



PUBLIC SUMMARY

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION OF PCSB BANK

AS OF DECEMBER 31, 2023

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.

PCSB BANK – CRA PERFORMANCE EVALUATION

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PCSB BANK – CRA PERFORMANCE EVALUATION

I. - GENERAL INFORMATION

This document is an evaluation (the “Evaluation”) of the Community Reinvestment Act (“CRA”) performance of PCSB Bank (“PCSB” 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, 2023.

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 end of this Evaluation.

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II. - OVERVIEW OF INSTITUTION'S PERFORMANCE

The Department evaluated PCSB according to the large banking institutions performance criteria pursuant to Sections 76.7, 76.8, 76.9 and 76.10 of the GRS. The evaluation period included calendar years 2020, 2021, 2022, and 2023 for lending activities and the period from October 1, 2020, to December 31, 2023 for community development activities. The Department assigned PCSB a rating of “2,” indicating a “Satisfactory” record of meeting community credit needs.

This rating is based on the following factors:

A. Lending Test: Low Satisfactory

PCSB's HMDA-reportable and small business lending activities were adequate considering PCSB's size, business strategy, and financial condition, as well as aggregate and peer group activity and the demographic characteristics and credit needs of its assessment area. The Bank's community development lending level was poor, indicating a need to improve community development lending.

1. Lending Activity:

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

PCSB's average LTD ratio of 81.2% for the evaluation period exceeded the peer's average LTD ratio of 78.4%.

2. Assessment Area Concentration:

During the evaluation period, PCSB originated 89% by number and 79% by dollar value of its total HMDA-reportable and small business loans within its assessment area, demonstrating a good concentration of lending.

3. Geographic Distribution of Loans:

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

PCSB's small business average lending rate by number of loans in LMI census tracts was well below the aggregate's average lending rate for the evaluation period and its HMDA-reportable average lending rate in LMI census tracts by number of loans just exceeded the aggregate's average lending rate. PCSB's HMDA-reportable and small business average lending rate by dollar value of loans for the evaluation period exceeded the aggregate average lending rate for the evaluation period.

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4. Distribution by Borrower Characteristics:

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

Both PCSB's one-to-four family HMDA-reportable average lending rates to LMI borrowers and its average lending rates to small businesses with gross annual revenue of \$1 million or less exceeded the aggregate's average lending rates for HMDA and small business loans by number and dollar value.

5. Community Development Lending:

During the evaluation period, PCSB originated \$13.3 million in new community development loans and had no loans outstanding from prior evaluation periods. This demonstrated a poor level of community development lending.

B. Investment Test: Low Satisfactory

1. Qualified Investments

During the evaluation period, PCSB made \$8.5 million in new qualified investments and had \$9.4 million outstanding from prior evaluation periods. In addition, PCSB made \$172,000 in qualified grants. This demonstrated an adequate level of qualified investments and grants.

2. Innovativeness of Qualified Investments:

PCSB made no use of innovative investments to support community development.

3. Responsiveness of Qualified Investments to Credit and Community Development Needs:

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

C. Service Test: Low Satisfactory

1. Retail Banking Services:

PCSB has an adequate branch network, delivery systems, branch hours and services, and alternative delivery systems, including as it relates to LMI individuals.

2. Community Development Services:

PCSB provided 30 instances of community development services during the evaluation period. This demonstrated an adequate level of community development services.

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

PCSB is a New York state-chartered commercial bank headquartered in Yorktown Heights, New York. PCSB is a wholly owned subsidiary of PCSB Financial Corporation (“PCSB Financial”), a publicly traded bank holding company. In January 2023, PCSB and PCSB Financial were acquired by Brookline Bancorp Inc. (“BB”), a multibank holding company headquartered in Boston, Massachusetts. BB is also the holding company for Brookline Bank, Bank Rhode Island, and Clarendon Private LLC, a registered investment advisor.

PCSB operates 14 banking offices, of which eight are in Westchester County, three in Putnam County, two in Dutchess County, and one in Rockland County. Supplementing the banking offices is an automated teller machine (“ATM”) network consisting of 14 machines, one each at its banking offices.

PCSB offers various retail and business banking products and services. Deposit products include checking, savings and money market accounts and certificates of deposit for retail and business consumers. Lending products include residential mortgage loans, home equity loans, lines of credit, commercial mortgage loans and small business loans. Services offered include mobile and online banking, bill pay, remote deposit capture, overdraft protection and merchant processing.

In its Consolidated Report of Condition (the “Call Report”) as of December 31, 2023, filed with the Federal Deposit Insurance Corporation (“FDIC”), PCSB reported total assets of \$2 billion of which \$1.3 billion were net loans and lease financing receivables. It also reported total deposits of \$ 1.7 billion resulting in an LTD ratio of 79.7%. According to the latest available comparative deposit data as of June 30, 2023, PCSB obtained a market share of 0.63%, or \$1.7 billion in a market of \$264 billion, ranking it 14th among 35 deposit-taking institutions in the assessment area.

The following is a summary of the Bank’s loan portfolio, based on Schedule RC-C Part I – Loans and Leases of the Bank’s December 31, 2020, 2021, 2022 and 2023 Call Reports.

TOTAL GROSS LOANS OUTSTANDING								
Loan Type	12/31/2020		12/31/2021		12/31/2022		12/31/2023	
	\$000's	%	\$000's	%	\$000's	%	\$000's	%
1-4 Family Residential Mortgage Loan	267,506	21.7	240,050	19.2	277,122	22.2	253,527	19.1
Commercial & Industrial Loans	109,509	8.9	95,609	7.7	65,140	5.2	74,278	5.6
Commercial Mortgage Loans	627,516	51.0	692,688	55.4	776,210	62.1	741,737	55.7
Multi family Mortgages	199,936	16.2	202,472	16.2	215,055	17.2	202,219	15.2
Consumer Loans	322	0.0	332	0.0	432	0.0	104	0.0
Construction Loans	23,364	1.9	16,066	1.3	30,215	2.4	57,912	4.4
Obligations of States & Municipalities	2,170	0.2	1,775	0.1	1,365	0.1	773	0.1
Other Loans	294	0.0	303	0.0	220	0.0	217	0.0
Total Gross Loans	1,230,617		1,249,295		1,365,759		1,330,767	

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As illustrated in the above table, PCSB is primarily a commercial lender with 61.3% of its gross loan portfolio in commercial mortgage loans (55.7%) and commercial and industrial loans (5.6%).

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

B. Assessment Area

The Bank's assessment area consists of the full counties of Putnam and Westchester, and the partial counties of Rockland and Dutchess.

There are 317 census tracts in the Bank's assessment area, of which 12 are low-income, 31 are moderate-income, 77 are middle-income, 188 are upper-income, and 9 are census tracts with no income indicated.

Assessment Area Census Tracts by Income Level							
County	N/A	Low	Mod	Middle	Upper	Total	LMI %
Dutchess*	3	0	1	23	7	34	2.9
Putnam	0	0	0	2	22	24	0.0
Rockland*	0	2	3	3	10	18	27.8
Westchester	6	10	27	49	149	241	15.4
Total	9	12	31	77	188	317	13.6

* Partial county

C. Demographic & Economic Data

The assessment area had a population of 1,316,735 during the evaluation period. Approximately 16.5% of the population was over the age of 65 and 21.6% was under the age of 16.

Of the 321,014 families in the assessment area, 15% were low-income, 11.9% were moderate-income, 15.2% were middle-income and 57.9% were upper-income. There were 460,232 households in the assessment area, of which 8.7% had income below the poverty level and 1.9% were on public assistance. The weighted average median family income in the assessment area was \$134,843.

There were 491,744 housing units within the assessment area, of which 70.6% were one- to four-family units and 28.7% were multifamily units. A majority (60.6%) of the housing units were owner-occupied while 33% were rental-occupied units.

Of the 297,857 owner-occupied housing units, 4.2% were in LMI census tracts while 95.5% were in middle- and upper-income census tracts. The median age of the housing stock was 63 years, and the weighted average median home value in the assessment area was \$496,026.

There were 212,943 non-farm businesses in the assessment area. Of these, 93% were businesses with reported revenues of less than or equal to \$1 million, 2.5% reported revenues of more than \$1 million and 4.5% did not report their revenues. Of all the businesses in the assessment area,

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98.1% were businesses with less than fifty employees while 95.6% operated from a single location. The largest industries in the area were services (34.7%), finance, insurance & real estate (10.6%) and retail trade (9.2%); 28.9% of businesses in the assessment area were not classified.

An analysis of the New York State Department of Labor data showed that the average unemployment rate for New York State and the four counties in the assessment area during the evaluation period was the highest in 2020. This was due to the onset of the COVID-19 pandemic. The annual average unemployment rates in subsequent years steadily declined as the pandemic ebbed. Westchester County recorded the highest average annual unemployment rates for each year of the evaluation period, while Putnam County consistently had the lowest annual average unemployment rates.

Assessment Area Unemployment Rate					
	Statewide	Dutchess	Putnam	Rockland	Westchester
2020	9.8	7.3	7.2	7.7	8.0
2021	7.1	4.5	4.2	4.5	4.8
2022	4.3	3.1	3.0	2.9	3.2
2023	4.2	3.3	3.1	3.1	3.4
Average of Years above	6.4	4.6	4.4	4.6	4.9

D. Community Information

DFS examiners conducted two community contact interviews with representatives of two nonprofit organizations active in PCSB's assessment area. These interviews assist DFS examiners to identify potential credit needs and opportunities within the Bank's assessment area.

The first organization, located within Westchester County, promotes affordable, equal, and accessible housing opportunities for residents. The representatives stated that a housing shortage in the area has led to LMI borrowers being priced out of the available housing market. The representatives noted that obtaining financing and becoming a homeowner in the current housing market is also difficult for people of color. The representatives proposed closing cost assistance, voucher programs and additional section 8 housing as measures to bridge the gap in homeownership and affordable rental housing. The representatives mentioned several lending institutions that worked closely with local organization to provide funding specifically for LMI borrowers. Banks that have a dedicated CRA department were favored as lenders, as they have specific programs targeted LMI borrowers.

The second nonprofit organization seeks to promote transitional and supportive housing for residents of Westchester County and the surrounding areas. The representative stated that availability of affordable housing in the area is challenging; however, local mortgage lenders are offering mortgage programs that offer downpayment assistance and closing cost assistance for LMI first-time home buyers. The representative noted the desire to see special loan programs for small businesses. The representative also noted the need for financial literacy seminars and seminars on how to obtain small business funding. PCSB was mentioned favorably by the interviewee when considering funding for LMI first-time home buyers and for meeting the needs of residents in the assessment area.

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IV. - PERFORMANCE STANDARDS AND ASSESSMENT FACTORS

The Department evaluated PCSB under the large banking institutions performance criteria in accordance with Sections 76.7, 76.8, 76.9 and 76.10 of the GRS, which consist of the lending, investment, and service tests. DFS also considered the following factors in assessing the Bank’s record of performance:

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

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

DFS derived statistics employed in this Evaluation from various sources. PCSB submitted bank-specific information both as part of the 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 and 2020 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. Some non-specific bank data are only available on a county-wide basis, and DFS used this information even where the institution’s assessment area includes partial counties.

The evaluation period included calendar years 2020, 2021, 2022, and 2023 for lending activities and the period from October 1, 2020, to December 31, 2023, for community development activities.

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

In its prior Community Reinvestment Act Performance Evaluation as of September 30, 2020, DFS assigned PCSB a rating of “2” or “Satisfactory” compliance with regulatory standards.

Current CRA Rating: Satisfactory

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A. Lending Test: Low Satisfactory

The Bank’s lending performance was evaluated pursuant to the following criteria: (1) Lending Activity;

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

PCSB’s HMDA-reportable and small business activities were adequate considering PCSB’s size, business strategy, and financial condition, as well as aggregate and peer group activity and the demographic characteristics and credit needs of its assessment area. The Bank’s community development lending level was poor, indicating a need to improve community development lending.

1. Lending Activity:

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

PCSB’s average LTD ratio of 81.2% for the evaluation period was above the peer group’s average ratio of 78.4%. The Bank’s quarterly LTD ratios exceeded its peer group’s ratios for the first twelve quarters of the evaluation period but trailed the peer groups’ quarterly LTD ratios for 2023, the last year of the evaluation period.

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

Loan-to-Deposit Ratios																	
	2020	2020	2020	2020	2021	2021	2021	2021	2022	2022	2022	2022	2023	2023	2023	2023	Avg.
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	
Bank	91.1	87.7	84.9	79.9	83.5	79.7	78.6	79.9	77.4	79.3	82.4	84.1	75.1	77.1	78.2	79.7	81.2
Peer	86.1	85.4	84.6	72.1	77.5	75.2	72.7	72.1	71.4	74.6	76.8	79.3	79.8	81.9	82.0	83.5	78.4

2. Assessment Area Concentration:

During the evaluation period, PCSB originated 89% by number and 79% by dollar value of its total HMDA-reportable and small business loans within the assessment area, demonstrating a good concentration of lending.

a. HMDA-Reportable Loans:

During the evaluation period, PCSB originated 88.2% by number and 76.9% by dollar value of its HMDA-reportable loans within the assessment area. This majority of lending inside of its assessment area reflects a good concentration of lending.

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b. Small Business Loans:

PCSB originated 89.6% by number and 82% by dollar value of its small business loans within the assessment area during the evaluation period. This majority of lending inside of its assessment area reflects a good concentration of lending.

The following table shows the percentages of PCSB’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
	#	%	#	%		\$	%	\$	%	
HMDA-Reportable										
2020	115	87.8%	16	12.2%	131	38,769	79.4%	10,046	20.6%	48,815
2021	146	94.2%	9	5.8%	155	64,780	87.3%	9,456	12.7%	74,236
2022	121	86.4%	19	13.6%	140	58,612	80.2%	14,515	19.8%	73,127
2023	67	80.7%	16	19.3%	83	20,568	49.6%	20,884	50.4%	41,452
Subtotal	449	88.2%	60	11.8%	509	182,729	76.9%	54,901	23.1%	237,630
Small Business										
2020	204	92.3%	17	7.7%	221	37,140	84.7%	6,733	15.3%	43,873
2021	258	90.8%	26	9.2%	284	52,566	81.9%	11,604	18.1%	64,170
2022	90	81.8%	20	18.2%	110	31,809	77.9%	9,027	22.1%	40,836
2023	35	87.5%	5	12.5%	40	13,094	85.3%	2,250	14.7%	15,344
Subtotal	587	89.6%	68	10.4%	655	134,609	82.0%	29,614	18.0%	164,223
Grand Total	1,036	89.0%	128	11.0%	1,164	317,338	79.0%	84,515	21.0%	401,853

3. Geographic Distribution of Loans:

PCSB’s origination of loans in census tracts of varying income levels demonstrated an adequate distribution of lending.

a. HMDA-Reportable Loans:

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

During the evaluation period, PCSB’s average lending rates in LMI census tracts of 5.3% by number and 9.1% by dollar value of HMDA-reportable loans exceeded the aggregate’s rates of 4.5% and 4.7%, respectively. Yet, in 2020 and 2023, PCSB’s lending rates in LMI census tracts trailed the aggregate’s rates due in part to the Bank not originating any HMDA-reportable loans in low-income census tracts in 2020 and not originating any HMDA-reportable loans in moderate-income tracts in 2023. PCSB’s lending rates in LMI census tracts in 2021 and 2022 exceeded the aggregate’s lending rates, despite in 2021 the Bank originating HMDA-reportable loans only in moderate-income census tracts and none in low-income census tracts. However, the low percentages of owner-occupied housing that ranged from 0.2% to 0.6% in the Bank’s assessment area during the evaluation period, is an indicator of limited lending opportunities within low-income census tracts.

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PCSB’s and the aggregate’s annual lending rates in LMI census tracts exceeded the percentages (ranging from 4.2% to 4.8%) of owner-occupied housing units in LMI census tracts in the assessment area, for two years out of the four-year evaluation period.

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

Distribution of HMDA-Reportable Lending by Geographic Income of the Census Tract									
2020									
Geographic	Bank				Aggregate				OO HUs
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	0	0.0%	0	0.0%	158	0.4%	84,450	0.5%	0.2%
Moderate	4	3.5%	869	2.2%	1,222	3.5%	584,320	3.5%	4.6%
LMI	4	3.5%	869	2.2%	1,380	3.9%	668,770	4.0%	4.8%
Middle	19	16.5%	9,078	23.4%	5,168	14.6%	1,878,510	11.3%	16.3%
Upper	92	80.0%	28,822	74.3%	28,819	81.5%	14,128,955	84.7%	78.9%
Unknown	0	0.0%	0	0.0%	7	0.0%	1,575	0.0%	0.0%
Total	115		38,769		35,374		16,677,810		
2021									
Geographic	Bank				Aggregate				OO HUs
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	0	0.0%	0	0.0%	242	0.6%	155,370	0.8%	0.2%
Moderate	10	6.8%	10,383	16.0%	1,661	4.0%	895,485	4.5%	4.6%
LMI	10	6.8%	10,383	16.0%	1,903	4.5%	1,050,855	5.2%	4.8%
Middle	28	19.2%	9,236	14.3%	6,382	15.2%	2,252,660	11.2%	16.3%
Upper	108	74.0%	45,162	69.7%	33,667	80.2%	16,739,955	83.5%	78.9%
Unknown	0	0.0%	0	0.0%	14	0.0%	3,080	0.0%	0.0%
Total	146		64,781		41,966		20,046,550		
2022									
Geographic	Bank				Aggregate				OO HUs
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	2	1.7%	2,200	3.8%	227	1.0%	163,465	1.2%	0.6%
Moderate	6	5.0%	1,964	3.4%	854	3.6%	474,060	3.6%	3.6%
LMI	8	6.6%	4,164	7.1%	1,081	4.6%	637,525	4.9%	4.2%
Middle	20	16.5%	5,825	9.9%	4,699	19.9%	1,885,065	14.4%	21.0%
Upper	93	76.9%	48,623	83.0%	17,766	75.3%	10,570,280	80.6%	74.5%
Unknown	0	0.0%	0	0.0%	40	0.2%	28,130	0.2%	0.3%
Total	121		58,612		23,586		13,121,000		
2023									
Geographic	Bank				Aggregate				OO HUs
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	2	3.0%	1,190	5.8%	241	1.6%	217,755	3.0%	0.6%
Moderate	0	0.0%	0	0.0%	559	3.8%	383,075	5.3%	3.6%
LMI	2	3.0%	1,190	5.8%	800	5.5%	600,830	8.3%	4.2%
Middle	11	16.4%	2,371	11.5%	3,150	21.5%	1,207,590	16.6%	21.0%
Upper	54	80.6%	17,007	82.7%	10,643	72.8%	5,435,525	74.9%	74.5%
Unknown	0	0.0%	0	0.0%	27	0.2%	10,695	0.1%	0.3%
Total	67		20,568		14,620		7,254,640		
GRAND TOTAL									
Geographic	Bank				Aggregate				OO HUs
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	4	0.9%	3,390	1.9%	868	0.8%	621,040	1.1%	
Moderate	20	4.5%	13,216	7.2%	4,296	3.7%	2,026,345	3.6%	
LMI	24	5.3%	16,606	9.1%	5,164	4.5%	2,647,385	4.7%	
Middle	78	17.4%	26,510	14.5%	19,399	16.8%	7,223,825	12.7%	
Upper	347	77.3%	139,614	76.4%	90,895	78.7%	46,874,715	82.5%	
Unknown	0	0.0%	0	0.0%	88	0.1%	43,480	0.1%	
Total	449		182,730		115,546		56,789,405		

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b. Small Business Loans:

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

During the evaluation period, PCSB's average rates of lending in LMI census tracts were 8.2% by number and 15.6% by dollar value compared to the aggregate's rates of 11.3% and 11.4%, respectively. The Bank's lower lending rate by number of loans in LMI census tracts was due in part by the Bank not originating any small business loans in low-income census tracts in 2020 and 2021. In 2022, the Bank's lending rates to small businesses in LMI census tracts improved as it also originated loans in low-income census tracts and was comparable to the aggregate's rate by number of loans and exceeded the aggregate's rate by dollar value of loans in LMI census tracts. In 2023, the Bank's lending rates in LMI census tracts further improved; however, aggregate lending data was not available as of the Evaluation.

PCSB's average small business lending rate in LMI census tracts by dollar value of loans exceeded the percentages (ranging from 9.9% to 12.4%) of small businesses located in LMI census tracts in the assessment area, while PCSB's average small business lending rate in LMI census tracts by number of loans trailed the percentages of small businesses located in LMI census tracts in the assessment area.

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

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Distribution of Small Business Lending by Geographic Income of the Census Tract									
2020									
Geographic	Bank				Aggregate				Bus.Dem.
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	0	0.0%	0	0.0%	1,099	2.4%	33,865	1.5%	1.7%
Moderate	13	6.4%	3,595	9.7%	3,858	8.3%	194,840	8.9%	8.2%
LMI	13	6.4%	3,595	9.7%	4,957	10.7%	228,705	10.4%	9.9%
Middle	23	11.3%	6,427	17.3%	7,384	15.9%	393,577	18.0%	16.5%
Upper	168	82.4%	27,118	73.0%	34,043	73.4%	1,566,325	71.5%	73.5%
Unknown	0	0.0%	0	0.0%	27	0.1%	2,513	0.1%	0.1%
Total	204		37,140		46,411		2,191,120		
2021									
Geographic	Bank				Aggregate				Bus.Dem.
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	0	0.0%	0	0.0%	1,181	2.3%	28,905	1.6%	1.9%
Moderate	18	7.0%	8,453	16.1%	4,362	8.6%	167,163	9.5%	8.7%
LMI	18	7.0%	8,453	16.1%	5,543	11.0%	196,068	11.1%	10.6%
Middle	32	12.4%	9,122	17.4%	8,245	16.3%	330,954	18.7%	16.8%
Upper	208	80.6%	34,991	66.6%	36,767	72.7%	1,234,672	69.9%	72.5%
Unknown	0	0.0%	0	0.0%	46	0.1%	4,477	0.3%	0.1%
Total	258		52,566		50,601		1,766,171		
2022									
Geographic	Bank				Aggregate				Bus.Dem.
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	4	4.4%	1,850	5.8%	2,068	4.4%	64,275	5.4%	4.1%
Moderate	7	7.8%	3,266	10.3%	3,601	7.7%	97,831	8.2%	8.0%
LMI	11	12.2%	5,116	16.1%	5,669	12.2%	162,106	13.6%	12.1%
Middle	25	27.8%	8,742	27.5%	9,031	19.4%	225,505	19.0%	19.0%
Upper	53	58.9%	17,926	56.4%	31,598	67.9%	791,506	66.6%	68.4%
Unknown	1	1.1%	25	0.1%	251	0.5%	8,919	0.8%	0.5%
Total	90		31,809		46,549		1,188,036		
2023									
Geographic	Bank				Aggregate				Bus.Dem.
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	1	2.9%	400	3.1%	Aggregate Loan Data not available as of Evaluation				4.4%
Moderate	5	14.3%	3,439	26.3%					8.0%
LMI	6	17.1%	3,839	29.3%					12.4%
Middle	6	17.1%	2,139	16.3%					19.0%
Upper	23	65.7%	7,116	54.3%					68.2%
Unknown	0	0.0%	0	0.0%					0.5%
Total	35		13,094						
GRAND TOTAL									
Geographic	Bank				Aggregate				Bus.Dem.
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	5	0.9%	2,250	1.7%	4,348	3.0%	127,045	2.5%	
Moderate	43	7.3%	18,753	13.9%	11,821	8.2%	459,834	8.9%	
LMI	48	8.2%	21,003	15.6%	16,169	11.3%	586,879	11.4%	
Middle	86	14.7%	26,430	19.6%	24,660	17.2%	950,036	18.5%	
Upper	452	77.0%	87,151	64.7%	102,408	71.3%	3,592,503	69.8%	
Unknown	1	0.2%	25	0.0%	324	0.2%	15,909	0.3%	
Total	587		134,609		143,561		5,145,327		

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4. Distribution by Borrower Characteristics:

PCSB's one-to-four HMDA-reportable and small business lending demonstrated a good distribution of loans among individuals of different income levels and businesses of different revenue sizes.

a. One-to-four Family HMDA-Reportable Loans:

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

During the evaluation period, PCSB's average rates of lending to LMI borrowers of 11.1% by number and 5.5% by dollar value of loans were higher than the aggregate's rates of 8.5% and 3.6%, respectively. PCSB's lending rates to LMI borrowers in 2020 and 2023 exceeded the aggregate's lending rates and were comparable to the aggregate's lending rates in 2021 and 2022.

Both, PCSB's and the aggregate's annual lending rates to LMI borrowers were well below the percentage range of 26.9% to 28.8% of LMI families (family demographics) living in the Bank's assessment area for each year of the evaluation period.

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

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Distribution of One-to-Four Family Loans by Borrower Income									
2020									
Borrower	Bank				Aggregate				Fam.Dem.
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	3	2.7%	369	1.2%	372	1.1%	65,190	0.4%	16.3%
Moderate	9	8.2%	1,616	5.3%	1,918	5.5%	367,600	2.4%	12.5%
LMI	12	10.9%	1,985	6.5%	2,290	6.5%	432,790	2.8%	28.8%
Middle	20	18.2%	3,805	12.5%	5,262	15.0%	1,357,620	8.7%	14.8%
Upper	76	69.1%	23,436	76.9%	26,027	74.0%	12,860,155	82.8%	56.4%
Unknown	2	1.8%	1,260	4.1%	1,580	4.5%	875,840	5.6%	0.0%
Total	110		30,486		35,159		15,526,405		
2021									
Borrower	Bank				Aggregate				Fam.Dem.
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	2	1.5%	155	0.4%	525	1.3%	97,945	0.5%	16.3%
Moderate	8	6.1%	1,225	3.2%	2,767	6.6%	542,445	2.9%	12.5%
LMI	10	7.6%	1,380	3.6%	3,292	7.9%	640,390	3.4%	28.8%
Middle	26	19.8%	5,880	15.3%	7,062	16.9%	1,943,310	10.3%	14.8%
Upper	90	68.7%	29,151	75.6%	29,748	71.3%	15,415,010	81.5%	56.4%
Unknown	5	3.8%	2,130	5.5%	1,593	3.8%	913,805	4.8%	0.0%
Total	131		38,541		41,695		18,912,515		
2022									
Borrower	Bank				Aggregate				Fam.Dem.
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	1	1.0%	150	0.5%	536	2.3%	94,840	0.8%	15.0%
Moderate	12	11.4%	1,598	5.2%	2,270	9.8%	458,620	4.1%	11.9%
LMI	13	12.4%	1,748	5.6%	2,806	12.1%	553,460	5.0%	26.9%
Middle	17	16.2%	4,246	13.7%	4,290	18.4%	1,209,660	10.8%	15.2%
Upper	71	67.6%	22,698	73.3%	15,353	66.0%	8,779,005	78.7%	57.9%
Unknown	4	3.8%	2,265	7.3%	815	3.5%	616,655	5.5%	0.0%
Total	105		30,957		23,264		11,158,780		
2023									
Borrower	Bank				Aggregate				Fam.Dem.
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	2	3.3%	167	1.0%	233	1.6%	42,975	0.7%	15.0%
Moderate	8	13.3%	1,161	7.1%	1,102	7.6%	198,460	3.1%	11.9%
LMI	10	16.7%	1,328	8.1%	1,335	9.2%	241,435	3.7%	26.9%
Middle	11	18.3%	2,132	13.0%	2,458	17.0%	608,470	9.4%	15.2%
Upper	36	60.0%	11,253	68.5%	10,023	69.3%	5,192,495	80.6%	57.9%
Unknown	3	5.0%	1,710	10.4%	651	4.5%	400,025	6.2%	0.0%
Total	60		16,423		14,467		6,442,425		
GRAND TOTAL									
Borrower	Bank				Aggregate				Fam.Dem.
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	8	2.0%	841	0.7%	1,666	1.5%	300,950	0.6%	
Moderate	37	9.1%	5,600	4.8%	8,057	7.0%	1,567,125	3.0%	
LMI	45	11.1%	6,441	5.5%	9,723	8.5%	1,868,075	3.6%	
Middle	74	18.2%	16,063	13.8%	19,072	16.6%	5,119,060	9.8%	
Upper	273	67.2%	86,538	74.3%	81,151	70.8%	42,246,665	81.2%	
Unknown	14	3.4%	7,365	6.3%	4,639	4.0%	2,806,325	5.4%	
Total	406		116,407		114,585		52,040,125		

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b. Small Business Loans:

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

PCSB, within its assessment area, originated 275 small business loans totaling \$24.4 million through the U.S. Small Business Administration's Paycheck Protection Program ("PPP"), which ended in May 2021. The Bank originated 114 PPP loans totaling \$7.6 million in 2020 and 161 PPP loans totaling \$16.8 million in 2021. The PPP loan program did not require the reporting of revenue by the business or the collecting of business revenue by the lender to qualify. So as not to skew the small business by revenue size analysis, DFS excluded PPP loans from the below analysis and table. Yet, a review by examiners of the 275 PPP loans originated by the Bank showed that 213 or 77.5% by number of loans were in amounts of less than \$100,000 which is generally an indicator that these loans were made to small businesses with revenue of \$1 million or less.

PCSB, in addition to PPP loans, originated 312 small business loans totaling \$110.2 million within its assessment area during the evaluation period. An analysis of these loans showed that PCSB's average lending rates to small businesses with gross annual revenue of \$1 million or less of 50.6% by number and 47.9% by dollar value of loans during the evaluation period, exceeded the aggregate's average lending rates of 44.2% and 26.4%, respectively. Furthermore, the Bank's annual lending rates to small businesses with gross annual revenue of \$1 million or less exceeded the aggregate's annual lending rates by number and dollar value of loans for 2020 and 2022, and for dollar value of loans in 2021. Aggregate small business loan data as of the Evaluation was not available for 2023.

Both, PCSB's and the aggregate's annual lending rates were below the assessment area's percentages (range of 90.3% to 93%) of small businesses with gross annual revenue of \$1 million or less.

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

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Distribution of Small Business Lending by Revenue Size of Business									
2020									
Rev. Size	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	
Rev. <= \$1MM	49	54.4%	16,358	55.5%	18,528	39.9%	512,559	23.4%	90.3%
Rev. > \$1MM	39	43.3%	12,114	41.1%					4.1%
Rev. Unknown	2	2.2%	1,019	3.5%					5.6%
Total	90		29,491		46,411		2,191,120		
2021									
Rev. Size	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	
Rev. <= \$1MM	39	40.2%	13,999	39.1%	21,620	42.7%	407,698	23.1%	90.9%
Rev. > \$1MM	56	57.7%	21,707	60.6%					3.3%
Rev. Unknown	2	2.1%	93	0.3%					5.8%
Total	97		35,799		50,601		1,766,171		
2022									
Rev. Size	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	
Rev. <= \$1MM	51	56.7%	16,327	51.3%	23,241	49.9%	436,219	36.7%	91.1%
Rev. > \$1MM	38	42.2%	14,882	46.8%					3.1%
Rev. Unknown	1	1.1%	600	1.9%					5.8%
Total	90		31,809		46,549		1,188,036		
2023									
Rev. Size	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	
Rev. <= \$1MM	19	54.3%	6,141	46.9%	Aggregate Loan Data not available as of Evaluation				93.0%
Rev. > \$1MM	16	45.7%	6,953	53.1%					2.5%
Rev. Unknown	-	0.0%	0	0.0%					4.5%
Total	35		13,094						
GRAND TOTAL									
Rev. Size	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	
Rev. <= \$1MM	158	50.6%	52,825	47.9%	63,389	44.2%	1,356,476	26.4%	
Rev. > \$1MM	149	47.8%	55,656	50.5%					
Rev. Unknown	5	1.6%	1,712	1.6%					
Total	312		110,193		143,561		5,145,327		

5. Community Development Lending:

During the evaluation period, PCSB originated \$13.3 million in new community development loans and had no outstanding loans from prior evaluation periods. This demonstrated a poor level of community development lending over the course of the evaluation period.

A majority of PCSB’s new community development loans supported affordable housing projects in Westchester County. However, PCSB’s level of community development loans for the current evaluation period (3.25 years) was well below its level of \$26.2 million of community development loans made during the prior evaluation period (2.5 years).

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Community Development Loans				
Purpose	This Evaluation Period		Outstandings from Prior Evaluation Periods	
	# of Loans	\$000	# of Loans	\$000
Affordable Housing	9	7,514		
Economic Development	2	3,317		
Community Services	2	1,423		
Revitalization/Stabilizatio	1	1,031		
Total	14	13,285	0	0

Below are highlights of PCSB’s community development lending.

- PCSB originated a \$1.6 million mortgage loan to purchase three six-unit multi-family properties in Westchester County. All 18 units have rents below the U.S Department of Housing and Urban Development’s fair market rents (“FMR”) providing affordable housing to LMI individuals and families.
- PCSB made two PPP loans totaling \$3.3 million to two small businesses in the Bank’s assessment area. The loans provided much needed funding to the two small businesses impacted by the COVID-19 pandemic enabling them to pay rent expenses and employee payroll thus aiding in economic development.
- PCSB renewed a \$1.2 million line of credit to a nonprofit organization that provides community services in the Bank’s assessment area. Services provided include peer advocacy, care management, and homeless outreach services. Services are provided at no cost to LMI individuals and families.

a. Flexible and/or Innovative Lending Practices:

PCSB made significant use of flexible or innovative lending practices.

Since the prior evaluation, PSCB continued to offer the special credit lending program the True Community Mortgage Program, as well as the State of New York Mortgage Agency (“SONYMA”) mortgage program.

- True Community Mortgage Program – PCSB offered this special purpose credit program designed for LMI borrowers in 2020, 2021, and 2022. Features of the program included the Bank paying the mortgage insurance for the entire loan term, waiving of the application fee, allowing up to three percent down payment assistance and reducing mortgage interest rates by 50 basis-points. PCSB made four loans totaling \$541,600 during the evaluation period.
- SONYMA’s Achieving the Dream and Low Interest Rate programs - These programs provide qualified low- and moderate-income first-time homebuyers with low down payment mortgage financing on 1-4 family dwellings at fixed interest rates that are below the prevailing conventional rates. These programs also offer more flexible underwriting

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criteria than conventional mortgage loans. During the evaluation period PCSB originated seven loans for \$2.1 million.

- U.S. Small Business Administration PPP loans - PCSB originated 359 PPP loans totaling \$59.1 million to small businesses in New York State and in loan amount of less than \$1 million. Of these 275 PPP loans totaling \$24.4 million were made to small businesses in the Bank’s assessment area. The PPP loan program provided economic support to small businesses that were adversely impacted by the COVID-19 pandemic.

B. Investment Test: Low Satisfactory

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

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

1. Qualified Investments

During the evaluation period, PCSB made \$8.5 million in new qualified investments and had \$9.4 million outstanding from prior evaluation periods. In addition, PCSB made \$172,050 in qualified grants. This demonstrated an adequate level of qualified investments and grants over the course of the evaluation period.

More than 85% of PCSB’s new qualified investments supported affordable housing, while a majority of the Bank’s grants were made to organizations that provide community services.

Qualified Investments and Grants				
	This Evaluation Period		Outstandings from Prior Evaluation Periods	
CD Investments	# of Inv.	\$000	# of Inv.	\$000
Affordable Housing	7	7,318	11	9,368
Economic Development	1	1,169		
Community Services				
Revitalization/Stabilization				
Total	8	8,487	11	9,368
CD Grants	# of Grants	\$000	<i>Not Applicable</i>	
Affordable Housing	8	14		
Economic Development	5	23		
Community Services	30	120		
Revitalization/Stabilization	1	15		
Total	44	172		

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

- PCSB purchased a \$4 million Fannie Mae mortgage-backed security collateralized by a 131-unit multi-family property in Westchester County. The property provides affordable housing as 99.2% of the units are reserved for people with incomes less than 50% of the area median income.

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- The Bank purchased \$2.3 million in revenue bonds issued by the New York State Housing Finance Agency, a public benefit corporation that provides financing to for-profit and not-for-profit developers for the construction and preservation of affordable housing in communities across New York State, including the Bank’s assessment area.
- The Bank donated \$15,000 to a nonprofit organization which aims to improve the quality of life of LMI individuals and families in Westchester County. The organization provides community services including home ownership education, job training, and career development.
- The Bank made a \$10,000 donation to a community service nonprofit organization which collects and distributes food to hundreds of charitable agencies throughout New York State, including to food banks within the Bank's assessment area.

2. Innovativeness of Qualified Investments:

PCSB made no use of innovative investments to support community development.

3. Responsiveness of Qualified Investments to Credit and Community Development Needs:

PCSB’s qualified investments exhibited adequate responsiveness to the assessment area’s credit and community development needs.

PCSB’s investments supported affordable housing and economic development initiatives, which are community needs in the assessment area.

C. Service Test: Low Satisfactory

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

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

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

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

1. Retail Banking Services:

PCSB has an adequate branch network, delivery systems, branch hours and services, and alternative delivery systems, including as it relates to LMI individuals.

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a. Current distribution of the banking institution’s branches:

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

Of the Bank’s 14 branches, one (7.1%) branch is in a low-income census tract (in Westchester County), in comparison 13.6% of the census tracts in the Bank’s assessment area being LMI census tracts.

Distribution of Branches within the Assessment Area							
County	N/A #	Low #	Moderate #	Middle #	Upper #	Total #	LMI %
Dutchess*	0	0	0	2	0	2	0.0%
Putnam	0	0	0	0	3	3	0.0%
Rockland*	0	0	0	0	1	1	0.0%
Westchester	0	1	0	1	6	8	12.5%
Total	-	1	-	3	10	14	7.1%

*Partial County

b. Record of opening and closing branches:

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

In 2021, PCSB closed a branch in a middle-income census tract of Dutchess County. None of the adjacent census tracts were LMI.

c. Availability and effectiveness of alternative systems for delivering retail services:

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

PCSB offers its customers online banking and free bill pay through its website. Other alternative delivery systems include mobile banking, banking by mail and telephone banking, as well as remote deposit capture. All branches have an on-site ATM with deposit taking capabilities.

d. Range of services provided:

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

PCSB offers various deposit and lending products, for retail and business consumers. Deposit products include checking, savings and money market accounts, certificates of deposit, and retirement accounts. Lending products include residential mortgage, home equity, lines of credit, and small business and commercial mortgage loans.

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PCSB’s fourteen branch offices offer lobby hours from 9:00 AM to 4:00 PM Monday through Friday and Saturday from 9:00 AM to 1:00 PM. Furthermore, PCSB offers drive-up services at ten branch offices including the branch located in a low-income census tract in Westchester County on weekdays from 8:30 AM to 5:00 PM and on Saturdays from 9:00 AM to 1:00 PM.

2. Community Development Services:

PCSB provided 30 instances of community development services during the evaluation period. This demonstrated an adequate level of community development services.

Community Development Services	
Activity Type	Number of Activities
On-Going Board & Committee Memberships	24
Technical Assistance	6
Seminars	
Credit Counseling	
Other Services	
Total Community Development Services	30

Below are highlights of PCSB’s community development services.

- A legal counsel of PCSB served as a director of a nonprofit law firm. The law firm provides free non-criminal legal representation and services to poor and low-income families and individuals in the bank’s assessment area. Services provided include housing, child support, government benefits, veterans, and domestic violence matters.
- A branch manager of PCSB is a member of the board of directors of an organization that advocates, educates, advises on fair and affordable housing in a county in the Bank’s assessment area.
- An employee of PCSB served as president of a local chamber of commerce that, through promoting a communicative relationship between local business owners and the municipality, fosters a business-friendly environment and economic development.

D. Additional Factors

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

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.

The board of directors (the “board”) of the Bank reviews and approves the CRA policy annually. The CRA officer appointed by the board oversees the Bank’s CRA program and ensures tracking of CRA activities. The Chief Compliance Officer reports on the Bank’s CRA activities and compliance with the Bank’s CRA program to the board’s Risk Committee, which then reports to

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the full board. The Bank also performs a periodic self-assessment to evaluate its performance in the areas of lending, investments, and services.

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

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

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

3. 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.*

Ascertainment of the community's credit needs is primarily accomplished through ongoing interaction between bank management, employees and local community and business organizations operating in the Bank's assessment area. Bank management and employees serve on the boards or committees of these organizations and/or participate and support community initiatives by volunteering or sponsoring such events. Credit needs identified through these activities have resulted in the development and enhancement of credit products offered by the Bank.

- *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*

PCSB's marketing efforts focus on consumers and businesses within its assessment area and around branch offices with an emphasis on general branding. Products and services, including credit programs are marketed to all demographics and income levels on the Bank's website, social media, as well as local and regional print publications. The Bank's staff also conducted financial literacy workshops for LMI borrowers and attended not-for-profit and Chamber of Commerce events for networking.

- *Action Taken in Response to Written Complaints with Respect to CRA*

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

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

In response to the COVID-19 pandemic the Bank implemented a loan payment relief program for retail and business customers facing financial hardship. Business customers could initiate the process through their relationship manager and retail customers through the branch manager to find a workable solution for repayment of the obligation.

Similarly, PCSB also purchased to MBS securities totaling \$3.2 million collateralized by multifamily properties that provided affordable housing in New York State but were located outside the bank's assessment area.

The Bank, in addition to the 275 PPP loans (each loan in an amount of \$1 million or less) originated inside the assessment area, originated 84 PPP loans totaling \$34.7 million outside its assessment area but within New York State. PCSB also assisted business owners with their submission of PPP loans for forgiveness; 351 loans totaling \$54 were approved by the SBA for forgiveness.

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 (DFS multifamily industry letter www.dfs.ny.gov/industry_guidance/industry_letters/il20141204_guidelines_bank_lending_multifamily_properties_cra_updated) ;

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- Nonprofit organizations serving primarily LMI or other community development needs;
- Borrowers to construct or rehabilitate community facilities that are 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

“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.

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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.

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	% 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

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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.

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 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 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.

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 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;

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- 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.