



NEW YORK STATE BANKING DEPARTMENT
CONSUMER SERVICES DIVISION
One State Street
New York, NY 10004

PUBLIC SUMMARY

**COMMUNITY REINVESTMENT ACT
PERFORMANCE EVALUATION**

Date of Evaluation: December 31, 2002

Institution: Ridgewood Savings Bank

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 Banking Department concerning the safety and soundness of this financial institution.

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GENERAL INFORMATION

This document is an evaluation of the Community Reinvestment Act (“CRA”) performance of Ridgewood Savings Bank (“Ridgewood”) prepared by the New York State Banking Department. The evaluation represents the Banking Department’s current assessment and rating of the institution’s CRA performance based on an evaluation conducted as of December 31, 2002.

Section 28-b of the New York State Banking Law, as amended, requires that when evaluating certain applications, the Superintendent of Banks 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 Banking Board implements Section 28-b and further requires that the Banking 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. Part 76.5 further provides that the Banking 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 record of meeting community credit needs; and
- (4) substantial noncompliance in meeting community credit needs.

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

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

OVERVIEW OF INSTITUTION'S PERFORMANCE

Overall Rating

Ridgewood is rated "2," indicating a satisfactory record of helping to meet community credit needs. This rating is based on the following factors:

Lending Test - "High Satisfactory"

- The bank's level of lending reflects good responsiveness to the assessment area's credit needs. During the evaluation period, the bank originated 1,877 HMDA-reportable loans totaling \$416.6 million in its assessment area. In terms of market share, Ridgewood ranked 53rd and 46th, in 2001 and 2002, respectively, among all HMDA-reporting lenders in the assessment area.
- Ridgewood originated a high percentage of its loans within the assessment area. During the evaluation period, the bank made 85.4% of its HMDA-reportable loans within the assessment area. The percentage based on dollar volume was 76.2%
- The geographic distribution of the bank's HMDA-reportable loans reflects adequate penetration throughout the assessment area. This reflects a decline in the bank's performance since the previous evaluation. In 2001, Ridgewood originated 12.9% of its HMDA-reportable loans in LMI geographies and in 2002, the LMI penetration rate was 14%. This contrasted with the bank's LMI penetration rate of 19.5% in 2000. The bank's ratios were lower than the aggregate's in both 2001 and 2002.
- The distribution of lending, including loans to LMI borrowers, reflects good penetration among customers of different income levels. In 2001, the bank extended 17.6% of its HMDA-reportable to LMI borrowers. In 2002, the bank's LMI borrower penetration ratio was 19.9%. The bank's ratios were somewhat lower than the aggregate's for both years.
- The level of Ridgewood's community development lending is excellent. During the evaluation period, the bank's community development lending totaled \$19.4 million, of which \$17.4 million (89.7%) is considered new money.
- Ridgewood uses innovative and flexible loan products in serving assessment area credit needs. To achieve its lending objectives, the bank participates in various government insured, guaranteed, or subsidized loan programs in order to help meet the housing and credit needs of its assessment area. Additionally, Ridgewood has a reduced rate tuition loan program for the parents of students attending two parochial elementary schools in low-income neighborhoods in the assessment area.

Investment Test - “High Satisfactory”

- The bank has a significant level of qualified community development investments. During the evaluation period, qualified investments, including grants totaled \$14.1 million. New money totaled \$9 million (63.8%).

Service Test - “High Satisfactory”

- Delivery systems are accessible to essentially all portions of the bank’s assessment area. Based on geography income level, 21.1% of the bank’s branches are located in LMI census tracts and another 10.5% are in non-LMI census tracts that are adjacent to LMI areas. As of December 31, 2002, the bank had 19 branches, 18 ATM locations, two mortgage centers, one consumer loan center and one retirement plan center.
- Ridgewood provides a relatively high level of community development services.

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

PERFORMANCE CONTEXT

Institution's Profile:

Ridgewood Savings Bank was chartered as a mutual savings bank in May 1921 and opened for business in June 1921. Headquartered in Ridgewood, Queens County, the bank specializes in making 1-4 family residential home mortgages. The bank offers a diverse selection of retail mortgage products including Federal National Mortgage Association ("Fannie Mae") and State of New York Mortgage Agency ("SONYMA") guaranteed mortgages.

The bank has a network of 19 branch offices; nine, including the main office, in Queens County, six in Nassau County, two in Suffolk County and two in Kings County. The bank uses a network of automated teller machines ("ATMs") to supplement the banking offices.

Ridgewood operates a consumer loan center and a mortgage servicing center in Queens County. The bank also has two mortgage centers in Nassau County and a retirement plan services center in Kings County.

The bank is located in a highly competitive market, competing against financial institutions, some of which have substantially greater resources and larger branch networks. The competition includes, saving and loan associations, finance companies and credit unions.

According to the latest available comparative deposit data as of June 30, 2002, Ridgewood ranked 14th out of 69 deposit-taking institutions in the assessment area. The following chart shows the distribution and market share of the bank's deposits by county.

Distribution of Deposits by County - June 30, 2002			
County	Deposits (\$000's)	Market Share (%)	Ranking
Nassau	737,575	1.91	11 / 33
Suffolk	94,427	0.38	19 / 26
Kings	139,017	0.51	21 / 38
Queens	1,363,557	5.51	8 / 47
Assessment Area	2,334,576	1.91	14 / 69

Ridgewood offers a variety of loan products including the following:

- Fixed and Adjustable Rate Mortgages
- Guaranteed Student Loans
- Auto Loans (New and Used)
- Personal Loans
- Home Improvement Loans
- Home Equity Loans
- Construction Loans
- Commercial Real Estate Mortgages

Based on Schedule RC-C of the Federal Deposit Insurance Corporation's ("FDIC") Consolidated Report of Condition, the following is a summary of the bank's loan portfolio as of December 31, 2001 and December 31, 2002:

TOTAL GROSS LOANS OUTSTANDING				
Loan Type	12/31/01		12/31/02	
	\$000	%	\$000	%
1-4 Family Residential Mortgage Loans	1,203,344	93.6	1,145,025	91.8
Commercial Mortgage Loans	35,128	2.7	49,749	4.0
Multifamily Mortgages	32,185	2.5	36,744	2.9
Construction Loans	9,411	0.7	11,029	0.9
Consumer Loans	4,433	0.3	3,983	0.3
Commercial & Industrial Loans	125	0.0	124	0.0
Other Loans	631	0.0	630	0.1
Total Gross Loans	1,285,257	100.0	1,247,284	100.0

As shown, the bank's loan portfolio was dominated by 1-4 family residential mortgages, which accounted for 93.6% and 91.8% of the portfolio as of year-end in 2001 and 2002, respectively.

As of the evaluation date, the bank's assets totaled \$3 billion, loans \$1.2 billion and investments \$1.5 billion. With deposits of \$2.5 billion, the bank's loan-to-deposit ratio was 50.5%. Equity capital totaled \$443.4 million. Overall, the bank's operations were profitable.

Ridgewood received a rating of "2" at its previous performance evaluation conducted by the New York State Banking Department as of December 31, 2000, reflecting a satisfactory performance of helping to meet its assessment area's credit needs.

There are no legal or financial impediments that adversely impact the institution's ability to meet community credit needs.

Assessment Area:

Ridgewood's assessment area includes Queens, Kings (Brooklyn), Nassau and Suffolk Counties in their entirety. Kings and Queens are part of Metropolitan New York MSA #5600 while Nassau and Suffolk comprise MSA # 5380. The bank's assessment area consists of 2,044 census tracts, 490 (24%) of which are LMI areas. The following chart shows the distribution by county of the census tracts within the assessment area.

Distribution of Census Tracts by County and Geography Income Level							
County	Low	Moderate	Middle	Upper	Zero	Total	LMI %
Kings	114	207	302	147	19	789	40.7
Queens	7	80	331	238	17	673	12.9
Nassau	1	20	180	66	3	270	7.8
Suffolk	2	59	205	39	7	312	19.6
Total	124	366	1,018	490	46	2,044	24.0

According to the 1990 census, the assessment area had a population of 6.9 million of which 13.1% (896.8 thousand) were over the age of 65 and 21% (1.4 million) were under the age of 16.

In 1990, there were 1.7 million families in the assessment area of which 22.1% (385.7 thousand) were low-income, 17.9% (313.6 thousand) moderate-income, 22.6% (395.4 thousand) middle-income and 37.4% (654.6 thousand) upper-income. Of the total number of LMI families (699.3 thousand), 38.7% (270.7 thousand) lived in LMI tracts and accounted for 65.2% of all families (432.3 thousand) living in LMI geographies. There were 2.4 million households in the assessment area of which 12.3% (294.9 thousand) had incomes below poverty level.

There were 2.6 million housing units in the assessment area of which 65.2% (1.7 million) were 1-4 family units and 33.1% (846.1 thousand) were multifamily units. Of the total housing units, 25.6% (653.3 thousand) were located in LMI geographies and include 18.4% (306.3 thousand) of total 1-4 family units and 39.4% (333.1 thousand) of total multifamily units. There were 1.2 million owner-occupied units, of which 54.9 thousand (12.8%) were located in LMI areas, and 1.2 million rental units, of which 446.7 thousand (37.3%) units were located in LMI areas. Approximately 6% (149.4 thousand) of the housing units were vacant. In 1990, the weighted-average median housing value was \$195.5 thousand and the median age was 39 years.

The weighted median income for the area was \$45.1 thousand in 1990; the weighted average of MSA/Non-MSA's updated Median Family Income was \$68.6 million in 2002.

The assessment area appears reasonable based upon the location of the bank's branches and ATM's, as well as the bank's lending patterns. There is no evidence that LMI areas were arbitrarily excluded.

PERFORMANCE TESTS AND ASSESSMENT FACTORS

The Banking Department assesses a large bank's CRA performance by evaluating its lending, investment and service activities within the assessment area, as provided for in Parts 76.8, 76.9 and 76.10 of the General Regulations of the Banking Board.

This evaluation covers calendar years 2001 and 2002. Products considered for this evaluation include 1-4 family, multifamily and refinance mortgage loans. Statistics utilized in this evaluation were derived from various sources. In addition to loan information submitted by the bank, aggregate data for HMDA-reportable loans was obtained from the Federal Financial Institutions Examination Council ("FFIEC") and PCI Services, Inc. CRA Wiz©, an external vendor. U.S. census data for 1990 was the basis for geography income levels. The U.S. Department of Housing and Urban Development's ("HUD") estimates of 2001 and 2002 median family incomes were utilized in the analysis of borrower characteristics.

I. Lending Test: - "High Satisfactory"

The bank's lending performance was evaluated pursuant to the following criteria: (1) Lending Activity, (2) Assessment Area Lending, (3) Geographic Distribution of Loans, (4) Borrower Characteristics, (5) Community Development Lending and (6) Flexible or Innovative Lending Practices.

Lending Activity: "High Satisfactory"

Ridgewood's level of lending reflects good responsiveness to assessment area credit needs.

In 2001, the bank originated 814 loans (\$181.7 million) within the assessment area, an increase of 29.8% in terms of number of loans and 31.7% in terms of dollar volume above the levels shown in 2000. In 2002, the bank's lending within the assessment area increased to 1,063 loans (\$234.9 million) reflecting increases of 30.6% and 29.3%, in terms of number and dollar volume, respectively, above 2001's recorded totals.

Ridgewood ranked 53rd and 46th, in 2001 and 2002, respectively, among all HMDA-reporting lenders in the assessment area.

Assessment Area Lending: "High Satisfactory"

Ridgewood extended a high percentage of its HMDA-reportable loans within the assessment area. During the evaluation period, the bank made 85.4% of its HMDA-reportable loans within the assessment area. Based on the corresponding dollar volume, the ratio was 76.2%. The following chart shows the bank's assessment area lending for each year in the evaluation period.

HMDA Loans Assessment Area Lending				
Geography	2001		2002	
	#	(\$'000)	#	(\$'000)
All Areas	956	240,088	1,242	306,847
Assessment Area	814	181,678	1,063	234,893
Assessment Area Percentage	85.1%	75.7%	85.6%	76.6%

Geographic Distribution of Loans: “Low Satisfactory”

The geographic distribution of the bank’s HMDA-reportable loans reflects adequate penetration throughout the assessment area. This reflects a downgrade in the bank’s performance since the previous evaluation due to a decline in the percentage of loans extended in LMI areas.

In 2001, Ridgewood originated 105 HMDA-reportable loans (12.9%) in LMI geographies totaling \$17.8 million. This contrasted with 122 HMDA-reportable originations in 2000 totaling \$22.1 million, resulting in an LMI penetration rate of 19.5%, based on number of loans. The bank’s LMI penetration rate for 2001 is also lower than the aggregate’s 15.9%.

The following chart shows the geographic distribution of HMDA-reportable loans originated by the bank within the assessment area during 2001:

Geographic Distribution of HMDA-Reportable Loans - 2001														
County	Ridgewood											Aggregate		
	Low		Moderate		Middle		Upper		Total		LMI %		LMI %	
	#	\$*	#	\$*	#	\$*	#	\$*	#	\$*	#	\$	#	\$
Kings	5	701	24	3,480	11	2,836	15	4,898	55	11,915	52.7	35.0	31.5	29.8
Queens	1	187	16	1,791	51	5,713	166	25,469	234	33,160	7.3	6.0	7.4	9.0
Nassau	0	0	12	2,301	128	20,481	154	55,431	294	78,213	4.1	2.9	6.7	5.4
Suffolk	0	0	47	9,325	136	33,927	48	15,138	231	58,390	20.3	16.0	20.4	17.8
Total	6	888	99	16,897	326	62,957	383	100,936	814	181,678	12.9	9.8	15.9	14.7

*In thousands

In 2002, the bank extended 149 loans totaling \$32.2 million in LMI geographies. The resulting LMI penetration rate (14%), while reflecting an increase of 1.1 percentage points over the prior year’s rate, still trailed the aggregate.

The following chart shows the geographic distribution of HMDA-reportable loans originated by Ridgewood within its assessment area during 2002:

Geographic Distribution of HMDA-Reportable Loans - 2002														
Ridgewood													Aggregate	
County	Low		Moderate		Middle		Upper		Total		LMI %		LMI %	
	#	\$*	#	\$*	#	\$*	#	\$*	#	\$*	#	\$	#	\$
Kings	6	1,023	32	5,833	21	4,216	15	4,279	74	15,351	51.3	44.7	32.5	32.5
Queens	0	0	20	3,944	60	8,375	221	32,210	301	44,529	6.6	8.9	7.4	8.1
Nassau	0	0	27	6,155	212	34,518	176	64,933	415	105,606	6.5	5.8	6.5	5.1
Suffolk	0	0	64	15,201	151	35,768	58	18,438	273	69,407	23.4	21.9	20.8	18.0
Total	6	1,023	143	31,133	444	82,877	470	119,860	1,063	234,893	14.0	13.7	16.1	14.9

*In thousands

Borrower Characteristics: “High Satisfactory”

The bank’s distribution of HMDA-reportable loans to borrowers of different income levels reflects good penetration among LMI borrowers given the product lines offered.

In 2001, the bank extended 143 loans (17.6%) to LMI borrowers. Although this represents a 23.2% increase over the number of loans made to LMI borrowers in 2000, the LMI penetration rate is slightly lower than the bank’s 18.6% rate in 2000, and is somewhat lower than the 2001 aggregate rate of 20.5%.

The following chart shows the distribution, based on borrower characteristics, of the HMDA-reportable loans made by Ridgewood in 2001:

Distribution of HMDA-Reportable Loans by Borrower Characteristics								
2001								
County	Low	Moderate	Middle	Upper	N/A	Total	LMI %	Aggregate LMI % of #
	#	#	#	#	#	#	#	
Kings	4	7	11	29	4	55	20.0	14.5
Queens	9	34	60	130	1	234	18.4	16.4
Nassau	10	25	41	211	7	294	11.9	19.0
Suffolk	5	49	41	136	0	231	23.4	26.5
Total	28	115	153	506	12	814	17.6	20.5

In 2002, the bank extended 212 loans to LMI borrowers, resulting in a LMI borrower penetration ratio of 19.9%. While the bank’s LMI penetration rate improved, it was still somewhat lower than the aggregate’s 22.2%. Based on absolute numbers, loans to LMI borrowers increased 48.3% (69 loans) in 2002 when compared to 2001.

The following chart shows the distribution, based on borrower characteristics, of the HMDA-reportable loans originated by the bank in 2002:

Distribution of HMDA-Reportable Loans by Borrower Characteristics								Aggregate LMI % of #
2002								
County	Low #	Moderate #	Middle #	Upper #	N/A #	Total #	LMI % #	
Kings	5	17	16	35	1	74	29.7	15.9
Queens	11	38	85	166	1	301	16.3	17.9
Nassau	12	65	82	254	2	415	18.6	20.3
Suffolk	4	60	52	156	1	273	23.4	28.5
Total	32	180	235	611	5	1,063	19.9	22.2

Community Development Loans: “Outstanding”

The level of Ridgewood’s community development lending is considered excellent.

During the evaluation period, community development loans and commitments totaled \$19.4 million, including \$17.4 million in new money loans and commitments. The new loans supported community development initiatives as follows: 89.1% were for projects that revitalized or stabilized neighborhoods, 4% were to community service organizations and 6.9% were for affordable housing.

The following is a brief description of Ridgewood’s new community development loans and commitments.

- Ridgewood concentrated its community development lending on revitalizing and stabilizing neighborhoods by providing \$15.5 million in loans for the construction or rehabilitation of housing in LMI areas.
- The bank provided \$700 thousand in loans to the Guild for Exceptional Children, an organization that provides services for disabled individuals.
- Ridgewood provided \$1.2 million in financing of affordable housing in the Tremont section of The Bronx, a LMI neighborhood.

Flexible or Innovative Lending: “High Satisfactory”

Ridgewood has a reduced rate tuition loan program for two parochial elementary schools in low-income neighborhoods in Brooklyn that is customized to allow parents to manage tuition payments for their children. In the 2001 school year, 216 loans totaling \$571 thousand were extended under this program. In 2002, extensions under the program increased to 220 loans totaling \$637 thousand.

The bank participates in various government insured, guaranteed or subsidized loan programs for housing. During the evaluation period, Ridgewood originated 62 SONYMA loans totaling \$10.3. Additionally, the bank is servicing 775 government agency loans for entities such as Fannie Mae, with total outstanding balances of \$47.5 million as of the evaluation date.

II. Investment Test: - “High Satisfactory”

The investment test evaluates the bank’s record of helping to meet community credit needs through qualified investments. Qualified investments are evaluated based on the dollar volume of qualified investments, their level or degree of innovativeness and or complexity, their responsiveness to community development needs and the degree to which such investments are not routinely provided by private investors.

The bank has a significant level of qualified community development investments. During the evaluation period, the bank’s qualified investments, including grants totaled \$14.1 million. New money represented \$9 million (63.8%) of the total.

Qualified investments, excluding grants, totaled \$13.5 million of which \$10.3 million (76.2%) supported affordable housing and \$3.2 million (23.8%) supported economic development. The following is a brief description of the qualified investments made during the evaluation period:

- *1818 SBIC Fund, GP, LLC*: The bank committed to invest \$3 million in this fund. The 1818 SBIC Fund is licensed by the U.S. Small Business Administration (“SBA”) to operate as a small business investment company (“SBIC”) that will help to sustain the growth of small businesses via debt and equity investments.
- *Mortgage Backed Securities*: The bank invested \$2.4 million in two Fannie Mae mortgage backed securities. The securities are backed by pools of mortgages made to LMI borrowers in the bank’s assessment area.
- *WNC Institutional Tax Credit Fund X, New York Series 3*: The bank committed to invested \$3 million in this fund. This housing tax credit fund will be used to create affordable housing throughout New York City.
- *Bushwick Cooperative Federal Credit Union*: The bank invested \$25 thousand in a certificate of deposit issued by this credit union. The credit union is a U.S. Treasury certified Community Development Financial Institution that serves the “under-banked” in a LMI area of Brooklyn.
- *Grants*: The bank’s qualified grants, which total \$603 thousand, include a contribution of \$264 thousand to the Federal Home Loan Bank of New York’s (“FHLBNY”) Affordable Housing Program. The contribution was the bank’s pro-rata share of FHLBNY’s earnings for the years 2001 and 2002. Additionally, the bank made non-recoverable grants totaling \$276 thousand to various community organizations engaged in affordable housing, community service, revitalization and stabilization and economic development. The bank also made grants totaling \$63 thousand to various organizations to support the World Trade Center disaster relief efforts.

III. Service Test: - “High Satisfactory”

The service test evaluates a banking institution’s record of helping to meet the needs of its assessment area by analyzing both the availability and effectiveness of a banking institution’s system for delivering both retail banking and community development services.

Retail Banking: “High Satisfactory”

Accessibility of Delivery Systems

Ridgewood’s delivery system is accessible to essentially all portions of the assessment area, including LMI areas. As of December 31, 2002, the bank operated 19 branch offices, 17 of which had ATMs; two mortgage centers; a consumer loan center, which had an ATM; and a retirement plan center. Service is available at each ATM 24 hours a day, seven days a week.

Distribution of Branches								
County	Low	Moderate	Middle	Upper	Total	LMI %	Adjacent To LMI	% Adjacent to LMI
Kings	0	0	2	0	2	0.0	0	0.0
Queens	0	2	4	3	9	10.5	1	5.3
Nassau	0	2	4	0	6	10.5	1	5.3
Suffolk	0	0	2	0	2	0.0	0	0.0
Total	0	4	12	3	19	21.1	2	10.5

As shown in the chart above, Ridgewood’s largest branch presence is in Queens County with nine branches (47.4%), followed by Nassau County with six (31.6%). Four (21.1%) of the bank’s branches are in LMI areas and two (10.5%) are in non-LMI areas that are adjacent to LMI geographies.

Changes in Branch Locations

The bank’s record of opening and closing of branches has not adversely affected the accessibility of its delivery system, particularly in LMI geographies or to LMI individuals.

During the evaluation period, Ridgewood consolidated its 76th Street branch in the Bay Ridge section of Brooklyn into its 86th Street branch in the same area. The bank also opened new branches in Bensonhurst (Brooklyn) and Astoria (Queens).

Reasonableness of Business Hours and Services in Meeting Assessment Area Needs

The bank’s business hours do not vary in a way that inconveniences certain portions of the assessment area.

The following is a description of Ridgewood’s efforts to make its services widely and readily available through the assessment area:

Ridgewood has extended banking hours, drive-up and walk-up teller service throughout its system. These services are enhanced by Telephone Access Banking, Bank-by-Mail and a constantly updated website.

The bank's Electronic Benefit Transfer ("EBT") program allows recipients of New York State benefits to access to their benefits via the bank's ATMs, even if they don't have an account with the bank.

Ridgewood's Basic Checking Account has the features of the New York State basic banking account. These include: (a) a minimum opening deposit of \$25; (b) a \$0.01 minimum balance requirement; (c) a \$3 monthly maintenance charge for account balances below \$2,500; (d) eight free withdrawal transactions per month and (e) unlimited deposits at no charge.

Community Development Services: "High Satisfactory"

The bank provides a relatively high level of community development services.

Ridgewood's senior management continues to provide direction and support to community development organizations. Following are examples of the community development services provided by the bank:

Ridgewood Local Development Corporation ("RLDC")

Ridgewood's CRA officer is a member of RLDC's board of directors. The RLDC was formed in 1978 to serve the economic interest of the commercial and industrial community within greater Ridgewood, Queens, and to serve as a conduit of funds and information for the betterment of Ridgewood. RLDC's current programs include management of the Myrtle Avenue Business Improvement District, the Ridgewood Micro-Loan Program, the Anti-Graffiti Program and Industrial Outreach, including participation in the Queens Borough President's Economic Development Networking Council.

Church Avenue Merchants Block Association, Inc. ("CAMBA")

An assistant vice president serves on the board of directors of CAMBA and provides fiscal and administrative guidance. CAMBA throughout its 23-year history has served the youth of New York through educational and social programs.

Programs for Living, Understanding and Services for Autistic and other Developmentally Disabled Adults ("PLUS")

A senior officer of the bank serves on the board of this organization, while another serves as secretary. PLUS provides housing and services to autistic adults in Nassau County. Due to their disability, all of its residents are low-income and Medicaid recipients.

Nassau-Suffolk Business Development Corp. (“NSBDC”)

A senior vice president is a board member of NSBDC. NSBDC provides lending to small businesses as well as develops affordable housing.

St. Vincent’s Services (“SVS”)

The chairman and CEO of Ridgewood is a member of the board of SVS, a Catholic social services agency. Founded in 1869, SVS has grown from an orphanage in Brooklyn to a large multi-service agency providing services that include foster care, group homes, a licensed men services for the developmentally disabled, and a program for children with AIDS or other medically fragile conditions.

Seminars and Workshops

The bank provides in-depth homebuyer education seminars and workshops throughout its assessment area, and also provides basic banking education seminars. These seminars and classes educate individuals on buying a home, making better financial choices and avoiding predatory lending.

Additionally, the bank is an active partner in support of a range of programs including a Childcare Loan Program at Community Development Corporation of Long Island.

IV. Discrimination or Other Illegal Practices

Any practices intended to discourage applications for types of credit set forth in the banking institution’s CRA Public File. None noted.

There were no practices noted that were intended to discourage applications for the types of credit offered by the institution.

Evidence of prohibited discriminatory or other illegal credit practices.

The most recent regulatory compliance and fair lending examinations conducted concurrently with this evaluation indicate satisfactory adherence to anti-discrimination and other applicable laws and regulations. No evidence of prohibited discriminatory or other illegal credit practices was noted.

V. 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.

Ridgewood ascertains the credit needs of its community in a variety of ways, including the

involvement of its trustees, officers and staff in community organizations such as chambers of commerce, community boards, merchants associations, trade organizations, affordable housing groups and community and fraternal organizations. The bank also participates in affordable housing and consumer oriented seminars to help ascertain the community's credit needs.

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.

The bank markets its products and services utilizing a variety of advertising techniques, including radio, billboards, local and foreign language publications, local newspapers and a web site. Ridgewood also promotes affordable housing workshops and other seminars in an effort to inform potential customers of the credit and other products offered by the bank.

In addition, the bank uses brochures, statement inserts and in-branch signs to inform members of the community of its products and services.

The extent of participation by the banking institution's board of trustees in formulating the banking institution's policies and reviewing its performance with respect to the purposes of the Community Reinvestment Act.

Ridgewood's board of trustees is actively involved in the bank's CRA program. The board reviews and adopts an annual CRA statement and the CRA officer periodically presents the bank's CRA efforts formally to the board.

The bank's CRA/Fair Lending Committee is comprised of senior management, the CRA officer and the compliance officer. The committee is responsible for reviewing the bank's CRA efforts, including community involvements, CRA lending, investments and services. The members of the committee meet quarterly.

VI. Other Factors

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

None noted.

GLOSSARY

Aggregate

The cumulative lending by all HMDA-reporting lenders in the same geographic area under evaluation.

Community Development

The term “community development” is defined to mean:

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.

A “community development loan” is defined as a loan that has as 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.

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

A "community development service" is defined as a service that has as its *primary purpose* community development, 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.

Demand-Adjusted Penetration Rate

The number of owner-occupied loans made by the institution (or aggregate as appropriate) in a geographic area per thousand owner-occupied housing units in that area. Mathematically, it is arrived at by dividing the number of owner-occupied housing units into the number of loans made and then multiplying by 1,000.

Demand-Adjusted Penetration Ratio

A ratio that depicts geographic penetration of loans by comparing demand-adjusted lending in LMI areas with non-LMI areas. Mathematically, it is arrived at by dividing the demand-adjusted penetration rate in non-LMI areas into the demand-adjusted penetration rate in LMI areas and then expressed as a percentage.

A ratio of 100% means that the institution (or aggregate as appropriate) made an equal number of loans proportionally in LMI and non-LMI areas. Less than 100 percent would indicate less lending in LMI areas on the same basis compared to non-LMI areas, whereas over 100 percent would indicate a greater level of lending in LMI areas versus non-LMI areas.

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.

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 (“BNAs”), where according to the 1990 US 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 the case 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

Those individuals, 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.

Small Business Loans

Loans to businesses with original amounts of \$1 million or less.