



## **PUBLIC SUMMARY**

# **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION OF NORTH COUNTRY SAVINGS BANK**

**AS OF DECEMBER 31, 2021**

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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# NORTH COUNTRY SAVING BANK – CRA PERFORMANCE EVALUATION

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## I - GENERAL INFORMATION

This document is an evaluation (the “Evaluation”) of the Community Reinvestment Act (“CRA”) performance of North Country Savings Bank (“NCSB” or the “Bank”) prepared by the New York State Department of Financial Services (“DFS” or the “Department”). This Evaluation represents the Department’s current assessment and rating of the Bank’s CRA performance based on an evaluation conducted as of December 31, 2021.

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 NCSB according to the small banking institution performance standards pursuant to Sections 76.7 and 76.12 of the GRS. The evaluation period included calendar years 2019, 2020, and 2021. The Department assigned NCSB a rating of “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: Outstanding

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

NCSB's average LTD ratio of 102.2% for the evaluation period was well above its peer group's average ratio of 81.7%.

#### 2. Assessment Area Concentration: Satisfactory

During the evaluation period, NCSB originated 63.3% by number and 59.6% by dollar value of its total HMDA-reportable loans within the assessment area, demonstrating a satisfactory concentration of lending.

#### 3. Distribution by Borrower Characteristics: Outstanding

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

#### 4. Geographic Distribution of Loans: Needs to Improve

NCSB's origination of loans in census tracts of varying income levels demonstrated poor distribution of lending. The Bank's assessment area contained two moderate-income census tracts and no low-income census tracts.

The Bank's average rates of lending in moderate-income census tracts for the evaluation period, were significantly below the aggregate's rates.

#### 5. Action Taken in Response to Written Complaints with Respect to CRA: N/A

Neither DFS nor NCSB received any written complaints regarding NCSB's CRA performance during 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 GRS Part 76.*

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## III - PERFORMANCE CONTEXT

### A. Institution Profile

Chartered in 1909, NCSB is a mutual savings bank, located in Canton, New York.

NCSB operates four full-service banking offices in St. Lawrence County. Supplementing the banking offices is an automated teller machine (“ATM”) network consisting of a deposit-taking machine at each branch. NCSB has three off-site, non-deposit-taking, ATMs within its assessment area. In addition, NCSB operated three loan production offices all outside the Bank’s assessment area during the evaluation period. Two of the loan production offices are in Franklin County and one is in Clinton County.

NCSB offers traditional personal and business banking services and products. Services include checking, savings and money market accounts, certificate of deposit and wire transfer services. The Bank also offers supplemental banking services that include online banking, bill pay services, telephone banking, safe deposit boxes and other consumer banking services. Products offered by the Bank include residential mortgages, manufactured home loans, home equity lines of credit, commercial real estate loans and commercial lines of credit. Its residential mortgage loan products includes a no closing cost product.

In its Consolidated Report of Condition (the Call Report) as of December 31, 2021, filed with the Federal Deposit Insurance Corporation (“FDIC”), NCSB reported total assets of \$319.1 million, of which \$239.9 million were net loans and lease financing receivables. It also reported total deposits of \$ 260.7 million resulting in a LTD ratio of 92%. According to the latest available comparative deposit data as of June 30, 2022, NCSB obtained a market share of 16.4%, or \$259.8 million in a market of \$1.6 billion, ranking it 2<sup>nd</sup> among eight deposit-taking institutions in its assessment area.

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

<b>TOTAL GROSS LOANS OUTSTANDING</b>						
Loan Type	2019		2020		2021	
	\$000's	%	\$000's	%	\$000's	%
1-4 Family Residential Mortgage Loans	206,286	90.7	216,816	93.1	224,590	93.3
Commercial & Industrial Loans	383	0.2	2,014	0.9	2,426	1.0
Commercial Mortgage Loans	8,884	3.9	2,561	1.1	2,665	1.1
Multifamily Mortgages	391	0.2	363	0.2	70	0.0
Consumer Loans	6,716	3.0	5,918	2.5	5,684	2.4
Construction Loans	4,718	2.1	5,191	2.2	5,255	2.2
Other Loans	58	0.0	23	0.0	31	0.0
Total Gross Loans	227,436		232,886		240,721	

As illustrated in the above table, NCSB is primarily a residential real estate lender, with 93.3% of its loan portfolio in residential mortgage loans as of December 31<sup>st</sup>, 2021.

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

### **B. Assessment Area**

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

There are 28 census tracts in the Bank's assessment area, none are low-income, two are moderate-income, 20 are middle-income, three are upper-income, and three are census tracts with no income indicated.

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

### **C. Demographic & Economic Data**

The assessment area had a population of 112,011 during the evaluation period. Approximately 14.9% of the population were over the age of 65 and 18.3% were under the age of 16.

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

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

There were 52,203 housing units within the assessment area, of which 81.6% were one- to four-family units and 7.2% were multifamily units. A majority (56.7%) of the housing units were owner-occupied, while 23.8% were rental units.

Of the 29,600 owner-occupied housing units, 6.9% were in LMI census tracts while 93.1% were in middle- and upper-income census tracts. The median age of the housing stock was 59 years, and the median home value in the assessment area was \$89,901.

There were 5,546 non-farm businesses in the assessment area. Of these, 78.4% were businesses with reported revenues of less than or equal to \$1 million, 4.5% reported revenues of more than \$1 million and 17.1% did not report their revenues. Of all the businesses in the assessment area, 96.5% were businesses with less than fifty employees while 83.9% operated from a single location. The largest industries in the area were services (37.9%), retail trade (14.4%) and finance, insurance and real estate (6.6%); 12.8% of businesses in the assessment area were not classified.

According to the New York State Department of Labor, the average unemployment rates for New York State and St. Lawrence County increased significantly in 2020 due to the COVID-19

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pandemic. However, St. Lawrence County’s average unemployment rates were consistently lower than the statewide average except in 2019.

Assessment Area Unemployment Rate		
	Statewide	St. Lawrence County
2019	3.8	5.4
2020	9.9	7.9
2021	6.9	5.1
<b>Average of Years above</b>	<b>6.9</b>	<b>6.1</b>

### **D. Community Information**

Examiners conducted a community contact interview with a representative from a nonprofit organization to ascertain the credit and banking needs of the communities, and to identify how the Bank and local financial institutions respond to those needs. The nonprofit organization operates in the Bank’s assessment area assisting LMI individuals and families with their housing needs and helping to revitalize rural communities.

The representative indicated that local banks have been generally supportive addressing community needs, through their participations in board memberships in local, civic, and community organizations, and through participating and hosting of first-time homebuyers and foreclosure prevention seminars. However, the representative stated that there is a need in the area for affordable housing and mortgage programs that offer down payment and closing cost assistance to LMI borrowers.

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### IV - PERFORMANCE STANDARDS AND ASSESSMENT FACTORS

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

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

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

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

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

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

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

The evaluation period included calendar years 2019, 2020 and 2021.

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

HMDA-reportable loan data evaluated in this Evaluation represented a random sample of 60 loans for each year of evaluation period.

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In its prior Community Reinvestment Act Performance Evaluation as of December 31, 2018, DFS assigned NCSB a rating of “2” reflecting a “Satisfactory” record of helping to meet the credit needs of NCSB’s community.

### **Current CRA Rating: Satisfactory**

#### **A. Lending Test:** Satisfactory

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

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

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

NCSB’s average LTD ratio of 102.2% for the evaluation period was well above its peer group’s average ratio of 81.7%. Furthermore, the Bank’s quarterly average LTD ratios exceeded the peer group’s ratios during each quarter of the evaluation period.

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

<b>Loan-to-Deposit Ratios</b>													
	2019 Q1	2019 Q2	2019 Q3	2019 Q4	2020 Q1	2020 Q2	2020 Q3	2020 Q4	2021 Q1	2021 Q2	2021 Q3	2021 Q4	Avg.
Bank	111.7	108.3	111.6	112.9	109.6	101.1	100.7	101.3	97.1	90.7	89.7	92.0	102.2
Peer	86.8	87.4	88.0	86.3	85.8	82.0	81.7	78.2	73.6	77.5	76.6	76.0	81.7

##### 2. Assessment Area Concentration: Satisfactory

NCSB originated 63.3% by number and 59.6% by dollar value of its HMDA-reportable loans within the assessment area. This majority of lending inside of its assessment area reflects a satisfactory concentration of lending.

Although NCSB distribution of loans in its assessment area is adequate, there has been a declining trend of lending within the Bank’s assessment area for this evaluation period and the prior two evaluation periods. This declining trend is largely due to the Bank having loan production offices outside its assessment area.

The following table shows the percentages of NCSB’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
	#	%	#	%		\$	%	\$	%	
<b>HMDA-Reportable*</b>										
2019	42	70.0%	18	30.0%	60	3,320	68.6%	1,522	31.4%	4,842
2020	38	63.3%	22	36.7%	60	3,538	60.8%	2,282	39.2%	5,820
2021	34	56.7%	26	43.3%	60	3,992	52.9%	3,552	47.1%	7,544
Subtotal	114	63.3%	66	36.7%	180	10,850	59.6%	7,356	40.4%	18,206
Grand Total	114	63.3%	66	36.7%	180	10,850	59.6%	7,356	40.4%	18,206

*\*For HMDA-reportable lending DFS analyzed a random sample of 60 loans in 2019, 60 loans in 2020 and 60 loans in 2021.*

### 3. Distribution by Borrower Characteristics: Outstanding

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

During the evaluation period, NCSB’s average HMDA-reportable lending rates to LMI borrowers of 32.5% by number and 19.1% by dollar value of loans exceeded the aggregate’s rates of 24.5% and 15.6%, respectively. Furthermore, the Bank’s annual lending rates to LMI borrowers exceeded the aggregate’s rates each year of the evaluation period except by dollar value in 2021.

While both the Bank’s and the aggregate’s rates of lending to LMI borrowers were below the LMI family demographics (42.1%) in the assessment area, it is to note that 17.4% of the households in the assessment area have incomes below the poverty level and 3.9% are on public assistance. The percentage of households with incomes below the poverty level can be an indicator of the reduced capacity of borrowers and opportunities to lend.

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	Bank				Aggregate				Fam.Dem.
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	4	9.5%	195	5.9%	86	8.4%	4,710	4.5%	23.8%
Moderate	11	26.2%	515	15.5%	215	21.0%	14,815	14.3%	18.3%
LMI	15	35.7%	710	21.4%	301	29.5%	19,525	18.8%	42.1%
Middle	15	35.7%	1,105	33.3%	246	24.1%	22,720	21.9%	21.6%
Upper	12	28.6%	1,505	45.3%	450	44.0%	58,890	56.7%	36.3%
Unknown	0	0.0%	0	0.0%	25	2.4%	2,785	2.7%	
<b>Total</b>	<b>42</b>		<b>3,320</b>		<b>1,022</b>		<b>103,920</b>		
2020									
Borrower	Bank				Aggregate				Fam.Dem.
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	3	7.9%	118	3.3%	65	5.4%	4,165	2.8%	23.8%
Moderate	10	26.3%	651	18.4%	182	15.2%	14,760	10.1%	18.3%
LMI	13	34.2%	769	21.7%	247	20.7%	18,925	12.9%	42.1%
Middle	4	10.5%	326	9.2%	303	25.4%	31,025	21.2%	21.6%
Upper	21	55.3%	2,443	69.1%	604	50.5%	91,370	62.3%	36.3%
Unknown	0	0.0%	0	0.0%	41	3.4%	5,365	3.7%	0.0%
<b>Total</b>	<b>38</b>		<b>3,538</b>		<b>1,195</b>		<b>146,685</b>		
2021									
Borrower	Bank				Aggregate				Fam.Dem.
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	2	5.9%	94	2.4%	91	6.0%	6,335	3.3%	23.8%
Moderate	7	20.6%	504	12.6%	275	18.1%	24,645	12.7%	18.3%
LMI	9	26.5%	598	15.0%	366	24.1%	30,980	16.0%	42.1%
Middle	5	14.7%	612	15.3%	411	27.1%	45,435	23.5%	21.6%
Upper	20	58.8%	2,782	69.7%	676	44.6%	108,000	55.8%	36.3%
Unknown	0	0.0%		0.0%	63	4.2%	9,205	4.8%	0.0%
<b>Total</b>	<b>34</b>		<b>3,992</b>		<b>1,516</b>		<b>193,620</b>		
GRAND TOTAL									
Borrower	Bank				Aggregate				Fam.Dem.
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	9	7.9%	407	3.8%	242	6.5%	15,210	3.4%	
Moderate	28	24.6%	1,670	15.4%	672	18.0%	54,220	12.2%	
LMI	37	32.5%	2,077	19.1%	914	24.5%	69,430	15.6%	
Middle	24	21.1%	2,043	18.8%	960	25.7%	99,180	22.3%	
Upper	53	46.5%	6,730	62.0%	1,730	46.3%	258,260	58.1%	
Unknown	-	0.0%	-	0.0%	129	3.5%	17,355	3.9%	
<b>Total</b>	<b>114</b>		<b>10,850</b>						

#### 4. Geographic Distribution of Loans: Needs to Improve

NCSB's origination of loans in census tracts of varying income levels demonstrated a poor distribution of lending. The Bank's assessment area contains two moderate-income census tracts and no low-income census tracts.

The Bank's average rates of lending in moderate-income census tracts of 1.8% by number and 0.8% by dollar value of loans for the evaluation period, were significantly below the aggregate's rates of 9.3% and 6.6%, respectively.

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DFS also considered the following factors in analyzing the Bank’s lending activity in moderate-income census tracts. The area owner-occupied housing demographics shows that only 6.9% of owner-occupied housing units are located within the two moderate-income census tracts of the Bank’s assessment area. In addition, aggregate HMDA-reportable lending data indicates strong competition, as four larger institutions originated 63.4% of the HMDA loans originated in the two moderate-income census tracts in the assessment area. Still, the Bank’s average lending rates were significantly below the aggregate’s rates for each year of the evaluation period.

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

<b>Distribution of HMDA-Reportable Lending by Geographic Income of the Census Tract</b>									
<b>2019</b>									
<b>Geographic</b>	<b>Bank</b>				<b>Aggregate</b>				<b>OO Hus</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%	0	0.0%	0	0.0%	0.0%
Moderate	0	0.0%	0	0.0%	98	9.5%	6,980	5.7%	6.9%
LMI	0	0.0%	0	0.0%	98	9.5%	6,980	5.7%	6.9%
Middle	33	78.6%	2,521	75.9%	802	77.9%	97,540	79.8%	81.2%
Upper	9	21.4%	799	24.1%	129	12.5%	17,715	14.5%	11.9%
Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0.0%
<b>Total</b>	<b>42</b>		<b>3,320</b>		<b>1,029</b>		<b>122,235</b>		
<b>2020</b>									
<b>Geographic</b>	<b>Bank</b>				<b>Aggregate</b>				<b>OO Hus</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%	0	0.0%	0	0.0%	0.0%
Moderate	2	5.3%	82	2.3%	111	9.3%	9,835	6.6%	6.9%
LMI	2	5.3%	82	2.3%	111	9.3%	9,835	6.6%	6.9%
Middle	28	73.7%	2,356	66.6%	943	78.6%	119,055	79.9%	81.2%
Upper	8	21.1%	1,099	31.1%	144	12.0%	20,000	13.4%	11.9%
Unknown	0	0.0%	0	0.0%	1	0.1%	95	0.1%	0.0%
<b>Total</b>	<b>38</b>		<b>3,537</b>		<b>1,199</b>		<b>148,985</b>		
<b>2021</b>									
<b>Geographic</b>	<b>Bank</b>				<b>Aggregate</b>				<b>OO Hus</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	0.0%	0	0.0%	0.0%
Moderate		0.0%	0	0.0%	141	9.3%	13,945	7.2%	6.9%
LMI	0	0.0%	0	0.0%	141	9.3%	13,945	7.2%	6.9%
Middle	24	70.6%	2,710	67.9%	1,190	78.4%	155,530	80.0%	81.2%
Upper	10	29.4%	1,282	32.1%	186	12.3%	24,810	12.8%	11.9%
Unknown		0.0%	0	0.0%	1	0.1%	65	0.0%	0.0%
<b>Total</b>	<b>34</b>		<b>3,992</b>		<b>1,518</b>		<b>194,350</b>		
<b>GRAND TOTAL</b>									
<b>Geographic</b>	<b>Bank</b>				<b>Aggregate</b>				<b>OO Hus</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%	-	0.0%	-	0.0%	
Moderate	2	1.8%	82	0.8%	350	9.3%	30,760	6.6%	
LMI	2	1.8%	82	0.8%	350	9.3%	30,760	6.6%	
Middle	85	74.6%	7,587	69.9%	2,935	78.4%	372,125	79.9%	
Upper	27	23.7%	3,180	29.3%	459	12.3%	62,525	13.4%	
Unknown	-	0.0%	-	0.0%	2	0.1%	160	0.0%	
<b>Total</b>	<b>114</b>		<b>10,849</b>		<b>3,746</b>		<b>465,570</b>		

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### 5. Action Taken in Response to Written Complaints with Respect to CRA: N/A

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

### **B. 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 Community Reinvestment Act

NCSB's board of trustees oversee the Bank's CRA program. Management performs an annual CRA self-assessment, which highlights lending related activities and performance in meeting the credit needs of its assessment area. In addition, the Bank has engaged a third-party vendor that conducts periodic reviews of the Bank's CRA compliance.

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

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

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

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

NCSB did not open or close and branches during the current evaluation period. The Bank does not have any branches in moderate-income census tracts. However, the Bank's Ogdensburgh branch office is adjacent to moderate-income tract. In addition, the Bank's three off-site ATMs are located in or near universities, where majority of the student population receive financial aid.

NCSB also operates three loan production offices outside the assessment area. Two offices are in Franklin County, one in Saranac Lake a middle-income census tract; and the other in Malone in a moderate-income census tract. The third loan production office is in Plattsburgh, in a low-income census tract, in Clinton County.

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

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### 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.*

NCSB works with community groups to ascertain community mortgage loan needs and offers a no closing cost mortgage loan program helping LMI borrowers.

*The extent of the banking institution's marketing and special credit-related programs to make members of the community aware of the credit services offered by the banking institution.*

NCSB is primarily focused on residential mortgage lending. Therefore, the Bank's marketing efforts are focused on residential mortgage loan products for all potential borrowers including LMI borrowers.

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

As a small bank, NCSB is not evaluated under the community development test and is not required to make community development loans, services and qualified investment or grants. However, during the evaluation period the Bank annually donated \$5,000 to a local nonprofit organization that serves the housing and community revitalization needs of rural and LMI communities of St. Lawrence County. In addition, a senior officer of NCSB served on the board of directors of said organization each year of the evaluation period.

## 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](http://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.

<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

### **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. 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](http://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 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.

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### **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.