York and operates six banking offices serving the counties of Kings, Bronx, Queens and Nassau.

CCSB offers a variety of banking services and products, which include various personal and business checking and savings accounts, residential and commercial mortgage loans and a first-time homebuyer program as well as telephone banking, internet banking and bill payment option.

Per the Consolidated Report of Condition (the “Call Report”) as of December 31, 2015, filed with the Federal Deposit Insurance Corporation (“FDIC”), CCSB reported total assets of \$385.4 million, of which \$ 259.8 million were net loans and lease financing receivables. CCSB also reported total deposits of \$337.5 million, resulting in an average loan-to-deposit ratio of 75.0%. According to the latest available comparative deposit data as of June 30, 2016, CCSB obtained a market share of 0.17%, or \$ 333.0 million in a market of 192.1 billion, ranking 39<sup>th</sup> among 76 deposit-taking institutions in the assessment area of Bronx, Kings, Nassau and Queens Counties.

The following is a summary of the CCSB’s loan portfolio, based on Schedule RC-C of the bank’s December 31, 2014; December 31, 2015; and September 30, 2016’s Call Reports:

<b>TOTAL GROSS LOANS OUTSTANDING</b>						
Loan Type	2014		2015		9/30/2016	
	\$000's	%	\$000's	%	\$000's	%
1-4 Family Residential Mortgage Loans	192,521	74.0	187,486	71.8	189,617	71.7%
Commercial Mortgage Loans	52,829	20.3	63,889	24.5	64,731	24.5%
Multifamily Mortgages	14,400	5.5	9,217	3.5	9,652	3.6%
Consumer Loans	129	0.0	121	0.0	131	0.0%
Other Loans	355	0.1	324	0.1	392	0.1%
Total Gross Loans	260,234		261,037		264,523	

As illustrated in the above table, CCSB is primarily a residential mortgage lender with 71.7% of its loan portfolio in 1-4 family residential real estate loans, followed by commercial mortgage loans with 24.5%.

CCSB operates six banking offices, of which one is located in Bronx County, one in Kings County and the remaining four are located in Queens County. Supplementing the banking offices is an automated teller machine (“ATM”) network of six deposit-taking ATM’s one at each branch. CCSB does not have any off-site ATMs.

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

**Assessment Area:**

CCSB's assessment area is comprised of Bronx, Kings, Queens and Nassau counties and did not change from the prior evaluation period.

There are 2,053 census tracts in the area, of which 298 are low-income, 587 are moderate-income, 744 are middle-income, 367 are upper-income and 57 are tracts with no income indicated.

<b>Assessment Area Census Tracts by Income Level</b>								
County	N/A	Low	Mod	Middle	Upper	Total	LMI %	LMI & Distressed %
Bronx	10	143	97	60	29	339	70.8	70.8
Kings	13	125	295	213	115	761	55.2	55.2
Nassau	8	9	26	157	84	284	12.3	12.3
Queens	26	21	169	314	139	669	28.4	28.4
Total	57	298	587	744	367	2,053	43.1	43.1

While CCSB's assessment area did not change from the prior evaluation period, the designations of some of the census tracts within the assessment area changed. Thus, census tracts designated as low- and moderate-income increased by 24.5% from the prior evaluation period as low-income census tracts increased to 298 from 262 and moderate-income census tracts increased to 587 from 530.

**Demographic & Economic Data**

The assessment area had a population of 7.5 million during the examination period. About 12.2% of the population, were over the age of 65 and 20.4% were under the age of sixteen.

Of the 1.9 million families in the assessment area 16.4% were low-income, 30.4% were moderate-income, 36.5% were middle-income and 16.8% were upper-income families. There were 2.6 million households in the assessment area, of which 17.2% had income below the poverty level and 4.1% were on public assistance.

The weighted average median family income in the assessment area was \$66,950 and the weighted average of Federal Financial Institution Examination Council ("FFIEC") updated MSA median family income was \$76,515.

There were 2.8 million housing units within the assessment area, of which 55.7% were one-to-four family units, and 44.1% were multifamily units. A majority (53.9%) of the area's housing units were renter-occupied, while 38.9% were owner-occupied units.

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Of the 1.1 million owner-occupied housing units, 23.0% were in low- and moderate-income census tracts while, 77.0% were in middle- and upper-income census tracts.

The median age of the housing stock was 72 years, and the median home value in the assessment area was \$482,296.

There were 408,824 non-farm businesses in the assessment area. Of these, 80.0% were businesses with reported revenues of less than or equal to \$1 million, 4.5% reported revenues of more than \$1 million and 15.5% did not report their revenues. Of all the businesses in the assessment area, 86.1% were businesses with less than fifty employees while 94.2% operated from a single location.

The largest industries in the area were services with 50.1%, followed by retail trade with 16.4% and finance, insurance & real estate with 7.4%, while 6.8% of businesses in the assessment area were not classified.

According to the New York State Department of Labor, the average unemployment rate for New York State as well as each county in the assessment area steadily declined from 2014 to 2016. Nassau County had consistently the lowest unemployment rate, while Bronx County had the highest as shown in the table below.

<b>Assessment Area Unemployment Rate</b>					
	<b>Statewide</b>	<b>Bronx</b>	<b>Kings</b>	<b>Nassau</b>	<b>Queens</b>
2014	6.3	9.7	7.6	4.8	6.3
2015	5.3	7.7	5.9	4.3	5.0
2016	4.8	7.3	5.5	3.9	4.7

### **Community Contact**

As part of the evaluation process, examiners conduct interviews with various community organizations to identify the credit and community development needs as well as credit and community development opportunities.

Examiners interviewed the president of a not-for-profit organization that focuses on education, counseling, job preparation and employment opportunities. The organization currently serves over 6,000 children and families annually.

The interviewee noted that the community is in transition as many younger people move into the area and the demand on housing has increased, which has resulted in increased housing and rental prices. Therefore, there is a need for affordable housing in the area. Also in many of the families in the community both parents work in part due to the high housing costs. As a result, the community also needs affordable child care services for children of working parents.



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He also noted that many of the financial institutions have been responsive to the credit needs of the community. The organization has accounts at CCSB, which has participated in community services and made contributions to the organization.

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## **PERFORMANCE STANDARDS AND ASSESSMENT FACTORS**

DFS evaluated CCSB under the intermediate small banking institution's performance standards in accordance with Parts 76.7 and 76.12 of the GRS of the Superintendent, 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 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. 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 FFIEC and deposit data from the FDIC. DFS calculated loan-to-deposit ratios information shown in the Bank's Uniform Bank Performance Report, submitted to the FDIC.

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 are updated annually. DFS 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 are used even where the institution's assessment area includes partial counties.

The evaluation period included calendar years 2014 and 2015. Community development activities were considered through September 30, 2016.

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

CCSB's HMDA-reportable loans represented 69.9% by dollar value and 76.9% by number of all loans originated in the assessment area; therefore, examiners gave greater weight to HMDA loans in evaluating factors (2), (3) and (4) of the lending test.

At its **prior** Performance Evaluation, as of December 31, 2013, DFS assigned CCSB a rating of "2", reflecting a "Satisfactory" record of helping to meet community credit needs.

**Current CRA Rating: "Satisfactory"**

**Lending Test: "Satisfactory"**

CCSB's small business and HMDA-reportable lending activities were reasonable considering CCSB's 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: "Satisfactory"**

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

CCSB's average LTD ratio for the evaluation period was 75.8%; while below its peer group ratio of 87.1%, it was well above its average LTD ratio of 64.4% for the prior evaluation period. The improvement in CCSB's average LTD ratio was primarily due to a decline in deposits and not growth in its loan portfolio. Deposits decreased from \$359.6 million to \$332.3 million between the period of January 1, 2014 to September 30, 2016, while net loans and leases increased slightly from \$258.4 million to \$263.2 million.

The table below shows CCSB's LTD ratios in comparison with its peer group's ratios for the 11 quarters since the prior evaluation.

<b>Loan-to-Deposit Ratios</b>												
	2014 Q1	2014 Q2	2014 Q3	2014 Q4	2015 Q1	2015 Q2	2015 Q3	2015 Q4	2016 Q1	2016 Q2	2016 Q3	<b>Avg.</b>
<b>Bank</b>	70.3	72.1	74.5	75.2	74.8	78.0	77.9	77.0	77.4	78.0	79.2	<b>75.8</b>
<b>Peer</b>	83.4	84.8	85.6	87.5	87.0	87.4	87.8	88.0	88.2	89.4	89.1	<b>87.1</b>

**Assessment Area Concentration: "Satisfactory"**

During the evaluation period, CCSB originated 81.3% by number and 88.5% by dollar value of its HMDA-reportable and small business loans within the assessment area. This majority of lending inside of its assessment area was a reasonable concentration of lending.

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HMDA-Reportable Loans:

During the evaluation period, CCSB originated 80.0% by number and 88.3% by dollar value of its HMDA-reportable loans within the assessment area. This majority of lending inside of CCSB's assessment area reflected a reasonable concentration of lending.

Small Business Loans:

During the evaluation period, CCSB originated 85.7% by number, and 88.9% by dollar value of its loans within the assessment area. This substantial majority of lending inside of CCSB's assessment area reflected an excellent concentration of lending.

The following table shows the percentages of CCSB's HMDA-reportable and small business 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
	0	%		%			%		%	
HMDA-Reportable										
2014	34	77.3%	10	22.7%	44	13,489	87.4%	1,952	12.6%	15,441
2015	26	83.9%	5	16.1%	31	11,856	89.4%	1,410	10.6%	13,266
Subtotal	60	80.0%	15	20.0%	75	25,345	88.3%	3,362	11.7%	28,707
Small Business										
2014	8	88.9%	1	11.1%	9	4,141	90.1%	455	9.9%	4,596
2015	10	83.3%	2	16.7%	12	6,758	88.1%	910	11.9%	7,668
Subtotal	18	85.7%	3	14.3%	21	10,899	88.9%	1,365	11.1%	12,264
<b>Grand Total</b>	<b>78</b>	<b>81.3%</b>	<b>18</b>	<b>18.8%</b>	<b>96</b>	<b>36,244</b>	<b>88.5%</b>	<b>4,727</b>	<b>11.5%</b>	<b>40,971</b>

Distribution by Borrower Characteristics: "Needs to Improve"

CCSB's HMDA-Reportable and small business lending demonstrated a less than adequate distribution of loans among individuals of different income levels and businesses of different revenue sizes. This rating reflects the greater weight given to CCSB's HMDA-reportable lending and is the same rating CCSB received at its prior evaluation.

HMDA-Reportable Loans:

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

CCSB originated one HMDA-reportable loan to a moderate-income borrower and none to low-income borrowers during the evaluation period. Thus, CCSBs average lending

rates to LMI borrowers were 1.7% by number and 1.9% by dollar value of HMDA-reportable loans originated during the evaluation period, well below the aggregate's lending rates of 15.8% and 9.0%, respectively.

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

<b>Distribution of 1-4 Family Loans by Borrower Income</b>									
<b>2014</b>									
<b>Borrower</b>	<b>Bank</b>				<b>Aggregate</b>				<b>Fam.Dem.</b>
<b>Income</b>	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>%</b>
Low	0	0.0%	0	0.0%	1,679	3.8%	363,029	2.1%	30.8%
Moderate	1	2.9%	471	3.5%	5,649	12.7%	1,204,778	7.1%	18.2%
LMI	1	2.9%	471	3.5%	7,328	16.4%	1,567,807	9.3%	49.0%
Middle	0	0.0%	0	0.0%	11,048	24.8%	3,100,788	18.4%	18.5%
Upper	13	38.2%	3,727	27.6%	24,495	54.9%	11,312,132	67.0%	32.6%
Unknown	20	58.8%	9,291	68.9%	1,721	3.9%	914,343	5.4%	0.0%
<b>Total</b>	<b>34</b>		<b>13,489</b>		<b>44,592</b>		<b>16,895,070</b>		
<b>2015</b>									
<b>Borrower</b>	<b>Bank</b>				<b>Aggregate</b>				<b>Fam.Dem.</b>
<b>Income</b>	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>%</b>
Low	0	0.0%	0	0.0%	1,825	3.4%	447,430	2.1%	30.8%
Moderate	0	0.0%	0	0.0%	6,340	11.8%	1,450,382	6.7%	18.2%
LMI	0	0.0%	0	0.0%	8,165	15.2%	1,897,812	8.7%	49.0%
Middle	2	8.3%	455	4.0%	12,989	24.2%	3,893,411	17.9%	18.5%
Upper	9	37.5%	3,649	32.0%	28,357	52.9%	13,966,793	64.2%	32.6%
Unknown	13	54.2%	7,302	64.0%	4,091	7.6%	2,005,268	9.2%	0.0%
<b>Total</b>	<b>24</b>		<b>11,406</b>		<b>53,602</b>		<b>21,763,284</b>		
<b>GRAND TOTAL</b>									
<b>Borrower</b>	<b>Bank</b>				<b>Aggregate</b>				<b>Fam.Dem.</b>
<b>Income</b>	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>%</b>
Low	0	0.0%	0	0.0%	3,504	3.6%	810,459	2.1%	
Moderate	1	1.7%	471	1.9%	11,989	12.2%	2,655,160	6.9%	
LMI	1	1.7%	471	1.9%	15,493	15.8%	3,465,619	9.0%	
Middle	2	3.4%	455	1.8%	24,037	24.5%	6,994,199	18.1%	
Upper	22	37.9%	7,376	29.6%	52,852	53.8%	25,278,925	65.4%	
Unknown	33	56.9%	16,593	66.7%	5,812	5.9%	2,919,611	7.6%	
<b>Grand Total</b>	<b>58</b>		<b>24,895</b>		<b>98,194</b>		<b>\$38,658,354</b>		

Small Business Loans:

CCSB's small business lending demonstrated an excellent distribution of loans to businesses with annual revenue of \$1 million or less.

During the evaluation period, CCSB originated a 100% of its small business loans to businesses with revenue of \$1 million or less. This was well above the aggregate's rates of lending of 47.2% by number and 33.8% by dollar value of loans to businesses with revenue of \$1 million or less. CCSB's rate of lending also exceeded the assessment area's business demographics of 74.2% (2014) and 80.0% (2015) for businesses with revenue of \$1 million or less.

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

<b>Distribution of Small Business Lending by Revenue Size of Business</b>									
<b>2014</b>									
<b>Rev. Size</b>	<b>Bank</b>				<b>Aggregate</b>				<b>Bus.Dem</b>
	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>%</b>
Rev. <= \$1MM	8	100.0	4,141	100.0	61,859	42.4	1,333,321	35.0	74.2
Rev. > \$1MM	-	0.0	0	0.0					4.2
Rev. Unknown	-	0.0	0	0.0					21.6
<b>Total</b>	<b>8</b>		<b>4,141</b>		<b>145,935</b>		<b>3,805,397</b>		
<b>2015</b>									
<b>Rev. Size</b>	<b>Bank</b>				<b>Aggregate</b>				<b>Bus.Dem</b>
	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>%</b>
Rev. <= \$1MM	10	100.0	6,758	100.0	85,536	51.4	1,230,913	32.6	80.0
Rev. > \$1MM	-	0.0	0	0.0					4.5
Rev. Unknown	-	0.0	0	0.0					15.5
<b>Total</b>	<b>10</b>		<b>6,758</b>		<b>166,319</b>		<b>3,774,724</b>		
<b>GRAND TOTAL</b>									
<b>Rev. Size</b>	<b>Bank</b>				<b>Aggregate</b>				<b>Bus.Dem</b>
	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>%</b>
Rev. <= \$1MM	18	100.0	10,899	100.0	147,395	47.2	\$2,564,234	33.8	
Rev. > \$1MM	-	0.0	-	0.0					
Rev. Unknown	-	0.0	-	0.0					
<b>Grand Total</b>	<b>18</b>		<b>10,899</b>		<b>312,254</b>		<b>\$7,580,121</b>		

Geographic Distribution of Loans: "Outstanding"

CCSB's origination of loans in census tracts of varying income levels demonstrated an excellent distribution of lending. The rating reflects the greater weight given to HMDA-reportable lending.

HMDA-Reportable Loans:

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

CCSB's rates of lending in LMI census tracts was lower in 2015 than 2014, but it remained well above the aggregate's rates of lending as well as the percent of owner-occupied housing in LMI census tracts for both years of the evaluation period. CCSB originated 61.7% by number and 72.2% by dollar value of HMDA-reportable loans in LMI census tracts during the evaluation period, well above the aggregate's rates of lending of 23.9% and 31.2%, respectively.

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									
2014									
Geographic	Bank				Aggregate				OO HUs
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	12	35.3%	5,340	39.6%	2,340	5.1%	2,020,736	9.1%	4.0%
Moderate	12	35.3%	5,554	41.2%	8,913	19.3%	5,303,688	23.8%	19.0%
LMI	24	70.6%	10,894	80.8%	11,253	24.3%	7,324,424	32.9%	23.0%
Middle	8	23.5%	2,445	18.1%	21,562	46.6%	8,065,476	36.2%	49.1%
Upper	2	5.9%	150	1.1%	13,419	29.0%	6,884,262	30.9%	28.0%
Unknown	0	0.0%	0	0.0%	37	0.1%	11,855	0.1%	0.0%
<b>Total</b>	<b>34</b>		<b>13,489</b>		<b>46,271</b>		<b>22,286,017</b>		
2015									
Geographic	Bank				Aggregate				OO HUs
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	6	23.1%	2,608	22.0%	2,739	4.9%	2,208,360	7.9%	4.0%
Moderate	7	26.9%	4,804	40.5%	10,378	18.7%	6,141,109	22.0%	19.0%
LMI	13	50.0%	7,412	62.5%	13,117	23.6%	8,349,469	29.9%	23.0%
Middle	11	42.3%	4,104	34.6%	26,285	47.4%	10,701,631	38.3%	49.1%
Upper	2	7.7%	340	2.9%	16,081	29.0%	8,862,809	31.7%	28.0%
Unknown	0	0.0%	0	0.0%	23	0.0%	17,197	0.1%	0.0%
<b>Total</b>	<b>26</b>		<b>11,856</b>		<b>55,506</b>		<b>27,931,106</b>		
GRAND TOTAL									
Geographic	Bank				Aggregate				OO HUs
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	18	30.0%	7,948	31.4%	5,079	5.0%	4229096	8.4%	
Moderate	19	31.7%	10,358	40.9%	19,291	19.0%	11,444,797	22.8%	
LMI	37	61.7%	18,306	72.2%	24,370	23.9%	15673893	31.2%	
Middle	19	31.7%	6,549	25.8%	47,847	47.0%	18,767,107	37.4%	
Upper	4	6.7%	490	1.9%	29,500	29.0%	15,747,071	31.4%	
Unknown	0	0.0%	-	0.0%	60	0.1%	29052	0.1%	
<b>Total</b>	<b>60</b>		<b>25,345</b>		<b>101,777</b>		<b>\$50,217,123</b>		

Small Business Loans:

The distribution of CCSB's small business loans among census tracts of varying income levels was reasonable.

While CCSB did not originate any loans in low-income census tracts in 2014, its rate of lending in LMI census tracts still outperformed the aggregate's rate. CCSB's rates of lending in LMI census tracts of 44.4% by number and 46.6% by dollar value of loans for the evaluation period exceeded the aggregate's rates of 38.2% and 35.6%, respectively. CCSB's rates of lending in LMI census tracts were also comparable to the percent of small businesses (demographics) located in LMI census tracts.

The following table provides a summary of the distribution of CCSB'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	Bank				Aggregate				Bus.Dem
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	0	0.0%	0	0.0%	17,313	11.9%	426,933	11.2%	11.5%
Moderate	4	50.0%	2,330	56.3%	37,091	25.4%	937,116	24.6%	25.8%
LMI	4	50.0%	2,330	56.3%	54,404	37.3%	1,364,049	35.8%	37.3%
Middle	1	12.5%	471	11.4%	56,203	38.5%	1,511,762	39.7%	39.7%
Upper	3	37.5%	1,340	32.4%	33,961	23.3%	867,345	22.8%	22.3%
Unknown	0	0.0%	0	0.0%	1,367	0.9%	62,241	1.6%	0.7%
<b>Total</b>	<b>8</b>		<b>4,141</b>		<b>145,935</b>		<b>3,805,397</b>		
2015									
Geographic	Bank				Aggregate				Bus.Dem
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	2	20.0%	1,300	19.2%	20,574	12.4%	435,155	11.5%	11.5%
Moderate	2	20.0%	1,445	21.4%	44,182	26.6%	900,073	23.8%	25.8%
LMI	4	40.0%	2,745	40.6%	64,756	38.9%	1,335,228	35.4%	37.3%
Middle	5	50.0%	3,113	46.1%	63,193	38.0%	1,470,531	39.0%	39.7%
Upper	1	10.0%	900	13.3%	36,771	22.1%	890,685	23.6%	22.3%
Unknown	0	0.0%	0	0.0%	1,599	1.0%	78,280	2.1%	0.0%
<b>Total</b>	<b>10</b>		<b>6,758</b>		<b>166,319</b>		<b>3,774,724</b>		
Grand Total									
Geographic	Bank				Aggregate				Bus.Dem
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	2	11.1%	1,300	11.9%	37,887	12.1%	862,088	11.4%	
Moderate	6	33.3%	3,775	34.6%	81,273	26.0%	1,837,189	24.2%	
LMI	8	44.4%	5,075	46.6%	119,160	38.2%	2,699,277	35.6%	
Middle	6	33.3%	3,584	32.9%	119,396	38.2%	2,982,293	39.3%	
Upper	4	22.2%	2,240	20.6%	70,732	22.7%	1,758,030	23.2%	
Unknown	-	0.0%	-	0.0%	2,966	0.9%	140,521	1.9%	
<b>Total</b>	<b>18</b>		<b>10,899</b>		<b>312,254</b>		<b>7,580,121</b>		



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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 the bank’s CRA performance. Therefore, this criterion was not rated.

**Community Development Test: “Satisfactory”**

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

During the evaluation period, CCSB made \$6.5 million in new community development loans, \$108,000 in community development grants, but made no new community development investments.

**Community Development Lending: “Satisfactory”**

During the evaluation period, CCSB originated \$6.5 million in new community development loans and had \$1.6 million outstanding from prior evaluation periods. CCSB’s total community development loans of \$8.1 million represented on an annualized basis 0.8% of average assets. This level of community development loans was considered a reasonable level of lending.

Most CCSB’s community development loans were for affordable housing as noted in the table below. Based on discussions with community contacts, affordable housing as well as community services were identified as needs in the assessment area.

<b>Community Development Loans</b>				
Purpose	<b>This Evaluation Period</b>		<b>Outstanding from the Prior Evaluation Period</b>	
	#of Loans	\$000's	#of Loans	\$000's
Affordable Housing	11	4,091	5	1,608
Economic Development	1	335		
Community Service	2	2,125		
Revitalization & Stabilization	0	0		
<b>Total</b>	<b>14</b>	<b>6,551</b>	<b>5</b>	<b>1,608</b>

Below are highlights of CCSB’S community development lending.

- CCSB originated a loan for \$1.2 million to a not-for-profit organization based in Queens. The organization focuses on education, counseling, job preparation, and employment opportunities. The organization serves over 6,000 children and families annually. The funds were used to complete the renovations of its community facility and to furnish the facility in a timely manner for the upcoming school year.
- CCSB refinanced a property for \$240,000 in a moderate-income census tract in Queens that provided affordable housing to tenants. Rents were below the U.S. Department of Housing and Urban Development (“HUD”) fair market rent guidelines for Queens County.
- CCSB refinanced a \$600,000 multifamily mortgage loan for a property with six apartments. The property is in a moderate-income census tract in Brooklyn, NY. Rents for the apartments were below the HUD’s fair market rent guidelines for Kings County.

Community Development Investments: “Satisfactory”

During the evaluation period, CCSB did not originate any new community development investments, but had \$1.8 million outstanding from prior periods. CCSB made \$108,400 in community development grants during the evaluation period. 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	
CD Investments	# of Inv.	\$000	# of Inv.	\$000
Affordable Housing	0	0	2	1,848
Economic Development				
Community Services				
Other (Please Specify)				
<b>Total</b>			<b>2</b>	<b>1,848</b>
<b>CD Grants</b>	<b># of Grants</b>	<b>\$000</b>	<i>Not Applicable</i>	
Affordable Housing				
Economic Development				
Community Services	47	108		
Other (Please Specify)				
<b>Total</b>	<b>47</b>	<b>108</b>		

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Below are highlights of CCSB's community development grants.

- In 2014, CCSB made various grants in the amount of \$29,360 to a private school that provides educational programs for children with language and autism spectrum disorders. Students also receive specialized therapeutic services that support their unique needs such as: speech, physical and occupational therapy, counseling, adaptive physical education, and computer-based learning instruction. The school is in a low-income census tract within CCSB's assessment area. The grant was used to buy school supplies and provide financial assistance.
- In 2015, CCSB donated a total of \$24,120 to a nonprofit organization located in Queens. The organization focuses on providing education, counseling, job preparation, employment opportunities and employment programs primarily to low- and moderate-income families.

#### Community Development Services: "Satisfactory"

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

CCSB's management and staff interact with various nonprofit organizations, public and private schools and participate in a variety of community development services providing financial literacy and education to individuals, families and small businesses.

Below are highlights of CCSB's community development services:

- In 2014, a vice president provided technical assistance at a first-time homebuyer seminar discussing different mortgage products and answering mortgage related questions. In 2015, a vice president and a loan officer attended two first-time homebuyer seminars and provided financial education to potential first-time homebuyers.
- A vice president along with a CCSB mortgage specialist provided financial education to students at an area youth council organization. The vice president also attended the grand opening of the youth council's new lab to which CCSB donated funds. The youth council is a nonprofit organization providing pre-school, regular school and after school programs.
- A trustee of CCSB is a board member of a private school that provides educational programs for children with language and autism spectrum disorders. The school also provides students with specialized services such as: speech, physical and occupational therapy, counseling, adaptive physical education, and computer-based learning instruction. The school is in a low-income census tract within the assessment area.

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### **Innovativeness of Community Development Investments:**

CCSB did not use innovative investments to support community development.

### Responsiveness to Community Development Needs: "Satisfactory"

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

CCSB offers the "Stepping Stone Savings Account", which is for children up to 18 years of age. The account allows parents to teach their children to start saving at a young age. CCSB offers this account in conjunction with their financial literacy education. As of September 30, 2016, CCSB had 132 such accounts with a total balance of \$107,484.

CCSB was one of nine financial institutions that participated in the FDIC's "Model Safe Accounts Pilot" program. This was a one-year pilot program that ran from January 1, 2011 to December 31, 2011. The pilot program was to study the feasibility of financial institution's offering safe, low-cost transactional and savings accounts to underserved and low- and moderate-income consumers. CCSB continues to offer the Model Safe Checking and Model Safe Statement Savings accounts to its customers. As of September 30, 2016, CCSB had 35 such checking accounts and 26 savings accounts with a total combined balance of \$19,866.

CCSB participates in the "National Teach Children to Save" program. The program was created by the American Bankers Association and teaches children through classrooms and activities the basics of personal finance.

CCSB also participates in the "America Saves" campaign. The campaign was developed by a nonprofit organization and is based on changing behavior using the principles of behavioral economics and social marketing. The campaign encourages, motivates and supports low- and moderate-income households to save money, reduce debt and build wealth. The organization provides information on how to reach your goal of savings, monthly challenges to save and encourages members to interact with other members to share experiences and money-saving ideas.

### 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 "CRA Mortgage Committee" meets quarterly and is made up of the CEO & president, several trustees, the chief lending officer and the CRA officer. The committee discusses CRA performance including loan-to-deposit ratio, assessment area lending, multifamily

lending as well as CRA initiatives such as “Teach the Children to Save” and “America Saves” week.

### 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 CCSB intended to discourage applications for the types of credit offered by the institution.

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

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

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

CCSB did not open or close any branches since the prior evaluation.

CCSB has six branch offices, which also have deposit-taking ATMs. All branches offer the same services while branch hours vary. The Brooklyn branch offers lobby hours from 7:00am to 6:00pm Monday to Friday, while the Bronx branch offers extended evening hours to 6:00pm only on Thursdays. All branches are opened on Saturdays from 9:00am to 3:00pm except the Bronx branch which closes at 2:00pm.

CCSB offers access to its services and products via various channels. CCSB maintains a website that provides online banking services. Personal computer banking services allow customers to retrieve balances, transfer funds, utilize bill payment services, etc. CCSB’s telephone banking has personal representatives that are available during normal business hours to assist customer with account research, general and/or product information, home loan applications, etc.

The table below shows the distribution of CCSB’s branch offices by county and census tract category.

Distribution of Branches within the Assessment Area							
County	N/A	Low	Moderate	Middle	Upper	Total	LMI
	#	#	#	#	#	#	%
Bronx	0	0	0	1	0	1	0
Kings	0	0	0	1	0	1	0
Queens	0	0	0	2	2	4	0%
Nassau	0	0	0	0	0	0	0%
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>4</b>	<b>2</b>	<b>4</b>	<b>0%</b>

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## Process Factors

- Activities conducted by the banking institution to ascertain the credit needs of its community, including the extent of the banking institution's efforts to communicate with members of its community regarding the credit services being provided by the banking institution.

CCSB's management has ongoing interaction with various nonprofit, civic, religious and neighborhood organizations as well as small business owners and realtors. Management through interaction with these organizations and individuals ascertains itself of the credit needs of the community and in conjunction communicates to them the services and products offered by the bank. CCSB also participates in outreach activities and events consisting but not limited to financial education, first time home buyer seminars, and bi-monthly meetings of community networking resources groups.

- 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's marketing and advertising material is reviewed and approved by senior management prior to dissemination. Marketing and advertising makes the community aware of the various financial products and services offered, including those that have been developed to meet the identified needs of the community. Such as the "Stepping Stone Savings Account" for which the bank created advertising that included mention of the \$5.00 credit voucher for opening a new Stepping Stone account. CCSB will continue to market this account going forward.

CCSB markets its services and products mainly via its website, local newspaper ads, account statement inserts, and signage. CCSB may post a credit product special on its website, set up a lobby display sign advertising a credit specials or advertise in the local newspapers to reach residents within its entire market area.

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

CCSB's branch located in the Van Nest neighborhood of the Bronx also offers coin counting machine service and multi-language ATM's as well as money orders and postage stamps as the local post office has closed. CCSB also made a donation to the Van Nest Neighborhood Alliance to purchase video cameras in order to improve security in the community.

## **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.

<b>Income level of individual or geography</b>	<b>% of the area median income</b>
Low-income	Less than 50
Moderate-income	At least 50 and less than 80
Middle-income	At least 80 and less than 120
Upper-income	120 or more

## **Small Business Loan**

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

## **Low or Moderate Income ("LMI") Geographies**

Those census tracts or block numbering areas where, according to the 2000 U.S. Census, the median family income is less than 80% of the area median family income. In the case of tracted areas that are part of a 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.