



PUBLIC DISCLOSURE

February 16, 2016

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Clifton Savings Bank
Charter Number: 701997

1433 Van Houten Avenue, 3rd Floor, Clifton, NJ 07015

Office of the Comptroller of the Currency
343 Thornall Street, Suite 610, Edison, NJ 08837

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 Satisfactory.

The Lending Test is rated: Satisfactory.

The Community Development Test is rated: Outstanding.

The major factors that support this rating include:

- A majority of Clifton Savings Bank's (Clifton) primary loan products are within the bank's assessment area (AA).
- Clifton's distribution of loans to borrowers reflects reasonable distribution among borrowers of different income levels.
- The bank's geographic distribution reflects reasonable distribution of loans and meets the standards for satisfactory performance based on its lending in low- and moderate-income census tracts.
- Clifton's responsiveness to community development needs and opportunities in its AA is excellent, considering its capacity and AA opportunities.

Scope of Examination

Clifton was evaluated under the Intermediate Small Bank evaluation procedures, which include a lending test and a community development (CD) test. The lending test evaluates the institution's record of meeting the credit needs of its AA through its lending activities. The CD test evaluates the institution's responsiveness to CD needs in its AA through CD lending, qualified investments, and CD services.

CRA activities for Clifton were completed using the full-scope review procedures for its AAs. The lending test for the institution covers its performance from January 1, 2013 through December 31, 2015, as this is representative of its lending activities since the last CRA examination. The evaluation period for the CD test is from March 11, 2013 through February 16, 2016.

Clifton's primary loan product is residential mortgage loans. The bank reports data under the requirements of the Home Mortgage Disclosure Act (HMDA). The HMDA data was tested and found to be reliable and was used in our analysis.

Description of Institution

Clifton, founded in 1928, is a \$1.14 billion stock institution located in Clifton, Passaic County, New Jersey. It is approximately 10 miles west of New York City. On September 12, 2007, Clifton converted to a federally chartered savings bank. The institution is a wholly owned subsidiary of Clifton Savings Bancorp, Inc., a mid-tier holding company. The institution operates out of twelve branch offices with six in Passaic County, five in Bergen County, and one in Hudson County. The Passaic

County branch offices are located in Wayne, Woodland Park, and four in Clifton. The Bergen County branch offices are located in Fair Lawn, Lyndhurst, Wallington, and two in Garfield. The Hudson County branch is located in Hoboken. Six offices are in upper-income geographies, five in middle-income geographies, and one in a moderate-income geography. The institution closed one office in Clifton, Passaic County and opened another in Hoboken, Hudson County during the evaluation period; there is no impact as the closed branch is within one mile of an existing branch and both are located in upper-income geographies.

At September 30, 2015, Clifton reported \$677.4 million in net loans and \$756.3 million in total deposits. Net loans represent approximately 59.3 percent of total assets. Clifton's primary lending product, and business focus of the bank, is one-to-four family first lien mortgages. Clifton is a traditional one-to-four family residential mortgage lender offering loans to purchase, refinance, and construct one-to-four family dwellings. Home equity loans and lines of credit are also available, as are multi-family and commercial mortgage loans on a limited basis. Deposit products include passbook savings, statement savings, personal and business checking, club, money market, certificates of deposit and individual retirement accounts. Clifton has a website that offers internet-banking services in addition to information on branch hours and bank products.

Clifton operates in a highly competitive financial services market with competition from nationwide, large regional and local financial institutions. According to the June 30, 2015 FDIC Summary of Deposits Market Share Report, Clifton ranked 76th out of 219 institutions in the New York-Newark-Jersey City Metropolitan Statistical Area (MSA) with 0.05 percent of deposits. JPMorgan Chase Bank, N.A. ranked first with 957 offices in the MSA and 32.77 percent of the deposits. Other financial institutions include The Bank of New York Mellon, ranked second with one office and 8.75 percent of deposits, and Bank of America, N.A., ranked third with 448 offices and 7.77 percent of the deposits.

There are no legal or financial condition restrictions that would impede the bank's ability to help meet the credit needs of the community. Clifton's last Public Evaluation (PE) was dated March 11, 2013 and the overall CRA rating assigned was Satisfactory.

Description of Assessment Area(s)

Clifton's AA meets regulatory requirements and does not arbitrarily exclude low-or moderate-income geographies. Clifton's AA consists of Essex County in the Newark-Union, NJ-PA Metropolitan Division (MD) #35084, as well as Bergen and Passaic Counties in the New York-White Plains-Wayne, NY-NJ MD #35614, which is included in the New York-Newark-Jersey City NY, NJ, PA Metropolitan Statistical Area (MSA). Since the prior review, Clifton has added Hudson County (MD) #35614 to the AA. This AA of Bergen, Essex, Hudson, and Passaic counties contained 655 census tracts ("CTs" or "geographies").

The Office of Management and Budget (OMB) revised the Metropolitan Area (MA) and census tract geographic definitions and boundaries in February 2013. Those revisions became effective for CRA purposes on January 1, 2014. The MSA #35614 is formed out of MSAs #35644 (10 counties), #20764 (3 counties), and #39100 (1 county). MSA and metro division titles changed. Demographic data for 2013 are presented separately in this evaluation because the OMB MA changes impacted the bank’s AA income tract composition and/or HMDA reportable data geocoding.

Bergen County is the most populous county in the state of New Jersey with a population of 933,752. Passaic County is the ninth-most populous county in the state of New Jersey. Both Bergen and Passaic counties have benefited from their geographical proximity to New York City. Essex County has the third largest population, is the state’s second-most densely populated county, and includes Newark, the largest city in New Jersey. Hudson County has the highest population density in New Jersey by a significant margin. Both the Bergen-Passaic-Hudson MD and the Essex MD are impacted by a high cost of living.

Major employers within the AA include UBS Financial Services, Newark International Airport, Verizon Communications, and the Prudential Financial. Many local residents travel to New York City for employment. The major employers in the immediate Clifton area include Hackensack University Medical Center, Toys ‘R’ Us, and Valley Health Systems. The major employment sector for both MDs is healthcare and social services, followed by the financial industry. The manufacturing sector ranks first in the Bergen-Passaic MD and third in the Essex MD. The unemployment rate in the MSA as of January 2016 is 5.1 percent.

Based on 2015 MFI Census data, the Essex MD consisted of 210 CTs. This MD includes all of Essex county tracts. It meets the requirements of the HMDA and does not arbitrarily exclude any low-or moderate-income areas. The total population in the AA was 783,969 and the median family income in the AA was \$90,123. The percentage of households below the poverty level was 15 percent. Below is a summary of demographic information for this MD:

Demographic Information for Full Scope Area: Clifton AA 2015						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	210	35.24	30.00	13.33	20.48	0.95
Population by Geography	783,969	29.99	30.36	13.14	25.90	0.60
Owner-Occupied Housing by Geography	130,969	12.37	23.33	18.52	45.77	0.00
Business by Geography	50,671	22.76	21.70	13.98	40.76	0.80
Farms by Geography	584	10.45	12.67	20.38	56.51	0.00
Family Distribution by Income Level	182,826	33.56	18.06	17.53	30.85	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	94,371	42.81	37.45	9.71	10.01	0.03
Median Family Income		90,123	Median Housing Value	365,615		
HUD Adjusted Median Family Income for 2015		97,900	Unemployment Rate (Jan 2016)	5.10%		
Households Below Poverty Level		15%				

(*) The NA category consists of geographies that have not been assigned an income classification.
 Source: 2010 US Census and 2015 HUD updated MFI

Based on 2015 MFI Census data, the Bergen-Passaic-Hudson MD consisted of 445 CTs. This MD includes all of Bergen, Passaic and Hudson counties tracts. It meets the requirements of the HMDA and does not arbitrarily exclude any low-or moderate-income areas. The total population in the AA was 2,040,608 and the median family income in the AA was \$68,006. The percentage of households below the poverty level was 11 percent. Below is a summary of demographic information for this MD:

Demographic Information for Full Scope Area: Clifton AA 2015						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	445	7.64	20.45	25.17	46.29	0.45
Population by Geography	2,040,608	6.14	19.75	24.81	49.28	0.02
Owner-Occupied Housing by Geography	396,090	1.60	9.91	21.64	66.85	0.00
Business by Geography	138,051	4.15	15.07	22.88	57.85	0.05
Farms by Geography	1,995	1.20	7.02	17.69	74.09	0.00
Family Distribution by Income Level	495,484	19.99	14.07	16.57	49.36	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	168,783	12.14	32.69	27.76	27.41	0.00
Median Family Income		68,006			437,279	
HUD Adjusted Median Family Income for 2015		71,300		Median Housing Value	5.1%	
Households Below Poverty Level		11%		Unemployment Rate Jan 2016		

(*) The NA category consists of geographies that have not been assigned an income classification.
 Source: 2010 US Census and 2015 HUD updated MFI

We contacted one non-profit CD organization that predominantly serves low- and moderate-income families. The organization works with low- and moderate-income individuals and prepares them for home ownership through financial literacy education and a review of their personal finances. Local financial institutions in the area conduct seminars, speak with low- and moderate-income individuals at home fairs, and work to extend first mortgages to eligible borrowers. The community contact stated that institutions, including Clifton, have been supportive throughout the years by providing assistance and donations.

Conclusions with Respect to Performance Tests

LENDING TEST

Clifton’s performance under the lending test is satisfactory. The evaluation period covered home mortgage purchase, refinance, and improvement loans reported under the Home Mortgage Disclosure Act (HMDA) from January 1, 2013 through December 30, 2015. These loans were the primary products reviewed due to the business focus of the bank.

All criteria of the lending test are documented below:

Loan-to-Deposit Ratio

Clifton’s net loan-to-deposit (LTD) ratio is reasonable given the institution’s size, financial condition, and AA credit needs. The bank’s net LTD ratio averaged 74.38

percent over the 11 quarters since the last CRA examination, with a quarterly low of 58.3 percent and a quarterly high of 89.57 percent. The institution's LTD ratio has increased significantly since the prior CRA evaluation.

The institution's net LTD ratio, although trending higher during the review period, is below the average quarterly ratios of other similarly situated banks with similar asset sizes. Clifton ranks last amongst a total of six similarly situated banks. The other five banks had a combined average net LTD ratio of 96.26 percent, ranging from 77.5 percent to 117.9 percent over the 11 quarters since the last CRA examination.

Lending in Assessment Area

Clifton originated a majority of loans inside its AA during the evaluation period. During the evaluation period, 57 percent of the number and 51 percent of the dollar amount of total home mortgage and small loans to businesses were in the bank's AA. The following tables detail the bank's lending activities within the AA by volume and dollar amount of loans:

Lending in Assessment Area 2013										
Loan Type	Number of Loans					Dollars of Loans (in thousands)				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
Home Purchase Loans	106	52.74	95	47.26	201	\$32,499	44.84	\$39,985	55.16	\$72,484
Home Refinance Loans	135	48.74	142	51.26	277	\$36,763	40.04	\$55,042	59.96	\$91,805
Home Improvement Loans	44	61.97	27	38.03	71	\$12,157	60.63	\$7,895	39.37	\$20,052
Totals	285	51.91	264	48.09	549	\$81,419	44.17	\$102,922	55.83	\$184,341

Source: 2013 HMDA Data based on 2010 Census

Lending in Clifton's Assessment Area 2014-2015										
Loan Type	Number of Loans					Dollars of Loans (in thousands)				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
Home Purchase Loans	176	57.89	128	42.11	304	\$63,510	56.57	\$48,763	43.43	\$112,273
Home Refinance Loans	130	61.61	81	38.39	211	\$47,924	56.23	\$37,308	43.77	\$85,232
Home Improvement Loans	48	57.83	35	42.17	83	\$15,788	53.73	\$13,594	46.27	\$29,382
Totals	354	59.20	244	40.80	598	\$127,222	56.07	\$99,665	43.93	\$226,887

Source: 2014-2015 HMDA Data based on 2010 Census

Lending to Borrowers of Different Incomes

The distribution of loans to borrowers reflects reasonable distribution among borrowers of different income levels, given the bank's product offerings and local economic conditions. The borrower distribution of loans in the Bergen-Passaic-Hudson and Essex MDs were both reasonable. We placed more weight on the home mortgage purchase and refinance lending performance since the majority of the loans made by the bank were home mortgage purchase and refinance loans.

Performance in the Essex MD

The borrower distribution of loans in the Essex MD was reasonable.

Based on the 2010 Census Data, Clifton’s level of lending of home mortgage purchase loans in the Essex MD in 2013 to low- and moderate-income borrowers meets the standards of satisfactory performance as it is within a reasonable range of the aggregate lender’s level of total home mortgage purchase loans originated. The ratio consists only of moderate-income borrowers as the institution did not originate any home mortgage purchase loans to low-income families in the Essex MD for 2013, and reflects inadequate distribution to low-income borrowers. The level of home mortgage purchase loans originated to low-income borrowers in the Essex MD does not meet standards of satisfactory performance and is below the percentage of low-income families in the AA.

The level of home mortgage purchase loans originated to moderate-income borrowers in the Essex MD exceeds the percentage of moderate-income families in the AA. When considering the affordability of housing in the Essex MD, this performance is reasonable. The HUD updated median family income for 2013 is \$90,100. A low-income person earns less than \$44,194 in the Essex MD. Based on these statistics, it is a challenge for a low-income individual to meet the criteria for home ownership in the Essex MD. The median cost of housing in the Essex MD is \$365,116, based on 2010 Census Data.

Essex 2013 Distribution of Clifton Savings Bank's Home Mortgage Purchase Loans By Borrower Income Level in the Assessment Area			
Borrower Income Category	% of Loans	% Family Distribution	Aggregate Lending Data*
Low	0.00	32.47	3.58
Moderate	18.18	17.89	18.86
Middle	9.09	17.60	22.73
Upper	72.73	32.04	54.83
Totals	100	100	100

Source: 2013 HMDA Data based on 2010 Census
 *Based on 2013 Peer Mortgage Data -- US and PR

Based on the 2010 Census Data, Clifton’s level of lending of home mortgage refinance loans in the Essex MD in 2013 to low- and moderate-income borrowers exceeds the aggregate lender’s level. The level of home mortgage refinance loans originated to borrowers of low-income in the Essex MD does not meet the standards of satisfactory performance and is below the percentage of low-income families in the AA. This is mitigated by the overall low levels of lending to low-income borrowers in the Essex MD, as shown in the aggregate lending data. The percentage of home mortgage refinance loans originated to moderate-income borrowers exceeds the percentage of moderate-income families in the AA as well as aggregate peer lending data for the area.

Essex 2013 Distribution of Clifton Savings Bank's Home Mortgage Refinance Loans By Borrower Income Level in the Assessment Area			
Borrower Income Category	% of Loans	% Family Distribution	Aggregate Lending Data*
Low	4.00	32.47	5.07
Moderate	24.00	17.89	12.28
Middle	4.00	17.60	20.99
Upper	68.00	32.04	61.66
Totals	100	100	100

Source: 2013 HMDA Data based on 2010 Census
 *Based on 2013 Peer Mortgage Data -- US and PR

Based on the 2010 Census Data, the institution's level of lending of home mortgage purchase loans in the Essex MD in 2014 and 2015 to low- and moderate-income borrowers is below the aggregate lender's level. The level of home mortgage purchase originations to low- and moderate-income borrowers does not meet the standards of satisfactory performance and is significantly below the percentage of low- and moderate-income families in the area. This performance is considered reasonable as additional weight is placed on the institution's level of home mortgage purchase loans to low-income borrowers of 8.33 percent, as it exceeded the aggregate lender's level of 5.35 percent. The HUD updated median family income for 2014 and 2015 is \$96,300 and \$97,900 respectively. This means that a low-income person earns less than \$47,187 for 2014 and \$47,971 for 2015 in the Essex MD. Based on this, it is a challenge for low-income individuals to meet the criteria for home ownership in the Essex MD. The median cost of housing in the Essex MD is \$365,615, based on 2010 Census Data.

Essex 2014-2015 Distribution of Clifton Savings Bank's Home Mortgage Purchase Loans By Borrower Income Level in the Assessment Area			
Borrower Income Category	% of Loans	% Family Distribution	Aggregate Lending Data*
Low	8.33	33.56	5.35
Moderate	8.33	18.06	20.70
Middle	25.00	17.53	22.12
Upper	58.33	30.85	51.83
Totals	100	100	100

Source: 2014-2015 HMDA Data based on 2010 Census
 *Based on 2014 Peer Mortgage Data -- US and PR

Based on the 2010 Census Data, the institution’s level of lending of home mortgage refinance loans in the Essex MD in 2014 and 2015 exceeds the aggregate lender’s level. The ratio consists only of moderate-income borrowers, as Clifton did not have any home mortgage refinance loans to low-income families in the Essex MD for 2013. This reflects inadequate distribution to low-income borrowers. The level of home mortgage refinance loans originated to borrowers of low-income in the Essex MD does not meet standards of satisfactory performance and is below the percentage of low-income families in the AA. The level of home mortgage refinance loans originated to borrowers of moderate-income in the Essex MD exceeds the percentage of moderate-income families within the area.

Essex 2014-2015 Distribution of Clifton Savings Bank’s Home Mortgage Refinance Loans By Borrower Income Level in the Assessment Area			
Borrower Income Category	% of Loans	% Family Distribution	Aggregate Lending Data*
Low	0.00	33.56	7.84
Moderate	26.32	18.06	16.09
Middle	21.05	17.53	22.68
Upper	52.63	30.85	53.40
Totals	100	100	100

Source: 2014-2015 HMDA Data based on 2010 Census
 *Based on 2014 Peer Mortgage Data -- US and PR

Performance in the Bergen-Passaic-Hudson MD

The borrower distribution of loans in the Bergen-Passaic-Hudson MD was reasonable.

Based on the 2010 Census Data, the institution’s level of lending of home mortgage purchase loans in the Bergen-Passaic-Hudson MD in 2013 to low- and moderate-income borrowers exceeds the aggregate lender’s level. The ratio consists only of moderate-income borrowers as Clifton did not originate home mortgage purchase loans to low-income borrowers in the Bergen-Passaic-Hudson MD in 2013, and reflects inadequate distribution to low-income family borrowers in this area. Mitigating factors include the low level of aggregate peer lending to low-income families in the AA. This is indicative of the low levels of lending opportunities to low-income borrowers in the Bergen-Passaic-Hudson MD. The level of home mortgage purchase loans to moderate-income borrowers; however, exceeds the percentage of moderate-income families for the AA. When considering the affordability of housing in the Bergen-Passaic-Hudson MD, this performance is reasonable. The median cost of housing in the Bergen-Passaic MD is \$455,759 based on 2010 Census Data. The HUD updated median family income for 2013 is \$66,000. This means that a low-income person earns less than \$32,340 in the Bergen-Passaic MD. Based on this, it is a challenge for a low-income individual to purchase housing in the Bergen-Passaic MD.

Bergen-Passaic 2013 Distribution of Clifton Savings Bank's Home Mortgage Purchase Loans By Borrower Income Level in the Assessment Area			
Borrower Income Category	% of Loans	% Family Distribution	Aggregate Lending Data*
Low	0.00	15.11	0.43
Moderate	15.79	11.81	5.63
Middle	17.54	15.83	20.98
Upper	66.67	57.24	72.96
Totals	100	100	100

Source: 2013 HMDA Data based on 2010 Census
 *Based on 2013 Peer Mortgage Data -- US and PR

Based on the 2010 Census Data, the institution's level of lending of home mortgage refinance loans in the Bergen-Passaic-Hudson MD in 2013 to low- and moderate-income borrowers exceeds the aggregate lender's level. The level of home mortgage refinance loans to low-income borrowers does not meet the standards of satisfactory performance and is below the percentage of low-income borrowers within the AA. Distribution to low-income borrowers is reasonable given the institution's level of home mortgage refinance loans to low-income borrowers is slightly below aggregate lending data for the area. The level of home mortgage refinance loans to moderate-income borrowers exceeds the percentage of moderate-income families within the AA.

Bergen-Passaic 2013 Distribution of Clifton Savings Bank's Home Mortgage Refinance Loans By Borrower Income Level in the Assessment Area			
Borrower Income Category	% of Loans	% Family Distribution	Aggregate Lending Data*
Low	1.00	15.11	2.30
Moderate	15.00	11.81	4.97
Middle	8.00	15.83	14.23
Upper	76.00	57.24	78.49
Totals	100	100	100

Source: 2013 HMDA Data based on 2010 Census
 *Based on 2013 Peer Mortgage Data -- US and PR

Based on the 2010 Census Data, the institution's level of lending of home mortgage purchase loans in the Bergen-Passaic-Hudson MD in 2014 and 2015 to low-income borrowers is slightly above the aggregate lender's level. For moderate-income borrowers, the institution is slightly below the aggregate lender's level. The level of home mortgage purchase loans to moderate-income borrowers does not meet standards of satisfactory performance and is significantly below the percentage of low- and moderate-income families in the AA. This performance is reasonable when considering the affordability of housing within the Bergen-Passaic-Hudson MD. The

HUD updated median family income for 2014 and 2015 is \$68,900 and \$71,300 respectively. This means that a low-income borrower earns less than \$33,761 and \$34,973 in the Bergen-Passaic-Hudson MD. Based on these statistics, it would be difficult for a low-income individual to meet the criteria of home ownership in the Bergen-Passaic-Hudson MD.

Bergen-Passaic-Hudson 2014-2015 Distribution of Clifton Savings Bank's Home Mortgage Purchase Loans By Borrower income level in the Assessment Area			
Borrower Income Category	% of Loans	% Family Distribution	Aggregate Lending Data*
Low	0.93	19.99	0.81
Moderate	5.56	14.07	6.88
Middle	14.81	16.57	19.79
Upper	78.70	49.36	72.52
Totals	100	100	100

Source: 2014-2015 HMDA Data based on 2010 Census
 *Based on 2014 Peer Mortgage Data -- US and PR

Based on the 2010 Census Data, the institution's level of lending of home mortgage refinance loans in the Bergen-Passaic-Hudson MD in 2014 and 2015 to moderate-income borrowers exceeds the aggregate lender's level. Clifton did not originate any home mortgage refinance loans to low-income borrowers in the Bergen-Passaic-Hudson MD in 2014 and 2015, and reflects inadequate distribution to low-income borrowers. The level of home mortgage refinance loans to low- and moderate-income borrowers does not meet the standards of satisfactory performance and is below the percentage of low- and moderate-income borrowers in the AA.

Bergen-Passaic-Hudson 2014-2015 Distribution of Clifton Savings Bank's Home Mortgage Refinance Loans By Borrower income level in the Assessment Area			
Borrower Income Category	% of Loans	% Family Distribution	Aggregate Lending Data*
Low	0.00	19.99	2.93
Moderate	10.94	14.07	7.38
Middle	17.90	16.57	16.24
Upper	71.88	49.36	73.45
Totals	100	100	100

Source: 2014-2015 HMDA Data based on 2010 Census
 *Based on 2014 Peer Mortgage Data -- US and PR

Geographic Distribution of Loans

The distribution of loans reflects reasonable distribution throughout the bank's AA. The geographic distribution of loans reflects excellent distribution in the Essex MD and

reasonable distribution in the Bergen-Passaic MD. We put more weight on the home mortgage purchase lending performance since most of the loans made by Clifton were home mortgage purchase loans. There were no conspicuous gaps identified within Clifton’s AA. The bank continues to face the challenge of limited opportunities in the low- and moderate-income communities, especially in the Bergen-Passaic-Hudson MD, which is due to the limited amount of low- and moderate-income census tracts in the AA. Lending opportunities for Clifton in low- and moderate-income census tracts is limited due to significant competition within those tracts.

Performance in the Essex MD

The distribution of loans reflects an excellent distribution throughout this MD in the bank’s AA.

Based on the 2010 Census Data, the bank’s geographic distribution of home mortgage purchase loans in the Essex MD for 2013 reflects an excellent distribution throughout census tracts of different incomes and exceeds standards of satisfactory performance. The bank exceeds standards of satisfactory performance among low-income borrowers and is significantly higher than aggregate lending data. For moderate-income borrowers, the bank does not meet the standards of satisfactory performance and is significantly below the aggregate lending data. The bank’s performance for home mortgage purchase loans to low-income borrowers is significantly higher than the level of homes occupied by low-income individuals in the AA.

Essex 2013 Distribution of Clifton Savings Bank’s Home Mortgage Purchase Loans By Census Tract Income level in the Assessment Area			
Borrower Income Category	% of Loans	% Owner Occupied	Aggregate Lending Data*
Low	33.33	10.47	9.92
Moderate	6.67	23.68	17.07
Middle	20.00	17.81	17.24
Upper	40.00	48.04	55.77
Totals	100	100	100

Source: 2013 HMDA Data based on 2010 Census
 *Based on 2013 Peer Mortgage Data -- US and PR

Based on the 2010 Census Data, the bank’s geographic distribution of home mortgage refinance loans in the Essex MD for 2013 reflects inadequate distribution through census tracts of different incomes and does not meet the standards of satisfactory performance. The bank meets the standards of satisfactory performance among low-income borrowers and is higher than aggregate lending data. For moderate-income borrowers, the bank does not meet the standards of satisfactory performance and is significantly below the aggregate lending data.

Essex 2013 Distribution of Clifton Savings Bank's Home Mortgage Refinance Loans By Census Tract Income level in the Assessment Area			
Borrower Income Category	% of Loans	% Owner Occupied	Aggregate Lending Data*
Low	6.67	10.47	6.60
Moderate	3.33	23.68	15.76
Middle	0.00	17.81	17.29
Upper	90.00	48.04	60.35
Totals	100	100	100

Source: 2013 HMDA Data based on 2010 Census
 *Based on 2013 Peer Mortgage Data -- US and PR

Based on the 2010 Census Data, the bank's geographic distribution of home mortgage purchase loans in the Essex MD for 2014-2015 reflects a reasonable distribution throughout census tracts of different incomes and meets standards of satisfactory performance. The level of home mortgage purchase lending to borrowers in low-income census tracts is significantly lower than the percentage of owner occupied homes as well as aggregate lending data for the area. However, the bank had an excellent level of home mortgage purchase lending to borrowers in moderate-income census tracts, which exceeds both the percentage of owner occupied homes in moderate-income census tracts as well as aggregate lending data.

Essex 2014-2015 Distribution of Clifton Savings Bank's Home Mortgage Purchase Loans By Census Tract Income level in the Assessment Area			
Borrower Income Category	% of Loans	% Owner Occupied	Aggregate Lending Data*
Low	2.94	12.37	11.93
Moderate	29.41	23.33	17.56
Middle	14.71	18.52	19.50
Upper	52.94	45.77	51.01
Totals	100	100	100

Source: 2014-2015 HMDA Data based on 2010 Census
 *Based on 2014 Peer Mortgage Data -- US and PR

Based on the 2010 Census Data, the bank's geographic distribution of home mortgage refinance loans in the Essex MD for 2014-2015 reflects a reasonable distribution throughout census tracts of different incomes and meets the standards of satisfactory performance. The level of home mortgage refinance lending to borrowers in low-income census tracts exceeds the percentage of owner occupied homes in low-income census tracts as well as aggregate lending data. However, the levels of lending to borrowers in moderate-income census tracts, which is significantly below the percentage of owner-occupied homes in moderate-income census tracts and aggregate lending data.

Essex 2014-2015 Distribution of Clifton Savings Bank's Home Mortgage Refinance Loans By Census Tract Income level in the Assessment Area			
Borrower Income Category	% of Loans	% Owner Occupied	Aggregate Lending Data*
Low	23.08	12.37	11.06
Moderate	2.56	23.33	19.64
Middle	28.21	18.52	19.23
Upper	46.15	45.77	50.07
Totals	100	100	100

Source: 2013 HMDA Data based on 2010 Census
 *Based on 2013 Peer Mortgage Data -- US and PR

Performance in the Bergen-Passaic-Hudson MD

The distribution of loans reflects reasonable distribution throughout this MD in the bank's AA.

Based on the 2010 Census Data, the bank's geographic distribution of home mortgage purchase loans in the Bergen-Passaic-Hudson MD in 2013 reflects a reasonable distribution throughout census tracts of different incomes and exceeds the standards of satisfactory performance in moderate-income census tracts. The bank made 6.76 percent of its home mortgage purchase loans in the Bergen-Passaic-Hudson MD to borrowers in moderate-income tracts. This ratio exceeds the level of owner occupied homes in moderate-income census tracts in the area. The bank did not originate any home mortgage purchase loans to borrowers in low-income census tracts in the Bergen-Passaic-Hudson MD in 2013. This is mitigated by the fact that only 0.98 percent of owner occupied homes in the Bergen-Passaic-MD are in low-income census tracts.

Bergen-Passaic 2013 Distribution of Clifton Savings Bank's Home Mortgage Purchase Loans By Census Tract Income level in the Assessment Area			
Borrower Income Category	% of Loans	% Owner Occupied	Aggregate Lending Data*
Low	0.00	0.98	1.01
Moderate	6.76	3.78	3.76
Middle	10.81	16.93	15.73
Upper	82.43	78.31	79.5
Totals	100	100	100

Source: 2013 HMDA Data based on 2010 Census
 *Based on 2013 Peer Mortgage Data -- US and PR

Based on the 2010 Census Data, the bank’s geographic distribution of home mortgage refinance loans in the Bergen-Passaic-Hudson MD in 2013 reflects inadequate distribution throughout census tracts of different incomes and does not meet the standards of satisfactory performance. The bank did not make any home mortgage refinance loans in the Bergen-Passaic-Hudson MD in 2013 to low- and moderate-income census tracts.

Bergen-Passaic 2013 Distribution of Clifton Savings Bank's Home Mortgage Refinance Loans By Census Tract Income level in the Assessment Area			
Borrower Income Category	% of Loans	% Owner Occupied	Aggregate Lending Data*
Low	0.00	0.98	0.62
Moderate	0.00	3.78	2.47
Middle	19.23	16.93	13.44
Upper	80.77	78.31	83.47
Totals	100	100	100

Source: 2013 HMDA Data based on 2010 Census
 *Based on 2013 Peer Mortgage Data -- US and PR

Based on the 2010 Census Data, the bank’s geographic distribution of home mortgage purchase loans in the Bergen-Passaic-Hudson MD in 2014-2015 reflects reasonable distribution throughout census tracts of different incomes and meets the standards of satisfactory performance. The bank’s level of home mortgage purchase loans in the Bergen-Passaic-Hudson MD in 2014-2015 to borrowers in low- and moderate-income census tracts is near the level of owner occupied homes in low- and moderate-income census tracts as well as aggregate lending data.

Bergen-Passaic-Hudson 2014-2015 Distribution of Clifton Savings Bank's Home Mortgage Purchase Loans By Census Tract income level in the Assessment Area			
Borrower Income Category	% of Loans	% Owner Occupied	Aggregate Lending Data*
Low	0.75	1.60	2.03
Moderate	7.52	9.91	10.51
Middle	18.05	21.64	19.17
Upper	73.68	66.85	68.30
Totals	100	100	100

Source: 2014-2015 HMDA Data based on 2010 Census
 *Based on 2014 Peer Mortgage Data -- US and PR

Based on the 2010 Census Data, the bank’s geographic distribution of home mortgage refinance loans in the Bergen-Passaic-Hudson MD in 2014-2015 reflects reasonable distribution throughout census tracts of different incomes and meets the standards of

satisfactory performance. The level of home mortgage refinance lending to borrowers in low- and moderate-income census tracts falls within a reasonable range of the percentage of owner occupied homes in low- and moderate-income census tracts for the area and aggregate lending data.

Bergen-Passaic-Hudson 2014-2015 Distribution of Clifton Savings Bank's Home Mortgage Refinance Loans By Census Tract income level in the Assessment Area			
Borrower Income Category	% of Loans	% Owner Occupied	Aggregate Lending Data*
Low	1.18	1.60	1.70
Moderate	11.76	9.91	10.33
Middle	11.76	21.64	19.48
Upper	75.29	66.85	68.48
Totals	100	100	100

*Source: 2014-2015 HMDA Data based on 2010 Census
Based on 2014 Peer Mortgage Data -- US and PR

Responses to Complaints

Clifton has not received any complaints since the prior examination regarding its performance in meeting the credit needs of the AA.

COMMUNITY DEVELOPMENT TEST

The bank’s performance under the CD Test is rated outstanding. During the evaluation period, Clifton provided over \$40 million in community development loans, donations, and CRA qualified investments to help meet the CD needs of its AA. In addition, bank personnel provided financial expertise to two CD organizations serving the AA. The bank’s level of CD activities is excellent given its size and capacity, and considering the CD needs and opportunities of its AA.

Clifton has demonstrated excellent responsiveness to the CD needs of its AA, considering its capacity and the needs and opportunities of its AA.

Number and Amount of Community Development Loans

Clifton has provided an adequate level of CD loans within its AA. The bank regularly participated in CD lending projects for multi-family rental units in low- and moderate-income areas. The bank made nine of these loans with at least one in each of the four counties within the bank’s AA for a total of \$5.6 million.

Number and Amount of Qualified Investments

Clifton has provided an excellent level of qualified investments throughout its AA. The bank made thirteen qualified investments totaling \$19.3 million for the primary purpose of providing affordable housing for low- or moderate-income individuals, which benefited

the AA or the broader statewide or regional area. The investment pools are backed by mortgage loans to low and moderate-income borrowers or in low- and moderate-income census tracts, or both. These purchases since the last examination included:

- \$18.2 million in ten FNMA mortgage backed securities secured by conventional mortgage loans to low- and moderate-income borrowers and low- and moderate-income census tract areas.
- \$1.1 million in one GNMA mortgage backed security secured by FHA insured mortgage loans to low- and moderate-income borrower for purchase of single-family homes.
- \$70 thousand in two Community Development Financial Institution (CDMI) securities that provides financing for affordable housing, community service facilities, and small business enterprises.

In addition, Clifton continues to have seventeen outstanding investments, with a current balance of \$15.5 million. Sixteen were purchased FHLMC, GNMA, or FNMA mortgage backed securities. These loans were either secured by properties located in low- and moderate-income geographies or granted to low- and moderate-income borrowers in the AA. The other outstanding investment was to New Jersey Community Capital (NJCC), a New Jersey certified Community Development Financial Institution (CDFI). This organization provides financing for affordable housing, community service facilities, and small business enterprises in the AA and a broader statewide or regional area that includes the AA.

Clifton provided \$81,865 in donations to eight CD organizations. These organizations provide affordable housing, community service facilities, job training and education programs, and assistance for small business enterprises. The largest donations were to Paterson Habitat for Humanity, Bergen County Habitat for Humanity, and Bergen County Division of Community Development.

Extent to Which the Bank Provides Community Development Services

Clifton has provided an adequate level of CD services throughout its AA.

The bank along with other institutions in the AA sponsored two three-day homebuyer workshops through the Bergen County Department of Community Development. The workshops provided counseling targeted at first time homebuyers, particularly low- and moderate-income buyers. Bergen County is one of the most affluent counties in the state, and the cost of housing is correspondingly high. This provides challenges for both the bank and potential homebuyers. These workshops are designed to help individuals, particularly low- and moderate-income individuals, prepare for homeownership. The workshops also introduce them to housing and mortgage finance services available through the county and the sponsoring banks.

Clifton's executive officers and employees attended two Homeownership Fairs sponsored by the Bergen County Division of Community Development targeted at low-

and moderate-income individuals. The officers and employees provided information and conversed with attendees to help prepare them for homeownership.

Responsiveness to Community Development Needs

Clifton demonstrates excellent responsiveness to the CD needs of its AA. This is noteworthy considering the needs, opportunities, and the performance context surrounding the bank.

In addition to the significant amount in qualified investments, the bank collaborated with local community organizations and provided an additional \$81,865 in donations that provide community services to low- and moderate-income individuals; and its officers provided financial literacy and technical assistance to a qualified organization that provide needed community services to the low- and moderate-income population in this AA.

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.