



PUBLIC DISCLOSURE

March 09, 2015

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Maple City Savings Bank, FSB
Charter Number 701899

145 Main St
Hornell, NY 14843-1524

Office of the Comptroller of the Currency

5000 Brittonfield Parkway
Suite 102B
East Syracuse, NY 13057

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, 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.

INSTITUTION'S CRA RATING: This institution is rated Outstanding.

The Lending Test is rated: Outstanding.

The primary factors supporting the CRA rating are:

- Maple City Savings Bank (MCSB) had a more than reasonable average loan-to-deposit ratio during the evaluation period.
- A substantial majority of home mortgage loans originated during the evaluation period were inside the bank's assessment area (AA).
- MCSB had reasonable distribution of home mortgage loans to borrowers of different income levels within the AA during the evaluation period.
- MCSB had excellent distribution of home mortgage loans to census tracts within the AA.

SCOPE OF EXAMINATION

The evaluation period covers the time period from February 5, 2008, through March 9, 2015. The loans included in the review were originated during the time period of January 1, 2012, through December 1, 2014. This time period was representative of the entire evaluation period. Bank management indicated home mortgage loans to be the bank's primary loan product. Our review of loans originated during the evaluation period confirmed that home mortgage loans are the bank's primary loan product considering both the number and amount of loans originated. MCSB's AA is not in a Metropolitan Statistical Area (MSA). The bank is not subject to Home Mortgage Disclosure Act (HMDA) requirements and does not file a HMDA Loan Application Register (LAR). We chose a random sample of 60 home mortgage loans originated during the loan sample period to complete the evaluation of the bank's distribution of loans to borrowers of different income levels and different geographies within the AA.

DESCRIPTION OF INSTITUTION

MCSB is a savings bank headquartered in Hornell, New York (NY), and 100% owned by a mutual holding company (MHC), Maple City Savings MHC. MCSB has one branch office, also in Hornell, NY, approximately two miles north of the main office. This branch opened on October 6, 2014, with the primary consideration being a disaster recovery site. As of December 31, 2014, MCSB had total assets of \$65 million, consisting mainly of loans (86%) and investments (9%). Assets are funded primarily through core deposits representing 88% of average assets. Table 1 shows the dollar amount, percentage to total loans, and percentage to total assets of each loan category.

Table 1 - Maple City Savings Bank's Investment in Loans (12/31/2014 Bank Call Report)			
Loan Category	Amount (\$000's)	Percent of Total Loans	Percent of Total Assets
Residential Mortgage	\$43,361	77.53%	66.32%
Nonresidential Mortgage	\$7,989	14.28%	12.22%
Commercial Non-mortgage	\$3,049	5.45%	4.66%
Consumer	\$1,528	2.73%	2.34%
Total	\$55,927	100.00%	85.53%

MCSB's business strategy is to operate as a small community bank that provides banking services to, and develops financial relationships with, local retail and business customers. The bank's primary product is home mortgage loans having 1-4 family properties as collateral. Presently, the bank does not sell the residential mortgages it originates. MCSB faces competition from other community and regional banking institutions serving its AA. In 2013, the top five of 92 HMDA-filing competitors accounted for 72% of the residential dwelling loan volume in the AA. The five competitors included two regional banks, two community banks and one credit union.

MCSB's main and branch offices are centrally located in the bank's AA. The main office is in one of Steuben County's moderate-income census tracts. This census tract abuts another moderate-income tract in the City of Hornell. Both offices offer full services Monday through Friday. The main office drive-up location opens an hour earlier and closes an hour later than the lobby. Both locations have a 24-hour Automatic Teller Machine (ATM). MCSB also offers customers Internet and mobile banking services to allow for loan and deposit account access and intra-bank transfers.

MCSB has no legal, financial, or other factors that would impede its ability to help meet the credit needs in its AA. At the last CRA examination dated February 5, 2008, MCSB received a rating of "Outstanding" CRA performance from The Office of Thrift Supervision (OTS).

DESCRIPTION OF ASSESSMENT AREA

MCSB's AA consists of all census tracts in Steuben and Allegany Counties, which includes 43 contiguous census tracts. Allegheny County includes one census tract that is Native American Territory (Oil Springs Reservation), which straddles the western border of Allegheny County and the eastern border of Cattaraugus County. Table 2 summarizes demographic data on population, families, and housing units within the AA.

Table 2 - Demographic Data for AA (Based on 2010 U.S. Census Data)	
Demographic Data	2010 Census
Population	147,936
Total Families	39,288
1-4 Family Units	59,471
Multi-family Units	3,640
Mobile Homes	10,793
% Owner-Occupied Units	58.99%
% Rental-Occupied Units	20.97%
% Vacant Housing Units	20.04%
Weighted Average of HUD Updated MSA Median Family Income (2013)	\$57,700

Table 3 indicates the number of census tracts designated in each income level and compares it to the distribution of families living in those census tracts and to 1-4 family dwellings located within those census tracts.

Table 3 - Distribution of Census Tracts (CT), Families and Housing Units in the AA						
CT Income Level	Census Tracts		Total Area Families		Number of Households	
2010 Census:	#	%	#	%	#	%
Low	0	0.00%	0	0.00%	0	0.00%
Moderate	4	9.30%	3,125	7.95%	5,119	12.02%
Middle	36	83.72%	33,249	84.63%	50,016	82.34%
Upper	2	4.65%	2,914	7.42%	4,410	5.64%
Not Classified	1	2.33%	0	0.00%	0	0.00%
Total	43	100.00%	39,288	100.00%	59,545	100.00%

Table 4(a) shows the number and percentage of families at the various income levels in the AA. The Department of Housing and Urban Development (HUD) annually adjusts the 2010 census data to update the income levels. The adjusted figures are used in the Lending to Borrowers of Different Incomes section of this Performance Evaluation.

Table 4(b) indicates the median family income ranges of each income category, based on the 2013 adjustment. Table 4(c) reflects the updated HUD median family income for 2012 and 2013.

Table 4(a) - Distribution of Families in the AA		
Family Income Category (% of Non-MSA Median)	2010 Census Data	
	Number	Percent
Low (< 50%)	7,995	20.35%
Moderate (50% - 79%)	7,645	19.46%
Middle (80% - 119%)	8,852	22.53%
Upper (>= 120%)	14,796	37.66%
Total	39,288	100.00%

Income Category (% of Non-MSA Median)	Income Ranges	
	From	To
Low (< 50%)	\$1	\$28,273
Moderate (50% - 79%)	\$28,274	\$45,583
Middle (80% - 119%)	\$45,584	\$68,663
Upper (>= 120%)	\$68,664	+

Year	Amount
2012	\$56,900
2013	\$57,700

* Based on HUD 2013 Median Family Income of the AA

Economic conditions remain slow in the AA and employment has not fully recovered from the 2008 economic crisis. As of February 2015, unemployment rates in Steuben and Allegheny Counties were 7.5% and 6.7%, respectively. While these levels have declined from rates that were as high as 11.4% and 10.6%, respectively, during the evaluation period, they have not returned to those reported at the last CRA evaluation of 5.2% and 5.3%, respectively. Major employers in Steuben County are Alstom, a manufacturer of railroad cars, and a number of health care facilities. In Allegany County, the major employer is Alfred University.

We contacted a local organization that assists low and moderate-income individuals in the AA. Specific community needs mentioned include the need for low-income housing. The contact mentioned that involvement from local banks to assist with community development needs has been good. The contact specifically mentioned MCSB as being active in meeting the housing needs of low- and moderate-income borrowers.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

Loan-to-Deposit Ratio

MCSB's average loan-to-deposit ratio during the evaluation period was more than reasonable at 99.3%. The bank's quarterly loan-to-deposit ratio during the evaluation period ranged from a low of 91.66% at June 30, 2010, to a high of 106.86% at March 31, 2008. Four similarly situated Upstate NY savings banks with assets of less than \$250 million had average loan-to-deposit ratios ranging from 76.68% to 111.11%. MCSB's average LTD ratio exceeded three of the four banks, and also exceeded the overall weighted average loan-to-deposit ratio, based on asset size, of 93%.

Lending in Assessment Area

MCSB originated a substantial majority of loans inside its AA. Approximately 97% of the number and 94% of the dollar amount of loans originated were in the AA. Refer to Table 5 below.

Table 5 - Concentration of Home Mortgage Loans* (Dollars in thousands)					
Period	In Assessment Area		Outside Assessment Area		Total HMDA Loans
By Number:	Number	Percent	Number	Percent	Number
2012 - 2014	58	96.67%	2	3.33%	60
By \$ Amount:	\$ Amt	Percent	\$ Amt	Percent	\$ Amt
2012 - 2014	\$4,511	93.71%	\$303	6.29%	\$4,814

*Source: Sample of 60 home mortgage loans originated between January 1, 2012 and December 31, 2014.

Lending to Borrowers of Different Incomes

MCSB had reasonable distribution of home mortgage loans to borrowers of different income levels during the evaluation period. Table 6 illustrates home mortgage loan originations, categorized by borrower income level, and compares this activity to the 2012-2013 aggregate residential loan activity of HMDA lenders in the AA. The distribution of loans to low-income borrowers is below the aggregate distribution percentage based on number of loans; however, slightly exceeds the aggregate distribution percentage based on dollar amount of loans. Regarding moderate-income borrowers, the bank exceeds the aggregate distribution percentage based on both number and dollar amount of loans. Three banks servicing MCSB’s AA, having a greater amount of assets with more branches, accounted for 72% of the loans to low-income borrowers in the AA in 2012 and 2013.

Table 6 – Distribution of Home Mortgage Loans by Borrower Income Level in AA (Dollars in thousands)				
Borrower Income Level	Review Period		Aggregate**	
	1/1/2012 – 12/31/2014*		2012-2013	
By Number:	#	%	#	%
Low	3	5.17%	297	6.66%
Moderate	13	22.41%	872	19.56%
Middle	14	24.14%	1,144	25.66%
Upper	28	48.28%	2,015	45.19%
Not Classified	0	0.00%	131	2.94%
By \$ Amt:	\$ (000)	%	\$ (000)	%
Low	\$122	2.71%	\$9,717	2.66%
Moderate	\$620	13.76%	\$40,980	11.20%
Middle	\$760	16.85%	\$71,998	19.68%
Upper	\$3,007	66.68%	\$231,719	63.35%
Not Classified	\$0	0.00%	\$11,366	3.11%
Total	\$4,511	100.00%	\$365,780	100.00

*Source: Sample of 60 home mortgage loans originated between January 1, 2012 and December 31, 2014.

**Loans originated by HMDA reporting banks in MCSB’s AA in 2012 and 2013.

Geographic Distribution of Loans

MCSB had excellent distribution of home mortgage loans among census tracts of different income levels in the AA during the evaluation period. Table 7 illustrates home

mortgage loan originations, categorized by census tract income designation, and compares this activity to the 2012-2013 aggregate residential loan activity of HMDA lenders in the AA. The distribution of loans in moderate-income census tracts significantly exceeds the aggregate distribution percentage based on both number and dollar amount of loans. MCSB’s significant level of lending in moderate-income census tracts is primarily attributed to the bank’s main office located in a moderate-income census tract, which also abuts to another moderate-income census tract. The lack of lending activity in the upper-income census tracts is primarily attributed to those tracts being greater than 40 miles away from the bank’s main and branch offices.

Table 7 - Distribution of Home Mortgage Loans by Census Tract Income Level in the AA				
(Dollars in thousands)				
Census Tract Income Level	Review Period		Aggregate**	
	1/1/2012 – 12/31/2014*		2012-2013	
By Number:	#	%	#	%
Low	0	0.00%	0	0.00%
Moderate	15	25.86%	194	4.35%
Middle	43	74.14%	3,679	82.51%
Upper	0	0.00%	580	13.01%
Not Classified	0	0.00%	6	0.13%
By \$ Amt:	\$ (000)	%	\$ (000)	%
Low	\$0	0.00%	\$0	0.00%
Moderate	\$736	16.32%	\$11,482	3.14%
Middle	\$3,775	84.63%	\$282,654	77.27%
Upper	\$0	0.00%	\$71,115	19.44%
Not Classified	\$0	0.00%	\$528	0.14%
Total	\$4,511	100.00%	\$365,780	100.00%

*Source: Sample of 60 home mortgage loans originated between January 1, 2012 and December 31, 2014.

**Loans originated by HMDA reporting banks in MCSB’s AA in 2012 and 2013.

Responses to Complaints

MCSB did not receive any complaints regarding its CRA performance during the evaluation period.

Fair Lending or Other Illegal Credit Practices Review

Pursuant to 12 C.F.R. 25.28(c), or 12 C.F.R. 195.28(c), in determining a national bank’s (bank) or federal savings association’s (FSA) CRA rating, respectively, the OCC considers evidence of discriminatory or other illegal credit practices in any geography by the bank or FSA, or in any assessment area by an affiliate whose loans have been considered as part of the bank’s or FSA’s lending performance.

We found no evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs.