



**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, 2006

**Institution:** Ridgewood Savings Bank  
71-02 Forest Avenue  
Ridgewood, NY 11385

**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 (“RSB”) 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, 2006.

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. Section 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.

Section 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 Section 76.7 and detailed in Sections 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**

RSB is rated "2," indicating a satisfactory record of helping to meet community credit needs.

### **Lending Test - "High Satisfactory"**

- RSB's lending level reflects a good responsiveness to its community credit needs. It ranked 41<sup>st</sup>, 52<sup>nd</sup> and 55<sup>th</sup> in 2003, 2004, and 2005, respectively among HMDA reporters within the assessment area.
- During the evaluation period, RSB extended 85.8% of its total HMDA-reportable loans in the assessment area.
- RSB's geographic distribution of HMDA related loans reflects an adequate dispersion among census tracts of different income level. While RSB's LMI penetration rates during the evaluation period were below the aggregate, they were consistent with to the level of owner-occupied units in LMI geographies.
- The distribution of RSB's HMDA-reportable loans based on borrower characteristics reflects a good penetration among individuals of different income levels. In 2003 and 2004, RSB's LMI penetration ratios were below the aggregate's. However, in 2005, RSB outperformed the aggregate slightly. The 2006 aggregate data is not available.
- RSB's level of community development lending is excellent. RSB's community development loans totaled \$111.5 million, of which about 96.8% were new money. This represents a substantial increase from the \$19.5 million at the previous evaluation.

### **Investment Test: "High Satisfactory"**

RSB has a significant level of qualified investments and grants. During the evaluation period, qualified investments including grants totaled \$30.3 million. New money accounted for 64.9%. The annualized level of RSB's qualified investments for four years is \$7.6 million.

### **Service Test: “Outstanding”**

- RSB’s retail delivery systems are readily accessible to all portions of its assessment area, with 22 banking offices, one mobile branch, three mortgage centers and a retirement plan services center.
- RSB’s record of opening and closing of branches has improved the accessibility of its delivery systems particularly to LMI areas. RSB opened four new branches during the evaluation. Two branches were in moderate-income neighborhoods, of which one was opened in the under-banked neighborhood.
- RSB’s services and business hours are tailored to the convenience and needs of its assessment area. Multiple language services are available in Spanish, Chinese and Polish. All ATMs and telephone banking are available in Spanish and English.

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:

Chartered in 1921, RSB is a mutual savings bank headquartered in Ridgewood, Queens County, New York. It operates 22 full-service banking offices in six counties: Bronx, New York, Queens, Kings, Nassau and Suffolk.

As per the Report of Condition ("Call Report") dated December 31, 2006 filed with the Federal Deposit Insurance Corporation ("FDIC"), RSB reported total assets of \$3.3 billion, of which \$2.0 billion were loans. Total deposits were \$2.6 billion, resulting in a loan to deposit ratio of 76.9%.

The following table illustrates RSB's deposit market share in the assessment area as of June 30, 2006:

<b>Deposit Market Share Report as of June 30, 2006</b>				
<b>County</b>	<b>Deposits (\$000)</b>	<b>Market Share %</b>	<b>Ranking</b>	<b># of Institutions in the Market</b>
Bronx*	0	0	N/A	23
Kings	217,366	0.66	15	38
Queens	1,476,714	3.94	7	49
Nassau	806,572	1.64	13	34
Suffolk	131,500	0.39	19	28
<b>Total Assessment Area</b>	<b>2,632,152</b>	<b>0.41</b>	<b>23</b>	<b>123</b>

\* Bronx branch opened during 3<sup>rd</sup> quarter 2006.

According to the Federal Deposit Insurance Corporation's ("FDIC") Deposit Market Share Report dated June 30, 2006, RSB obtained a market share of 0.41%, or \$2.6 billion inside its market, ranking it 23rd among 123 deposit taking institutions in its assessment area. RSB obtained the largest amount of deposits and the highest market share in Queens County.

RSB operates in a highly competitive environment, competing with other financial institutions, such as local community banks, finance companies, credit unions, mortgage companies and large national commercial banks. Mortgage lending is very tough for RSB because the market is dominated by top sub-prime lenders, mortgage companies and large national banks, which include Washington Mutual Bank, Wells Fargo Home Mortgage and JPMorgan Chase Bank. In 2003, the top 12 out of 550 institutions had a combined market share of 51%. In 2004, over 51% of market was controlled by the top 14 out of 532 financial entities. In 2005, the top 15 out of 599 institutions had a market share of over 51%.

The following is a summary of RSB's lending portfolio, based on its Call Reports as of December 31, 2003, 2004, 2005 and 2006:

TOTAL GROSS LOANS OUTSTANDING								
LOAN TYPE	12/31/2003		12/31/2004		12/31/2005		12/31/2006	
	\$000	%	\$000	%	\$000	%	\$000	%
1-4 Residential Mortgage Loans	1,235,628	87.7	1,341,433	84.6	1,509,191	83.2	1,653,475	82.9
Multifamily Mortgages	90,309	6.3	178,229	11.2	195,453	10.8	221,300	11.0
Commercial Mortgage Loans	55,706	4.0	52,807	3.3	95,461	5.3	99,230	5.0
Commercial and Industrial Loans	115	0.0	115	0.0	261	0.0	3,000	0.2
Construction and Land Dev.	22,494	1.6	7,685	0.5	8,488	0.5	13,338	0.7
Consumer Loans	3,942	0.3	4,212	0.3	4,091	0.2	4,288	0.2
Other Loans	858	0.1	838	0.1	724	0.0	800	0.0
<b>Total Gross Loans</b>	<b>1,409,052</b>	<b>100.0</b>	<b>1,585,319</b>	<b>100.0</b>	<b>1,813,669</b>	<b>100.0</b>	<b>1,995,431</b>	<b>100.0</b>

As shown above, RSB is primarily a residential real estate lender with 82.9% of its portfolio in 1-4 family mortgage loans as of December 31, 2006.

The following are the major loan products offered by RSB:

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

RSB received a rating of "2," reflecting a satisfactory record of helping to meet community credit needs at its prior evaluation conducted by the New York State Banking Department as of December 31, 2002.

### **Assessment Area:**

In 2003 and 2004, the assessment area was comprised of the entire counties of Kings, Queens, Nassau and Suffolk. In 2005, RSB added two counties, the Bronx and New York, to its assessment area.

#### *Years 2003 and 2004:*

There are differences in the distribution of the census tracts between 2003 and 2004 because of the revision made by the Office of Management and Budget ("OMB") in 2004. The total number of census tracts, however, remained the same at 2,053. LMI tracts were 579 (28.2%) in 2003 and 664 (32.3%) in 2004, an increase of 14.7%.

The following chart is a summary of the census tracts within the assessment area:

Distribution of Census Tracts Within the Assessment Area - 2003								
County	Zero- Income	Low- Income	Moderate- Income	Middle- Income	Upper- Income	Total	LMI Tracts # %	
<b>Kings</b>	15	100	271	250	147	783	371	47.4
<b>Queens</b>	18	12	107	298	238	673	119	17.7
<b>Nassau</b>	8	2	20	179	68	277	22	7.9
<b>Suffolk</b>	8	2	65	196	49	320	67	20.9
<b>Total</b>	<b>49</b>	<b>116</b>	<b>463</b>	<b>923</b>	<b>502</b>	<b>2053</b>	<b>579</b>	<b>28.2</b>
<b>% Total</b>	<b>2.4</b>	<b>5.7</b>	<b>22.6</b>	<b>45.0</b>	<b>24.5</b>	<b>100.0</b>		

Distribution of Census Tracts Within the Assessment Area -2004								
County	Zero- Income	Low- Income	Moderate- Income	Middle- Income	Upper- Income	Total	LMI Tracts # %	
<b>Kings</b>	15	119	297	235	117	783	416	53.1
<b>Queens</b>	18	12	148	310	185	673	160	23.8
<b>Nassau</b>	8	2	20	178	69	277	22	7.9
<b>Suffolk</b>	8	2	64	197	49	320	66	20.6
<b>Total</b>	<b>49</b>	<b>135</b>	<b>529</b>	<b>920</b>	<b>420</b>	<b>2053</b>	<b>664</b>	<b>32.3</b>
<b>% Total</b>	<b>2.4</b>	<b>6.6</b>	<b>25.8</b>	<b>44.8</b>	<b>20.5</b>	<b>100.00</b>		

Years 2005 and 2006:

With the addition of the Bronx and New York counties in 2005, the assessment area is comprised of 2,704 census tracts compared to 2,053 census tracts in 2004. The LMI areas increased to 1,013 (37.5%) in 2005 from 664 (32.3%) in 2004. The distribution of the census tracts are the same for 2005 and 2006.

The following chart is a summary of the census tracts within the assessment area:

Distribution of Census Tracts Within the Assessment Area -2006								
County	Zero- Income	Low- Income	Moderate- Income	Middle- Income	Upper- Income	Total	LMI Tracts # %	
<b>Bronx</b>	14	132	98	65	46	355	230	64.8
<b>New York</b>	9	60	59	24	144	296	119	40.2
<b>Kings</b>	15	119	297	235	117	783	416	53.1
<b>Queens</b>	18	12	148	310	185	673	160	23.8
<b>Nassau</b>	8	2	20	178	69	277	22	7.9
<b>Suffolk</b>	8	2	64	197	49	320	66	20.6
<b>Total</b>	<b>72</b>	<b>327</b>	<b>686</b>	<b>1009</b>	<b>610</b>	<b>2704</b>	<b>1013</b>	<b>37.5</b>
<b>% Total</b>	<b>2.66</b>	<b>12.09</b>	<b>25.37</b>	<b>37.32</b>	<b>22.56</b>	<b>100.00</b>		

The assessment area appears reasonable based upon the location of RSB’s offices and its lending patterns. There is no evidence that any LMI areas have been arbitrarily excluded.

**Details of Assessment Area**

Demographic information is obtained from the 2000 U.S. census with 2004 Department of Housing and Urban Development (HUD) median family income data.

*Chart #1: Shows population and income.*

*Chart #2: Shows housing demographics.*

*Chart #3: Shows business demographics.*

***Unemployment Rates:***

Bronx County had the highest average unemployment rates in the assessment area for four consecutive years, followed by Kings County. Nassau had the lowest average unemployment rates, with 3.81% in 2006. The average unemployment rates in the Bronx, New York, Kings and Queens Counties were consistently higher than New York State’s average in 2003, 2004 and 2005. However, the average unemployment rates for New York and Queens Counties were lower than the State’s in 2006.

Year	State-wide and County Unemployment Rate						
	Bronx County	New York County	Kings County	Queens County	Nassau County	Suffolk County	New York State
2003	10.50%	7.50%	9.00%	7.40%	4.70%	4.80%	6.40%
2004	9.10%	6.20%	7.60%	6.30%	4.50%	4.60%	5.80%
2005	7.50%	5.10%	6.20%	5.20%	4.10%	4.20%	5.00%
2006	6.51%	4.37%	5.38%	4.50%	3.81%	3.93%	4.54%

CHART # 1A

<b>RIDGEWOOD SAVINGS BANK - 2004</b>																							
<b>ASSESSMENT AREA POPULATION AND INCOME CHARACTERISTICS BY COUNTY &amp; MSA</b>																							
COUNTY	Total Population	Age 65 and over		Age 16 and less		Median Family Income(MFI)	HUD MSA MFI	Total Households	Total HH below poverty level			Total Families	Low income			Moderate income		Middle income		Upper income		LMI families in LMI tracts	
	#	#	%	#	%	\$	\$	#	#	%	#	#	%	#	%	#	%	#	%	#	%		
KINGS	2,465,326	282,658	11.5	587,575	23.8	\$ 39,349	\$ 57,000	881,006	211,538	24.0	588,870	211,549	35.9	103,997	17.7	99,118	16.8	174,206	29.6	233,373	74.0		
QUEENS	2,229,379	283,042	12.7	453,930	20.4	\$ 49,815	\$ 57,000	782,646	110,462	14.1	542,804	123,580	22.8	94,780	17.5	108,206	19.9	216,238	39.8	84,937	38.9		
NASSAU	1,334,544	200,841	15.0	293,128	22.0	\$ 85,752	\$ 87,400	447,803	23,537	5.3	349,694	58,413	16.7	59,669	17.1	80,471	23.0	151,141	43.2	17,024	14.4		
SUFFOLK	1,419,369	167,558	11.8	332,521	23.4	\$ 74,455	\$ 87,400	469,535	26,498	5.6	362,857	70,052	19.3	72,922	20.1	91,882	25.3	128,001	35.3	44,099	30.8		
<b>TOTAL A/A</b>	<b>7,448,618</b>	<b>934,099</b>	<b>12.5</b>	<b>1,667,154</b>	<b>22.4</b>	<b>\$ 58,135</b>	<b>\$ 65,840</b>	<b>2,580,990</b>	<b>372,035</b>	<b>14.4</b>	<b>1,844,225</b>	<b>463,594</b>	<b>25.1</b>	<b>331,368</b>	<b>18.0</b>	<b>379,677</b>	<b>20.6</b>	<b>669,586</b>	<b>36.3</b>	<b>379,433</b>	<b>47.7</b>		

Ridgewood Savings Bank

CHART # 1B

COUNTY	Total Population	Age 65 and over		Age 16 and less		Median Family Income(MFI)	HUD MSA MFI	Total Households	Total HH below poverty level		Total Families	Low income		Moderate income		Middle income		Upper income		LMI families in LMI tracts	
	#	#	%	#	%	\$	\$	#	#	%	#	#	%	#	%	#	%	#	%	#	%
BRONX	1,332,650	133,948	10.1	356,895	26.8	33,099	59,200	463,242	134,404	29.0	317,248	133,175	42.0	58,715	18.5	51,854	16.3	73,504	23.2	163,697	85.3
NEW YORK	1,537,195	186,776	12.2	229,772	14.9	71,629	59,200	739,167	123,037	16.6	306,220	89,281	29.2	40,700	13.3	38,804	12.7	137,435	44.9	100,358	77.2
KINGS	2,465,326	282,658	11.5	587,575	23.8	39,349	59,200	881,006	211,538	24.0	588,870	211,549	35.9	103,997	17.7	99,118	16.8	174,206	29.6	233,373	74.0
QUEENS	2,229,379	283,042	12.7	453,930	20.4	49,815	59,200	782,646	110,462	14.1	542,804	123,580	22.8	94,780	17.5	108,206	19.9	216,238	39.8	84,937	38.9
NASSAU	1,334,544	200,841	15.0	293,128	22.0	85,752	91,000	447,803	23,537	5.3	349,694	58,413	16.7	59,669	17.1	80,471	23.0	151,141	43.2	17,024	14.4
SUFFOLK	1,419,369	167,558	11.8	332,521	23.4	74,455	91,000	469,535	26,498	5.6	362,857	70,052	19.3	72,922	20.1	91,882	25.3	128,001	35.3	44,099	30.8
<b>TOTAL A/A</b>	<b>10,318,463</b>	<b>1,254,823</b>	<b>12.2</b>	<b>2,253,821</b>	<b>21.8</b>	<b>56,591</b>	<b>66,221</b>	<b>3,783,399</b>	<b>629,476</b>	<b>16.6</b>	<b>2,467,693</b>	<b>686,050</b>	<b>27.8</b>	<b>430,783</b>	<b>17.5</b>	<b>470,335</b>	<b>19.1</b>	<b>880,525</b>	<b>35.7</b>	<b>643,488</b>	<b>57.6</b>

CHART # 2A

**RIDGEWOOD SAVINGS BANK - 2004**  
**ASSESSMENT AREA HOUSING CHARACTERISTICS BY COUNTY**

COUNTY	Total Housing Units	1-4 family Units		Multifamily Units		Owner-Occupied Units (O-O)		O-O Units in Low-income Tracts		O-O Units in Mod-income Tracts		O-O Units in Mid-income Tracts		O-O Units in Upp-income Tracts		Rental Units		Vacant/ Boarded-up Units		Medium House Value
		#	%	#	%	#	%	#	%	#	%	#	%	#	%	#	%	#	%	\$
<b>KINGS</b>	930,866	456,744	49.1	474,122	50.9	238,290	25.6	13,368	5.6	77,659	32.6	92,885	39.0	54,378	22.8	670,996	72.1	50,139	5.4	235,737
<b>QUEENS</b>	817,250	495,075	60.6	322,175	39.4	334,894	41.0	1,005	0.3	43,101	12.9	162,122	48.4	128,666	38.4	462,179	56.6	34,586	4.2	199,093
<b>NASSAU</b>	458,151	409,201	89.3	48,950	10.7	359,257	78.4	647	0.2	16,993	4.7	247,420	68.9	94,197	26.2	91,345	19.9	10,764	2.3	278,789
<b>SUFFOLK</b>	522,323	484,343	92.7	37,980	7.3	374,371	71.7	936	0.3	72,628	19.4	237,988	63.6	62,819	16.8	101,107	19.4	53,024	10.2	207,175
<b>TOTAL A/A</b>	2,728,590	1,845,363	67.6	883,227	32.4	1,306,812	47.9	15,955	1.2	210,380	16.1	740,416	56.7	340,061	26.0	1,325,627	48.6	148,513	5.4	226,523

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CHART # 2B

COUNTY	Total	1-4 family		Multifamily		Owner-Occupied		O-O Units in		Rental		Vacant/		Medium						
	Housing Units	Units		Units		Units (O-O)		Low-income Tracts		Mod-income Tracts		Mid-income Tracts		Upp-income Tracts		Units		Boarded-up Units		House Value
		#	%	#	%	#	%	#	%	#	%	#	%	#	%	#	%	#	%	\$
<b>BRONX</b>	490,659	133,164	27.1	357,495	72.9	90,522	18.4	11,370	12.6	20,802	23.0	33,285	36.8	25,066	27.7	391,918	79.9	27,447	5.6	159,625
<b>NEW YORK</b>	798,144	28,752	3.6	769,392	96.4	148,695	18.6	3,881	2.6	12,773	8.6	7,108	4.8	124,934	84.0	616,053	77.2	59,500	7.5	345,099
<b>KINGS</b>	930,866	456,744	49.1	474,122	50.9	238,290	25.6	13,368	5.6	77,659	32.6	92,885	39.0	54,378	22.8	670,996	72.1	50,139	5.4	235,737
<b>QUEENS</b>	817,250	495,075	60.6	322,175	39.4	334,894	41.0	1,005	0.3	43,101	12.9	162,122	48.4	128,666	38.4	462,179	56.6	34,586	4.2	199,093
<b>NASSAU</b>	458,151	409,201	89.3	48,950	10.7	359,257	78.4	647	0.2	16,993	4.7	247,420	68.9	94,197	26.2	91,345	19.9	10,764	2.3	278,789
<b>SUFFOLK</b>	522,323	484,343	92.7	37,980	7.3	374,371	71.7	936	0.3	72,628	19.4	237,988	63.6	62,819	16.8	101,107	19.4	53,024	10.2	207,175
<b>TOTAL A/A</b>	4,017,393	2,007,279	50.0	2,010,114	50.0	1,546,029	38.5	31,206	2.0	243,955	15.8	780,808	50.5	490,060	31.7	2,333,598	58.1	235,460	5.9	241,910

**CHART # 3A**

<b>RIDGEWOOD SAVINGS BANK - 2004 BUSINESS DEMOGRAPHICS BY COUNTY</b>											
<b>COUNTY</b>	Number of Businesses	Businesses with Rev. of \$1 million or less		Businesses with Rev. of more than \$1 million		Bussinesses with no revenues reported		Businesses with less than 50 employees		Operating from a single location	
		#	%	#	%	#	%	#	%	#	%
<b>KINGS</b>	108,807	72,127	66.3	5,368	4.9	31,312	28.8	80,804	74.3	101,940	93.7
<b>QUEENS</b>	103,066	67,271	65.3	5,460	5.3	30,335	29.4	75,894	73.6	95,959	93.1
<b>NASSAU</b>	127,869	84,137	65.8	7,272	5.7	36,460	28.5	95,607	74.8	118,453	92.6
<b>SUFFOLK</b>	124,910	83,555	66.9	7,544	6.0	33,811	27.1	96,025	76.9	114,803	91.9
<b>TOTAL A/A</b>	464,652	307,090	66.1	25,644	5.5	131,918	28.4	348,330	75.0	431,155	92.8

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**CHART # 3B**

COUNTY	Number of Businesses	Businesses with Rev. of \$1 million or less		Businesses with Rev. of more than \$1 million		Bussinesses with no revenues reported		Businesses with less than 50 employees		Operating from a single location	
		#	%	#	%	#	%	#	%	#	%
		<b>BRONX</b>	45,306	31,417	69.3	1,917	4.2	11,972	26.4	34,396	75.9
<b>NEW YORK</b>	239,606	149,793	62.5	23,141	9.7	66,672	27.8	178,656	74.6	211,138	88.1
<b>KINGS</b>	125,490	86,183	68.7	5,548	4.4	33,759	26.9	93,751	74.7	118,603	94.5
<b>QUEENS</b>	108,283	74,654	68.9	5,509	5.1	28,120	26.0	82,342	76.0	101,209	93.5
<b>NASSAU</b>	131,503	89,999	68.4	7,506	5.7	33,998	25.9	100,231	76.2	122,174	92.9
<b>SUFFOLK</b>	132,765	91,797	69.1	7,725	5.8	33,243	25.0	102,936	77.5	122,773	92.5
<b>TOTAL A/A</b>	782,953	523,843	66.9	51,346	6.6	207,764	26.5	592,312	75.7	718,017	91.7

## **PERFORMANCE TESTS AND ASSESSMENT FACTORS**

*The Banking Department assesses a large bank's CRA performance by evaluating its lending, investment and service activities using the lending, investment and service tests provided for in Parts 76.8, 76.9 and 76.10 of the General Regulations of the Banking Board. This Performance Evaluation is based on a review of RCB's lending, investment and service activities during calendar years 2003, 2004, 2005 and 2006.*

Statistics employed in this evaluation were derived from various sources. In addition to bank-specific loan information submitted by HVB, aggregate data for small business and HMDA-reportable loans were obtained from the Federal Financial Institutions Examination Council ("FFIEC") and PCi Corporation's CRAWiz<sup>®</sup> software. Demographic information within the evaluation reflects data from the 2000 U.S. Census, supplemented by median family income estimates from the U.S. Department of Housing and Urban Development ("HUD").

### **I. Lending Test: "High Satisfactory"**

*RSB's lending performance was evaluated pursuant to the following criteria: (1) Lending Activity; (2) Assessment Area Concentration; (3) Geographic Distribution; (4) Borrower Characteristics; (5) Community Development Lending; and (6) Innovative or Flexible Lending Practices. The analysis of factors (1), (2), (3) and (4) above focused solely on the bank's HMDA-reportable loans only.*

#### **Lending Activity: "High Satisfactory"**

RSB's lending level reflects a good responsiveness to the credit needs of its assessment area.

During the evaluation period, RSB originated 3,671 loans within its assessment area totaling \$1.1 billion. RSB also purchased 546 loans from other lenders for \$110.2 million. These purchased loans were also to borrowers within RSB's assessment area.

According to the Institution Market Share Report, RSB ranked 41<sup>st</sup>, 52<sup>nd</sup> and 55<sup>th</sup> in 2003, 2004 and 2005, respectively, among over 500 HMDA lenders within its assessment area. RSB obtained a market share of 0.4% 0.3% and 0.3% in 2003, 2004 and 2005, respectively. The rankings and market share were based on the number of loans originated. The 2006 Market Share Report was not available.

#### **Assessment Area Concentration: "High Satisfactory"**

RSB extended a high percentage of HMDA-reportable loans inside the assessment area. During the evaluation period, RSB originated 84.0% by number and 72.2% by dollar volume of its loans inside its assessment area. RSB's concentration rates

increased during the second half of the evaluation period.

The table below illustrates the distribution of loans originated inside and outside of the assessment area:

<b>Distribution of Loans Inside and Outside of the Assessment Area</b>										
<b>Loan Type</b>	<b>Number of Loans</b>					<b>Loans in Dollars (in thousands)</b>				
	<b>Inside</b>		<b>Outside</b>		<b>Total</b>	<b>Inside</b>		<b>Outside</b>		<b>Total</b>
	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>		<b>\$</b>	<b>%</b>	<b>\$</b>	<b>%</b>	
2003	1,477	83.3	296	16.7	1,773	322,520	67.7	153,874	32.3	476,394
2004	860	76.1	270	23.9	1,130	224,842	51.3	213,168	48.7	438,010
<b>Total</b>	<b>2,337</b>	<b>80.5</b>	<b>566</b>	<b>19.5</b>	<b>2,903</b>	<b>547,362</b>	<b>59.9</b>	<b>367,042</b>	<b>40.1</b>	<b>914,404</b>
2005	1,002	92.1	86	7.9	1,088	336,119	89.7	38,769	10.3	374,888
2006	878	95.2	44	4.8	922	331,552	94.9	17,841	5.1	349,393
<b>Total</b>	<b>1,880</b>	<b>93.5</b>	<b>130</b>	<b>6.5</b>	<b>2,010</b>	<b>667,671</b>	<b>92.2</b>	<b>56,610</b>	<b>7.8</b>	<b>724,281</b>
<b>Grand Total</b>	<b>4,217</b>	<b>85.8</b>	<b>696</b>	<b>14.2</b>	<b>4,913</b>	<b>1,215,033</b>	<b>74.1</b>	<b>423,652</b>	<b>25.9</b>	<b>1,638,685</b>

### **Geographic Distribution of Loans: “Low Satisfactory”**

RSB’s geographic distribution of HMDA-reportable loans reflects an adequate dispersion among census tracts of different income levels.

During the evaluation, RSB’s LMI penetration rates displayed an upward trend, both by number and dollar volume. In 2006, its LMI penetration rate increased to 16.1% by number from 11.6% in 2003. RSB performed well in counties with high levels of owner-occupied units in the LMI geographies such as the Bronx and Kings, (with LMI penetration rates of 74.5% and 49.3%, respectively). RSB’s LMI penetration rates consistently exceeded the rates of owner-occupied units in LMI geographies in these counties.

#### *Years of 2003 and 2004:*

During the first half of the evaluation period, RSB’s LMI penetration rates of 12.5% by number and 13.1% by dollar volume were below the aggregate’s 20.7% and 20%, respectively. However, these rates are considered adequate compared with the 16.2% owner-occupied units in LMI geographies.

The table below illustrates the distribution of HMDA reportable loans by geography income level in 2003 and 2004:

Geographic Distribution of HMDA-reportable Loans by County															
2003															
Income County	Low		Moderate		Middle		Upper		Total		LMI %		Aggregate LMI %		O-O* Units in LMI Tracts
	#	\$	#	\$	#	\$	#	\$	#	\$	#	\$	#	\$	%
<b>Kings</b>	9	1,772	54	14,390	13	3,064	37	12,109	113	31,335	55.8	51.6	36.0	36.2	32.4
<b>Queens</b>	0	0	23	5,159	72	9,182	291	42,725	386	57,066	6.0	9.0	10.2	11.6	8.6
<b>Nassau</b>	0	0	22	4,018	311	44,992	302	98,896	635	147,906	3.5	2.7	6.6	5.6	4.9
<b>Suffolk</b>	0	0	64	15,873	202	49,168	77	21,172	343	86,213	18.7	18.4	22.3	19.3	20.0
<b>Total</b>	<b>9</b>	<b>1,772</b>	<b>163</b>	<b>39,440</b>	<b>598</b>	<b>106,406</b>	<b>707</b>	<b>174,902</b>	<b>1,477</b>	<b>322,520</b>	<b>11.6</b>	<b>12.8</b>	<b>17.9</b>	<b>17.0</b>	<b>15.2</b>
2004															
Income County	Low		Moderate		Middle		Upper		Total		LMI %		Aggregate LMI %		O-O* Units in LMI Tracts
	#	\$	#	\$	#	\$	#	\$	#	\$	#	\$	#	\$	%
<b>Kings</b>	14	3,921	27	9,404	15	5,830	31	16,139	87	35,294	47.1	37.8	47.9	48.2	38.2
<b>Queens</b>	1	149	20	3,986	55	12,210	199	30,769	275	47,114	7.6	8.8	16.9	19.1	13.2
<b>Nassau</b>	0	0	4	810	178	32,211	103	43,778	285	76,799	1.4	1.1	9.9	8.1	4.9
<b>Suffolk</b>	2	452	51	11,907	120	38,303	40	14,973	213	65,635	24.9	18.8	27.3	22.9	19.7
<b>Total</b>	<b>17</b>	<b>4,522</b>	<b>102</b>	<b>26,107</b>	<b>368</b>	<b>88,554</b>	<b>373</b>	<b>105,659</b>	<b>860</b>	<b>224,842</b>	<b>13.8</b>	<b>13.6</b>	<b>24.7</b>	<b>23.6</b>	<b>17.3</b>
<b>2 Year LMI Total</b>	<b>26</b>	<b>6,294</b>	<b>265</b>	<b>65,547</b>	<b>966</b>	<b>194,960</b>	<b>1,080</b>	<b>280,561</b>	<b>2,337</b>	<b>547,362</b>	<b>12.5</b>	<b>13.1</b>	<b>20.7</b>	<b>20.0</b>	<b>16.2</b>

\*Owner Occupied

*Years of 2005 and 2006:*

In 2005 and 2006, RSB's LMI penetration rates improved modestly due to the expansion of its assessment area. In 2005, its LMI penetration rates increased to 16.8% by number and 16.6% by dollar amount. While these rates remained significantly lower than the aggregate's 26.9% and 25%, they were comparable to the 17.8% owner-occupied units in LMI geographies. In the Bronx and Kings Counties, RSB's performance of 66.7% and 62.9% surpassed the aggregate's 46.8% and 50.5%, respectively.

In 2006, RSB's LMI penetration rates decreased slightly to 16.2% by number and 16.1% by dollar amount. The aggregate's data for 2006 was not available as of examination date.

The table below illustrates the distribution of HMDA reportable loans by geography income level in 2005 and 2006:

Geographic Distribution of HMDA-reportable Loans by County																	
2005																	
Income	Low		Moderate		Middle		Upper		N/A		Total		LMI %		Aggregate LMI %		O-O * Units in LMI
County	#	\$	#	\$	#	\$	#	\$	#	\$	#	\$	#	\$	#	\$	
Bronx	5	2,054	7	7,144	1	50	5	7,380	0	0	18	16,628	66.7	55.3	46.8	51.0	35.6
New York	1	1,000	5	8,076	2	720	240	130,924	4	2,079	252	142,799	2.4	6.4	14.8	13.1	11.2
Kings	23	5,042	43	12,672	12	3,209	27	9,710	0	0	105	30,633	62.9	57.8	50.5	51.1	38.2
Queens	0	0	37	9,052	43	6,658	125	20,646	0	0	205	36,356	18.0	24.9	18.1	20.1	13.2
Nassau	0	0	10	1,646	165	29,796	81	33,634	0	0	256	65,076	3.9	2.5	11.0	9.0	4.9
Suffolk	1	454	36	8,794	103	25,430	26	9,949	0	0	166	44,627	22.3	20.7	29.2	24.4	19.6
<b>Total</b>	<b>30</b>	<b>8,550</b>	<b>138</b>	<b>47,384</b>	<b>326</b>	<b>65,863</b>	<b>504</b>	<b>212,243</b>	<b>4</b>	<b>2,079</b>	<b>1,002</b>	<b>336,119</b>	<b>16.8</b>	<b>16.6</b>	<b>26.9</b>	<b>25.0</b>	<b>17.8</b>
2006																	
Income	Low		Moderate		Middle		Upper		N/A		Total		LMI %		Aggregate LMI %		O-O Units in LMI
County	#	\$	#	\$	#	\$	#	\$	#	\$	#	\$	#	\$	#	\$	
Bronx	15	8,496	20	5,986	5	1,765	7	7,951	0	0	47	24,198	74.5	59.8	N/A	N/A	35.6
New York	2	1,726	15	11,997	18	10,255	245	139,111	0	0	280	163,089	6.1	8.4	N/A	N/A	11.2
Kings	7	5,732	27	7,962	13	6,886	21	11,255	1	415	69	32,250	49.3	42.5	N/A	N/A	38.2
Queens	0	0	19	3,498	39	6,447	110	18,091	0	0	168	28,036	11.3	12.5	N/A	N/A	13.2
Nassau	0	0	3	336	132	24,665	58	22,476	0	0	193	47,477	1.6	0.7	N/A	N/A	4.9
Suffolk	1	246	33	7,551	69	22,330	18	6,373	0	0	121	36,500	28.1	21.4	N/A	N/A	19.6
<b>Total</b>	<b>25</b>	<b>16,200</b>	<b>117</b>	<b>37,330</b>	<b>276</b>	<b>72,348</b>	<b>459</b>	<b>205,257</b>	<b>1</b>	<b>415</b>	<b>878</b>	<b>331,550</b>	<b>16.2</b>	<b>16.1</b>	<b>N/A</b>	<b>N/A</b>	<b>17.8</b>
<i>2-yr LMI</i>																	
<b>Total</b>	<b>55</b>	<b>24,750</b>	<b>255</b>	<b>84,714</b>	<b>602</b>	<b>138,211</b>	<b>963</b>	<b>417,500</b>	<b>5</b>	<b>2,494</b>	<b>1,880</b>	<b>667,669</b>	<b>16.5</b>	<b>16.4</b>	<b>N/A</b>	<b>N/A</b>	

\*Owner Occupied

### Distribution by Borrower Characteristics: "High Satisfactory"

The distribution of HMDA-reportable loans based on borrower characteristics reflects a good penetration among individuals of different income level.

*Years of 2003 and 2004:*

During the first two years of the evaluation period, RSB extended 365 (15.6%) HMDA-reportable loans to LMI borrowers out of the 2,315 one-to-four family total loans originated in its assessment area. This percentage is slightly lower than the 18.1% LMI penetration rate achieved by the market aggregate.

Total loans originations by both RSB and the aggregate decreased significantly in 2006. However, RSB's LMI penetration rate inside the assessment area improved to 16.4% from 15.4% in 2005, while the aggregate's rate decreased slightly. On the county level, Suffolk County had the highest LMI penetration rate at approximately 23% in both years, while Kings County had the lowest at 6.5% and 9.3% in 2003 and 2004.

The table below illustrates the distribution of one- to four-family loans by borrower income level in 2003 and 2004:

Distribution of One - Four family HMDA-reportable Loans by Borrower Income Levels (By Number)																
2003																
Income	Low		Moderate		Middle		Upper		N/A		Total		LMI		Aggregate LMI	
County	#	%	#	%	#	%	#	%	#	%	#	%	#	%	#	%
<b>Kings</b>	0	0	7	6.5	27	25.0	74	68.5	0	0.0	108	100	7	6.5	3,655	7.6
<b>Queens</b>	5	1.3	26	6.8	75	19.6	273	71.3	4	1.0	383	100	31	8.1	5,319	8.3
<b>Nassau</b>	11	1.7	98	15.4	120	18.9	403	63.5	3	0.5	635	100	109	17.2	15,897	19.9
<b>Suffolk</b>	14	4.1	65	19.0	68	19.8	194	56.6	2	0.6	343	100	79	23.0	23,868	29.8
<b>Total</b>	<b>30</b>	<b>2.0</b>	<b>196</b>	<b>13.3</b>	<b>290</b>	<b>19.7</b>	<b>944</b>	<b>64.3</b>	<b>9</b>	<b>0.6</b>	<b>1,469</b>	<b>100</b>	<b>226</b>	<b>15.4</b>	<b>56,480</b>	<b>18.3</b>
2004																
Income	Low		Moderate		Middle		Upper		N/A		Total		LMI		Aggregate LMI	
County	#	%	#	%	#	%	#	%	#	%	#	%	#	%	#	%
<b>Kings</b>	1	1.3	6	8.0	15	20.0	53	70.7	0	0.0	75	100	7	9.3	3,755	9.3
<b>Queens</b>	6	2.2	26	9.5	58	21.2	183	67.0	0	0.0	273	100	32	11.7	5,160	9.7
<b>Nassau</b>	4	1.4	45	15.8	69	24.2	164	57.5	3	1.1	285	100	49	17.2	10,014	19.6
<b>Suffolk</b>	6	2.8	45	21.1	39	18.3	122	57.3	1	0.5	213	100	51	23.9	21,411	27.4
<b>Total</b>	<b>17</b>	<b>2.0</b>	<b>122</b>	<b>14.4</b>	<b>181</b>	<b>21.4</b>	<b>522</b>	<b>61.7</b>	<b>4</b>	<b>0.5</b>	<b>846</b>	<b>100</b>	<b>139</b>	<b>16.4</b>	<b>40,340</b>	<b>18.1</b>
<b>2-Year LMI Total</b>	<b>47</b>	<b>2.0</b>	<b>318</b>	<b>13.7</b>	<b>471</b>	<b>20.3</b>	<b>1,466</b>	<b>63.3</b>	<b>13</b>	<b>0.6</b>	<b>2,315</b>	<b>100</b>	<b>365</b>	<b>15.8</b>	<b>96,820</b>	<b>18.2</b>

*Years of 2005 and 2006:*

During the second half of the evaluation period, RSB extended 1,798 one-to-four family HMDA reportable loans inside its assessment area. In 2005, RSB extended 129 loans (13.3%) to LMI borrowers, outperforming the aggregate's 12.6%. In all counties except the Bronx and New York, RSB's penetration rates exceeded the market aggregate's. In 2006, RSB had an LMI penetration rate of 15.8%, a 2.5 percent point's increase over 2005. The aggregate data is not available.

The table below illustrates the distribution of one- to four-family loans by borrower income level in 2005 and 2006:

Distribution of One-Four Family HMDA-reportable Loans by Borrower Income Levels (By Number)																
2005																
Income	Low		Moderate		Middle		Upper		N/A		Total		LMI		Aggregate LMI	
County	#	%	#	%	#	%	#	%	#	%	#	%	#	%	#	%
Bronx	0	0	0	0	2	40.0	3	60.0	0	0.0	5	100	0	0	1,551	9.7
New York	0	0	1	0.4	6	2.4	243	97.2	0	0.0	250	100	1	0.4	411	2.1
Kings	1	1.1	7	7.4	27	28.7	59	62.8	0	0.0	94	100	8	8.5	2,819	6.6
Queens	1	0.5	14	7.1	44	22.4	136	69.4	1	0.5	196	100	15	7.7	3,906	6.9
Nassau	10	3.9	50	19.5	56	21.9	139	54.3	1	0.4	256	100	60	23.4	7,182	14.5
Suffolk	8	4.8	37	22.3	31	18.7	89	53.6	1	0.6	166	100	45	27.1	16,866	22.4
<b>Total</b>	<b>20</b>	<b>2.1</b>	<b>109</b>	<b>11.3</b>	<b>166</b>	<b>17.2</b>	<b>669</b>	<b>69.2</b>	<b>3</b>	<b>0.3</b>	<b>967</b>	<b>100</b>	<b>129</b>	<b>13.3</b>	<b>32,735</b>	<b>12.6</b>
2006																
Income	Low		Moderate		Middle		Upper		N/A		Total		LMI		Aggregate LMI	
County	#	%	#	%	#	%	#	%	#	%	#	%	#	%	Not Available	
Bronx	0	0	5	35.7	2	14.3	7	50.0	0	0.0	14	100	5	35.7		
New York	0	0	2	0.7	4	1.4	271	97.8	0	0.0	277	100	2	0.7		
Kings	1	1.6	9	14.5	4	6.5	47	75.8	1	1.6	62	100	10	16.1		
Queens	4	2.4	18	10.9	52	31.5	90	54.5	1	0.6	165	100	22	13.3		
Nassau	6	3.1	37	19.2	42	21.8	106	54.9	2	1.0	193	100	43	22.3		
Suffolk	13	10.8	36	30.0	20	16.7	51	42.5	0	-	120	100	49	40.8		
<b>Total</b>	<b>24</b>	<b>2.9</b>	<b>107</b>	<b>12.9</b>	<b>124</b>	<b>14.9</b>	<b>572</b>	<b>68.8</b>	<b>4</b>	<b>0.5</b>	<b>831</b>	<b>100</b>	<b>131</b>	<b>15.8</b>		
<b>2-Year LMI Total</b>	<b>44</b>	<b>2.4</b>	<b>216</b>	<b>12.0</b>	<b>290</b>	<b>16.1</b>	<b>1,241</b>	<b>69.0</b>	<b>7</b>	<b>0.4</b>	<b>1,798</b>	<b>100</b>	<b>260</b>	<b>14.5</b>		

### Community Development Lending: "Outstanding"

RSB is a leader in community development lending. During the evaluation period, RSB's community development loans totaled \$111.5 million, of which 96.8% were new money. This represents a substantial increase from \$19.4 million at the prior evaluation period.

The following are examples of qualified community development loans reported by RSB:

- *The Guild for Exceptional Children ("GEC")*: In 2006, RSB extended to GEC a mortgage loan in the amount of \$698 thousand, in addition to the existing loans totaling \$834 thousand. GEC is a nonprofit organization in Brooklyn offering schooling and other services to disabled children and adults.
- *Low Income Investment Fund ("LIIF")*: In 2006, RSB extended a loan of \$750 thousand to LIIF to finance a building located Brooklyn's community center. LIIF is a Community Development Financial Institution specially designated by the U. S. Treasury Department. LIIF's mission is to alleviate poverty by providing capital for affordable housing, work force development, child care and education.

- *Leviticus 25:23 Alternative Fund, Inc. (“Leviticus”)*: During the evaluation period, RSB originated two loans totaling \$750 thousand for Leviticus. Leviticus is a not-for-profit intermediary lender offering financing the construction of low-income housing, child-care centers and community facilities.
- *Community Preservation Corporation (“CPC”)*: In 2003, RSB renewed a revolving credit facility with the borrower and increased its commitments to \$1.5 million from \$1 million. In 2005, the facility was further increased to \$3 million. CPC is a not-for-profit mortgage lender that makes construction and permanent loans which create, rehab, and preserve affordable housing in LMI neighborhoods.

### **Innovative or Flexible Lending Practices: “High Satisfactory”**

RSB has various innovative or flexible lending programs to meet the credit needs of its assessment area. The following is a brief description of these programs:

- *Tuition Loan Program (“Program”)*: RSB offers a tuition loan program for several parochial elementary schools in its assessment area. This program provides loans with reduced rates to low-income families, with customized terms for parents to manage tuition payments for their children. During the evaluation, RSB provided 2,063 loans totaling \$7.6 million to eight schools.
- *RSB Affordable Housing Product*: RSB offers a unique “Affordable Housing Product” to home buyers with flexible loan terms and various repayment plans. The borrowers’ incomes cannot exceed \$81.6 thousand or \$133.3 thousand if they reside in New York City or Long Island. The minimum down payment is \$500 or 1% of the loan, whichever is greater. During the evaluation, RSB extended 27 loans totaling \$5.3 million.
- *Government-Guaranteed Programs*: RSB participates in several government-guaranteed or subsidized products for affordable housing, such as Fannie Mae and SONYMA. During the evaluation, RSB made eight Fannie Mae loans totaling \$2 million and 43 SONYMA loans at \$6.7 million.

## **II. Investment Test: “High Satisfactory”**

*The investment test evaluates RSB’s record of helping to meet credit needs of community development in the assessment area through qualified investments. Investment performance is evaluated pursuant to the following criteria: 1) the dollar amount of qualified investments; 2) their level of innovativeness or complexity of qualified investments; 3) their level of responsiveness credit needs of community development; and; 4) the degree to which such investments are not routinely provided by private investors.*

RSB has demonstrated a significant level of responsiveness to its community development needs. During the evaluation period, qualified investments totaled \$30.2 million, of which 64.9% were new money. Annualized for the four-year evaluation period, qualified investments totaled \$7.6 million compared to the annualized amount of \$7.1 million at the prior evaluation period.

Excluding grants, qualified investments totaled \$29.4 million. Of the total amount, \$26.0 million (88.7%) supported affordable housing development and \$3.3 million (11.3%) supported economic development. New money represented \$19.6 million or 64.8%.

The following are some examples of qualified investments made during the evaluation period:

- WNC Institutional Tax Credit Fund X New York Series 4 to 7: During the evaluation period, RSB made an additional commitment of \$11.3 million to the existing \$4.9 million during the prior period. The purpose of this fund is to build affordable housing units throughout the New York City.
- Collateral Trust Notes (CTN) of Community Preservation Corporation (CPC): RSB doubled its commitment to \$6 million from \$3 million since the prior evaluation. The CTNs are backed by CPC mortgages. CPC is a lending consortium that makes loans for the creation, rehabilitation and preservation of affordable housing throughout New York State.
- Mortgage Backed Securities (MBS): RSB invested \$1.3 million in one pool of Fannie Mae's mortgage backed securities in 2004, in addition to two investments in the same MBS. These MBSs are backed by mortgages extended to LMI borrowers in RSB's assessment area.

### Grants

During the evaluation period, RSB contributed grants totaling \$887 thousand to over one hundred community development and charitable organizations. Some of these recipients included the following:

- *Federal Home Loan Bank of New York ("FHLBNY")* - RSB contributed \$108,000 to FHLBNY's Affordable Housing Program in the form of RSB's pro-rata share of its earnings for the years 2003 and 2004. FHLBNY provides grants and low-interest loans for construction and revitalization of housing targeted to LMI families.
- *Habitat for Humanity ("HFH")* - RSB is a major sponsor of HFH in New York City through a commitment of \$200,000 for two Habitat houses from 2000 to 2009. In 2005, RSB contributed \$20,000 to HFH's second Habitat house in Queens County. HFH is an international nonprofit organization dedicated to building affordable homes.

- *New York Mortgage Coalition (“NYMC”)* – In 2006, RSB contributed \$15,000 to NYMC, which provides homeownership education workshops and one-on-one meetings for individuals seeking to purchase and/or finance a home. It is a nonprofit organization helping low- and moderate-income residents of New York City, Long Island and Westchester County to become homeowners.

### III. Service Test: “Outstanding”

*The service test evaluates a banking institution's record of helping to meet the credit needs of its assessment area. Analysis may include the availability and effectiveness of a banking institution's systems for delivering retail banking services and the extent and innovativeness of its community development services.*

#### **Retail Banking Services:** “Outstanding”

RSB’s retail delivery system is readily accessible to all portions of its assessment area. As of the evaluation date, RSB had 22 banking offices, one mobile branch, three mortgage centers and a retirement plan services center. Four offices (18.1%) are in moderate-income areas and eight (36.4%) are adjacent to the LMI geographies. Approximately 54.5% of RSB’s branches are located either in or adjacent to LMI areas. All banking offices, except for a drive-in branch located in Queens, have automated teller machines (“ATMs”) which are accessible 24 hours a day, seven days a week. Five of the ATMS are located in moderate income geographies. One of the mortgage centers is also equipped with an ATM.

The following table summarizes RSB’s distribution of branches and ATMs:

Distribution of Banking Offices and ATM's - 2006												
County	Low	Mod*	Middle	Upper	Total	LMI %	# Adjacent to LMI	% Adjacent to LMI	Locations with ATMs	Low	Mod*	ATM LMI %
Bronx	0	1	0	0	1	4.5	0	0.0	1	0	1	4.5
Kings	0	2	1	1	4	9.1	2	9.1	4	0	2	9.1
Queens	0	1	4	4	9	4.5	4	18.2	10	0	2	9.1
Nassau	0	0	6	0	6	0.0	2	9.1	5	0	0	0.0
Suffolk	0	0	2	0	2	0.0	0	0.0	2	0	0	0.0
<b>TOTAL</b>	<b>0</b>	<b>4</b>	<b>13</b>	<b>5</b>	<b>22</b>	<b>18.1</b>	<b>8</b>	<b>36.4</b>	<b>22</b>	<b>0</b>	<b>5</b>	<b>22.7</b>
Mobile Branch					1							
<b>GRAND TOTAL</b>					<b>23</b>							

\*moderate

## Changes in Branch Locations

RSB's record of opening and closing branches has improved the accessibility of its delivery systems particularly in LMI geographies. During the evaluation period, RSB did not close any branches, but did open four new branches: two in Kings County, one in Bronx County and one mobile branch on wheels. The opening of the branch in Dyker Heights in Kings County and White Plains Road in the Bronx has increased RSB's presence in the LMI neighborhoods. In 2006, RSB opened the White Plains Road branch, which has been approved as an "Enriched Banking Development District".

## Reasonableness of Business Hours and Services in Meeting Assessment Area Needs

RSB's business hours and services are tailored to the convenience and needs of its assessment area. All branches are open on Saturdays from 9 am to 3 pm and have extended banking hours at least once during week days. In addition, some branches have either walk-up windows or drive-up facilities. Other alternative delivery systems include direct deposit, bank by mail, telephone banking, and internet banking.

The following are the highlights of RSB's services:

*Special Services:* All ATMs and telephone banking services are available in English and Spanish. RSB has bi-lingual staff helping customers who speak Chinese or Polish.

*Basic Banking Account:* RSB offers this account with terms that are somewhat more favorable than those required by New York State Banking regulations. The minimum deposit to open this account is \$25 and the minimum maintenance balance is \$.01. It allows eight free withdrawals per statement cycle and the monthly maintenance fee is \$3 if the balance is under \$2,500 or without direct deposit.

*Electronic Benefits Transfer (EBT):* This service allows recipients of Social Security Income to have free access to their benefits via the bank's ATMs. RSB provides free check cashing services to these recipients without an account relationship.

*A Mobile Branch:* In May 2005, RSB established this unique, full-service branch on wheels, which provides banking services to over a dozen senior citizen centers. This demonstrates RSB's innovativeness and commitment in meeting the needs of its assessment area.

## **Community Development Services: "High Satisfactory"**

RSB is a leader in providing community development services in its assessment area. Its senior management and officers provide financial service to community development organizations by serving on various boards and committees of nonprofit organizations. The following are some community development services provided by RSB through its officers:

- *St. Vincent's Services ("SVS")* - The chairman and CEO of RSB sits on the board of directors of this organization. SVS is a charitable agency providing social services for the developmentally disabled and children with AIDS or other medically fragile conditions.
- *Neighborhood Housing Services ("NHS")* - RSB's CRA officer has been a member of NHS's Resource Development Committee since 1999, assisting in fundraising activities. NHS is a not-for-profit intermediary that creates and preserves affordable housing, and promotes investments in underserved and declining New York City neighborhoods
- *Church Avenue Merchants Block Association, Inc. ("CAMBA")* - A vice-president of RSB is a member of the board of directors and the CRA officer is a member of the executive board. CAMBA is a Brooklyn-based non-profit organization, which stabilizes and expands the economy of Brooklyn through helping low-income populations to be economically and socially self-sufficient.
- *Ridgewood Local Development Corporation ("RLDC")* - RSB's CRA officer sits on the board of directors of RLDC, which serves the economic interest of the commercial and industrial community in Queens County.
- *Sisters of Mercy ("SM")* - RSB's CRA officer has served on the Advisory Board of SM since 2002. SM is a nonprofit organization helping the poor in Brooklyn and Queens.
- *Boys Hope/Girls Hope ("Hope")*- RSB's CEO is a member of the board of Hope, a non-profit, multi-denominational organization that provides at-risk children with a stable home, positive parenting, high quality education, and the support needed to reach their full potential.

#### Workshops and Seminars:

RSB held in-depth educational workshops for first-time homebuyers. The workshops were free of charge held in or close to LMI neighborhoods and targeting LMI individuals. Speakers included attorneys, engineers, insurance specialists and mortgage consultants. During 2003 and 2004, RSB conducted 16 workshops and during 2005 and 2006, ten workshops.

In partnership with Met Life and the Social Security Administration, RSB hosted and sponsored dozens of social security workshops through its branch network. In addition, RSB co-sponsored seminars that implemented anti-predatory lending workshops, educating consumers on the various mortgage choices.

#### **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.**

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 concurrent regulatory compliance and fair lending examinations indicate a satisfactory performance in terms of adherence to antidiscrimination or other applicable laws and regulations. No evidence of prohibited discrimination 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.**

RSB ascertains the credit needs of its community mainly by working closely with various community-based organizations such as Neighborhood Housing Services of New York City, Habitat for Humanity of Suffolk County, Ridgewood Local Development Corporation, Hi-Hello Child Care and Community Development Corp. of LI, Inc., St. Gregory's Community Service Center. As a result of these initiatives, RSB offered affordable/LMI products, which include Ridgewood Unique Affordable Housing Program, SONYMA Affordable Housing Mortgages and FNMA "Expanded Approval."

**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.**

RSB advertises its products and services through its website, billboards, radios, newspapers and publications in foreign languages. It promotes its affordable housing products in branches that are in or close to LMI neighborhoods; and holds first-time homebuyer workshops attended primarily by LMI individuals. Additionally, RSB participates regularly in local street fairs and distributes mortgage brochures.

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

RSB's board of trustees actively supervises the CRA activities. It reviews and approves the annual CRA report presented by the CRA/Fair Lending Committee (committee) and

monitors the CRA activities and performance. The committee consists of senior management, the CRA officer and the compliance officer, who 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.**

RSB's officers were awarded and/or honored by the organizations they serve for their exceptional community development efforts and services. The following is a brief description of some of the awards and recognition received:

*America's Community Bankers ("ACB")* - In 2005, ACB awarded a Certificate of Recognition to RSB for its outstanding service to the community. ACB is an independent national trade association that represents the nation's community banks of all charter types and sizes.

*Catholic Charities of the Diocese of Brooklyn and Queens ("Diocese")* - In 2003, RSB's chairman and CEO was honored with by the Diocese for RSB's outstanding community service. The Diocese sponsors 180 programs and services throughout Brooklyn & Queens, reaching out to the poor, sick, aged, disabled and isolated. Its programs are directed to individual misery and the causes of such misery.

*Harbor Child Care: ("HCC")* - RSB's chairman was honored by HCC at its 2005 Gala. HCC is a not-for-profit organization serving LMI neighborhoods in Long Island.

*Hi-Hello Child Care ("HHCC")* - RSB's CRA officer, who is a board member of HHCC, was honored as Child Advocate of the Year at the annual dinner in 2005. The organization is a not-for-profit establishment serving LMI neighborhoods in Long Island.

*Protestant Board of Guardians ("PBG")* - In 2003, RSB's Chairman was honored by PBG for his support of family preservation efforts in Bedford Stuyvesant, Brooklyn. PBG offers counseling, advocacy, crisis intervention, rent assistance, and recreation to families in need.

*Sunshine Prevention Center ("SPC")* - In 2006, RSB was awarded a plaque from SPC for the bank's CRA program. SPC is a not-for-profit agency dedicated to preventing substance abuse and violence among youth and to empowering children and young adults to make healthy life choices.

## 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 2000 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 nonmetropolitan 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 nonmetropolitan 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 nonmetropolitan 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.