



**PUBLIC DISCLOSURE**

November 13, 2023

**COMMUNITY REINVESTMENT ACT  
PERFORMANCE EVALUATION**

**cfsbank**

**Charter Number 703866**

101 McKean Avenue, Charleroi, PA 15022

Office of the Comptroller of the Currency

Corporate One Office Park, Building 2  
4075 Monroeville Blvd Suite 300  
Monroeville, PA 15146

NOTE: 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, and should not 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.

## Table of Contents

Overall CRA Rating.....	2
Description of Institution.....	3
Scope of the Evaluation.....	4
Discriminatory or Other Illegal Credit Practices Review.....	5
State Rating .....	6
State of Pennsylvania .....	6
Lending Test .....	9
Community Development Test .....	11
Appendix A: Scope of Examination.....	A-1
Appendix B: Summary of State Ratings.....	B-1
Appendix C: Definitions and Common Abbreviations.....	C-1
Appendix D: Tables of Performance Data.....	D-1

## Overall CRA Rating

**Institution's CRA Rating:** This institution is rated **Satisfactory**.

**The lending test is rated: Satisfactory.**

**The community development test is rated: Satisfactory.**

The major factors that support this rating include:

- cfsbank (bank) demonstrates reasonable responsiveness to assessment area (AA) credit needs, as measured by its loan to deposit (LTD) ratio.
- The bank originates a substantial majority of its home mortgage loans within its AA.
- The geographic distribution of home mortgage loans demonstrates an excellent distribution throughout the AA.
- cfsbank demonstrates a reasonable distribution of home mortgage loans to AA individuals of different income levels.
- The bank demonstrates a reasonable responsiveness to AA community development needs through its community development lending, investments, and services.

### Loan-to-Deposit Ratio

Considering the size, financial condition, and credit needs of the AA, the bank's LTD ratio is reasonable.

The LTD ratio is calculated on a bank-wide basis. The average quarterly LTD ratio for the evaluation period was 64.3 percent. The LTD ratio ranged from a low of 57.4 percent, in the third quarter of 2021, to a high of 73.4 percent, in the first quarter of 2020. Peer financial institutions of similar size operated with a higher LTD ratio, collectively averaging 76.1 percent.

### Lending in Assessment Area

A substantial majority of the bank's loans are inside its AA.

The bank originated 93.3 percent of total loans by volume inside the AA during the evaluation period. This percentage does not include extensions of credit by affiliates that may be considered under other performance criteria. This analysis had a positive impact on the overall analysis of the bank's distribution of lending by income level of geographies.

Lending Inside and Outside of the Assessment Area										2020-2022
Loan Category	Number of Loans				Total #	Dollar Amount of Loans \$(000s)				Total \$(000s)
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
Home Mortgage	1022	93.3	73	6.7	1095	231,862	92.7	18,362	7.3	250,224
Total	1022	93.3	73	6.7	1095	231,862	92.7	18,362	7.3	250,223

*Source: Bank Data. Evaluation Period: 1/1/2020 – 12/31/2022. Due to rounding, totals may not equal 100.0%*

## Description of Institution

cfsbank is a \$604 million intrastate federal stock savings institution and a wholly owned subsidiary of Charleroi Financial MHC. The bank has two affiliates, Charleroi Mortgage Corporation and Challenge Incorporated. Both affiliates are wholly owned subsidiaries of Charleroi Financial MHC. The financial statements of the bank and its affiliates are consolidated. cfsbank did not request consideration of the affiliates' activities for the evaluation of the bank's performance. Since the prior CRA evaluation, as of December 31, 2019, there have not been any mergers or acquisitions conducted by cfsbank.

Charleroi Financial MHC and cfsbank have headquarters and main offices located in Charleroi, Pennsylvania, which is situated in the southwest portion of the state. The bank operates 10 full-service branches in four counties, within the Pittsburgh Metropolitan Statistical Area (MSA). The bank has delineated a single AA, consisting of five of the seven counties within the Pittsburgh MSA. The bank did not include Armstrong and Butler counties, since no branch offices exist in these locations. The bank does not operate any branch offices in Allegheny County but has included Allegheny County, in its AA, because of its proximity and adjacency to Butler County.

Of the ten total branch offices, three are in moderate-income census tracts (CTs), three are in middle-income CTs, and four are in upper-income CTs. The bank does not operate any offices in low-income CTs. Additionally, no branch offices were opened or closed during the evaluation period.

Each branch office offers a full range of services. The bank operates drive-through banking facilities and automated teller machines (ATMs) at each location but has no free-standing ATMs at non-branch locations. cfsbank consistently offers a standard variety of consumer banking products at each office location, including personal checking and savings accounts, certificates of deposit, money market and individual retirement accounts, and business tiered interest checking accounts.

cfsbank reported loans and leases that totaled \$369 million, or 61 percent of total assets as of December 31, 2022. The loan portfolio was comprised primarily of residential mortgages, which represented 80 percent of total loans and commercial real estate loans, which totaled 8 percent. The remaining segments of the portfolio included construction and development loans that totaled 5 percent, multi-family loans that totaled 2 percent, commercial and industrial loans that totaled 2 percent, home equity loans that totaled 1 percent, and consumer loans that totaled 1 percent. As of December 31, 2022, tier 1 capital totaled \$80.0 million, or 24 percent of total assets.

Bank management's long-term strategy is to continue to focus on mortgage and deposit growth within the AA. The Mid-Monongahela Valley (Mon-Valley) market area continues to represent the bank's primary

funding source. Management has no plans to target growth in the commercial and industrial or commercial real estate segments of the loan portfolio.

The bank has no financial or legal restrictions that would impede its ability to help meet the credit needs of the AA. The bank received a "Needs to Improve" rating using the Intermediate Small Bank (ISB) procedures as of the last CRA performance evaluation dated February 10, 2020.

## **Scope of the Evaluation**

### **Evaluation Period/Products Evaluated**

This performance evaluation assesses the bank's record of meeting the credit needs of its AA. The evaluation was performed using ISB CRA procedures, which include a Lending Test and a Community Development (CD) test. The lending test evaluates the record of meeting the credit needs of its AA through its lending activities. The CD test evaluates the record of responsiveness to the needs of its AA through its CD activities including its qualified loans, investments, and services. The evaluation period for both the lending and CD test covered the evaluation period from January 1, 2020, to December 31, 2022.

To evaluate performance with respect to the lending test, the record of originating home mortgage loans during the evaluation period was reviewed. The primary loan product during the evaluation period was home mortgage loans. The bank originated very few small business loans, small farm loans, and consumer loans, over the evaluation period. As a result, an analysis of the record of originating these product types was not meaningful and was not performed.

### **Selection of Areas for Full-Scope Review**

In each state where the bank has an office, one or more of AAs within that state was selected for a full-scope review. For purposes of this evaluation, bank delineated assessment areas located within the same MSA, multistate metropolitan statistical area (MMSA), or combined statistical area (CSA) are combined and evaluated as a single AA. Similarly, bank delineated non-MSA AAs within the same state are combined and evaluated as a single area. These combined AAs may be evaluated as full- or limited-scope. Refer to the "Scope" section under each State Rating for details regarding how full-scope AAs were selected. Refer to Appendix A, Scope of Examination, for a list of full- and limited-scope AAs.

### **Ratings**

The bank's overall rating is a blend of the state ratings, and where applicable, multistate ratings.

The bank operates entirely within the state of Pennsylvania. Therefore, overall conclusions relative to the bank's CRA performance were based entirely on the CRA performance within the state of Pennsylvania. Conclusions analyzed the distribution of lending across various income levels and geographies, for home mortgages, which was the primary lending product.

The state rating is based on performance in all bank AAs. Refer to the "Scope" section under each state and MMSA Rating section for details regarding how the areas were weighted in arriving at the respective ratings.

## **Discriminatory or Other Illegal Credit Practices Review**

Pursuant to 12 CFR 25.28(c) in determining a national bank or federal savings association's (collectively, bank) CRA rating, the OCC considers evidence of discriminatory or other illegal credit practices in any geography by the bank, or in any AA by an affiliate whose loans have been considered as part of the bank's lending performance. As part of this evaluation process, the OCC consults with other federal agencies with responsibility for compliance with the relevant laws and regulations, including the U.S. Department of Justice, the U.S. Department of Housing and Urban Development, and the Consumer Financial Protection Bureau, as applicable.

The OCC has not identified that this institution has engaged in discriminatory or other illegal credit practices that require consideration in this evaluation.

The OCC will consider any information that this institution engaged in discriminatory or other illegal credit practices, identified by, or provided to the OCC before the end of the institution's next performance evaluation in that subsequent evaluation, even if the information concerns activities that occurred during the evaluation period addressed in this performance evaluation.

## State Rating

### State of Pennsylvania

**CRA rating for the State of Pennsylvania:** Satisfactory.

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

**The Community Development Test is rated:** Satisfactory.

The major factors that support this rating include:

- The bank originates a substantial majority of its home mortgage loans within its AA.
- The geographic distribution of home mortgage loans demonstrates excellent distribution throughout the AA.
- cfsbank demonstrates reasonable distribution of home mortgage loans to AA individuals of different income levels.
- The bank demonstrates reasonable responsiveness to AA community development needs through its community development lending, investments, and services.
- The bank demonstrated reasonable responsiveness to AA community development needs through its community development lending, investments, and services.

### Description of Institution's Operations in Pennsylvania

cfsbank operates in four counties within a single five county AA located within the Pittsburgh MSA. The AA consists of the five counties of Allegheny, Butler, Fayette, Washington, and Westmoreland in their entirety. As of December 31, 2022, the bank operated ten full-service branches and accompanying ATMs within the four Pittsburgh MSA counties of Butler, Fayette, Washington, and Westmoreland. The bank's headquarters, main office and five additional branch offices are situated in Washington County. Of the remaining four branches offices, two branches are located within Westmoreland County, one branch is located within Butler County, and one branch is located within Fayette County.

The bank primarily operates as a traditional residential mortgage lender, offering mortgage loans for the purchase, refinance, and construction of one to four family residential properties. cfsbank also offers a range of business lending products. Deposit banking products include personal checking and savings accounts, certificates of deposit, money market and individual retirement accounts, and business tiered interest checking accounts.

The bank encounters significant competition within its AA. According to the Federal Deposit Insurance Corporation's (FDIC) Summary of Deposits Report as of June 30, 2023, within the bank's AA, there were 52 financial institutions accepting retail deposits. Among these institutions, cfsbank ranked 20th with 0.24 percent of total market share, and all deposits were within the AA. Primary deposit competitors include PNC Bank, N.A. (54.0 percent), BNY Mellon, N.A. (12.7 percent), Tristate Capital Bank (7.2 percent), and Citizens Bank, N.A. (5.2 percent). Of the remaining AA competitors, there were no institutions that garnered more than five percent of the deposit market share.

The bank offers a special purpose credit program designed to benefit low- and moderate-income borrowers. The “First Time Home Buyer Program” is available to eligible residential mortgage loan applicants and provides a 0.25 percent rate reduction and \$250 closing cost credit. Program eligibility requires that the borrowers have not owned a home within the past three years, have total income less than or equal to 80.0 percent of the HUD median income level for the Pittsburgh PA MSA, and meet prescribed debt to income ratios. During the evaluation period, the bank originated seventeen of these mortgages totaling \$1.5 million. This program demonstrates the bank’s efforts to increase home mortgage loan originations among low- and moderate-income borrowers. Although the First Time Home Buyer Program participation has increased, the program did not receive significant weight relative to the bank’s performance evaluation.

Examiners considered comments from three community organizations serving the bank’s Pittsburgh MSA. The community organizations promote economic, business, and residential development, and affordable housing and rental assistance for low-income families. One organization contact communicated that MSA strengths are derived from a diversified economy centered around sectors such as finance, IT, advanced manufacturing, energy, and healthcare emerging in the areas surrounding the University of Pittsburgh and Carnegie Mellon University. Challenges include economic conditions from the COVID-19 pandemic, and although homeownership is rebounding, the housing market is facing challenges, related to access to affordable credit. The aging population and rising costs of mortgage lending in the AA comprise major factors impacting development in the local economy. Identified credit and community needs include financing for credit-challenged loan applicants, home rehabilitation financing, and greater affordable housing access for low-and moderate-income communities.

### **Pittsburgh AA**

<b>Table A – Demographic Information of the Assessment Area</b>						
<b>Assessment Area: Pittsburgh PA AA (2020/2021)</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)	641	9.2	23.1	42.7	22.6	2.3
Population by Geography	2,121,162	5.4	19.5	46.1	28.4	0.6
Housing Units by Geography	993,981	6.3	21.3	46.4	25.8	0.1
Owner-Occupied Units by Geography	618,562	2.9	16.9	49.2	31.0	0.0
Occupied Rental Units by Geography	274,357	11.6	28.1	41.9	18.1	0.4
Vacant Units by Geography	101,062	13.0	30.2	41.7	14.8	0.3
Businesses by Geography	216,408	5.3	15.3	39.7	38.8	0.9
Farms by Geography	4,992	2.4	13.0	54.7	29.8	0.1
Family Distribution by Income Level	546,799	21.0	17.1	20.4	41.6	0.0
Household Distribution by Income Level	892,919	25.1	15.3	16.9	42.7	0.0
Median Family Income MSA – 38300 Pittsburgh, PA MSA		\$69,624	Median Housing Value			\$139,751
			Median Gross Rent			\$762
			Families Below Poverty Level			8.5%



Source: 2015 ACS Census and 2021 D&B Data

Due to rounding, totals may not equal 100.0

(\*) The NA category consists of geographies that have not been assigned an income classification.

**Table A-2 – Demographic Information of the Assessment Area**

**Assessment Area: Pittsburgh PA AA (2022)**

Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	652	7.7	23.0	40.8	25.0	3.5
Population by Geography	2,137,157	5.4	19.6	41.2	32.8	0.9
Housing Units by Geography	1,017,370	6.2	22.3	42.3	28.7	0.6
Owner-Occupied Units by Geography	633,670	2.9	18.9	44.7	33.4	0.2
Occupied Rental Units by Geography	284,069	11.6	27.0	38.0	22.0	1.4
Vacant Units by Geography	99,631	12.3	30.2	39.0	17.6	0.9
Businesses by Geography	247,163	5.6	15.7	37.1	39.7	1.8
Farms by Geography	5,522	2.4	16.0	49.8	31.3	0.5
Family Distribution by Income Level	541,777	19.8	17.8	21.1	41.3	0.0
Household Distribution by Income Level	917,739	24.8	15.5	17.4	42.3	0.0
Median Family Income MSA – 38300 Pittsburgh, PA MSA		\$82,642	Median Housing Value			\$171,499
			Median Gross Rent			\$894
			Families Below Poverty Level			6.9%

Source: 2020 U.S. Census and 2022 D&B Data

Due to rounding, totals may not equal 100.0%

(\*) The NA category consists of geographies that have not been assigned an income classification.

## Scope of Evaluation in Pennsylvania

This analysis reflects a full-scope review for the bank’s only AA. To develop conclusions, examiners considered factors within the community profile that would impact the bank’s ability to lend within the AA, including aggregate lending, demographic, and market share information.

Examiners utilized supporting information to analyze the bank’s performance, including the 2015 ACS census data and 2020 U.S. census data, deposit market share data, internal bank records, and information from governmental websites regarding the characteristics of the economy in the AA. Examiners also considered information from three community organizations to assess the AA’s needs and potential opportunities for financial institutions to lend and serve these areas.

The Moody’s Analytics Report dated May 2023 reported that the Pittsburgh MSA business cycle was in an “at-risk” period. Pittsburgh MSA strengths consisted of the presence of top area education and research institutions, low unemployment volatility, and a low cost of living, relative to other large northeast, United States, areas. These Pittsburgh MSA strengths are offset by subpar population trends, a contracting population, negative net migration, and aging population and infrastructure. Even led by high-tech and healthcare, reported expectations for the Pittsburgh MSA are to underperform, relative to average Pennsylvania job growth and income levels. Although the Pittsburgh MSA unemployment rate settled at

just above 4.0 percent, the unusually weak labor force suggests that labor market fundamentals are unfavorable. Top Pittsburgh employers include UPMC Health System, Highmark Inc., University of Pittsburgh, PNC Financial Services Group Inc., and Giant Eagle Inc.

## **CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN PENNSYLVANIA**

### **LENDING TEST**

The bank's performance under the Lending Test in Pennsylvania is rated Satisfactory.

### **Conclusions for Area Receiving a Full-Scope Review**

Based on a full-scope review, the bank's lending performance in the state of Pennsylvania is reasonable.

### **Distribution of Loans by Income Level of the Geography**

The bank exhibits excellent geographic distribution of loans in the state.

#### ***Home Mortgage Loans***

Refer to Tables O and O-2 in the state of Pennsylvania section of Appendix D for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations and purchases.

The bank's record of distributing home mortgage loans among geographies of different income levels is excellent. For the 2020 to 2021 timeframe, home mortgage loans originated in low-income CTs totaled 3.4 percent, which exceeded the 2.9 percent of AA owner-occupied housing located in low-income CTs and the 1.5 percent of aggregate bank lending in low-income CTs. Similarly, cfsbank originated 15.3 percent of home mortgage loans in moderate-income CTs, which was consistent with the 16.9 percent of AA owner-occupied housing located in moderate-income CTs and exceeded the 12.0 percent of aggregate bank lending in moderate-income CTs.

For 2022, 2.5 percent of home mortgage loans originated in 2022 were in low-income CTs. This total was slightly below the 2.9 percent of AA owner-occupied housing located in low-income CTs but exceeded the 2.2 percent of aggregate bank lending in low-income CTs. However, 24.9 percent of home mortgages were originated in moderate-income CTs, which exceeded both the 18.9 percent of AA owner-occupied housing located in moderate-income CTs and 15.2 percent of aggregate bank lending in moderate-income CTs.

No conspicuous gaps or areas of low activity in the bank's lending patterns were noted.

### **Distribution of Loans by Income Level of the Borrower**

The bank exhibits a reasonable distribution of loans to individuals of different income levels given the product lines offered by the bank.

## ***Home Mortgage Loans***

Refer to Tables P and P-2 in the state of Pennsylvania section of Appendix D for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases.

Over the time-period covering 2020 and 2021, the distribution of home mortgage loans among AA borrowers of different income levels is reasonable. 6.1 percent of home mortgage loans were originated to low-income borrowers, well below the 21.0 percent of AA low-income families and slightly below the 8.4 percent of aggregate bank lending to low-income borrowers. Of home mortgage loans the bank originated in its AA in 2020 and 2021, 12.4 percent were originated to moderate-income borrowers, below the 17.1 percent of moderate-income AA families and below the 17.4 percent of aggregate bank lending to moderate-income AA borrowers.

Over the time-period covering 2022, the distribution of home mortgage loans among AA borrowers of different income levels was reasonable. Of home mortgage loans originated in 2022, 9.2 percent were originated to low-income borrowers, slightly below the 11.9 percent of AA low-income families and below the 19.8 percent of aggregate bank lending to low-income borrowers. 15.9 percent of home mortgage loans were originated to moderate-income borrowers. This is slightly below the 17.8 percent of moderate-income AA families and below the 20.2 percent of aggregate bank lending to moderate-income AA borrowers.

While distribution by income level is below the demographic distribution for the AA, multiple factors were considered when reaching conclusions for lending to low- and moderate-income AA borrowers. As discussed in the "Description of Institution's Operations in Pennsylvania" section, the bank encounters significant competition within its AA. Competition for AA home mortgage loans include competition from larger regional and national lenders. According to the most recent 2022 Peer Mortgage Data, there are 504 lending institutions competing for mortgage originations within the Pittsburgh MSA. Of the total number of institutions that originated or purchased loans, the bank ranks 38<sup>th</sup>, with a 0.65 percent market share by volume. The top ten AA home mortgage lenders combined account for 43.0 percent of market share. In addition to competition emanating from other mortgage lenders relative to home purchases, the area has experienced increasing interest by investors.

Additionally, the AA's median housing value increased significantly between 2021 and 2022. In 2021, the reported median housing value was \$140,000, while the average low-income median family income totaled \$42,000. For 2022, the reported median housing value increased to \$171,000, while the low-income median family income increased to \$47,000. For low-income households, AA median housing values that equal a minimum of 3.0 times and 3.6 times for 2021 and 2022, respectively, may represent a barrier to home ownership affordability. Additionally, for both years, 8.5 and 6.9 percent of total households, respectively, live below the poverty level. AA residents struggling with poverty likely encounter barriers to funding down payments, closing costs, and other expenses related to home loan affordability.

## **Responses to Complaints**

There were no CRA complaints received by the bank or the agency since the prior CRA performance evaluation concerning the bank's record in meeting the credit needs of the bank's AA.

## COMMUNITY DEVELOPMENT TEST

The bank’s performance under the Community Development Test in the state of Pennsylvania is rated Satisfactory.

### Conclusions for Area Receiving a Full-Scope Review

Based on a full-scope review, the bank exhibits adequate responsiveness to community development needs in the state through community development loans, qualified investments, and community development services, as appropriate, considering the bank’s capacity and the need and availability of such opportunities for community development in the bank’s assessment area.

### Number and Amount of Community Development Loans

The Community Development Loans Table, shown below, sets forth the information and data used to evaluate the bank’s level of CD lending. The table includes all CD loans, including multifamily loans that also qualify as CD loans.

Community Development Loans				
Assessment Area	Total			
	#	% of Total #	\$(000's)	% of Total \$
Pittsburgh AA	5	100%	\$1,045	100%

The bank’s qualified CD lending activity during the evaluation period consisted of five loans originated to three borrowers. Qualified CD loans benefitting the bank’s AA during the period totaled \$1.0 million, or 1.3 percent of its tier 1 capital as of December 31, 2022.

The bank’s CD qualified loans funded during the evaluation period included:

- The bank extended funding on November 11, 2022, to an area non-profit, affordable housing developer. Specifically, the bank extended a \$563,000 construction loan to the affordable housing developer for the purpose of funding hard and soft costs to acquire property as well a commercial line of credit for \$339,000 to fund property predevelopment. Upon completion, many tenants will be low-to-moderate income (LMI) residents.
- The bank extended a \$116,000 loan on February 14, 2020, to a local volunteer fire department located in a moderate-income CT. The loan purpose was to fund equipment including a medical truck and ambulance. The fire department provides mutual aid services to residents in low-and moderate-income CTs. Proceeds of the loan were for the purchase of a 2014 F350 utility vehicle, used as a squad truck to respond to medical calls and the hauling of fire department equipment. The bank extended another loan for \$27,000 on April 21, 2022, to the local volunteer fire department for the purpose of purchasing a used ambulance.

## Number and Amount of Qualified Investments

Qualified Investments										
Assessment Area	Prior Period*		Current Period		Total				Unfunded Commitments**	
	#	\$(000's)	#	\$(000's)	#	% of Total #	\$(000's)	% of Total \$	#	\$(000's)
Pittsburgh PA, MSA	0	\$0	13	568	13	100	568	100%	0	\$0

\* Prior Period Investments' means investments made in a previous evaluation period that are outstanding as of the examination date.

\*\* Unfunded Commitments' means legally binding investment commitments that are tracked and recorded by the institution's financial reporting system.

The bank's qualified CD investment activity during the evaluation period included funding a CD investment and 12 CD donations. Qualified CD investments and donations benefitting the bank's AA during the period totaled \$568,000. The bank's CD investments and donations funded over the evaluation period represented 0.7 percent of its tier 1 capital as of December 31, 2022.

The bank's CD qualified investments and donations/grants funded during the evaluation period included the following:

- The bank invested \$500,000 in a General Obligation Bond on May 1, 2020, for a local school district where more than 50.0 percent of students receive free or reduced lunch.
- The bank funded \$68,000 over the evaluation period to an area economic development community organization and LMI school districts. The mission of the organizations is to improve current economic distress, remove blight, improve community health, and promote more efficient local government cooperation.

## Extent to Which the Bank Provides Community Development Services

Bank representatives provided CD services, primarily through employing banking related knowledge to assist area community organizations. During the evaluation period, three officers or managers provided services to seven organizations through the following activities:

The bank's CD qualified services provided during the evaluation period included:

- A commercial loan officer served as Vice President of an area affordable housing organization. The loan officer employs his banking expertise to assist the organization in providing affordable and supportive housing and/or supportive services for the purpose of investing in the community and improving lives.
- A branch office manager serves as treasurer of a local certified Economic Development Organization (CEDO), recognized by the PA Department of Community and Economic Development. The branch manager employs his banking knowledge to assist the organization in accomplishing its mission of promoting economic development and job creation in Monongahela

Valley communities. The organization offers programs to assist start-up businesses, assist existing businesses to grow, and attract business relocation to the area.

- Bank management sponsored requests from four local organizations in obtaining a total of \$636,000 in grants through the Federal Home Loan Bank's Home4Good Program. This flexible grant program supports projects, programs and activities that lead to stable housing for those who are homeless or at risk of homelessness.

## Appendix A: Scope of Examination

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The following table identifies the period covered in this evaluation, affiliate activities that were reviewed, and loan products considered. The table also reflects the MSA(s) and non-MSA(s) that received comprehensive examination review, designated by the term “full-scope,” and those that received a less comprehensive review, designated by the term “limited-scope”.

<b>Time Period Reviewed:</b>	01/01/2020 to 12/31/2022	
<b>Bank Products Reviewed:</b>	Home mortgage Community development loans, qualified investments, community development services	
<b>List of Assessment Areas and Type of Examination</b>		
<b>Rating and Assessment Areas</b>	<b>Type of Exam</b>	<b>Other Information</b>
<b>State</b>		
Pennsylvania		
Pittsburgh, PA AA	Full-Scope	Counties of Allegheny, Butler, Fayette, Washington, and Westmoreland.

## Appendix B: Summary of MMSA and State Ratings

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RATINGS		cfsbank	
Overall Bank:	Lending Test Rating*	CD Test Rating	Overall Bank/State/Multistate Rating
	Satisfactory	Satisfactory	Satisfactory
State:			
Pennsylvania	Satisfactory	Satisfactory	Satisfactory

(\*) The Lending Test and Community Development Test carry equal weight in the overall rating.



## Appendix C: Definitions and Common Abbreviations

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The following terms and abbreviations are used in this performance evaluation, including the CRA tables. The definitions are intended to provide the reader with a general understanding of the terms, not a strict legal definition.

**Affiliate:** Any company that controls, is controlled by, or is under common control with another company. A company is under common control with another company if the same company directly or indirectly controls both companies. For example, a bank subsidiary is controlled by the bank and is, therefore, an affiliate.

**Aggregate Lending (Aggt.):** The number of loans originated and purchased by all reporting lenders (HMDA or CRA) in specified income categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the state/assessment area.

**Census Tract (CT):** A small, relatively permanent statistical subdivision of a county delineated by a local committee of census data users for the purpose of presenting data. Census tracts nest within counties, and their boundaries normally follow visible features, but may follow legal geography boundaries and other non-visible features in some instances, Census tracts ideally contain about 4,000 people and 1,600 housing units.

**Combined Statistical Area (CSA):** A geographic entity consisting of two or more adjacent Core Based Statistical Areas with employment interchange measures of at least 15. An employment interchange measure is a measure of ties between two adjacent entities. The employment interchange measure is the sum of the percentage of workers living in the smaller entity who work in the larger entity and the percentage of employment in the smaller entity that is accounted for by workers who reside in the larger entity.

**Community Development (CD):** Affordable housing (including multifamily rental housing) for low- or moderate-income individuals; community services targeted to low- or moderate-income individuals; activities that promote economic development by financing businesses or farms that meet Small Business Administration Development Company or Small Business Investment Company programs size eligibility standards or have gross annual revenues of \$1 million or less; or activities that revitalize or stabilize low- or moderate-income geographies, distressed or underserved nonmetropolitan middle-income geographies, or designated disaster areas.

**Community Reinvestment Act (CRA):** The statute that requires the OCC to evaluate a bank's record of meeting the credit needs of its entire community, including LMI areas, consistent with the safe and sound operation of the bank, and to take this record into account when evaluating certain corporate applications filed by the bank.

**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, other secured consumer loans, and other unsecured consumer loans.

**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, which 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).

**Full-Scope Review:** Performance under the Lending, Investment, and Service Tests is analyzed considering performance context, quantitative factors (e.g., geographic distribution, borrower distribution, 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 conduct 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, the disposition of the application (e.g., approved, denied, and withdrawn), the lien status of the collateral, any requests for preapproval, and loans for manufactured housing.

**Home Mortgage Loans:** A closed-end mortgage loan or an open-end line of credit as these terms are defined under 12 CFR 1003.2, and that is not an excluded transaction under 12 CFR 1003.3(c)(1) through (c)(10) and (c)(13).

**Household:** Includes all persons occupying a housing unit. Persons not living in households are classified as living in group quarters. In 100 percent tabulations, the count of households always equals the count of occupied housing units.

**Limited-Scope Review:** Performance under the Lending, Investment, and Service Tests is analyzed using only quantitative factors (e.g., geographic distribution, borrower distribution, total number and dollar amount of investments, and branch distribution).

**Low-Income Individual:** Individual income that is less than 50 percent of the area median income.

**Low Income Geography:** A census tract with a median family income that is less than 50 percent.

**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 state/assessment area.

**Median Family Income (MFI):** The median income determined by the U.S. Census Bureau every five years and used to determine the income level category of geographies. The median is the point at which half of the families have income above, and half below, a range of incomes. Also, the median income determined by the Federal Financial Institutions Examination Council (FFIEC) annually that is used to determine the income level category of individuals. For any given area, the median is the point at which half of the families have income above, and half below, a range of incomes.

**Metropolitan Division:** As defined by Office of Management and Budget, a county or group of counties within a Core Based Statistical Area that contains an urbanized population of at least 2.5 million. A Metropolitan Division consists of one or more main/secondary counties that represent an employment center or centers, plus adjacent counties associated with the main/secondary county or counties through commuting ties.

**Metropolitan Statistical Area:** An area, defined by the Office of Management and Budget, as a core based statistical area associated with at least one urbanized area that has a population of at least 50,000. The Metropolitan Statistical Area comprises the central county or counties 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.

**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 percent 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 percent and less than 80 percent, in the case of a geography.

**Multifamily:** Refers to a residential structure that contains five or more units.

**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 qualified investment is defined as any lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

**Rating Area:** A rated area is a state or multi-state metropolitan statistical 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 multi-state metropolitan statistical area, the institution will receive a rating for the multi-state metropolitan statistical area.

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

**Small Loan(s) to Farm(s):** 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 or are classified as loans to finance agricultural production and other loans to farmers.

**Tier 1 Capital:** The total of common shareholders' equity, perpetual preferred shareholders' equity with non-cumulative dividends, retained earnings and minority interests in the equity accounts of consolidated subsidiaries.

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

## Appendix D: Tables of Performance Data

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### Content of Standardized Tables

A separate set of tables is provided for each state. All multistate metropolitan statistical areas, if applicable, are presented in one set of tables. References to the “bank” include activities of any affiliates that the bank provided for consideration (refer to appendix A: Scope of the Examination). For purposes of reviewing the Lending Test tables, the following are applicable: (1) purchased are treated as originations; and (2) “aggregate” is the percentage of the aggregate number of reportable loans originated and purchased by all HMDA or CRA-reporting lenders in the MMSA/assessment area. Deposit data are compiled by the FDIC and are available as of June 30<sup>th</sup> of each year. Tables without data are not included in this PE.

The following is a listing and brief description of the tables included in each set:

**Table O. Assessment Area Distribution of Home Mortgage Loans by Income Category of the Geography** - Compares the percentage distribution of the number of loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of owner-occupied housing units throughout those geographies. The table also presents aggregate peer data for the years the data is available.

**Table P. Assessment Area Distribution of Home Mortgage Loans by Income Category of the Borrower** - Compares the percentage distribution of the number of loans originated and purchased by the bank to low-, moderate-, middle-, and upper-income borrowers to the percentage distribution of families by income level in each MMSA/assessment area. The table also presents aggregate peer data for the years the data is available.

The total loan amount presented in the tables for each assessment area may differ from the total loan amount reported in the aggregate table due to how the underlying loan data is rounded in each table.

<b>Table O: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Geography</b>																			<b>2020-21</b>	
Assessment Area:	Total Home Mortgage Loans				Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts			Not Available-Income Tracts			
	#	\$	% of Total	Overall Market	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	
Pittsburgh MSA 2021	589	114,291	100.0	100,598	2.9	3.4	1.5	16.9	15.3	12.0	49.2	56.0	44.9	31.0	25.3	41.6	0.0	0.0	0.0	
<b>Total</b>	<b>589</b>	<b>114,291</b>	<b>100.0</b>	<b>100,598</b>	<b>2.9</b>	<b>3.4</b>	<b>1.5</b>	<b>16.9</b>	<b>15.3</b>	<b>12.0</b>	<b>49.2</b>	<b>56.0</b>	<b>44.9</b>	<b>31.0</b>	<b>25.3</b>	<b>41.6</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	

Source: 2015 ACS; 01/01/2020 - 12/31/2021 Bank Data, 2021 HMDA Aggregate Data, "--" data not available.  
Due to rounding, totals may not equal 100.0%

<b>Table O-2: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Geography</b>																			<b>2022</b>	
Assessment Area:	Total Home Mortgage Loans				Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts			Not Available-Income Tracts			
	#	\$	% of Total	Overall Market	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	
Pittsburg AA 2022	433	117,571	100.0	66,119	2.9	2.5	2.2	18.9	24.9	15.2	44.7	40.4	42.2	33.4	32.1	40.3	0.2	0.0	0.1	
<b>Total</b>	<b>433</b>	<b>117,571</b>	<b>100.0</b>	<b>66,119</b>	<b>2.9</b>	<b>2.5</b>	<b>2.2</b>	<b>18.9</b>	<b>24.9</b>	<b>15.2</b>	<b>44.7</b>	<b>40.4</b>	<b>42.2</b>	<b>33.4</b>	<b>32.1</b>	<b>40.3</b>	<b>0.2</b>	<b>0.0</b>	<b>0.1</b>	

Source: 2020 U.S. Census; 01/01/2022 - 12/31/2022 Bank Data, 2022 HMDA Aggregate Data, "--" data not available.  
Due to rounding, totals may not equal 100.0%

The total loan amount presented in the tables for each assessment area may differ from the total loan amount reported in the aggregate table due to how the underlying loan data is rounded in each table.

<b>Table P: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Borrower</b>																				<b>2020-21</b>	
Assessment Area:	Total Home Mortgage Loans				Low-Income Borrowers			Moderate-Income Borrowers			Middle-Income Borrowers			Upper-Income Borrowers			Not Available-Income Borrowers				
	#	\$	% of Total	Overall Market	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate		
Pittsburgh AA 2021	589	114,291	100.0	100,598	21.0	6.1	8.4	17.1	12.4	17.4	20.4	18.7	21.0	41.6	46.5	38.1	0.0	16.3	15.1		
<b>Total</b>	<b>589</b>	<b>114,291</b>	<b>100.0</b>	<b>100,598</b>	<b>21.0</b>	<b>6.1</b>	<b>8.4</b>	<b>17.1</b>	<b>12.4</b>	<b>17.4</b>	<b>20.4</b>	<b>18.7</b>	<b>21.0</b>	<b>41.6</b>	<b>46.5</b>	<b>38.1</b>	<b>0.0</b>	<b>16.3</b>	<b>15.1</b>		

Source: 2015 ACS; 01/01/2020 - 12/31/2021 Bank Data, 2021 HMDA Aggregate Data, "--" data not available.  
Due to rounding, totals may not equal 100.0%

<b>Table P-2: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Borrower</b>																				<b>2022</b>	
Assessment Area:	Total Home Mortgage Loans				Low-Income Borrowers			Moderate-Income Borrowers			Middle-Income Borrowers			Upper-Income Borrowers			Not Available-Income Borrowers				
	#	\$	% of Total	Overall Market	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate		
Pittsburgh AA 2022	433	117,571	100.0	66,119	19.8	9.2	11.9	17.8	15.9	20.2	21.1	13.2	20.9	41.3	40.4	33.5	0.0	21.2	13.5		
<b>Total</b>	<b>433</b>	<b>117,571</b>	<b>100.0</b>	<b>66,119</b>	<b>19.8</b>	<b>9.2</b>	<b>11.9</b>	<b>17.8</b>	<b>15.9</b>	<b>20.2</b>	<b>21.1</b>	<b>13.2</b>	<b>20.9</b>	<b>41.3</b>	<b>40.4</b>	<b>33.5</b>	<b>0.0</b>	<b>21.2</b>	<b>13.5</b>		

Source: 2020 U.S. Census; 01/01/2022 - 12/31/2022 Bank Data, 2022 HMDA Aggregate Data, "--" data not available.  
Due to rounding, totals may not equal 100.0%

The total loan amount presented in the tables for each assessment area may differ from the total loan amount reported in the aggregate table due to how the underlying loan data is rounded in each table.