

# **PUBLIC DISCLOSURE**

March 8, 2023

## **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

Ridgewood Savings Bank  
Certificate Number: 16026

71-02 Forest Avenue  
Ridgewood, New York 11385

Federal Deposit Insurance Corporation  
Division of Depositor and Consumer Protection  
New York Regional Office

350 Fifth Avenue, Suite 1200  
New York, New York 10118

This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion, or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

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## INSTITUTION RATING

**INSTITUTION’S CRA RATING:** This institution is rated **Satisfactory**.

An institution in this group has a satisfactory record of helping to meet the credit needs of its assessment area, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

PERFORMANCE LEVELS	PERFORMANCE TESTS		
	Lending Test*	Investment Test	Service Test
Outstanding			
High Satisfactory	X	X	X
Low Satisfactory			
Needs to Improve			
Substantial Noncompliance			
* The Lending Test is weighted more heavily than the Investment and Service Tests when arriving at an overall rating.			

**The Lending Test is rated High Satisfactory.**

- Lending levels reflect adequate responsiveness to assessment area credit needs.
- A substantial majority of loans are made in the institution’s assessment area.
- The geographic distribution of loans reflects good penetration throughout the assessment area.
- The distribution of borrowers reflects adequate penetration among retail customers of different income levels.
- The institution uses innovative and/or flexible lending practices in order to serve assessment area credit needs.
- The institution is a leader in making community development loans.

**The Investment Test is rated High Satisfactory.**

- The institution has a significant level of qualified community development investments and grants, occasionally in a leadership position, particularly those that are not routinely provided by private investors.
- The institution exhibits good responsiveness to credit and community development needs.
- The institution rarely uses innovative and/or complex investments to support community development initiatives.

**The Service Test is rated High Satisfactory.**

- Delivery systems are accessible to essentially all portions of the assessment area.
- To the extent changes have been made, the institution's opening and closing of branches has not adversely affected the accessibility of its delivery systems, particularly in low- and moderate-income geographies and/or to low- and moderate-income individuals.
- Services do not vary in a way that inconveniences certain portions of the assessment area, particularly low- and moderate-income geographies and/or individuals.
- The institution provides a relatively high level of community development services.

## DESCRIPTION OF INSTITUTION

Ridgewood Savings Bank (RSB) is a mutual savings bank headquartered in Ridgewood, New York. Due to the mutual savings bank structure, the bank has no holding company relationship. RSB maintains seven subsidiaries, including three subsidiaries directly involved with CRA-related activities: 1) Crest Forest Realty Corp, which acquires and holds investments such as bonds, mortgage-backed securities, and mutual funds; 2) C&S Hudson Valley Bank Community Development Company, LLC, which is a limited-purpose community development entity formed with Hudson Valley Bank to hold participation loans to support CRA; and 3) Ridgewood Foundation, which provides grants and donations to charitable organizations to support community development needs throughout the assessment area (AA).

RSB received a “Satisfactory” rating at the prior FDIC Performance Evaluation dated December 2, 2019, using Interagency Large Institution CRA Examination Procedures.

### **Operations**

RSB operates 35 full-service branch locations, 1 limited-service office, and 55 automated teller machines (ATMs) in its AA. Since the prior CRA evaluation, the bank opened one branch and closed one branch, both of which were located in moderate-income geographies within Bronx County. The bank also relocated one branch within a moderate-income geography in Bronx County. RSB was not involved in any mergers or acquisitions.

The bank offers a variety of residential, consumer, and commercial loan products; however, the bank’s major product lines continue to be 1-4 family and multi-family home mortgage loans. RSB also offers a variety of consumer and commercial deposit products, including checking, savings, and money market accounts, and certificates of deposit. Alternative banking services include internet banking, mobile banking, and electronic bill pay.

### **Ability and Capacity**

As of December 31, 2022, the bank reported total assets of \$6.8 billion and total deposits of \$5.4 billion. Loans are the bank’s primary asset at \$4.3 billion, while securities total \$1.7 billion.

The following table provides a breakdown of the loan portfolio as of December 31, 2022.

<b>Loan Portfolio Distribution as of 12/31/2022</b>		
<b>Loan Category</b>	<b>\$(000s)</b>	<b>%</b>
Construction, Land Development, and Other Land Loans	958	<0.1
Secured by Farmland	0	0.0
Secured by 1-4 Family Residential Properties	2,111,604	48.8
Secured by Multifamily (5 or more) Residential Properties	1,968,497	45.5
Secured by Nonfarm Nonresidential Properties	222,500	5.1
<b>Total Real Estate Loans</b>	<b>4,303,559</b>	<b>99.4</b>
Commercial and Industrial Loans	660	<0.1
Agricultural Production and Other Loans to Farmers	0	0.0
Consumer Loans	11,032	0.3
Obligations of State and Political Subdivisions in the U.S.	0	0.0
Other Loans	10,219	0.2
Lease Financing Receivable (net of unearned income)	0	0.0
Less: Unearned Income	-275	<0.0
<b>Total Loans</b>	<b>4,325,195</b>	<b>100.0</b>
<i>Source: Reports of Condition and Income</i>		

There are no financial, legal, or other impediments affecting the bank's ability to meet the credit needs of its AA.

## **DESCRIPTION OF ASSESSMENT AREA**

The CRA requires each financial institution to define one or more AAs within which its CRA performance will be evaluated. RSB has designated one AA encompassing seven counties within the New York-Newark-Jersey City, New York-New Jersey-Pennsylvania Metropolitan Statistical Area (MSA) #35620. The AA includes the five counties of Bronx, Kings, New York, Queens, and Westchester, which are located in the New York-Jersey City-White Plains, New York-New Jersey Metropolitan Division (MD) #35614. The AA also includes the two counties of Nassau and Suffolk, which composes the Nassau County-Suffolk County, New York MD #35004.

RSB's AA changed during the evaluation period due to the nationally revised metropolitan area delineations published by the Office of Management and Budget (OMB), effective February 2023. The OMB published revised demographic data based on the 2020 U.S. Census. Census tract changes reflected in the 2020 U.S. Census data include an increase of 226 total census tracts, as well as some changes to existing geography income classifications. As a result, the revised delineation includes a decrease of 55 low-income tracts, a decrease of 21 moderate-income census tracts, an increase of 108 middle-income census tracts, an increase of 107 upper-income census tracts, and an increase of 87 NA-income census tracts. Because these changes occurred during the evaluation period, examiners analyzed the bank's 2022 lending data using the revised delineations, and the 2019, 2020, and 2021 lending data using the prior delineations.

## **Economic and Demographic Data**

The AA is composed of 3,113 census tracts, including 308 low-, 704 moderate-, 1,099 middle-, and 837 upper-income census tracts, as well as 165 tracts with no income designation (NA tracts). The following table notes the demographic information for this AA.

<b>Demographic Information of the Assessment Area</b>						
<b>Demographic Characteristics</b>	<b>#</b>	<b>Low % of #</b>	<b>Moderate % of #</b>	<b>Middle % of #</b>	<b>Upper % of #</b>	<b>NA* % of #</b>
Geographies (Census Tracts)	3,113	9.9	22.6	35.3	26.9	5.3
Population by Geography	12,234,594	12.0	24.2	34.9	27.7	1.2
Housing Units by Geography	4,765,069	11.5	22.4	33.4	31.6	1.1
Owner-Occupied Units by Geography	1,918,985	2.5	15.5	43.4	38.0	0.6
Occupied Rental Units by Geography	2,404,665	19.4	28.2	26.1	24.9	1.5
Vacant Units by Geography	441,419	7.2	20.5	30.2	40.6	1.4
Businesses by Geography	1,647,153	7.3	18.1	31.3	39.9	3.5
Farms by Geography	14,529	3.8	17.8	40.9	35.8	1.7
Family Distribution by Income Level	2,730,019	26.6	16.1	17.5	39.8	0.0
Household Distribution by Income Level	0	0.0	0.0	0.0	0.0	0.0
Median Family Income MSA - 35004 Nassau County-Suffolk County, NY		\$130,301	Median Housing Value Median Gross Rent Families Below Poverty Level			\$639,612 \$1,613 10.9%
Median Family Income MSA - 35614 New York-Jersey City-White Plains, NY-NJ		\$85,483				
<i>Source: 2020 U.S. Census and 2022 D&amp;B Data; Due to rounding, totals may not equal 100.0%</i>						
<i>(*) The NA category consists of geographies that have not been assigned an income classification.</i>						

Based on 2020 U.S. Census data, there are 4.7 million housing units within the AA. Of these housing units, 40.3 percent are owner-occupied, 50.4 percent are occupied rental units, and 9.3 percent are vacant units.

Examiners used 2019, 2020, 2021, and 2022 FFIEC-updated median family income levels to analyze home mortgage loans under the Borrower Profile criterion. The table below presents the median family income ranges for the MDs that compose the bank's AA:

<b>Median Family Income Ranges</b>				
<b>Median Family Incomes</b>	<b>Low</b>	<b>Moderate</b>	<b>Middle</b>	<b>Upper</b>
	<b>&lt;50%</b>	<b>50% to &lt;80%</b>	<b>80% to &lt;120%</b>	<b>≥120%</b>
<b>New York-Jersey City-White Plains, NY-NJ Median Family Income (35614)</b>				
2019 (\$79,300)	<\$39,650	\$39,650 to <\$63,440	\$63,440 to <\$95,160	≥\$95,160
2020 (\$81,800)	<\$40,900	\$40,900 to <\$65,440	\$65,440 to <\$98,160	≥\$98,160
2021 (\$85,500)	<\$42,750	\$42,750 to <\$68,400	\$68,400 to <\$102,600	≥\$102,600
2022 (\$99,000)	<\$49,500	\$49,500 to <\$79,200	\$79,200 to <\$118,800	≥\$118,800
<b>Nassau County-Suffolk County, NY Median Family Income (35004)</b>				
2019 (\$124,000)	<\$62,000	\$62,000 to <\$99,200	\$99,200 to <\$148,800	≥\$148,800
2020 (\$126,600)	<\$63,300	\$63,300 to <\$101,280	\$101,280 to <\$151,920	≥\$151,920
2021 (\$129,900)	<\$64,950	\$64,950 to <\$103,920	\$103,920 to <\$155,880	≥\$155,880
2022 (\$146,400)	<\$73,200	\$73,200 to <\$117,120	\$117,120 to <\$175,680	≥\$175,680
<i>Source: FFIEC</i>				

According to Moody’s Analytics, the area serves as the financial capital of the world, with economic strengths that include high per capita income, low exposure to manufacturing, strong international immigration, a robust healthcare center, and a highly skilled workforce. Economic growth outpaces the national average, fueled by hotels, restaurants, and hospitals. Economic weaknesses include high costs, including taxes, housing, office rents, and energy; rapidly aging infrastructure; lack of developable land; and poor demographics, including poor out-migration and a rapidly aging population. The economic environment resulted in layoffs in the financial services and technology sectors, while the housing market slowly recedes due to a steady population outflow.

The unemployment rate for the New York-Newark, NY-NJ-CT-PA Combined Statistical Area, which encompasses the bank’s AA, was 4.4 percent as of June 2022, which equals the state level, but is higher than the national level of 3.6 percent, reflecting ongoing economic challenges relative to the nation in general.

The top employers in the bank’s AA are Northwell Health, Montefiore Health System, Mount Sinai Health System, JPMorgan Chase & Co., Bank of America, New York-Presbyterian Healthcare System, NYU Langone Medical Center, and Macy’s, Inc.

### **Competition**

There is a high level of competition for home mortgage loans among the area’s banks, credit unions, and non-depository mortgage lenders. In 2021, 576 lenders reported 400,111 1-4 family mortgage loan originations and purchases. The ten most prominent 1-4 family home mortgage lenders accounted for 47.1 percent of total market share, while RSB ranked 79<sup>th</sup> with a 0.2 percent market share. The top lenders are predominantly large multi-billion dollar regional and national depository institutions and national mortgage companies, as well as one large multi-billion dollar credit union. For multi-family loans, 118 lenders reported 4,784 loan originations and purchases relating to



properties with five or more units. The top ten lenders accounted for 60.1 percent of the total multi-family market share, including RSB, which ranked ninth with a 2.5 percent market share.

The market for financial services within the AA is highly competitive. According to the FDIC Deposit Market Share report as of June 30, 2022, 177 financial institutions operated 4,525 offices within the AA. Of these institutions, RSB ranked 38<sup>th</sup> with a 0.2 percent deposit market share. The five institutions with the highest deposit market shares accounted for 60.6 percent of total deposit market share. These entities are mainly large, multi-billion dollar depository institutions that serve a much larger multi-regional or multi-state area in addition to this AA.

### **Community Contact**

Examiners contacted a local non-profit affordable housing and social service organization within the South Bronx to identify the area's credit and community development needs. The contact stated that affordable housing is the most urgent AA credit need. The contact cited a limited supply of affordable housing, which coupled with high demand, results in rising housing costs and excessive rents. In addition, there is an increasing trend whereby local businesses are closing and selling their properties to real estate developers, who often convert the properties into higher-end housing units that charge at or above market rate rents, further impeding affordable housing availability.

The contact also stated that access to traditional bank services is a challenge within the greater South Bronx area. The contact stated that in a recent local survey, approximately 25.0 percent of respondents did not maintain a traditional bank account and are unbanked, as these individuals instead seek services from higher-cost check-cashing facilities. The contact attributed this to a general lack of physical banking offices in the area. In response, the community contact is working with local financial institutions to develop the 'Bronx Financial Access' program, which seeks to expand financial service availability for Bronx residents through a mobile bank delivery system that utilizes a vehicle to deliver services to different locations throughout the Bronx.

### **Credit and Community Development Needs and Opportunities**

Based on information from the community contact, bank management, and the demographic and economic data, the most urgent and ongoing credit need in the AA is affordable housing. The high demand and low availability of housing increases existing home prices and rents, which adversely affects affordability. Additionally, there is a need for physical access to traditional banking offices and services, as evidenced by the large segment of residents that remain unbanked, particularly within the South Bronx area.

## SCOPE OF EVALUATION

### **General Information**

Examiners used the Interagency Large Institution CRA Examination Procedures to evaluate RSB's performance since the previous evaluation dated December 2, 2019, to the current evaluation dated March 8, 2023. The procedures consist of the Lending, Investment, and Service Tests (see Appendices). Examiners used full-scope procedures to assess RSB's performance in its AA.

### **Activities Reviewed**

Examiners analyzed RSB's lending performance by reviewing its 1-4 family home mortgage, multi-family mortgage, and small business loans. These loans represented the institution's major product lines during the review period given its business strategy, loan portfolio composition, and the number and dollar volume of loan originations. The bank's record of originating 1-4 family mortgage loans contributed more weight to the overall conclusions due to the larger loan volume when compared to multi-family mortgage and small business loans during the review period. No other loan types, such as small farm or consumer loans, represent a major product line; therefore, they provided no material support for conclusions or ratings and are not presented.

Examiners reviewed the residential home mortgage loans reported on RSB's Home Mortgage Disclosure Act (HMDA) loan application registers for the years 2019, 2020, 2021, and 2022. The HMDA-reportable loans include home purchase loans, home improvement loans, and refinance loans on 1-4 family and multi-family (5 or more units) properties. The bank's HMDA activity included primarily 1-4 family residential mortgage loans, with 1,935 loans totaling \$1.4 billion within its AA. The HMDA lending also included 369 multi-family mortgage loans totaling \$1 billion within the AA. Examiners compared the bank's 2019, 2020, and 2021 HMDA lending to 2015 American Community Survey (ACS) demographic data and to the aggregate HMDA data for 2019, 2020, and 2021. Examiners compared the bank's 2022 HMDA lending to 2020 U.S. Census demographic data. Aggregate HMDA data for 2022 was not yet available as of the evaluation date. In addition, while the evaluation presents the number and dollar volume of loans, examiners emphasized performance by number of loans because the number of loans is a better indicator of the number of individuals and businesses served.

Examiners reviewed the bank's small business lending activity for 2020 and 2021 using the loan registers that it maintained pursuant to the CRA. Previously, small business loans were not a major product line of the bank. However, there was a significant increase in activity during the evaluation period due to the bank's participation in the SBA's Paycheck Protection Program (PPP). The PPP was an emergency loan program launched by the federal government in April 2020, to assist businesses experiencing hardship due to the pandemic. The PPP expired in May of 2021. The bank reported 619 small business loans totaling \$26.2 million from 2020 through 2021. Examiners compared the bank's record of small business lending to Dun & Bradstreet (D&B) demographic data and aggregate small business loan data for 2020 and 2021.

The CRA evaluation also reviewed the bank's community development loans, investments, and services for the period since the previous CRA evaluation. Qualified investments included new investments and grants, as well as outstanding qualified investments from prior evaluation periods.

Under the Service Test, in addition to the bank's branch network, examiners reviewed its alternative delivery systems, as well as any impact of branch openings or closings since the prior evaluation, as applicable. Examiners also reviewed retail banking products and services targeted to low- and moderate-income individuals or small businesses.

## **CONCLUSIONS ON PERFORMANCE CRITERIA**

### **LENDING TEST**

The Lending Test is rated "High Satisfactory." RSB's performance in the Geographic Distribution, Borrower Profile, and Community Development Loans criteria primarily supports this conclusion.

#### **Lending Activity**

RSB's overall lending levels reflect adequate responsiveness to the AA's credit needs.

RSB is an active 1-4 family home mortgage lender with 1,935 HMDA-reportable 1-4 family mortgage loans within the AA during the evaluation period. However, the bank's market rankings for its 1-4 family mortgage loan activity levels decreased over the evaluation period based on the aggregate HMDA data. Specifically, in 2019, RSB's performance ranked sixtieth out of 541 lenders with a 0.3 percent market share; in 2020, RSB's performance ranking fell to 71<sup>st</sup> out of 560 lenders with a 0.2 percent market share; and in 2021, RSB's performance ranked lower at 79<sup>th</sup> out of 567 lenders with a market share of 0.2 percent. During 2022, the bank increased its number of 1-4 family mortgage loans significantly. The bank attributed the increase to post pandemic housing supply trends and increased demand fueled by rising interest rates. There was no market rank data available for 2022 for evaluation purposes.

RSB is also an active multi-family mortgage lender with 369 HMDA-reportable multi-family mortgage loans within the AA during the review period. The bank's market ranking for its multi-family mortgage lending increased over the evaluation period based on aggregate HMDA data. In 2019, RSB's performance ranked twelfth out of 151 lenders with a 2.3 percent market share; in 2020, RSB's ranking improved to eleventh out of 128 lenders with a 2.5 percent market share; and in 2021, RSB's performance rank improved to ninth out of 118 lenders with a 2.5 percent market share. During 2022, the bank's number of multi-family loans increased compared to prior years; however, there was no market rank data available for 2022 for evaluation purposes.

RSB also originated small business loans, primarily through the PPP program. During 2020 and 2021, RSB originated 607 small business loans totaling \$25.7 million within its AA. RSB also extended over \$367.8 million in community development loans in its AA. These loans primarily supported affordable housing for low- and moderate-income individuals and families.

## Assessment Area Concentration

RSB made a substantial majority of its 1-4 family, multi-family, and small business loans within the AA. The following table illustrates the bank's lending inside and outside of the AA.

Lending Inside and Outside of the Assessment Area										
Loan Category	Number of Loans				Total	Dollar Amount of Loans \$(000s)				Total
	Inside		Outside			Inside		Outside		
	#	%	#	%	#	\$	%	\$	%	\$(000s)
1-4 Family										
2019	413	84.5	76	15.5	489	263,939	83.2	53,258	16.8	317,196
2020	397	85.9	65	14.1	462	311,705	84.9	55,636	15.1	367,341
2021	439	88.0	60	12.0	499	338,601	86.8	51,607	13.2	390,208
2022	686	85.0	121	15.0	807	531,122	85.0	93,614	15.0	624,735
<b>Subtotal</b>	<b>1,935</b>	<b>85.7</b>	<b>322</b>	<b>14.3</b>	<b>2,257</b>	<b>1,445,367</b>	<b>85.0</b>	<b>254,115</b>	<b>15.0</b>	<b>1,699,480</b>
Multifamily										
2019	97	99.0	1	1.0	98	269,448	98.4	4,300	1.6	273,748
2020	79	100.0	0	0.0	79	187,198	100.0	0	0.0	187,198
2021	89	96.7	3	3.3	92	218,292	97.3	6,000	2.7	224,292
2022	104	100.0	0	0.0	104	371,855	100.0	0	0.0	371,855
<b>Subtotal</b>	<b>369</b>	<b>98.9</b>	<b>4</b>	<b>1.1</b>	<b>373</b>	<b>1,046,793</b>	<b>99.0</b>	<b>10,300</b>	<b>1.0</b>	<b>1,057,093</b>
Small Business										
2020	371	98.4	6	1.6	377	15,122	99.0	157	1.0	15,279
2021	236	97.5	6	2.5	242	10,620	97.4	279	2.6	10,899
<b>Subtotal</b>	<b>607</b>	<b>98.1</b>	<b>12</b>	<b>1.9</b>	<b>619</b>	<b>25,742</b>	<b>98.3</b>	<b>436</b>	<b>1.7</b>	<b>26,178</b>
<b>Total</b>	<b>2,911</b>	<b>89.6</b>	<b>338</b>	<b>10.4</b>	<b>3,249</b>	<b>2,517,902</b>	<b>90.5</b>	<b>264,851</b>	<b>9.5</b>	<b>2,782,751</b>

Source: Bank Data; Due to rounding, totals may not equal 100.0%

## Geographic Distribution

The geographic distribution of loans reflects good penetration throughout the AA. The adequate penetration of 1-4 family home mortgage, the good penetration of small business loans, and the excellent penetration of multi-family mortgage loans support this conclusion.

### *1-4 Family Home Mortgage Loans*

The geographic distribution of 1-4 family home mortgage loans reflects adequate penetration throughout the AA. The following table illustrates the geographic distribution of the bank's 1-4 family home mortgage loans.

Geographic Distribution of 1-4 Family Home Mortgage Loans						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2019	2.4	2.7	12	2.9	12,160	4.6
2020	2.4	2.4	8	2.0	5,830	1.9
2021	2.4	2.7	7	1.6	9,109	2.7
2022	2.5	--	14	2.0	11,462	2.2
Moderate						
2019	14.7	15.0	48	11.6	43,008	16.3
2020	14.7	13.4	45	11.3	39,299	12.6
2021	14.7	14.5	64	14.6	50,809	15
2022	15.5	--	98	14.3	77,500	14.6
Middle						
2019	42.6	43.6	102	24.7	61,346	23.2
2020	42.6	44.4	126	31.7	91,795	29.4
2021	42.6	42.5	142	32.3	95,414	28.2
2022	43.4	--	245	35.7	158,792	29.9
Upper						
2019	40.1	38.5	250	60.5	146,650	55.6
2020	40.1	39.6	218	54.9	174,781	56.1
2021	40.1	40.2	226	51.5	183,269	54.1
2022	38.0	--	324	47.2	278,525	52.4
Not Available						
2019	0.1	0.1	1	0.2	775	0.3
2020	0.1	0.1	0	0.0	0	0.0
2021	0.1	0.1	0	0.0	0	0.0
2022	0.6	--	5	0.7	4,844	0.9
<b>Totals</b>						
<b>2019</b>	<b>100.0</b>	<b>100.0</b>	<b>413</b>	<b>100.0</b>	<b>263,939</b>	<b>100.0</b>
<b>2020</b>	<b>100.0</b>	<b>100.0</b>	<b>397</b>	<b>100.0</b>	<b>311,705</b>	<b>100.0</b>
<b>2021</b>	<b>100.0</b>	<b>100.0</b>	<b>439</b>	<b>100.0</b>	<b>338,601</b>	<b>100.0</b>
<b>2022</b>	<b>100.0</b>	<b>--</b>	<b>686</b>	<b>100.0</b>	<b>531,121</b>	<b>100.0</b>
<i>Source: 2015 ACS; 2020 U.S. Census, Bank Data, 2019, 2020 &amp; 2021 HMDA Aggregate Data, "--" data not available; Due to rounding, totals may not equal 100.0%</i>						

RSB's performance in the low-income tracts exceeded both the demographic and aggregate lending data in 2019, but was slightly below those measures in 2020 and 2021. In 2022, the bank's performance remained slightly below demographic data. RSB's performance in the moderate-income tracts was slightly below the demographic and aggregate lending data in 2019 and 2020, but

was generally in line with those measures in 2021. During 2022, the bank increased its volume of loans in the moderate-income areas, with its performance generally consistent with demographic data.

### *Multi-Family Home Mortgage Loans*

The geographic distribution of multi-family home mortgage loans reflects excellent penetration in the low- and moderate-income census tracts. The following table illustrates the geographic distribution of the bank's multi-family home mortgage loans.

<b>Geographic Distribution of Multi-family Home Mortgage Loans</b>						
<b>Tract Income Level</b>	<b>% of Multi-family Housing Units</b>	<b>Aggregate Performance % of #</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
<b>Low</b>						
2019	18.7	17.1	22	22.7	52,307	19.4
2020	18.7	15.3	12	15.2	21,268	11.4
2021	18.7	15.2	25	28.1	64,065	29.3
2022	18.9	--	15	14.4	59,035	15.9
<b>Moderate</b>						
2019	26.6	33.3	43	44.3	120,715	44.8
2020	26.6	33.3	40	50.6	74,310	39.7
2021	26.6	34.3	34	38.2	83,112	38.1
2022	24.1	--	36	34.6	118,455	31.9
<b>Middle</b>						
2019	19.4	19.0	23	23.7	69,602	25.8
2020	19.4	18.1	15	19.0	33,538	17.9
2021	19.4	19.7	12	13.5	22,585	10.3
2022	20.7	--	24	23.1	66,610	17.9
<b>Upper</b>						
2019	35.0	30.3	9	9.3	26,825	10.0
2020	35.0	32.9	12	15.2	58,083	31.0
2021	35.0	30.8	18	20.2	48,530	22.2
2022	34.8	--	25	24.0	107,005	28.8
<b>Not Available</b>						
2019	0.3	0.4	0	0.0	0	0.0
2020	0.3	0.4	0	0.0	0	0.0
2021	0.3	0.1	0	0.0	0	0.0
2022	1.5	--	4	3.8	20,750	5.6
<b>Totals</b>						
<b>2019</b>	<b>100.0</b>	<b>100.0</b>	<b>97</b>	<b>100.0</b>	<b>269,448</b>	<b>100.0</b>
<b>2020</b>	<b>100.0</b>	<b>100.0</b>	<b>79</b>	<b>100.0</b>	<b>187,198</b>	<b>100.0</b>
<b>2021</b>	<b>100.0</b>	<b>100.0</b>	<b>89</b>	<b>100.0</b>	<b>218,292</b>	<b>100.0</b>
<b>2022</b>	<b>100.0</b>	<b>--</b>	<b>104</b>	<b>100.0</b>	<b>371,855</b>	<b>100.0</b>
<i>Source: 2015 ACS; 2020 U.S. Census, Bank Data, 2019, 2020 &amp; 2021 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%</i>						

In 2019, RSB's performance in the low-income census tracts exceeded both the demographic and aggregate lending data. In 2020, RSB's performance in the low-income census tracts declined to a level below demographic data, but was consistent with the aggregate lending data. In 2021, RSB's

performance in the low-income census tracts increased significantly, exceeding both the demographic and aggregate lending data. In 2022, RSB's percentage of loans in the low-income census tracts declined to a level below the demographic measure.

RSB's performance in the moderate-income census tracts significantly exceeded both the demographic and aggregate lending data during 2019, 2020, and 2021. The bank's multi-family lending in 2022 was generally consistent with the prior year, with RSB's percentage of loans in the moderate-income tracts again exceeding the demographic measure.

*Small Business Loans*

The geographic distribution of small business loans reflects good penetration throughout the assessment area. This conclusion is based on the bank's adequate performance in the low-income tracts and its good performance in the moderate-income tracts. The following table details the distribution of the bank's small business loans by tract income level.

<b>Geographic Distribution of Small Business Loans</b>						
<b>Tract Income Level</b>	<b>% of Businesses</b>	<b>Aggregate Performance % of #</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
<b>Low</b>						
2020	6.3	6.2	15	4.0	527	3.5
2021	6.9	6.6	9	3.8	117	1.1
<b>Moderate</b>						
2020	18.1	17.4	71	19.1	2,684	17.7
2021	19.1	19.2	49	20.8	1,251	11.8
<b>Middle</b>						
2020	29.9	30.4	144	38.8	6,265	41.4
2021	30.4	31.5	97	41.1	3,486	32.8
<b>Upper</b>						
2020	43.8	44.3	139	37.5	5,541	36.6
2021	41.8	41.0	80	33.9	5,731	54.0
<b>Not Available</b>						
2020	1.9	1.9	2	0.5	105	0.7
2021	1.7	1.7	1	0.4	35	0.3
<b>Totals</b>						
<b>2020</b>	<b>100.0</b>	<b>100.0</b>	<b>371</b>	<b>100.0</b>	<b>15,122</b>	<b>100.0</b>
<b>2021</b>	<b>100.0</b>	<b>100.0</b>	<b>236</b>	<b>100.0</b>	<b>10,620</b>	<b>100.0</b>
<i>Source: 2020 &amp; 2021 D&amp;B Data; Bank Data; 2020 &amp; 2021 CRA Aggregate Data, Due to rounding, totals may not equal 100.0%</i>						



## **Borrower Profile**

The distribution of borrowers reflects adequate penetration among individuals of different income levels. The bank's adequate level of 1-4 family mortgage lending to low- and moderate-income borrowers primarily supports this conclusion. Examiners did not consider RSB's multi-family lending under this criterion, as the bank is not required to collect or report borrower income data for these loans.

### *1-4 Family Home Mortgage Loans*

The distribution of borrowers for 1-4 family home mortgage loans reflects adequate penetration among retail customers of different income levels. Although the demographic data indicates that over 40.0 percent of the area's families are low- and moderate-income, the area's high median housing value of \$639,612 poses a challenge to homeownership for low- and moderate-income persons, which limits the loan demand from borrowers in these income categories. Therefore, examiners placed more emphasis on the comparison to aggregate lending data, as this data is a better indicator of loan demand. The following table details the distribution of the bank's 1-4 family home mortgage loans by borrower income level.

<b>Distribution of 1-4 Family Home Mortgage Loans by Borrower Income Level</b>						
<b>Borrower Income Level</b>	<b>% of Families</b>	<b>Aggregate Performance % of #</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
<b>Low</b>						
2019	28.5	3.5	5	1.2	369	0.1
2020	28.5	2.5	2	0.5	493	0.2
2021	28.5	2.9	13	3.0	2,463	0.7
2022	26.6	--	18	2.6	3,226	0.6
<b>Moderate</b>						
2019	16.4	12.7	31	7.5	6,005	2.3
2020	16.4	12.0	17	4.3	4,206	1.3
2021	16.4	12.9	45	10.3	12,263	3.6
2022	16.1	--	79	11.5	26,495	5.0
<b>Middle</b>						
2019	17.1	20.1	43	10.4	12,391	4.7
2020	17.1	20.7	43	10.8	15,189	4.9
2021	17.1	21.6	61	13.9	22,615	6.7
2022	17.5	--	101	14.7	47,859	9.0
<b>Upper</b>						
2019	38.0	50.3	297	71.9	197,216	74.7
2020	38.0	51.4	315	79.3	264,386	84.8
2021	38.0	51.2	305	69.5	273,810	80.9
2022	39.8	--	451	65.7	381,877	71.9
<b>Not Available</b>						
2019	0.0	13.3	37	9	47,958	18.2
2020	0.0	13.3	20	5	27,432	8.8
2021	0.0	11.4	15	3.4	27,450	8.1
2022	0.0	--	37	5.4	71,665	13.5
<b>Totals</b>						
<b>2019</b>	<b>100.0</b>	<b>100.0</b>	<b>413</b>	<b>100.0</b>	<b>263,939</b>	<b>100.0</b>
<b>2020</b>	<b>100.0</b>	<b>100.0</b>	<b>397</b>	<b>100.0</b>	<b>311,705</b>	<b>100.0</b>
<b>2021</b>	<b>100.0</b>	<b>100.0</b>	<b>439</b>	<b>100.0</b>	<b>338,601</b>	<b>100.0</b>
<b>2022</b>	<b>100.0</b>	<b>--</b>	<b>686</b>	<b>100.0</b>	<b>531,122</b>	<b>100.0</b>
<i>Source: 2015 ACS; 2020 U.S. Census, Bank Data, 2019, 2020 &amp; 2021 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%</i>						

In 2019, the distribution of 1-4 family home mortgage loans to low-income borrowers was significantly below demographic and aggregate lending data. The bank’s performance declined in 2020 due primarily to a decrease in loan demand stemming from the COVID-19 pandemic. However, RSB’s lending to low-income borrowers significantly increased in 2021 to a level consistent with the aggregate lending data, and further improved in 2022. Similarly, the distribution of 1-4 family home mortgage loans to moderate-income borrowers was significantly below demographic and aggregate lending data in 2019, and further declined in 2020 due primarily to a decrease in loan demand stemming from the COVID-19 pandemic. However, RSB’s lending to moderate-income borrowers increased significantly in 2021 to a level slightly below aggregate lending data and further improved in 2022.

*Small Business Loans*

Since revenue data was unavailable for RSB’s PPP loans, examiners could not evaluate the distribution of borrowers for the bank’s small business loans based on business size. However, using loan size as a proxy for business size, examiners determined that the majority of the bank’s PPP loans were likely made to small businesses. As an example, the following table depicts the distribution of the bank’s PPP loans by loan size for 2021.

<b>Distribution of Reportable PPP Loans by Loan Size - 2021</b>				
<b>Loan Size</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
< \$100,000	212	89.8	4,875	45.9
\$100,000 - \$249,999	17	7.2	2,572	24.2
\$250,000 - \$1,000,000	7	3.0	3,173	29.9
<b>Total</b>	<b>236</b>	<b>100%</b>	<b>10,620</b>	<b>100.0</b>
<i>Source: Bank Data</i>				

The table above shows that a majority of PPP loans, by number, had loan sizes less than \$100,000. This indicates the bank’s participation in the PPP helped to serve the needs of smaller businesses in the assessment area. Although not presented, the distribution by loan size was similar in 2020.

**Innovative or Flexible Lending Practices**

RSB uses innovative and/or flexible lending practices in order to serve AA credit needs. The bank offers the following flexible loan programs designed to improve access to credit for low- and moderate-income individuals and families:

- RSB offers affordable home loan products called the Good Move Mortgage and the Good Move Plus Mortgage. The Good Move Mortgage program features a down payment requirement as low as 3.0 percent, a \$2,000 credit towards closing costs (purchases only), and up to 95 percent financing for two-family homes. The program also allows outside grants and subsidies up to 108 percent loan-to-value. The Good Move Plus Mortgage program also allows down payments as low as 3.0 percent, provides up to 95 percent financing for two-family homes, and makes available up to \$7,000 in closing cost and mortgage insurance assistance for eligible borrowers. Additionally, the program has

discounted rates, requires no application fee, and permits the borrower to apply soft second mortgages, grants, and/or subsidies towards the down payment and/or closing costs. RSB originated 12 mortgage loans totaling \$3.3 million under these programs during the review period.

- RSB participates in the State of New York Mortgage Agency's (SONYMA) Low Interest Rate Mortgage Program. This program provides qualified low- and moderate-income first time homebuyers with low down payment home mortgage financing. The program does not require private mortgage insurance, offers competitive interest rates, and allows for down payment assistance. During the review period, RSB originated 47 SONYMA loans totaling approximately \$15 million. This represents a significant increase compared to the prior evaluation, which reported 4 SONYMA loans totaling approximately \$1.1 million.
- RSB provides a Tuition Loan Program to parents of students attending a local school located in a moderate-income census tract in the bank's AA. Under the program, the school receives the tuition payment at the beginning of the school year, while parents can opt to make payments over a 10-month period. All loans are secured by reserves held on deposit at RSB in the name of the respective school. This program is attractive to low- and moderate-income families, as participants receive tuition discounts and below market rate loans. During the review period, RSB originated 72 loans totaling approximately \$338,000.
- RSB offers a Credit Builder loan program designed to help customers with no or limited credit history to establish or improve their credit scores. Funds borrowed from RSB are deposited into a new RSB Statement Savings Account as collateral, and are subsequently repaid on a monthly basis. Upon repayment of the loan in full, customers can continue to use the RSB Statement Savings Account as a traditional savings account. During the review period, RSB originated 171 Credit Builder loans totaling approximately \$226,000.

RSB also offered a flexible or innovative program for businesses. Specifically, RSB participated in the SBA's Paycheck Protection Program (PPP), which was an emergency loan program to provide financial relief and assistance to small businesses experiencing financial hardship and duress due to the pandemic. The PPP financing featured a 100.0 percent SBA loan guarantee on loans up to \$10 million and a below-market fixed interest rate of 1.0 percent over a two-year term. The loans were forgivable if the business retained the required minimum percentage of workers on the payroll. The federal government launched the PPP on April 3, 2020, with an expiration date of May 31, 2021. RSB made 607 PPP loans totaling \$25.7 million inside the AA during the review period.

### **Community Development Loans**

RSB is a leader in making community development loans. The bank originated 171 community development loans totaling \$367.8 million during the evaluation period. This level of community development lending equates to 5.4 percent of total assets (\$5.8 billion) and 8.5 percent of total loans (\$4.3 billion), as of December 31, 2022. Although this performance represents a decrease compared to the prior evaluation's 182 community development loans totaling \$495.5 million,

which represented 8.6 percent of total assets and 12.5 percent of total loans, this level of performance remains in a leadership position.

The following table illustrates the bank’s qualified community development loans by year and purpose.

Community Development Lending										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
2019	4	11,600	0	0	0	0	0	0	4	11,600
2020	47	81,510	0	0	0	0	1	1,607	48	83,117
2021	59	142,097	0	0	1	2,000	0	0	60	144,097
2022	59	129,025	0	0	0	0	0	0	59	129,025
2023 year to date	0	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>169</b>	<b>364,232</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>2,000</b>	<b>1</b>	<b>1,607</b>	<b>171</b>	<b>367,839</b>

*Source: Bank Data*

A majority of the bank’s community development loans were multi-family loans that supported affordable housing. The rents for the properties were affordable based on a comparison to the Department of Housing and Urban Development’s Fair Market Rents. Examiners also considered economic and demographic data to determine the likelihood that renters were low- and moderate-income individuals or families. Based on information received from community contacts and economic reports, affordable housing represents a primary and urgent community development need within the AA.

The following are notable examples of the bank’s community development loans:

- In 2021, RSB originated an \$11.9 million loan that provided affordable housing in Bronx County, New York. The loan was secured by a 99-unit building.
- In 2020, RSB originated an \$8.1 million loan that provided affordable housing in Westchester County, New York. The loan was secured by a 77-unit building.
- In 2020, RSB originated a \$5.5 million loan that provided affordable housing in New York County, New York. The loan was secured by a 100-unit building.
- In 2020 and 2021, RSB originated two loans totaling \$3.6 million under the Small Business Administration’s PPP. One loan supported the retention of jobs for low- and moderate-income persons, while the other loan supported job retention in a moderate-income geography.

## INVESTMENT TEST

The Investment Test is rated “High Satisfactory.” RSB’s significant level of qualified community development investment and grants primarily supports this conclusion.

### Investment and Grant Activity

RSB has a significant level of qualified community development investments and grants. During the evaluation period, the bank had total qualified investments of \$96 million, which included 18 new investments totaling \$53.8 million, 35 outstanding prior period investments of \$41.8 million, and donations or grants totaling \$409,000. The total qualified investments equates to 1.4 percent of total assets (\$6.8 billion) and 5.5 percent of total securities (\$1.2 billion), as of December 31, 2022. Total qualified investments decreased since the prior evaluation, which reported investments of \$99.8 million, representing 1.7 percent of total assets and 8.2 percent of total securities. While total qualified investments decreased, the number and dollar volume of new investments increased when compared to the prior evaluation, which reported 13 new investments totaling \$31 million.

The following table illustrates the bank’s qualified investments by year and purpose.

Qualified Investments										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Prior Period	35	41,812	0	0	0	0	0	0	35	41,812
2019 (Partial)	0	0	0	0	0	0	0	0	0	0
2020	6	11,168	0	0	0	0	0	0	6	11,168
2021	8	33,094	0	0	0	0	0	0	8	33,094
2022	4	9,536	0	0	0	0	0	0	4	9,536
2023 year to date	0	0	0	0	0	0	0	0	0	0
<b>Subtotal</b>	<b>53</b>	<b>95,610</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>53</b>	<b>95,610</b>
Qualified Grants & Donations	79	113	184	217	9	12	30	48	302	390
<b>Total</b>	<b>132</b>	<b>95,723</b>	<b>184</b>	<b>217</b>	<b>9</b>	<b>12</b>	<b>30</b>	<b>48</b>	<b>355</b>	<b>96,000</b>

Source: Bank Data

The following are examples of the bank’s qualified investments.

### Outstanding Qualified Investments

- RSB maintains 35 Government National Mortgage Association (GNMA), Federal Home Loan Mortgage Corporation (FHLMC), and Federal National Mortgage Association (FNMA) mortgage-backed securities (MBS) with book values totaling \$41.8 million. All mortgages collateralizing the securities were made to low- and moderate-income borrowers, with some mortgages secured by properties located within low- and moderate-income census tracts. All

of the mortgages were originated within the bank's AA. These investments promote affordable housing.

### New Qualified Investments

- In 2020, the bank purchased four FNMA MBS and two FHLMC MBS totaling \$11.2 million. The MBSs are collateralized by 34 mortgage loans extended to low- and moderate-income borrowers located within the bank's AA. These investments promote affordable housing.
- In 2021, the bank purchased seven FNMA MBS and one FHLMC MBS totaling \$33.1 million. Six of the MBSs are collateralized by 72 mortgage loans extended to low- and moderate-income borrowers. All of the mortgages finance properties within the bank's AA. The remaining two MBSs are secured by 150-unit and 120-unit apartment buildings located in the bank's AA. A majority of the units in the building have affordable rents. These investments promote affordable housing.
- In 2022, the bank purchased three FNMA MBS and one FHLMC MBS totaling \$9.5 million. The MBSs are collateralized by 38 mortgage loans extended to low- and moderate-income borrowers, some of which resided in low- and moderate-income census tracts. All of the mortgages financed properties within the bank's AA. These investments promote affordable housing.

### Donations

During the review period, the bank made approximately \$409,000 in qualifying donations to organizations that provide support services, financial education, food, clothing, and shelter to low- and moderate-income residents of the AA. The following are examples of these donations.

- Association for Neighborhood & Housing Development - The bank made four donations totaling \$8,500 to this community organization that supports affordable housing throughout New York City.
- Renaissance Economic Development Corporation (REDC) - The bank made two donations totaling \$3,000 to this economic development organization located in New York City. REDC provides small business loans, training, and counseling services to businesses located in low- and moderate-income communities.
- East Hampton Food Pantry - The bank made four donations totaling \$3,150 to this food pantry located in Suffolk County. The donations support community service within the bank's AA.

### Responsiveness to Credit and Community Development Needs

RSB exhibits good responsiveness to credit and community development needs. The bank's investments primarily benefitted affordable housing efforts, which is a credit need in the AA.

**Community Development Initiatives**

RSB rarely uses innovative and/or complex investments to support community development initiatives. The majority of the bank’s investments include mortgage-backed securities, which are not particularly innovative or complex investments.

**SERVICE TEST**

The Service Test is rated “High Satisfactory.” RSB’s relatively high level of community development services primarily supports this conclusion.

**Accessibility of Delivery Systems**

The bank’s delivery systems are accessible to essentially all portions of the AA. The bank operates 35 full-service and 1 limited-service location. The limited-service location consists of a stand-alone drive-through teller location that offers virtual teller services during regular banking hours. The bank also operates 55 ATMs throughout its assessment area. The table below outlines the location of the bank’s full-service offices and ATMs by census tract income level.

<b>Branch and ATM Distribution by Geography Income Level</b>												
<b>Tract Income Level</b>	<b>Census Tracts</b>		<b>Population</b>		<b>Branches</b>		<b>ATMs</b>		<b>Branch Openings</b>		<b>Branch Closings</b>	
	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>
Low	307	9.9	1,470,180	12.0	0	0.0	0	0.0	0	0.0	0	0.0
Moderate	705	22.6	2,960,672	24.2	10	28.6	14	25.5	1	100.0	1	100.0
Middle	1,100	35.3	4,269,207	34.9	13	37.1	22	40.0	0	0.0	0	0.0
Upper	836	26.9	3,383,912	27.7	12	34.3	19	34.5	0	0.0	0	0.0
NA	165	5.3	150,623	1.2	0	0.0	0	0.0	0	0.0	0	0.0
<b>Totals</b>	<b>3,113</b>	<b>100.0</b>	<b>12,234,594</b>	<b>100.0</b>	<b>35</b>	<b>100.0</b>	<b>55</b>	<b>100.0</b>	<b>1</b>	<b>100.0</b>	<b>1</b>	<b>100.0</b>

*Source: 2020 U.S. Census & Bank Data. Due to rounding, totals may not equal 100.0%*

As shown in the table above, RSB has no branches or ATMs in the low-income geographies. However, two of the bank’s branches are located in geographies that border low-income tracts, thereby providing access to services for low- and moderate-income residents. Further, the bank utilizes an ATM network that includes many ATMs located in low-income geographies. Regarding the moderate-income tracts, the bank’s percentage of branches and ATMs within those tracts exceeds both the percentage of moderate-income census tracts and the percentage of the population residing in those tracts.

RSB also offers alternative delivery systems, including ATMs, mobile banking, and online banking. The bank operates 55 ATMs and belongs to an ATM network consisting of 5,500 locations,



providing its customers with surcharge free ATM access throughout the United States. The bank's alternative delivery systems are available to increase the accessibility of banking services for all customers, including low- and moderate-income individuals and those residing in low- and moderate-income areas.

### **Changes in Branch Locations**

To the extent changes have been made, the institution's record of opening and closing branches has not adversely affected the accessibility of its delivery systems, particularly in low- and moderate-income geographies and/or to low- and moderate-income individuals.

RSB made changes to its branch network during the review period. In August 2021, the bank opened a branch in the Norwood section of Bronx County. In September 2021, the bank closed its Jerome Avenue branch, also in Bronx County. Since both the newly opened branch and the closed branch office were located in moderate-income census tracts, the net effect on the accessibility of services in the moderate-income areas was minimal. During the review period, the bank also relocated its White Plains Road branch. The new branch is located in an adjacent census tract just 0.2 miles from the previous location. Notably, both the new and former locations were in moderate-income census tracts, resulting in minimal change to the accessibility of services in the moderate-income areas.

### **Reasonableness of Business Hours and Services**

Services do not vary in a way that inconveniences certain portions of the AA, particularly low- and moderate-income geographies and/or individuals. Branch hours are comparable to other local financial institutions, and all offices offer Saturday hours. The bank's loan and deposit product offerings do not vary among the 35 branch offices. In addition, the various alternative banking options such as telephone banking, ATMs, and online and mobile banking, provide customers with 24-hour access to their accounts.

### **Community Development Services**

RSB provides a relatively high level of community development services. RSB's community development services primarily focused on community services that benefit low- and moderate-income individuals and families. The bank's directors, officers, and employees participated in 78 instances of providing financial expertise or technical assistance to community development-related organizations. Notably, community development services decreased significantly compared to the prior evaluation, which reported 312 instances of community services for a nearly three year period; however, this decrease related primarily to the COVID-19 pandemic, which severely limited in-person events.

The table below details the institution's community development services by community development purpose and year.

<b>Community Development Services</b>					
<b>Year</b>	<b>Affordable Housing</b>	<b>Community Services</b>	<b>Economic Development</b>	<b>Revitalize or Stabilize</b>	<b>Total</b>
	<b>#</b>	<b>#</b>	<b>#</b>	<b>#</b>	<b>#</b>
2020	0	35	1	0	<b>36</b>
2021	1	23	0	0	<b>24</b>
2022	3	12	0	0	<b>15</b>
2023 year to date	0	3	0	0	<b>3</b>
<b>Total</b>	<b>4</b>	<b>73</b>	<b>1</b>	<b>0</b>	<b>78</b>
<i>Source: Bank Data</i>					

The following are examples of the bank’s community development service activities:

- Branch managers provided financial and technical expertise to a community center located in Queens, New York. The community center provides various community services to seniors and families, most of whom reside in the low-income area surrounding the center. Branch managers conducted six seminars focused on financial counseling and guidance regarding elder identity theft and guarding personal information.
- The bank held financial literacy training events for the students of 13 high schools, junior high schools, and youth organizations. The training included guidance on the basics of handling money, banking, and personal finance. Many of the students at the events were from low- or moderate-income families, as a majority of the students at each school participate in the free or reduced cost lunch programs. The majority of the events were dedicated to providing the FDIC’s “Money Smart” financial education program.
- The bank partners with ARIVA, an IRS-certified free tax preparation service located in Bronx, New York. The service targets low- and moderate-income individuals and families with annual incomes below the poverty level. RSB sponsored two tax preparation events.

**Other Retail Services**

RSB continues to participate in the NYC Department of Consumer Affairs “NYC SafeStart Account” program. RSB is one of eight banks offering NYC SafeStart Accounts, which feature no overdraft fees, no monthly fee, and a low minimum balance requirement.

**DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW**

Examiners reviewed the bank’s compliance with the laws relating to discrimination and other illegal credit practices, including the Fair Housing Act and the Equal Credit Opportunity Act. Examiners did not identify any discriminatory or other illegal credit practices.

## APPENDICES

### LARGE BANK PERFORMANCE CRITERIA

#### **Lending Test**

The Lending Test evaluates the bank's record of helping to meet the credit needs of its assessment area(s) through its lending activities by considering a bank's home mortgage, small business, small farm, and community development lending. If consumer lending constitutes a substantial majority of a bank's business, the FDIC will evaluate the bank's consumer lending in one or more of the following categories: motor vehicle, credit card, other secured, and other unsecured. The bank's lending performance is evaluated pursuant to the following criteria:

- 1) The number and amount of the bank's home mortgage, small business, small farm, and consumer loans, if applicable, in the bank's assessment area;
- 2) The geographic distribution of the bank's home mortgage, small business, small farm, and consumer loans, if applicable, based on the loan location, including:
  - i. The proportion of the bank's lending in the bank's assessment area(s);
  - ii. The dispersion of lending in the bank's assessment areas(s); and
  - iii. The number and amount of loans in low-, moderate-, middle- and upper-income geographies in the bank's assessment area(s);
- 3) The distribution, particularly in the bank's assessment area(s), of the bank's home mortgage, small business, small farm, and consumer loans, if applicable, based on borrower characteristics, including the number and amount of:
  - i. Home mortgage loans low-, moderate-, middle- and upper-income individuals
  - ii. Small business and small farm loans to businesses and farms with gross annual revenues of \$1 million or less;
  - iii. Small business and small farm loans by loan amount at origination; and
  - iv. Consumer loans, if applicable, to low-, moderate-, middle- and upper-income individuals;
- 4) The bank's community development lending, including the number and amount of community development loans, and their complexity and innovativeness; and
- 5) The bank's use of innovative or flexible lending practices in a safe and sound manner to address the credit needs of low- and moderate-income individuals or geographies.

#### **Investment Test**

The Investment Test evaluates the institution's record of helping to meet the credit needs of its assessment area(s) through qualified investments that benefit its assessment area(s) or a broader statewide or regional area that includes the bank's assessment area(s). Activities considered under the Lending or Service Test may not be considered under the investment test. The bank's investment performance is evaluated pursuant to the following criteria:

- 1) The dollar amount of qualified investments;
- 2) The innovativeness or complexity of qualified investments;
- 3) The responsiveness of qualified investments to available opportunities; and
- 4) The degree to which qualified investments are not routinely provided by private investors.

## Service Test

The Service Test evaluates the bank's record of helping to meet the credit needs of its assessment area(s) by analyzing both the availability and effectiveness of the bank's systems for delivering retail banking services and the extent and innovativeness of its community development services.

The bank's retail banking services are evaluated pursuant to the following criteria:

- 1) The current distribution of the bank's branches among low-, moderate-, middle-, and upper-income geographies;
- 2) In the context of its current distribution of the bank's branches, the bank's record of opening and closing branches, particularly branches located in low- or moderate-income geographies or primarily serving low- or moderate-income individuals;
- 3) The availability and effectiveness of alternative systems for delivering retail banking services (*e.g.*, RSFs, RSFs not owned or operated by or exclusively for the bank, banking by telephone or computer, loan production offices, and bank-at-work or bank-by-mail programs) in low- and moderate-income geographies and to low- and moderate-income individuals; and
- 4) The range of services provided in low-, moderate-, middle-, and upper-income geographies and the degree to which the services are tailored to meet the needs of those geographies.

The bank's community development services are evaluated pursuant to the following criteria:

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

## GLOSSARY

**Aggregate Lending:** The number of loans originated and purchased by all reporting lenders in specified income categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the metropolitan area/assessment area.

**American Community Survey (ACS):** A nationwide United States Census survey that produces demographic, social, housing, and economic estimates in the form of five year estimates based on population thresholds.

**Area Median Income:** The median family income for the MSA, if a person or geography is located in an MSA; or the statewide nonmetropolitan median family income, if a person or geography is located outside an MSA.

**Assessment Area:** A geographic area delineated by the bank under the requirements of the Community Reinvestment Act.

**Census Tract:** A small, relatively permanent statistical subdivision of a county or equivalent entity. The primary purpose of census tracts is to provide a stable set of geographic units for the presentation of statistical data. Census tracts generally have a population size between 1,200 and 8,000 people, with an optimum size of 4,000 people. Census tract boundaries generally follow visible and identifiable features, but they may follow nonvisible legal boundaries in some instances. State and county boundaries always are census tract boundaries.

**Combined Statistical Area (CSA):** A combination of several adjacent metropolitan statistical areas or micropolitan statistical areas or a mix of the two, which are linked by economic ties.

**Community Development:** For loans, investments, and services to qualify as community development activities, their primary purpose must:

- (1) Support affordable housing for low- and moderate-income individuals;
- (2) Target community services toward low- and moderate-income individuals;
- (3) Promote economic development by financing small businesses or farms; or
- (4) Provide activities that revitalize or stabilize low- and moderate-income geographies, designated disaster areas, or distressed or underserved nonmetropolitan middle-income geographies.

**Community Development Corporation (CDC):** A CDC allows banks and holding companies to make equity type of investments in community development projects. Bank CDCs can develop innovative debt instruments or provide near-equity investments tailored to the development needs of the community. Bank CDCs are also tailored to their financial and marketing needs. A CDC may purchase, own, rehabilitate, construct, manage, and sell real property. Also, it may make equity or debt investments in development projects and in local businesses. The CDC activities are expected to directly benefit low- and moderate-income groups, and the investment dollars should not represent an undue risk on the banking organization.

**Community Development Financial Institutions (CDFIs):** CDFIs are private intermediaries (either for profit or nonprofit) with community development as their primary mission. A CDFI facilitates the flow of lending and investment capital into distressed communities and to individuals who have been unable to take advantage of the services offered by traditional financial institutions. Some basic types of CDFIs include community development banks, community development loan funds, community development credit unions, micro enterprise funds, and community development venture capital funds.

A certified CDFI must meet eligibility requirements. These requirements include the following:

- Having a primary mission of promoting community development;
- Serving an investment area or target population;
- Providing development services;
- Maintaining accountability to residents of its investment area or targeted population through representation on its governing board of directors, or by other means;
- Not constituting an agency or instrumentality of the United States, of any state or political subdivision of a state.

**Community Development Loan:** A loan that:

- (1) Has as its primary purpose community development; and
- (2) Except in the case of a wholesale or limited purpose bank:
  - (i) Has not been reported or collected by the bank or an affiliate for consideration in the bank's assessment area as a home mortgage, small business, small farm, or consumer loan, unless it is a multifamily dwelling loan (as described in Appendix A to Part 203 of this title); and
  - (ii) Benefits the bank's assessment area(s) or a broader statewide or regional area including the bank's assessment area(s).

**Community Development Service:** A service that:

- (1) Has as its primary purpose community development;
- (2) Is related to the provision of financial services; and
- (3) Has not been considered in the evaluation of the bank's retail banking services under § 345.24(d).

**Consumer Loan(s):** A loan(s) to one or more individuals for household, family, or other personal expenditures. A consumer loan does not include a home mortgage, small business, or small farm loan. This definition includes the following categories: motor vehicle loans, credit card loans, home equity loans, other secured consumer loans, and other unsecured consumer loans.

**Core Based Statistical Area (CBSA):** The county or counties or equivalent entities associated with at least one core (urbanized area or urban cluster) of at least 10,000 population, plus adjacent counties having a high degree of social and economic integration with the core as measured through commuting ties with the counties associated with the core. Metropolitan and Micropolitan Statistical Areas are the two categories of CBSAs.

**Distressed Middle-Income Nonmetropolitan Geographies:** A nonmetropolitan middle-income geography will be designated as distressed if it is in a county that meets one or more of the following triggers:

- (1) An unemployment rate of at least 1.5 times the national average;
- (2) A poverty rate of 20 percent or more; or
- (3) A population loss of 10 percent or more between the previous and most recent decennial census or a net migration loss of 5 percent or more over the 5-year period preceding the most recent census.

**Family:** Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also include non-relatives living with the family. Families are classified by type as either a married-couple family or other family. Other family is further classified into “male householder” (a family with a male householder and no wife present) or “female householder” (a family with a female householder and no husband present).

**FFIEC-Estimated Income Data:** The Federal Financial Institutions Examination Council (FFIEC) issues annual estimates which update median family income from the metropolitan and nonmetropolitan areas. The FFIEC uses American Community Survey data and factors in information from other sources to arrive at an annual estimate that more closely reflects current economic conditions.

**Full-Scope Review:** A full-scope review is accomplished when examiners complete all applicable interagency examination procedures for an assessment area. Performance under applicable tests is analyzed considering performance context, quantitative factors (e.g., geographic distribution, borrower profile, and total number and dollar amount of investments), and qualitative factors (e.g., innovativeness, complexity, and responsiveness).

**Geography:** A census tract delineated by the United States Bureau of the Census in the most recent decennial census.

**Home Mortgage Disclosure Act (HMDA):** The statute that requires certain mortgage lenders that do business or have banking offices in a metropolitan statistical area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of applicants; the amount of loan requested; and the disposition of the application (approved, denied, and withdrawn).

**Home Mortgage Loans:** Includes closed-end mortgage loans or open-end line of credits as defined in the HMDA regulation that are not an excluded transaction per the HMDA regulation.

**Housing Unit:** Includes a house, an apartment, a mobile home, a group of rooms, or a single room that is occupied as separate living quarters.

**Limited-Scope Review:** A limited scope review is accomplished when examiners do not complete all applicable interagency examination procedures for an assessment area. Performance under applicable tests is often analyzed using only quantitative factors (e.g., geographic distribution, borrower profile, total number and dollar amount of investments, and branch distribution).

**Low-Income:** Individual income that is less than 50 percent of the area median income, or a median family income that is less than 50 percent in the case of a geography.

**Low Income Housing Tax Credit:** The Low-Income Housing Tax Credit Program is a housing program contained within the Internal Revenue Code of 1986, as amended. It is administered by the U.S. Department of the Treasury and the Internal Revenue Service. The U.S. Treasury Department distributes low-income housing tax credits to housing credit agencies through the Internal Revenue Service. The housing agencies allocate tax credits on a competitive basis.

Developers who acquire, rehabilitate, or construct low-income rental housing may keep their tax credits. Or, they may sell them to corporations or investor groups, who, as owners of these properties, will be able to reduce their own federal tax payments. The credit can be claimed annually for ten consecutive years. For a project to be eligible, the developer must set aside a specific percentage of units for occupancy by low-income residents. The set-aside requirement remains throughout the compliance period, usually 30 years.

**Market Share:** The number of loans originated and purchased by the institution as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the metropolitan area/assessment area.

**Median Income:** The median income divides the income distribution into two equal parts, one having incomes above the median and other having incomes below the median.

**Metropolitan Division (MD):** A county or group of counties within a CBSA that contain(s) an urbanized area with a population of at least 2.5 million. A MD is one or more main/secondary counties representing an employment center or centers, plus adjacent counties associated with the main/secondary county or counties through commuting ties.

**Metropolitan Statistical Area (MSA):** CBSA associated with at least one urbanized area having a population of at least 50,000. The MSA comprises the central county or counties or equivalent entities containing the core, plus adjacent outlying counties having a high degree of social and economic integration with the central county or counties as measured through commuting.

**Micropolitan Statistical Area:** CBSA associated with at least one urbanized area having a population of at least 10,000, but less than 50,000.

**Middle-Income:** Individual income that is at least 80 percent and less than 120 percent of the area median income, or a median family income that is at least 80 and less than 120 percent in the case of a geography.



**Moderate-Income:** Individual income that is at least 50 percent and less than 80 percent of the area median income, or a median family income that is at least 50 and less than 80 percent in the case of a geography.

**Multi-family:** Refers to a residential structure that contains five or more units.

**Nonmetropolitan Area (also known as non-MSA):** All areas outside of metropolitan areas. The definition of nonmetropolitan area is not consistent with the definition of rural areas. Urban and rural classifications cut across the other hierarchies. For example, there is generally urban and rural territory within metropolitan and nonmetropolitan areas.

**Owner-Occupied Units:** Includes units occupied by the owner or co-owner, even if the unit has not been fully paid for or is mortgaged.

**Qualified Investment:** A lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

**Rated Area:** A rated area is a state or multistate metropolitan area. For an institution with domestic branches in only one state, the institution's CRA rating would be the state rating. If an institution maintains domestic branches in more than one state, the institution will receive a rating for each state in which those branches are located. If an institution maintains domestic branches in two or more states within a multistate metropolitan area, the institution will receive a rating for the multistate metropolitan area.

**Rural Area:** Territories, populations, and housing units that are not classified as urban.

**Small Business Investment Company (SBIC):** SBICs are privately-owned investment companies which are licensed and regulated by the Small Business Administration (SBA). SBICs provide long-term loans and/or venture capital to small firms. Because money for venture or risk investments is difficult for small firms to obtain, SBA provides assistance to SBICs to stimulate and supplement the flow of private equity and long-term loan funds to small companies. Venture capitalists participate in the SBIC program to supplement their own private capital with funds borrowed at favorable rates through SBA's guarantee of SBIC debentures. These SBIC debentures are then sold to private investors. An SBIC's success is linked to the growth and profitability of the companies that it finances. Therefore, some SBICs primarily assist businesses with significant growth potential, such as new firms in innovative industries. SBICs finance small firms by providing straight loans and/or equity-type investments. This kind of financing gives them partial ownership of those businesses and the possibility of sharing in the companies' profits as they grow and prosper.

**Small Business Loan:** A loan included in "loans to small businesses" as defined in the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$1 million or less and are either secured by nonfarm nonresidential properties or are classified as commercial and industrial loans.

**Small Farm Loan:** A loan included in “loans to small farms” as defined in the instructions for preparation of the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$500,000 or less and are either secured by farmland, including farm residential and other improvements, or are classified as loans to finance agricultural production and other loans to farmers.

**Underserved Middle-Income Nonmetropolitan Geographies:** A nonmetropolitan middle-income geography will be designated as underserved if it meets criteria for population size, density, and dispersion indicating the area’s population is sufficiently small, thin, and distant from a population center that the tract is likely to have difficulty financing the fixed costs of meeting essential community needs.

**Upper-Income:** Individual income that is 120 percent or more of the area median income, or a median family income that is 120 percent or more in the case of a geography.

**Urban Area:** All territories, populations, and housing units in urbanized areas and in places of 2,500 or more persons outside urbanized areas. More specifically, “urban” consists of territory, persons, and housing units in places of 2,500 or more persons incorporated as cities, villages, boroughs (except in Alaska and New York), and towns (except in the New England states, New York, and Wisconsin).

“Urban” excludes the rural portions of “extended cities”; census designated place of 2,500 or more persons; and other territory, incorporated or unincorporated, including in urbanized areas.