



PUBLIC SUMMARY

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION OF CROSS COUNTY SAVINGS BANK

AS OF SEPTEMBER 30, 2022

New York State Department of Financial Services
Consumer Protection and Financial Enforcement Division
One State Street, New York NY 10004

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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CROSS COUNTY SAVINGS BANK – CRA PERFORMANCE EVALUATION

I - GENERAL INFORMATION

This document is an evaluation (the “Evaluation”) of the Community Reinvestment Act (“CRA”) performance of Cross County Savings 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 Bank’s CRA performance based on an evaluation conducted as of September 30, 2022.

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 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 Evaluation.

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II - OVERVIEW OF INSTITUTION'S PERFORMANCE

The Department evaluated CCSB according to the intermediate small banking institutions performance criteria pursuant to Sections 76.7 and 76.12 of the GRS. The evaluation period included calendar years 2019, 2020 and 2021 for the lending test and the period from July 1, 2019 to September 30, 2022 for the community development test. CCSB is rated “2” indicating a “Satisfactory” record of helping to meet community credit needs.

The rating is based on the following factors:

A. Lending Test: Satisfactory

1. Loan-to-Deposit Ratio and Other Lending-Related Activities: Satisfactory

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

The Bank's average LTD ratio of 84.6% was comparable to its peer group's average LTD ratio of 84.9% for the evaluation period.

2. Assessment Area Concentration: Satisfactory

During the evaluation period, CCSB originated 85% by number and 78.5% by dollar value of its HMDA-reportable loans within the assessment area, demonstrating a satisfactory concentration of lending.

3. Distribution by Borrower Characteristics: Needs to Improve

CCSB's one-to-four family HMDA-reportable lending demonstrated a less than satisfactory distribution of loans among individuals of different income levels.

The Bank's average rates of lending to LMI borrowers for the evaluation period were significantly below the aggregate lending rates, as CCSB made only one loan to LMI borrowers during the evaluation period.

4. Geographic Distribution of Loans: Outstanding

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

CCSB's overall rates of lending LMI census tracts exceeded both the aggregate's rates and the LMI owner-occupied demographics during the evaluation period.

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

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

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B. Community Development Test: Satisfactory

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

1. Community Development Lending: Outstanding

During the evaluation period, CCSB originated \$23.6 million in new community development loans and had \$1.6 million outstanding from prior evaluation periods. This demonstrated an outstanding level of community development lending over the course of the evaluation period.

2. Qualified Investments: Satisfactory

During the evaluation period, CCSB made \$4.5 million in qualified investments and had \$2 million outstanding from prior evaluation periods. In addition, the Bank made \$24,600 in qualified grants. This demonstrated a satisfactory level of qualified investments over the course of the evaluation period.

3. Community Development Services: Satisfactory

CCSB conducted 49 instances of community services during the evaluation period, this demonstrated a satisfactory level of community development services.

4. Responsiveness to Community Development Needs:

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

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

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III - PERFORMANCE CONTEXT

A. Institution Profile

CCSB is a mutual savings bank originally founded in 1888 as Bushwick Savings Association of New York.

CCSB operates six banking offices; four in Queens County and one each in the Bronx and Kings counties. Supplementing the banking offices is an automated teller machine (“ATM”) network consisting of eight machines, with at least one deposit-taking ATM at each banking office.

CCSB’s offers primarily traditional deposit and lending products. The Bank’s deposit products include checking accounts, savings accounts, business and professional banking accounts, certificates of deposit and lending products offered include residential mortgage loans, home equity loans, lines of credit, multifamily and commercial real estate loans.

In its Consolidated Report of Condition (the “Call Report”) as of December 31, 2021, filed with the Federal Deposit Insurance Corporation (“FDIC”), CCSB reported total assets of \$577.4 million, of which \$392.2 million were net loans and lease financing receivables. It also reported total deposits of \$510 million, resulting in an LTD ratio of 76.9%. According to the latest available comparative deposit data as of June 30, 2022, CCSB obtained a market share of 0.2%, or \$516.4 million in a market of \$308.2 billion, ranking it 36th among 72 deposit-taking institutions within the Bank’s assessment area.

The following is a summary of the Bank’s loan portfolio, based on Schedule RC-C of the Bank’s December 31, 2019, 2020 and 2021 Call Reports:

TOTAL GROSS LOANS OUTSTANDING						
Loan Type	2019		2020		2021	
	\$000's	%	\$000's	%	\$000's	%
1-4 Family Residential Mortgage Loans	259,668	74.9	294,343	74.7	288,471	73.3
Commercial Mortgage Loans	75,042	21.6	82,145	20.9	84,547	21.5
Multifamily Mortgages	11,984	3.5	17,245	4.4	20,119	5.1
Consumer Loans	144	0.0	150	0.0	262	0.1
Other Loans	15	0.0	4	0.0	9	0.0
Total Gross Loans	346,853		393,887		393,408	

As illustrated in the above table, CCSB is primarily a real estate lender, with 73.3% of its loan portfolio in one-to-four family residential real estate loans and 21.5% in commercial mortgage loans.

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

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B. Assessment Area

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

There are 2,053 census tracts in the Bank's assessment area, of which 258 are low-income, 533 are moderate-income, 752 are middle-income, 453 are upper-income and 57 are tracts with no income indicated.

Assessment Area Census Tracts by Income Level							
County	N/A	Low	Mod	Middle	Upper	Total	LMI %
Bronx	7	140	99	60	33	339	70.5
Kings	14	95	260	230	162	761	46.6
Nassau	9	7	28	159	81	284	12.3
Queens	27	16	146	303	177	669	24.2
Total	57	258	533	752	453	2,053	38.5

C. Demographic & Economic Data

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

Of the 1,770,269 families in the assessment area 31.9% were low-income, 17.3% were moderate-income, 17.5% were middle-income and 33.3% were upper income. There were 2,637,972 households in the assessment area, of which 18.7% had income below the poverty level and 4.2% were on public assistance.

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

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

Of the total 1,578,924 rental-occupied units, 58.5% were in LMI census tracts while 41.5% were in middle- and upper-income census tracts. Average monthly gross rent was \$1,247.

Of the 1,059,048 owner-occupied housing units, 19.6% were in LMI census tracts while 80.3% were in middle- and upper-income census tracts. The median age of the housing stock was 85 years, and the median home value in the assessment area was \$468,267.

There were 857,793 non-farm businesses in the assessment area. Of these, 93.3% were businesses with reported revenues of less than or equal to \$1 million, 2.3% reported revenues of more than \$1 million and 4.4% did not report their revenues. Of all the businesses in the assessment area, 97.5% were businesses with less than fifty employees while 96.6% operated from a single location. The largest industries in the area were services (33.3%), retail trade (11.9%) and construction (5.4%); 31.3% of businesses in the assessment area were not classified.

According to the New York State Department of Labor, the annual average unemployment rates for New York State, and all counties within the Bank's assessment area increased significantly

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from 2019 to 2020 due primarily to the COVID-19 pandemic. Nassau County had the lowest average annual unemployment rates for each year of the evaluation period, while Bronx County had the highest.

Assessment Area Unemployment Rate					
	Statewide	Bronx	Kings	Queens	Nassau
2019	3.8	5.2	4	3.4	3.3
2020	9.9	16.2	12.6	12.6	8
2021	6.9	13.6	10.1	9.6	4.5
Average	6.9	11.7	8.9	8.5	5.3

D. Community Information

As part of the evaluation, examiners conducted a community contact interview with the executive director of a nonprofit organization operating within the Bank’s assessment area to help identify credit needs and opportunities within the community. The organization’s mission is to unite people and institutions to fight for racial and economic justice within the local community and surrounding communities.

The director stated that prior to the COVID-19 pandemic, the community experienced high displacement and eviction rates for both LMI tenants and small businesses. Local landlords used various strategies to push out existing tenants that were paying lower rents. In addition, landlords did not provide long-term leases to small businesses in anticipation of developments coming to the area or to attract larger retailers. Eviction rates during the pandemic first dropped in response to the eviction moratoriums (which were effective until January, 2022), enacted by New York State to protect tenants from evictions during the pandemic. However, post pandemic eviction rates increased again as courts reopened and eviction cases resumed.

In addition, the director stated that many local small businesses did not receive paycheck protection program (“PPP”) loans as they due to lack of knowledge of the requirements or assistance by financial institutions did not apply or were denied. As a result, there is a need in the community for financial institutions to offer flexible lending programs to support local small businesses. The director also mentioned that there are investors offering seniors to buy their homes where they signed documents that they do not fully understand and may be predatory. Financial institutions can assist by providing financial literacy seminars to the vulnerable senior and LMI population.

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V - PERFORMANCE STANDARDS AND ASSESSMENT FACTORS

The Department evaluated CCSB under the intermediate small banking institution performance criteria in accordance with Sections 76.7 and 76.12 of the GRS, which consist of the lending test and the community development test.

The lending test includes:

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

The community development test includes:

1. Community development lending;
2. Community development investments;
3. Community development services; and
4. Responsiveness to community development needs.

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

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

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

DFS derived statistics employed in this Evaluation from various sources CCSB submitted.

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

The evaluation period included calendar years 2019, 2020 and 2021 for lending activities and the period from July 1, 2019 to September 30, 2022 for community development activities.

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

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

In its prior Community Reinvestment Act Performance Evaluation as of June 30, 2019, DFS assigned CCSB a rating of “2,” or a “satisfactory” with regulatory standards.

CRA Rating: Satisfactory

A. Lending Test: Satisfactory

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

1. Loan-to-Deposit Ratio and other Lending-Related Activities: Satisfactory

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

The Bank’s average LTD ratio of 84.6% was comparable to its peer group’s average LTD ratio of 84.9% for the evaluation period. Both CCSB’s and the peer group’s LTD ratios steadily declined during the evaluation period. The Bank attributed the declining LTD ratios to loan satisfactions outpacing loan originations due in part to the adverse effects of the COVID-19 pandemic.

The table below shows Bank’s LTD ratios in comparison with the peer group’s ratios for the 12 quarters of this evaluation.

Loan-to-Deposit Ratios													
	2019	2019	2019	2019	2020	2020	2020	2020	2021	2021	2021	2021	Avg
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	
Bank	89.6	88.6	90.0	88.4	88.2	85.6	82.7	84.8	81.8	81.2	77.8	76.9	84.6
Peer	91.2	90.5	90.7	90.7	90.7	87.9	85.5	82.5	79.3	77.3	76.6	76.0	84.9

2. Assessment Area Concentration: Satisfactory

During the evaluation period, CCSB originated 85% by number and 78.5% by dollar value of its HMDA-reportable loans within the assessment area. This majority of lending inside of CCSB’s assessment area reflects a satisfactory concentration of lending.

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

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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										
2019	44	91.7%	4	8.3%	48	29,292	89.0%	3,623	11.0%	32,915
2020	61	82.4%	13	17.6%	74	42,267	74.5%	14,502	25.5%	56,769
2021	54	83.1%	11	16.9%	65	29,605	75.6%	9,535	24.4%	39,140
Grand Total	159	85.0%	28	15.0%	187	101,164	78.5%	27,660	21.5%	128,824

3. Distribution by Borrower Characteristics: Needs to Improve

CCSB's one-to-four family HMDA-reportable lending demonstrated a less than satisfactory distribution of loans among individuals of different income levels.

The Bank's average rates of lending to LMI borrowers, analyzing all of CCSB's originated HMDA-reportable loans during the evaluation period, were significantly below the aggregate lending rates. However, a large majority of CCSB HMDA-reportable loans were made to real estate investors for which income data is not required to be collected or reported. As a result, 125 or 79.1% of CCSB's HMDA-reportable loans had revenue categorized as unknown, which impacted the Bank's lending rates.

DFS also analyzed the Bank's HMDA-reportable lending to LMI borrowers based on the 33 HMDA-reportable loans with income reported and totaling \$18.1 million by dollar value. Still, CCSB's lending rates to LMI borrowers of 3% by number and 0.9% by dollar value of loans significantly trailed the aggregates rates of 14% and 8%, respectively, as the Bank made only one loan in the amount of \$160,000 to LMI borrowers during the evaluation period.

The following table provides a summary of the distribution of the Bank's one-to-four family loans by borrower income.

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Distribution of One-to-Four Family Loans by Borrower Income									
2019									
Borrower Income	Bank				Aggregate				Fam.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Low	0	0.0%	0	0.0%	2,394	3.1%	645,590	1.8%	31.9%
Moderate	0	0.0%	0	0.0%	8,501	11.1%	2,331,675	6.6%	17.3%
LMI	0	0.0%	0	0.0%	10,895	14.3%	2,977,265	8.5%	49.2%
Middle	4	9.3%	1,439	5.1%	17,857	23.4%	6,003,035	17.1%	17.5%
Upper	7	16.3%	5,217	18.5%	42,325	55.5%	23,009,055	65.5%	33.3%
Unknown	32	74.4%	21,550	76.4%	5,182	6.8%	3,158,230	9.0%	
Total	43		28,206		76,259		35,147,585		
2020									
Borrower Income	Bank				Aggregate				Fam.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Low	0	0.0%	0	0.0%	2,195	2.2%	638,300	1.1%	31.9%
Moderate	1	1.6%	160	0.4%	10,988	11.2%	3,370,815	5.7%	17.3%
LMI	1	1.6%	160	0.4%	13,183	13.4%	4,009,115	6.7%	49.2%
Middle	3	4.9%	509	1.2%	24,211	24.6%	9,078,325	15.3%	17.5%
Upper	18	29.5%	10,951	25.9%	54,775	55.8%	30,336,830	51.0%	33.3%
Unknown	39	63.9%	30,647	72.5%	6,078	6.2%	16,062,810	27.0%	
Total	61		42,267		98,247		59,487,080		
2021									
Borrower Income	Bank				Aggregate				Fam.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Low	0	0.0%	0	0.0%	3,056	2.5%	942,090	1.5%	31.9%
Moderate	0	0.0%	0	0.0%	14,523	11.9%	4,663,885	7.4%	17.3%
LMI	0	0.0%	0	0.0%	17,579	14.4%	5,605,975	8.9%	49.2%
Middle	0	0.0%	0	0.0%	30,658	25.1%	12,084,240	19.3%	17.5%
Upper	0	0.0%	0	0.0%	65,957	54.0%	40,274,965	64.2%	33.3%
Unknown	54	100.0%	29,605	100.0%	7,960	6.5%	4,803,810	7.7%	
Total	54		29,605		122,154		62,768,990		
GRAND TOTAL									
Borrower Income	Bank				Aggregate				Fam.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Low	0	0.0%	0	0.0%		2.6%		1.4%	
Moderate	1	0.6%	160	0.2%		11.5%		6.6%	
LMI	1	0.6%	160	0.2%	41,657	14.0%	12,592,355	8.0%	
Middle	7	4.4%	1,948	1.9%		24.5%		17.3%	
Upper	25	15.8%	16,168	16.2%		55.0%		59.5%	
Unknown	125	79.1%	81,802	81.7%		6.5%		15.3%	
Total	158		100,078		296,660		157,403,655		

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4. Geographic Distribution of Loans: Outstanding

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

During the evaluation period, CCSB originated 53.5% by number and 52.8% by dollar value of its HMDA-reportable loans in LMI census tracts well above the aggregate's average lending rates of 19.5% by number and 26.9% by dollar value. In addition, CCSB's rates of lending in LMI census tracts exceeded the owner-occupied housing demographics (19.6%) in each year of the evaluation period.

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.

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Distribution of HMDA-Reportable Lending by Geographic Income of the Census Tract									
2019									
Geographic Income	Bank				Aggregate				OO HUs
	#	%	\$000's	%	#	%	\$000's	%	%
Low	10	22.7%	8,609	29.4%	3,475	4.4%	4,735,955	9.3%	3.3%
Moderate	14	31.8%	9,628	32.9%	12,693	16.1%	9,926,295	19.5%	16.3%
LMI	24	54.5%	18,237	62.3%	16,168	20.5%	14,662,250	28.8%	19.6%
Middle	12	27.3%	6,058	20.7%	36,402	46.1%	18,589,220	36.6%	47.7%
Upper	8	18.2%	4,997	17.1%	26,277	33.3%	17,527,715	34.5%	32.6%
Unknown	0	0.0%	0	0.0%	74	0.1%	46,230	0.1%	0.1%
Total	44		29,292		78,921		50,825,415		
2020									
Geographic Income	Bank				Aggregate				OO HUs
	#	%	\$000's	%	#	%	\$000's	%	%
Low	10	16.4%	4,273	10.1%	3,763	3.7%	3,999,425	6.7%	3.3%
Moderate	24	39.3%	16,579	39.2%	14,387	14.3%	10,838,825	18.2%	16.3%
LMI	34	55.7%	20,852	49.3%	18,150	18.1%	14,838,250	24.9%	19.6%
Middle	16	26.2%	14,070	33.3%	46,780	46.6%	22,269,730	37.4%	47.7%
Upper	11	18.0%	7,345	17.4%	35,414	35.3%	22,331,110	37.5%	32.6%
Unknown	0	0.0%	0	0.0%	80	0.1%	47,990	0.1%	0.1%
Total	61		42,267		100,424		59,487,080		
2021									
Geographic Income	Bank				Aggregate				OO HUs
	#	%	\$000's	%	#	%	\$000's	%	%
Low	13	24.1%	6,163	20.8%	5,085	4.1%	5,500,545	7.1%	3.3%
Moderate	14	25.9%	8,115	27.4%	19,773	15.8%	15,529,525	20.1%	16.3%
LMI	27	50.0%	14,278	48.2%	24,858	19.9%	21,030,070	27.2%	19.6%
Middle	17	31.5%	9,721	32.8%	56,329	45.1%	28,333,295	36.6%	47.7%
Upper	10	18.5%	5,606	18.9%	43,576	34.9%	27,973,720	36.1%	32.6%
Unknown	0	0.0%	0	0.0%	111	0.1%	50,895	0.1%	0.1%
Total	54		29,605		124,874		77,387,980		
GRAND TOTAL									
Geographic Income	Bank				Aggregate				OO HUs
	#	%	\$000's	%	#	%	\$000's	%	%
Low	33	20.8%	19,045	18.8%		4.1%		7.6%	
Moderate	52	32.7%	34,322	33.9%		15.4%		19.3%	
LMI	85	53.5%	53,367	52.8%	59,176	19.5%	50,530,570	26.9%	
Middle	45	28.3%	29,849	29.5%		45.9%		36.9%	
Upper	29	18.2%	17,948	17.7%		34.6%		36.1%	
Unknown	0	0.0%	0	0.0%		0.1%		0.1%	
Total	159		101,164		304,219		187,700,475		

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

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

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B. Community Development Test: Satisfactory

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

1. Community Development Lending: Outstanding

During the evaluation period, CCSB originated \$23.6 million in new community development loans, and had \$1.6 million outstanding from prior evaluation periods. This demonstrated an outstanding level of community development lending over the course of the evaluation period.

CCSB’s level of new community development lending increased significantly, averaging \$7.3 million a year for the current evaluation period (3.25 years) up from \$1.8 million a year for the prior evaluation period (2.75 years).

The majority of CCSB’s community development loans by number and dollar value supported the community development purpose of affordable housing as illustrated in the table below.

Community Development Loans				
	This Evaluation Period		Outstandings from Prior Evaluation Periods	
Purpose	# of Loans	\$000	# of Loans	\$000
Affordable Housing	17	10,807	4	1,617
Economic	0	0	0	0
Community	1	7,600	0	0
Revitalization/Stabil	6	5,184	0	0
Total	24	23,591	4	1,617

Below are highlights of CCSB’s community development lending.

- CCSB refinanced a \$4 million loan on a mixed-use property, located in a moderate-income tract in Brooklyn. The property contains five commercial store fronts and 34 apartments all with rents below the U.S. Department of Housing and Urban Development (“HUD”) fair market rents (“FMR”) for the area. The apartments provide affordable housing and the businesses help to revitalize and stabilize the area.
- The Bank financed a \$1.6 million loan to purchase a mixed-use property located in moderate-income census tract in Kings County. The property contains a retail store and five apartments that are all rented below the HUD FMR for the area. The apartments provide affordable housing and the business helps to revitalize and stabilize the area.
- CCSB financed a \$910,000 loan for the purchase of a mixed-use property, located in a moderate-income census tract in Bronx County. The property contained a retail store and

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five rental apartments. All apartments are rented below HUD FMR for the area. The apartments provide affordable housing and the business helps to revitalize and stabilize the neighborhood.

- The bank refinanced a \$552,500 commercial mortgage loan on a mixed-use property that contained seven apartments all rented below HUD FMR for the area.

2. Qualified Investments: Satisfactory

During the evaluation period, CCSB made \$4.5 million in new qualified investments and had \$2 million outstanding from prior evaluation periods. In addition, CCSB made \$24,600 in qualified grants. This demonstrated a satisfactory level of qualified investments over the course of the evaluation period.

All of the Bank’s qualified investments supported affordable housing, as illustrated in the table below.

Qualified Investments and Grants				
	This Evaluation Period		Outstandings from Prior Evaluation Periods	
CD Investments	# of Inv.	\$000	# of Inv.	\$000
Affordable Housing	3	\$ 4,513	4	2,042
Economic Development				
Community Services				
Other (Please Specify)				
Total	3	\$ 4,513	4	2,042
CD Grants	Grants	\$000	Not Applicable	
Affordable Housing				
Economic Development				
Community Services	8	\$ 25		
Other (Please Specify)				
Total	8	\$ 25		

Below are highlights of CCSB’s qualified investments and grants.

Investments

- CCSB invested \$4.5 million in mortgage-back securities (“MBS”) issued by the Federal Home Loan Mortgage Corporation (“Freddie Mac”) and the Federal National Mortgage Association (“Fannie Mae”). The underlying residential mortgages were made to LMI borrowers.

Grants

- The Bank made donations of \$14,000 to a nonprofit organization in the Bank’s assessment area, that provides financial tuition assistance to the neediest of students to attend Catholic grammar schools.

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- CCSB donated \$4,000 to a nonprofit organization, within the Bank’s assessment area, that helps families and veterans break the cycle of poverty and homelessness by providing social and educational services.
- The Bank gave \$2,500 to a nonprofit organization in the Bank’s assessment area, that provides employment, education, housing, and health care services to low- and moderate-income individuals and families.

3. Community Development Services: Satisfactory

CCSB demonstrated a satisfactory level of community development services over the course of the evaluation period with 49 instances of community services as follows:

Community Development Services	
Activity Type	Number of Activities
On-Going Board & Committee Memberships	12
Technical Assistance	
Seminars	15
Credit Counseling	22
Other Services	
Total Community Development Services	49

Below are highlights of CCSB’s community development services.

- Every year, CCSB’s staff participates in a weeklong financial education seminar, organized by a nonprofit organization. The seminar offers financial education to first-time homebuyers and various plans to save money, reduce debt and build wealth for LMI families and households.
- In 2021 and 2022, CCSB’s branch personnel organized various seminars to foster and promote financial awareness and the importance to save at an early age among all children and children of LMI families.
- A CCSB trustee is a board member of a nonprofit organization located in low-income census tract in Nassau County. The organization’s mission is to meet the needs of children with severe language and autism disorders and provide them with special education programs to equip them with the communication skills needed in life.

Responsiveness to Community Development Needs:

CCSB demonstrated a satisfactory level of responsiveness to community development needs through community development lending, investments and services.

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CCSB's community development lending and qualified investments mainly supported affordable housing. The Bank also made grants to various nonprofit organizations and CCSB's management and employees conducted various community development services with nonprofit organizations that provide services to LMI individuals and families in the Bank's assessment area.

C. Additional Factors

1. 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.

CCSB's board of trustees has established the CRA/Mortgage Committee to monitor the Bank's CRA activities and ensure compliance with CRA regulatory requirements. The committee is comprised of at least four trustees appointed by the board. The committee meets at least quarterly and reviews the Bank's CRA activities, strategies and initiatives for CRA compliance. During the meeting, the committee also discusses in details the Bank's qualification of community development loans, grants, investments, and services and other various CRA related issues. After each meeting, the committee meeting minutes are submitted to the board of trustees for review.

2. 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 CCSB.

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

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

3. Record of opening and closing offices and providing services at offices

CCSB did not open or close offices during the evaluation period.

CCSB operates six full-service branch offices, four in Queens County, and one branch each in Bronx and Kings counties. All branches are accessible by public transportation. In addition, the Bank has eight ATMs, with at least one deposit-taking ATM at each banking office with the Kings County office having three ATMs (two deposit-taking and one non-deposit-taking ATM).

Branch hours are typically from 9:00 AM to 5:00 PM, with each branch office offering extended hours (up to 6:00 PM) one day of the week. All branches are open on Saturday either from 9:00 AM to 1:00 PM or 2:00PM.

CCSB also offers alternative delivery systems to its customers such as online, mobile and telephone banking to access various services and products and supplementing its services offered through its branch network.

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

4. 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.

One of the ways that CCSB ascertains the credit needs of its community is through the participation of the Bank's trustees and senior officers in local nonprofit, community and trade organizations, as board or committee members of these organizations. CCSB staff also conduct and participate in seminars, which provides them the opportunity to interact directly with members of its community and make them aware of the credit and banking services offered by CCSB, such as mortgage staff participating in several first-time homebuyer seminars.

- 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 methods of marketing its credit services and products to its community includes advertising them the Bank's own web site, in local newspapers, lobby display signs and banners, and inserts on customer statements.

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

DFS examiners noted no other factors.

V - GLOSSARY

Aggregate Lending

“Aggregate lending” means 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.

Banking Development District (“BDD”) Program

The BDD Program is a program designed to encourage the establishment of bank branches in areas across New York State where there is a demonstrated need for banking services, in recognition of the fact that banks can play an important role in promoting individual wealth, community development, and revitalization. Among others, the BDD Program seeks to reduce the number of unbanked and underbanked New Yorkers and enhance access to credit for consumers and small businesses. More information about the program, may be found at <https://www.dfs.ny.gov> and search for the BDD Program.

Community Development

“Community development” means:

- Affordable housing (including multifamily housing) for LMI individuals;
- Community services targeted to LMI individuals;
- 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;
- Activities that revitalize or stabilize LMI geographies, designated disaster areas, or distressed or underserved metropolitan middle-income geographies designated by the Board of Governors of the federal Reserve System, FDIC and the Office of Comptroller of the Currency; and
- Activities that seek to prevent defaults and/or foreclosures in loans included in the first and third bullet points above.

Community Development Loan

“Community development loan” means a loan that has its *primary purpose* community development. This includes but is not limited to loans to:

- Borrowers for affordable housing rehabilitation and construction, including construction and permanent financing for multifamily rental property serving LMI persons;
- Nonprofit organizations serving primarily LMI or other community development needs;
- Borrowers to construct or rehabilitate community facilities that are located in LMI areas or that primarily serve LMI individuals;
- Financial intermediaries including community development financial institutions, community development corporations, minority- and women-owned financial institutions, community

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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

“Community development service” means a 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.

Community Development Financial Institution (“CDFI”)

A CDFI is a financial institution that provides credit and financial services to underserved markets and populations and has a primary mission of community development, serves a target market, is a financing entity, provides development services, remains accountable to its community, and is a non-governmental entity. CDFIs are certified as such by United States Treasury Department’s CDFI Fund.

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Fair Market Rents (“FMRs”)

Fair Market Rents are published and developed annually by the US Department of Housing and Urban Development (“HUD”) and used to determine rent payments for affordable housing projects such as Section 8 contracts in defined metropolitan statistical areas (“MSAs”) nationwide. For easy reference of annual FMRs in New York MSAs or counties, go to www.huduser.gov/portal/datasets/fmr.html

Geography

“Geography” means a census tract delineated by the United States Bureau of the Census in the most recent decennial census.

Home Mortgage Disclosure Act (“HMDA”)

The Home Mortgage Disclosure Act, enacted by Congress in 1975, and subsequently amended, requires institutions to annually report data about applications for residential (including multifamily) financing.

Income Level

The income level for borrowers is based on household or family income. A geography’s income is categorized by median family income for the geography. In both cases, the income is compared to the Metropolitan Statistical Area (“MSA”) or statewide nonmetropolitan median income.

Income level of individual or geography	Percentage 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

LMI Geographies

“LMI geographies” means those census tracts or block numbering areas where, according to the most current U.S. Census, the median family income is less than 80% of the area median family income. In the case of tracted areas that are part of a MSA or Primary Metropolitan Statistical Area (“PMSA”), this would relate to the median family income for the MSA or PMSA in which the tracts are located. In the case of Block Numbering Areas (“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.

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LMI Borrowers

“LMI borrowers” means 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 Federal Financial Institutions Examination Council (“FFIEC”).

LMI Individuals/Persons

“LMI individuals” or “LMI persons” means 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 the FFIEC.

LMI Penetration Rate

“LMI penetration rate” means the percentage of a bank’s total loans (for a particular product) that was extended to LMI geographies or borrowers. For example, if a bank made 20 out of a total of 100 loans in LMI geographies or to LMI borrowers, the penetration rate would be 20%.

Low-Income Housing Tax Credit (“LIHTC”)

LIHTC were 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. The tax credits 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.

Minority Depository Institutions (“MDIs”)

An MDI is defined as a federal insured depository institution for which (1) 51 percent or more of the voting stock is owned by minority individuals; or (2) a majority of the board of directors is minority and the community that the institution serves is predominantly minority. For more of MDIs, go to FDIC.gov (Minority Depository Institutions Program) including list of MDIs.

New Markets Tax Credit (“NMTC”)

The NMTC Program was established by Congress in December 2000 to stimulate economic and community development and job creation in low-income communities. It permits 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

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taxpayer's investments to make qualified investments in low-income communities. The Fund is administered by the CDFI Fund, an agency of the United States Department of the Treasury.

Paycheck Protection Program (“PPP”) Loans

The Coronavirus Aid, Relief, and Economic Security Act (the “CARES Act”) temporarily permits the U.S. Small Business Administration (“SBA”) to guarantee 100% of 7(a) loans under a new program titled the “Paycheck Protection Program”. The intent of the PPP is to help small business cover payroll costs providing for forgiveness of up to the full principal of qualifying loans guaranteed under the PPP subject to certain rules including how much or percentage of the loan proceeds a borrower spends on payroll costs. A small business owner can apply through any existing SBA 7(a) lender or through any federally insured depository institution, federally insured credit union, and Farm Credit System institution that is participating. Any amount of the PPP loan that is not forgiven shall be repaid over a 5-year term at a fixed interest rate of 1%. The program officially ended May 31, 2021.

Qualified Investment

“Qualified investment” means 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.

Small Business Loan

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