



**NEW YORK STATE
DEPARTMENT OF FINANCIAL SERVICES
FINANCIAL FRAUDS AND CONSUMER PROTECTION DIVISION**

One State Street
New York, NY 10004

PUBLIC SUMMARY

**COMMUNITY REINVESTMENT ACT
PERFORMANCE EVALUATION**

Date of Evaluation: December 31, 2014

Institution: Deutsche Bank Trust Company Americas
60 Wall Street
New York, NY 10005

Note: This evaluation is not an assessment of the financial condition of this institution. The rating assigned does not represent an analysis, conclusion or opinion of the New York State Department of Financial Services concerning the safety and soundness of this financial institution.

TABLE OF CONTENTS

	Section
General Information	1
Overview of Institution's Performance	2
Performance Context	3
Institution Profile	
Assessment Area	
Demographic & Economic Data	
Community Information	
Performance Tests and Assessment Factors	4
Community Development Test	
Innovative or Complex Practices	
Responsiveness to Credit and Community Development Needs	
Additional Factors	
Glossary	5

GENERAL INFORMATION

This document is an evaluation of the Community Reinvestment Act (“CRA”) performance of Deutsche Bank Trust Company Americas (“DBTCA”) prepared by the New York State Department of Financial Services (“DFS” or the “Department”). This evaluation represents the Department’s current assessment and rating of the institution’s CRA performance based on an evaluation conducted as of December 31, 2014.

Section 28-b of the New York Banking Law, as amended, requires that when evaluating certain applications, the Superintendent of Financial Services shall assess a banking institution’s record of helping to meet the credit needs of its entire community, including low- and moderate-income (“LMI”) areas, consistent with safe and sound operations.

Part 76 of the General Regulations of the Superintendent implements Section 28-b and further requires that the Department assess the CRA performance records of regulated financial institutions. Part 76 establishes the framework and criteria by which the Department will evaluate the performance. Section 76.5 further provides that the Department will prepare a written report summarizing the results of such assessment and will assign to each institution a numerical CRA rating based on a 1 to 4 scoring system. The numerical scores represent an assessment of CRA performance as follows:

- (1) Outstanding record of meeting community credit needs;
- (2) Satisfactory record of meeting community credit needs;
- (3) Needs to improve in meeting community credit needs; and
- (4) Substantial noncompliance in meeting community credit needs.

Section 76.5 further requires that the CRA rating and the written summary (“Evaluation”) be made available to the public. Evaluations of banking institutions are primarily based on a review of performance tests and standards described in Section 76.7 and detailed in Sections 76.8 through 76.13. The tests and standards incorporate the 12 assessment factors contained in Section 28-b of the New York Banking Law.

For an explanation of technical terms used in this report, please consult the **GLOSSARY** at the back of this document.

OVERVIEW OF INSTITUTION'S PERFORMANCE

Overall CRA Rating: "Outstanding"

DBTCA's performance was evaluated according to the community development test for wholesale or limited purpose banking institutions pursuant to General Regulations of the Superintendent ("GRS") Part 76.11. The assessment period covered October 1, 2012 to December 31, 2014. DFS assigns DBTCA a rating of "1" indicating an "Outstanding" record of helping to meet community credit needs. This is the same rating DFS assigned DBTCA for the prior CRA performance evaluation dated September 30, 2012.

This rating is based on the following factors:

Community Development Test: "Outstanding"

DBTCA community development performance demonstrated an excellent level of responsiveness to the community development needs of its assessment area through community development loans, investments and services considering DBTCA's capacity and the need for and availability of opportunities for community development in its assessment area.

DBTCA is a market leader in community development loans and investments, having increased its activity by 74.9% compared to the prior evaluation period, and DBTCA also maintained an excellent level of community development services during the course of the evaluation period.

Community Development Lending: "Outstanding"

DBTCA originated \$205.3 million in new community development loans and had \$11.4 million outstanding from prior evaluation periods. While total loans increased only slightly from the prior period, these totals continued to demonstrate an excellent level of community development lending over the course of the evaluation period. A substantial majority (95.0%) of DBTCA's community development lending supported affordable housing.

Community Development Qualified Investments: "Outstanding"

During the evaluation period, DBTCA made \$438.8 million in new qualified community development investments, including grants of \$15.8 million, and had \$135.5 million of investments outstanding from the prior evaluation period. This demonstrated an excellent level of community development investments.

Community Development Services: "Outstanding"

DBTCA demonstrated an excellent level of community development services over the course of the evaluation period. DBTCA is a leader in community development services in the assessment area.

Innovative or Complex Practices

DBTCA demonstrated an excellent level of innovative or flexible community development practices and initiatives, and provided leadership roles in some of these initiatives. DBTCA solicits innovative community development opportunities and initiatives through DBTCA's request for proposal process and through partnerships with local government agencies and nonprofit organizations in the community.

Responsiveness to Credit and Community Development Needs

DBTCA demonstrated an excellent level of responsiveness to credit and community development needs in the assessment area, where DBTCA is a leader in the community development sector, by providing substantial loans and investments in support of affordable housing, economic development and community service.

This Evaluation was conducted based on a review of the 12 assessment factors set forth in Section 28-b of the New York Banking Law and GRS Part 76.

PERFORMANCE CONTEXT

Institution Profile

Deutsche Bank Trust Company Americas (“DBTCA”), formerly known as Bankers Trust Company (“BT”), adopted its current name in 2002 following BT’s acquisition by Deutsche Bank AG (“DB”). DBTCA is a wholly owned subsidiary of Deutsche Bank Trust Corporation, a New York based bank holding company which is wholly owned by Deutsche Bank AG - Cayman Island Branch. DB is headquartered in Frankfurt, Germany and publicly traded on the New York Stock Exchange.

DBTCA is chartered by DFS and is approved by the Federal Reserve Bank of New York as a wholesale bank for CRA purposes. DBTCA, as a wholesale commercial bank, provides banking services such as debt finance, loan trading, and correspondent banking. DBTCA originates or purchases small business loans, residential mortgages, and consumer loans as accommodations only for current clients. These accommodations are made through DBTCA and its non-bank subsidiary, DB Private Wealth Mortgage Ltd.

DBTCA’s CRA activities are primarily conducted by two specialized business units based in New York City (“NYC”), the Community Development Finance Group (“CDFG”) and the Deutsche Bank Americas Foundation (“DBAF”). Both units are headed by the same president and managing director. CDFG helps to finance affordable housing, economic development, and community services in distressed neighborhoods, primarily in NYC. DBAF administers philanthropic activities in the U.S. with a focus on community development, education and the arts. In addition, community development loans, investments and services from other DBTCA units were also included.

Per the Consolidated Report of Condition (the “Call Report”) as of December 31, 2014, filed with the Federal Deposit Insurance Corporation (“FDIC”), DBTCA reported total assets of \$53.5 billion, of which \$15.7 billion were net loans and lease finance receivables. It also reported total deposits of \$41.1 billion. According to the latest available comparative deposit data as of June 30, 2014, DBTCA had a market share of 5.2% or \$51.0 billion out of the \$978.1 billion in deposits inside its market, ranking it 6th among 110 deposit-taking institutions.

The following table is a summary of the bank’s loan portfolio, based on Schedule RC-C of DBTCA’s December 31, 2012, 2013 and 2014 Call Reports:

TOTAL GROSS LOANS OUTSTANDING						
Loan Type	12/31/2012		12/31/2013		12/31/2014	
	\$000's	%	\$000's	%	\$000's	%
1-4 Family Residential Mortgage Loans	3,923,000	19.9	3,777,000	19.0	3,814,000	24.3
Commercial & Industrial Loans	4,208,000	21.3	4,326,000	21.7	2,483,000	15.8
Commercial Mortgage Loans	1,671,000	8.5	1,680,000	8.4	1,413,000	9.0
Multifamily Mortgages	261,000	1.3	544,000	2.7	591,000	3.8
Consumer Loans	189,000	1.0	147,000	0.7	129,000	0.8
Construction Loans	89,000	0.5	138,000	0.7	25,000	0.2
Loans for purchasing & carrying Secs.	873,000	4.4	1,232,000	6.2	1,270,000	8.1
Other Loans	7,445,000	37.7	6,348,000	31.9	4,442,000	28.3
Loans to Financial Institutions	1,069,000	5.4	1,712,000	8.6	1,516,000	9.7
Total Gross Loans	19,728,000		19,904,000		15,683,000	

As a wholesale commercial bank, DBTCA is primarily engaged in private banking services and lending to businesses, such as corporate clients and banking institutions both in the U.S. and in foreign countries. As illustrated in the above table, residential mortgage loans, commercial and industrial loans, loans to financial institutions, and other loans (loans to foreign governments and non-depository financial institutions) represented 78.1% of DBTCA's total gross loans as of December 31, 2014.

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

Assessment Area

DBTCA assessment area is comprised of NYC's five counties: Bronx, Kings, New York, Queens and Richmond.

There are 2,168 census tracts in the area, of which 336 are low-income, 633 are moderate-income, 645 are middle-income, 490 are upper-income and 64 are tracts with no income indicated. LMI areas represent 44.7% of the total census tracts in the assessment area. Bronx, Kings, and Queens counties contained 87.7% of the LMI census tracts.

Assessment Area Census Tracts by Income Level							
County	N/A	Low	Mod	Middle	Upper	Total	LMI %
Bronx	10	143	97	60	29	339	70.8
Kings	13	125	295	213	115	761	55.2
New York	12	44	61	25	146	288	36.5
Queens	26	21	169	314	139	669	28.4
Richmond	3	3	11	33	61	111	12.6
Total	64	336	633	645	490	2,168	44.7

The assessment area appears reasonable based upon the location of DBTCA's offices and its lending patterns. DFS examiners did not note evidence that DBTCA has arbitrarily excluded LMI areas.

Demographic & Economic Data

The assessment area had a population of 8.2 million during the evaluation period. About 11.9% of the population were over the age of 65 and 19.1% were under the age of sixteen.

Of the 1,842,289 families in the assessment area, 31.8% were low-income, 17.2% were moderate-income, 16.6% were middle-income and 34.4% were upper-income families. There were 3,047,249 million households in the assessment area, of which 18.1% had income below the poverty level and 4.1% were on public assistance.

The weighted average median family income in the assessment area was \$65,513.

There were 3,343,424 million housing units in the assessment area, of which 40.0% were 1-4 family units, and 60% were multifamily units. A majority (61.0%) of the area's housing units were rental units while 30.1% were owner-occupied units. Of the 1.0 million owner-occupied housing units, 24.5% were in LMI census tracts, while 75.5% were in middle- and upper-income census tracts. The median age of the housing stock was 70 years and the median home value was \$526,503.

There were 566,771 non-farm businesses in the assessment area. Of these, 71.5% were businesses with reported revenues of less than or equal to \$1.0 million; 5.9% reported revenues of more than \$1 million and 22.6% did not report their revenues. Of all the businesses in the assessment area, 78.5% were businesses with less than 50 employees and 92.9% operated from a single location. The largest industries in were services (45.0%), retail trade (15.2%), finance, insurance, and real estate (9.15%), and 13.2% of businesses were not classified.

According to the New York State Department of Labor, the average unemployment rate for New York State peaked in the last quarter of 2012 at 7.9%. Bronx County had the highest rate during that period at 11.8%, followed by Kings County at 9.4%. New York

County had the lowest rate at 6.1% in 2014, followed by Queens County at 6.4%. Overall, statewide and New York County unemployment rates fared better than the rest of the assessment area.

Assessment Area Unemployment Rate						
	NYS	Bronx	Kings	New York	Queens	Richmond
2012 (4Q 3 Month Avg.)	7.9%	11.8%	9.4%	7.5%	7.8%	8.8%
2013	7.7%	11.7%	9.4%	7.4%	7.7%	8.7%
2014	6.3%	9.8%	7.7%	6.1%	6.4%	7.2%

Community Information

Two nonprofit organizations were interviewed for this evaluation. One serves low-income communities committed to alleviating poverty and helping families attain economic self-sufficiency. The other works to build the strength of the community development movement in NYC, with the specific mission of helping low-income communities thrive and ensure that all New Yorkers can live in decent, affordable housing and neighborhoods.

According to one community contact, high housing costs in both the for-sale and the rental markets in NYC make housing unaffordable for LMI families and even many middle-income families. NYC continuously has a shortage of affordable rental housing. Reportedly, 50% or more of New Yorkers spent more than 30% of their income on rent. To augment this, the de Blasio administration is pledging 200,000 units of affordable homes that will be built in the next 10 years. The other community contact not only identified affordable housing as problematic in the assessment area, but also added childcare facilities for LMI individuals and families as another of the community needs that banks in the assessment area could help finance.

PERFORMANCE TEST AND ASSESSMENT FACTORS

DFS evaluates the CRA performance of wholesale banks pursuant to the “community development test,” as provided in GRS Section 76.11. Performance criteria include (1) The number and amount of community development loans, qualified investments or community development services; (2) the use of innovative or complex practices in providing CRA-qualified community development loans, investments, or services (including the extent to which such investments are not routinely provided by private investors); and (3) the bank’s responsiveness to credit and community development needs. In addition, DFS also considered the following factors in assessing DBTCA’s record of performance: The extent of participation by the board of directors or board of trustees in formulating CRA policies and reviewing CRA performance; any practices intended to discourage credit applications; evidence of prohibited discriminatory or other illegal credit practices; the institution’s record of opening and closing offices and providing services at offices; and process factors such as activities to ascertain credit needs; and the extent of marketing and special credit related programs. Finally, the evaluation considered other factors as delineated in Section 28-b of the New York Banking Law that reasonably bear upon the extent to which a banking institution is helping to meet the credit needs of its entire community.

The assessment period included October 1, 2012 through December 31, 2014.

At its **prior** Performance Evaluation, as of September 30, 2012, DFS assigned DBTCA a rating of “1,” reflecting an “Outstanding” record of helping to meet community credit needs.

Current CRA Rating: “Outstanding”

Community Development Test: “Outstanding”

DBTCA’s responsiveness to the community development needs of its assessment area through community development loans, investments and services was excellent.

During the evaluation period, DBTCA originated \$205.3 million in new community development loans and had \$11.3 million outstanding from prior evaluation periods. DBTCA made \$438.8 million in new community development investments and had \$135.4 million outstanding from the prior evaluation periods. In addition, DBTCA made \$15.8 million in community development grants. Community development activities totaled \$806.6 million and were done through multiple and diversified credit and investment facilities in the assessment area. The following are highlights of DBTCA’s community development activities during the evaluation period:

- DBTCA substantially increased its total community development loans, investments and grants to \$806.6 million, which was 74.9% more than the prior evaluation period. DBTCA expanded its community development investments, which accounted for a majority of the increase, from \$237.6 million to \$574.2

million, and its community development grants from \$8.7 million to \$15.8 million.

- DBTCA’s community development activities included direct lending, investing and grant giving through DBTCA’s innovative and complex, proprietary credit and investment programs. These programs are mission- or target-driven. DBTCA funds community partners that advocate for and disseminate policy innovations that have an impact on LMI individuals. Through these community development activities, DBTCA also is able to ascertain and understand the financing and credit needs of the assessment area.
- DBTCA provided leadership in the community development sector via various initiatives. Examples of DBTCA’s leadership included:
 - DBTCA formed a collaboration of 17 foundations and financial institutions dedicated to the revitalization of distressed communities in NYC.
 - DBTCA responded swiftly in the aftermath of Superstorm Sandy. DBTCA issued \$2.4 million in direct relief grants, small business recovery loans and employee matching gifts to Sandy-related charities.
 - DBTCA received awards for its collaboration with the community development sector and government entities in supporting affordable housing and critically underserved individuals in the assessment area.
- DBTCA invested or participated in complex transactions, such as Low Income Housing Tax Credit (“LIHTC”) projects and Equity Equivalent Investments (“EQ2s”) that support community services through investments in certified community development credit unions.

Community Development Lending: “Outstanding”

During the evaluation period, DBTCA originated \$205.3 million in new community development loans and had \$11.4 million outstanding from prior evaluation periods, for a total of \$216.7 million. Although the overall amount of community development loans was on par with the prior evaluation period, the volume of new community development loans increased 31.1% compared to the prior evaluation period. Overall, DBTCA demonstrated an excellent level of community development lending over the course of the evaluation period.

Community Development Loans				
Purpose	This Evaluation Period		Outstandings from Prior Evaluation Periods	
	# of Loans	\$000	# of Loans	\$000
Affordable Housing	27	195,007	24	10,633
Community Services	3	3,000	4	100
Economic Development	10	7,250	5	625
Revitalize/Stabilize				
Total	40	205,257	33	11,358

During the evaluation period, 95.0% of DBTCA's community development lending activities targeted and supported affordable housing projects in NYC through the creation of credit facilities and loans to community development financial institutions.

Below are highlights of DBTCA's community development lending:

Affordable Housing

- DBTCA purchased a \$17 million risk participation in a \$158.5 million standby letter of credit to support New York State Housing Finance Agency's bond proceeds for the renovation and lease-up of a 1,654 unit housing project in the Bronx. The housing project was built in 1973 under the New York State Mitchell-Lama Housing Program. The project was planned to be 100% affordable for LMI residents.
- DBTCA renewed a \$18.5 million credit facility for a NYC fund that offers flexible bridge loans to developers committed to create or preserve affordable housing in the five boroughs of NYC, for the purchase of vacant sites or occupied buildings, predevelopment, and moderate rehabilitation.
- DBTCA purchased a \$23 million risk participation in a \$47.0 million standby letter of credit to enable a housing development corporation to provide a construction loan to a developer. The developer then used the proceeds for the rehabilitation and reconfiguration of a vacant and uninhabitable housing project with 36 individual tenement buildings in NYC. The developer planned to convert the housing project into low-income affordable housing with 4,800 square feet of community space.
- DBTCA extended a \$30 million line of credit to a local nonprofit organization that provides grants, financing and technical assistance to community development organizations which are active in addressing housing needs in distressed communities.
- DBTCA committed \$35 million to two special purpose entities created by a nonprofit mortgage lender specializing in the financing of LMI housing in NYC

neighborhoods experiencing deterioration or disinvestment. In addition, DBTCA had \$1.5 million in participation loans outstanding from the prior evaluation period. Funds were used to finance preservation and development of affordable housing projects in the assessment area.

Community Development Investments: “Outstanding”

During the evaluation period, DBTCA made \$438.8 million in new qualified community development investments, including grants of \$15.8 million, and had \$135.5 million of investments outstanding from prior evaluation periods. Total qualified investments amounted to \$590.0 million, an increase of 139.6% over the prior evaluation period, thus demonstrating an excellent level of community development investments and grants.

Community Development Investments and Grants				
	This Evaluation Period		Outstandings from Prior Evaluation Period	
	# of Inv.	\$000	# of Inv.	\$000
CD Investments				
Affordable Housing	7	265,848	25	127,440
Community Services	5	12,386	3	2,821
Economic Development	2	10,000	4	5,193
Revitalize/Stabilize	1	150,548		
Total	15	438,782	32	135,454
CD Grants	# of Grants	\$000	Not Applicable	
Affordable Housing	88	4,694		
Community Services	217	9,569		
Economic Development	28	1,214		
Revitalize/Stabilize	6	310		
Total	339	15,787		

DBTCA uses its capital investments to engage in various aspects of community development, with target-oriented goals, in collaboration with nonprofit and grassroots organizations, community leaders, and local government agencies.

The following are the two largest investments, comprising 70.9% of DBTCA’s current community development investments:

Affordable Housing

- DBTCA purchased \$150.4 million of Fannie Mae bonds which funded renovation and refinancing of an affordable housing project on NYC’s Lower East Side. The property contains 490 units, almost all of which are restricted to LMI households. The property was the first project in NYC to receive a project-based Section 8 contract.

Affordable Housing/Economic Development

- DBTCA extended \$150.5 million in financing for a construction project located on a former landfill which is also a designated Fresh Creek Urban Renewal Area, and an approved Urban Renewal Plan, in the East New York section of Brooklyn. The construction project, adjacent to LMI census tracts, will provide hundreds of construction and permanent jobs for local residents, improving access to healthy food choices in a “food desert” area and support the development of nearly 2,400 units of affordable housing. This project represents partnerships among public, private and local community development organizations.

Community Development Grants:

DBTCA gave \$15.8 million in grants during the evaluation period. The following are some of the proprietary programs and who they help which will be further discussed in the Innovative Practices Section of this report. Through these programs, DBTCA is able to reach out to many nonprofit organizations with specific mission driven projects benefiting LMI individuals or small businesses in the assessment area.

- **Working Capital Program:** Each approved community development organization receives a three-year award up to \$375,000. Annual awards include a project specific grant up to \$50,000 and a \$75,000 interest free loan. This program provides crucial, early stage operating and predevelopment support for community development organizations such as:
 - A community development corporation located in the South Bronx that develops and manages affordable housing and provides targeted human services to LMI families, the homeless, the physically and developmentally disabled, people being evicted from their homes, and people being discharged from institutions. With the Working Capital grant, the organization seeks to ensure the preservation of its buildings.
 - A nonprofit organization that helps the homeless, including the chemically dependent, disabled, elderly and people living with AIDS/HIV. This organization, with the help of a grant from the program, will build 132 apartments for low-income families and single adults, co-located with a 200-bed shelter.
 - A social enterprise dedicated to financing clean energy projects in NYC that was launched by former Mayor Bloomberg’s administration to help achieve energy efficiency. With the Working Capital grant, the enterprise offers three financing products: green mortgages, energy services agreements, and direct loans targeted to buildings in LMI census geographies.

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- **DB SHARE Program:** Each recipient receives a three-year award up to \$225,000. Annual awards of up to \$75,000 consist of a \$50,000 project specific grant and a \$25,000 interest free loan. These organizations and their proposed community development projects must be located within DBTCA’s assessment area. Some of the recipients are:
 - A nonprofit corporation created specialized treatment programs and housing for people with mental illness, substance abuse disorders or have HIV/AIDS. The grant received through this program helps this nonprofit construct new residential housing for these people.
 - A community-based social service agency in Brooklyn. This agency manages five emergency shelters, operates approximately 700 units of transitional and permanent supportive housing, and provides homelessness prevention services. Funds from the grants are used to support day-to-day operations.
 - A community-based health and housing services provider that owns and manages 1,458 units of supported transitional or permanent housing for homeless adults struggling with HIV/AIDS, serious mental illness, and other behavioral or chronic medical conditions. The funds are used for a residential construction project in the Bronx.
 - **Arts & Enterprise RFPs (Request for Proposal):** DBTCA committed a \$1.0 million common core and culture grant to support cultural organizations that provide arts programs for LMI youths. DBTCA provided the following grants:
 - A \$50,000 grant was awarded to a Latin Americans arts and cultural-based museum located in a low-income census tract. The grant supported the museum’s ability to educate the public in the richness of Caribbean and Latin American arts and cultural history.
 - Two dance companies were awarded \$25,000 and \$50,000, respectively. The grants were used to support their outreach programs to LMI youths and children to explore and celebrate arts and culture through dance.
 - A \$50,000 grant was awarded to a Brooklyn organization that provides free or very low-cost arts and media programs to Brooklyn residents. They partner with middle-schools where 87% of students receive free lunch, thereby primarily serving youths from low-income families in Brooklyn.

Community Development Services: “Outstanding”

DBTCA maintained an excellent level of community development services over the course of the evaluation period. During the evaluation period, DBTCA received the following awards for its efforts and leadership role in supporting affordable housing and

helping underserved immigrants in the assessment area.

- DBTCA is one of ten winners of the 2014 U.S. Department of Housing and Urban Development and U.S. Department of Agriculture Secretaries' Award for Public-Philanthropic Partnerships. The award recognized DBTCA's community development services in NYC.
- A private-sector partner award from a nonprofit organization with local and national presence was awarded to DBTCA honoring it as one of the top social investors, supporting two CDFIs' that provide lending products to community development organizations.
- DBTCA's CEO was honored for spearheading the launch of a ground-breaking initiative that brought awareness to critically underserved immigrant communities.

Because of its strong relationships with the community development sector and government entities in the assessment area, as evidenced by the above awards, DBTCA is able to provide leadership and partnership roles through creating signature programs and initiatives that are responsive to the needs of LMI individuals. Some of these partnership programs and initiatives are as follows:

- ***Local Government Sector***

- DBTCA employees serve as jurors in reviewing business plans and selecting finalists for the "Competition THRIVE" program. The program is an initiative to assist immigrant-owned business ventures in NYC to address the key challenges facing immigrant entrepreneurs.
- DBTCA worked with two NYC agencies and a private foundation to launch a "NYC Neighborhoods First" program. The program addresses key community development and public service issues inherent in the implementation of NYC's housing plan.
- DBTCA supported an initiative between a nonprofit organization and a NYC agency to renovate a library in the Bronx, to be used by local artists through the activation of underused spaces in LMI neighborhoods.

- ***Community Development Sector***

- DBTCA provided leadership in an initiative to re-deploy the financial and community connections of community development corporations. This initiative provides multi-year capital to help real estate-focused business

models help to reduce multi-generational poverty, and to improve the quality of life in the assessment area.

- DBTCA also funded and provided leadership for an initiative to address concerns about the long-term preservation of community-based assets in affordable housing in NYC.
- DBTCA organized four skills-based volunteer events with a nonprofit organization whose mission is to eliminate employment barriers for skilled yet poor immigrants and refugees. These events provided services such as resume writing, mock interviews, feedback and support by DBTCA's employees.

In addition, many of DBTCA's employees serve on boards or as members of committees or other initiatives of various nonprofit organizations and civic and community groups. They provide leadership roles, and have the expertise in working with community groups and nonprofit organizations that serve LMI neighborhoods and individuals in NYC. Below are some highlights:

- A managing director serves on the board of a philanthropic collaborative of twenty-two of the world's largest foundations and financial institutions. The philanthropic was established to bring opportunities and the power of mainstream markets to urban neighborhoods and residents to improve the economic well-being of low-income individuals.
- A vice president serves on the board of a community development corporation that focuses on improving access to housing, resources, and information for South Asian Americans throughout NYC. The corporation seeks to increase civic participation and addresses the housing and community development needs of South Asians, new immigrants, and their neighborhoods.
- A managing director serves on the board of a nationally recognized nonprofit organization which is active in creating supportive residential care and community-based services for the homeless, expectant, and new mothers and their children. The organization operates four homes near impoverished and violent communities.
- A director is a member of a scholarship fund program that provides funds for elementary and secondary school students, with family incomes near or below the federal poverty level, within the Archdiocese of New York. This program also offers grants to elementary schools in need of capital improvements and renovations.

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- An associate serves as a member of a volunteer mentoring group that empowers students from low-income communities to graduate high school, and succeed in college.
 - A vice president serves as a member of the fundraising and events committee of a nonprofit organization that works to reverse the consequences of intergenerational poverty in the Red Hook section of Brooklyn. This organization offers support in education, employment, and health and community development.

Innovative and Complex Practices:

DBTCA continues to maintain a strong level of innovative, complex and flexible community development practices and initiatives, providing leadership roles in some of these initiatives. Innovative community development practices and initiatives are solicited through DBTCA's RFPs and through community partnerships with local government agencies and nonprofit organizations. The following are some of these programs:

Innovative Practices:

- *DB Working Capital Program*
Established with the objective to assist New York City based community development corporations with a program of grants and loans to preserve and rebuild neighborhoods struggling with neglect, disinvestment, and the challenges of a deteriorating real estate market. During the evaluation period, DBTCA made awards to seven recipients that support affordable housing, economic development and community services.
- *DB SHARE Program*
This program provides critical operating and pre-development support to supportive housing developers. Applications are solicited through RFPs, and awards are a mix of grants disbursed annually in year one through three, and recoverable grants repaid annually in years four through six.
- *NYC Change Capital Fund*
A collaboration of seventeen foundations and financial institutions. The fund refocuses and retools community development corporations' strategies to address persistent poverty in the New York City.
- *Targeting LMI Immigrants/Entrepreneurs through Micro-Lending*
DBTCA pioneered innovative methods to provide access to capital for under-banked entrepreneurs through its partnership with a nonprofit organization which provides loans via a "crowd-based" funding platform of micro-loans to start-up entrepreneurs in the assessment area.

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- *Competition THRIVE*
An initiative that brings together a New York City agency, Baruch College and DBTCA to provide support through RFPs for the second round of Competition THRIVE, which is an acronym for "To Help Reach Immigrant Ventures and Entrepreneurs." The competition targets the challenges immigrant entrepreneurs encounter, including access to credit, financial management, language barriers and access to business networks.
 - *Policy Innovations*
To accommodate NYC's changing demographics, DBTCA funded research partners advocating policy innovations that impact LMI residents of the city. Examples are the following: research and innovative design for the legalization of basement apartments in the city; debate over developing vacant land; and housing retrofits for climate threats.
 - *Core, Culture and Community*
Recognizing cultural institutions as engines of economic change and thinking outside the ordinary investments, DBTCA supported the renovation of an old library to be used as an arts performance and exhibition center as a catalyst for change in underutilized space in an LMI neighborhood. DBTCA also supported many cultural enterprises of diversified cultures and races in the assessment area, such as dance and choral groups, architectural, museums, and theatre clubs, including a circus company. These organizations provide free shows, and support education and training for LMI students and individuals.

Complex Practices:

- Created by the Tax Reform Act of 1986, the Low-Income Housing Tax Credit ("LIHTC") program provides tax incentives to encourage investors to invest in the development, acquisition, and rehabilitation of affordable rental housing. LIHTC investments are considered complex because of the nature of the requirements and transactions involved in the maintenance of the funds. DBTCA participated in four LIHTC funds in the total of \$85.0 million during the evaluation period, and had outstanding balances of more than \$100.0 million in nineteen LIHTC funds from prior period investments.

Responsiveness to Credit and Community Development Needs:

DBTCA maintained an excellent level of responsiveness to credit and community development needs. DBTCA provided substantial loans and investments that supported affordable housing, economic development and community services in the assessment area.

- One notable response of DBTCA to the credit and community needs of the

assessment area was after Superstorm Sandy which devastated many parts of NYC with neighborhoods that had large concentrations of LMI residents. DBTCA rapidly deployed \$1.0 million in direct-relief grants, \$650,000 in small business recovery loans and \$745,000 in employee matching gifts. Additionally, 2,000 hours of employee volunteer labor were donated to help rebuild neighborhoods that were hard hit by Sandy. DFS specifically identifies these activities because they met an immediate and critical need of an LMI area within DBTCA's assessment area, despite not providing the customarily required financial and banking expertise for CRA credit as community development services.

- DBTCA donated funds to a nonprofit fund spearheaded by the NYC government which facilitates innovative public-private partnerships throughout NYC's five boroughs. DBTCA's grants were used to address the housing needs of NYC and enhance the capacity of nonprofit organizations with storm recovery funding.

Additional Factors

The extent of participation by the banking institution's Board of Directors or Board of Trustees in formulating the banking institution's policies and reviewing its performance with respect to the purposes of the Community Reinvestment Act

The board of directors of DBTCA established a committee on Public Responsibility and Concern which is charged with overseeing DBTCA's CRA compliance and activities. The committee meets twice a year to discuss DBTCA's foundation and Community Development Finance Group's ("CDFG") activities. During the evaluation period the committee met five times to reaffirm DBTCA's CRA commitments, and discussed important current events that affected its assessment area and what would be its plan of action.

Discrimination and other illegal practices

DFS examiners did not note evidence of practices by DBTCA intended to discourage applications for the types of credit offered by DBTCA.

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

The banking institution's record of opening and closing offices and providing services at offices

DBTCA has not opened or closed any branches since the prior evaluation. As a wholesale bank, DBTCA does not offer retail services at its offices.

Process Factors

- Activities conducted by the banking institution to ascertain the credit needs of its community, including the extent of the banking institution's efforts to communicate with members of its community regarding the credit services being provided by the banking institution.

DBTCA ascertains the credit needs of the assessment area through extensive research on the needs of its community in collaboration and constant communication with community leaders, the public sector, and nonprofit organizations.

In addition, DBTCA officers serve on the boards of nonprofit organizations and bank staff speak on panels at RFP information sessions that further widen DBTCA's to ascertain the credit and investment needs of the communities, and provide opportunities for person-to-person connections among members, leaders and individuals of these nonprofit organizations. Furthermore, DBTCA's staff make frequent site visits to organizations and development projects, furthering their knowledge not only of the projects but the assessment area as well.

DBTCA staff also work with private, public and nonprofit sectors to assess how DBTCA and its partners could be responsive to NYC's changing economic, social, technological and demographic conditions. DBTCA actively participates in industry conferences organized by other nonprofit organizations and university think tanks.

- The extent of the banking institution's marketing and special credit-related programs to make members of the community aware of the credit services offered by the banking institution

As a wholesale bank, DBTCA does not have branches or retail products. A majority of its marketing efforts are through its personnel who are in constant communication with the public sector, community leaders and nonprofit organizations. DBTCA concentrates its marketing and outreach efforts on community development organizations that specifically provide services to LMI communities. DBTCA has other marketing efforts outlets. Below are some of these:

RFP is DBTCA's primary channel for outreach and marketing to the community development sector in NYC. DBTCA uses its RFP processes as opportunities to reach several nonprofit organizations. These RFPs are broadly circulated. DBTCA distributes RFPs through a network of community development and nonprofit organizations, including a housing network with 220 nonprofit members. Through these RFPs, DBTCA reaches many of the organizations focusing on affordable housing, economic development, education advocacy, and sustainability.

DBTCA also distributes annual reports that summarize its efforts around the world to support local communities and take a leadership role as a corporate citizen, including initiatives in community development in the U.S. In addition to all

employees, this report is distributed to community and local government leaders and other community development partners of CDFG and DBAF.

DBTCA's website has an array of reports and publications that are particularly informative to investors and community development organizations alike. DBTCA is also active in the corporate social media and has corporate accounts in popular places, such as Google, Facebook, Twitter, LinkedIn and Flickr.

Other factors that in the judgment of the Superintendent bear upon the extent to which a banking institution is helping to meet the credit needs of its entire community

As a wholesale bank with national and international presence, it is worth noting that DBTCA made a substantial majority - \$806.6 million - of DBTCA's more than one billion dollars of qualified community development loans and investments inside its assessment area.

Additionally, DBTCA also developed an RFP for the "New CDFI Partners Program" focusing on CDFIs in underserved and high-need areas. During the evaluation period, DBTCA provided an aggregate of \$2.0 million in low-interest loans to six of these entities.

GLOSSARY

Aggregate Penetration Rate

The number of loans originated and purchased by all reporting lenders in specified categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the assessment area.

Community Development

“Community development”:

1. Affordable housing (including multifamily housing) for low- or moderate-income (“LMI”) individuals;
2. Community services targeted to LMI individuals;
3. Activities that promote economic development by financing business or farms that meet the size eligibility standards of the United States Small Business Administration (“SBA”) Development Company or Small Business Investment Company programs, or have gross annual incomes of \$1 million or less;
4. Activities that revitalize or stabilize LMI geographies; and
5. Activities that seek to prevent defaults and/or foreclosures in loans included in (1) and (3) above.

Community Development Loan

A loan that has its *primary purpose* community development. This includes but is not limited to loans to:

- Borrowers for affordable housing rehabilitation and construction, including construction and permanent financing for multifamily rental property serving low or moderate income (“LMI”) persons;
- Nonprofit organizations serving primarily LMI or other community development needs;
- Borrowers to construct or rehabilitate community facilities that are located in LMI areas or that primarily serve LMI individuals;
- Financial intermediaries including community development financial institutions, community development corporations, minority- and women-owned financial institutions, community loan funds or pools, micro-finance institutions, and low-income or community development credit unions that primarily lend or facilitate lending to promote community development;
- Local, state and tribal governments for community development activities; and
- Borrowers to finance environmental clean up or redevelopment of an industrial site as part of an effort to revitalize the LMI community in which the property is located.

Community Development Service

Service that has community development as its *primary purpose*, is related to the provision of financial services, and has not been considered in the evaluation of the banking institution's retail banking services. This includes but is not limited to:

- Providing technical assistance on financial matters to nonprofit, tribal or government organizations serving LMI housing or economic revitalization and development needs;
- Providing technical assistance on financial matters to small businesses or community development organizations;
- Lending employees to provide financial services for organizations facilitating affordable housing construction and rehabilitation or development of affordable housing;
- Providing credit counseling, home buyers and home maintenance counseling, financial planning or other financial services education to promote community development and affordable housing;
- Establishing school savings programs for LMI individuals;
- Providing seminars for LMI persons on banking and bank account record-keeping;
- Making ATM “Training Machines” available for extended periods at LMI community sites or at community facilities that serve LMI individuals; and
- Technical assistance activities to community development organizations such as:
 - ❖ Serving on a loan review committee;
 - ❖ Developing loan application and underwriting standards;
 - ❖ Developing loan processing systems;
 - ❖ Developing secondary market vehicles or programs;
 - ❖ Assisting in marketing financial services, including the development of advertising and promotions, publications, workshops and conferences;
 - ❖ Furnishing financial services training for staff and management;
 - ❖ Contributing accounting/bookkeeping services; and
 - ❖ Assisting in fund raising, including soliciting or arranging investments.

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 Home Mortgage Disclosure Act, enacted by Congress in 1975, and subsequently amended, requires institutions to annually report data about applications for residential (including multifamily) financing.

Income Level

The income level for borrowers is based on household or family income. A geography's income is categorized by median family income for the geography. In both cases, the income is compared to the MSA or statewide nonmetropolitan median income.

Income level of individual or geography	% of the area median income
Low-income	Less than 50
Moderate-income	At least 50 and less than 80
Middle-income	At least 80 and less than 120
Upper-income	120 or more

Loans to Small Businesses

Small business loans to businesses with gross annual revenues of \$1 million or less.

Low or Moderate Income ("LMI") Geographies

Those census tracts or block numbering areas where, according to the 2000 U.S. Census, the median family income is less than 80% of the area median family income. In the case of tracted areas that are part of a Metropolitan Statistical Area ("MSA") or Primary Metropolitan Statistical Area ("PMSA"), this would relate to the median family income for the MSA or PMSA in which the tracts are located. In the case of BNAs and tracted areas that are not part of a MSA or PMSA, the area median family income would be the statewide non-metropolitan median family income.

LMI Borrowers

Borrowers whose income, as reported on the loan application which the lender relied upon in making the credit decision, is less than 80% of the area median family income. In cases where the residential property is located in a MSA or PMSA, this would relate to the median family income for that MSA or PMSA. Otherwise, the area median family income would be the statewide non-metropolitan median family income. In all instances, the area median family incomes used to measure borrower income levels are updated annually by the U.S. Department of Housing and Urban Development ("HUD").

LMI Individuals/Persons

Individuals or persons whose income is less than 80% of the area median family income. In the case where the individual resides in a MSA or PMSA, this would relate to the median family income for that MSA or PMSA. Otherwise, the area median family income would be the statewide non-metropolitan median family income. In all instances, the area median family incomes used to measure individual income levels are updated annually by HUD.

LMI Penetration Rate

A number that represents the percentage of a bank's total loans (for a particular product) that was extended to LMI geographies or borrowers. For example, an LMI penetration rate of 20% would indicate that the bank made 20 out of a total of 100 loans in LMI geographies or to LMI borrowers.

Low-Income Housing Tax Credit (LIHTC)

A dollar for dollar tax credit for affordable housing, created under the Tax Reform Act of 1986, that provides incentives to invest in projects for the utilization of private equity in the development of affordable housing aimed at low income Americans. It is also more commonly called Section 42 credits in reference to the applicable section of the IRC. The tax credits are more attractive than tax deductions as they provide a dollar for dollar reduction in a taxpayer's federal income tax. It is more commonly attractive to corporations since the passive loss rules and similar tax changes greatly reduced the value of tax credits and deductions to individual taxpayers.

New Markets Tax Credit (NMTC)

The New Markets Tax Credits (NMTC) Program was established by Congress in December 2000 to stimulate economic and community development and job creation in low-income communities. It permits individual and corporate taxpayers to receive a credit against federal income taxes for making qualified equity investments in Community Development Entities (CDEs). The credit provided to the investor totals 39% of the cost of the investment and is claimed over a 7-year period. CDEs must use substantially all of the taxpayer's investments to make qualified investments in low-income communities. The Fund is administered by the US Treasury Department's Community Development Financial Institutions Fund (CDFI).

Qualified Investment

A lawful investment, deposit, membership share or grant that has community development as its *primary purpose*. This includes but is not limited to investments, deposits, membership shares or grants in or to:

- Financial intermediaries (including community development financial institutions, community development corporations, minority- and women-owned financial institutions, community loan funds, micro-finance institutions and low-income or community development credit unions) that primarily lend or facilitate lending in LMI areas or to LMI individuals in order to promote community development;
- Organizations engaged in affordable housing rehabilitation and construction;
- Organizations, including, for example, small business investment corporations that promote economic development by financing small businesses;

- Facilities that promote community development in LMI areas or LMI individuals, such as youth programs, homeless centers, soup kitchens, health care facilities, battered women's centers, and alcohol and drug recovery centers;
- Projects eligible for low-income housing tax credits;
- State and municipal obligations, such as revenue bonds that specifically support affordable housing or other community development needs;
- Organizations serving LMI housing or other community development needs, such as counseling for credit, home ownership, home maintenance, and other financial services education; and
- Organizations supporting activities essential to the capacity of LMI individuals or geographies to utilize credit to sustain economic development, such as day care operations and job training programs that facilitate access to permanent jobs.