



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

One State Street
New York, NY 10004

PUBLIC SUMMARY

**COMMUNITY REINVESTMENT ACT
PERFORMANCE EVALUATION**

Date of Evaluation: June 30, 2017

Institution: Dime Community Bank
300 Cadman Plaza West, 8th Floor
Brooklyn, NY 11201

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

TABLE OF CONTENTS

	Section
General Information	1
Overview of Institution's Performance	2
Performance Context	3
Institution Profile	
Assessment Area	
Demographic & Economic Data	
Community Information	
Performance Tests and Assessment Factors	4
Lending Test	
Investment Test	
Service Test	
Additional Factors	
Glossary	5

GENERAL INFORMATION

This document is an evaluation of the Community Reinvestment Act (“CRA”) performance of Dime Community Bank (“Dime” or the “Bank”) prepared by the New York State Department of Financial Services (“DFS” or the “Department”). This evaluation represents the Department’s current assessment and rating of the Bank’s CRA performance based on an evaluation conducted as of June 30, 2017.

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

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

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

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

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

OVERVIEW OF INSTITUTION'S PERFORMANCE

The Department evaluated Dime under the large banking institution performance standards pursuant to Sections 76.7, 76.8, 76.9 and 76.10 of the GRS. The Department evaluated the Bank's lending activities from January 1, 2014 through December 31, 2016 and community development activities from January 1, 2014 through June 30, 2017. Dime is rated "Satisfactory" or "2." This rating means Dime had a satisfactory record of meeting community credit needs.

This rating is based on the following factors:

LENDING TEST: "High Satisfactory"

Dime's HMDA-reportable, home mortgage Consolidation Extension and Modification Agreement ("CEMA"), and small business lending activities were more than reasonable considering Dime's size, business strategy, and financial condition, as well as aggregate and peer group activity, and the demographic characteristics and credit needs of its assessment area. In addition, Dime's level of community development lending continued to be outstanding.

Lending Activity: "Outstanding"

Dime's lending levels were excellent considering its size, business strategy, and financial condition, as well as the activity of its peer group and the demographic characteristics of its assessment area. Dime's loan-to-deposit ("LTD") ratio of 138% compared favorably with its peer's performance of 93%.

Assessment Area Concentration: "Outstanding"

Dime originated 98.1% by number and 97.6% by dollar value of its total HMDA-reportable, CEMA, and small business loans within the assessment area. This substantial majority of lending reflects an excellent concentration of lending within Dime's assessment area.

Most of Dime's lending efforts were centered on CEMA loans which comprised 81.7% of the dollar value of total loans originated inside of the assessment area. HMDA-reportable loans represented 17.9% of the total dollar value and small business loans accounted for the balance.

Geographic Distribution of Loans: "High Satisfactory"

Dime's origination of loans in census tracts of varying income levels demonstrated a more than reasonable distribution of lending. The LMI penetration for HMDA and CEMA loans was considered more than reasonable, exceeding aggregate and demographic data. Small business loans made in LMI geographies were well above the LMI business demographic.

Distribution by Borrower Characteristics: “Low Satisfactory”

Dime’s small business lending demonstrated an adequate distribution of loans among individuals of different income levels and businesses of different revenue sizes. Since its introduction of small business lending in 2015, Dime originated 73.4% by number and 83.1% by dollar value of its loans to businesses with revenues of \$1 million or less, which exceeded the aggregate’s rates of 47.4% and 28.2%, respectively, for the evaluation period.

Community Development Lending: “Outstanding”

During the evaluation period, Dime originated \$527.7 million in new community development loans and had \$170.2 million outstanding from prior evaluation periods. This demonstrated an excellent level of community development lending over the course of the evaluation period. Eight loans totaling \$17.9 million were disqualified because they were cash-out refinances for other real estate investments, or non-community development related use, or for the purchase of a property considered physically distressed.

Dime’s portfolio of community development loans totaled \$697.9 million, a nearly \$200 million or 40% increase since the prior evaluation period. Dime is primarily engaged in multifamily lending in the New York City area, and its level of community development lending activities is considered excellent in meeting the credit needs for affordable housing in its assessment area.

INVESTMENT TEST: “Low Satisfactory”

Dime’s qualified investments were adequate in light of the assessment area’s credit needs.

Qualified Investments

During the evaluation period, Dime made \$4.8 million in new community development investments and had no balances outstanding from prior evaluation periods. In addition, Dime made \$1.9 million in community development grants. This an adequate level of qualified investments over the course of the evaluation period.

Despite the slight increase from the prior evaluation period, the total investment activities are considered low, representing only 0.04% of total average assets during the evaluation period. The investment activities involved one mortgage-backed security purchase supporting affordable housing in the assessment area and certificates of deposit made at two community development financial institutions.

Innovativeness of Qualified Investments

Dime did not use any innovative investments to support community development.

Responsiveness of Qualified Investments to Credit and Community Development Needs

Dime's qualified investments exhibited adequate responsiveness to the assessment area's credit and community development needs. However, considering the growth in assets as well as the pressing need for affordable housing in Dime's assessment area, management should actively explore new investment opportunities.

SERVICE TEST: "Low Satisfactory"

Retail Banking Services: "Low Satisfactory"

Dime has an adequate branch network, delivery systems, branch hours and services, and alternative delivery systems, particularly as they relate to LMI individuals. Including two branches newly opened during the evaluation period, 41% of branches are in LMI geographies providing reasonable banking hours and range of services to meet the convenience and accessibility needs of its assessment area.

Community Development Services: "Low Satisfactory"

Dime management provided an adequate level of community development services by primarily offering their financial expertise to children and the elderly, through workshops and seminars that dealt with financial education and elder abuse.

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

PERFORMANCE CONTEXT

Institution Profile

Dime, established in 1864, is headquartered in Brooklyn, NY. The Bank currently has 27 full service branches, including two branches opened during the current evaluation period, serving communities in New York City and Nassau County on Long Island. In August 2016, the Bank changed its name to Dime Community Bank from Dime Savings Bank of Williamsburg, to reflect its evolving business model and to emphasize a broader geographic and business reach. The Bank is a wholly owned subsidiary of Dime Community Bancshares, Inc., a publicly-owned company.

Historically, Dime has been engaged primarily in multifamily lending for mostly rent-regulated properties located in New York City. Beginning in 2014, Dime discontinued its 1-4 family residential mortgage originations due to ever-increasing market competition, mostly from large financial institutions and national mortgage lenders in its assessment areas. Dime also provides financial services and loan products to mid-size and small businesses. In August 2017, Dime was approved as a Small Business Administration (“SBA”) lender and began to offer loans under the SBA 7(a) program.

Dime offers personal banking products such as checking and savings accounts, debit cards, student accounts, money market accounts, certificates of deposit, and vacation and holiday club accounts. Retirement planning products include IRAs and Keogh accounts for the self-employed. Other products include merchant service/lockbox, safe deposit boxes, direct deposit and payments, mobile and online banking, and banking by phone and mail. The Bank gathers deposits primarily from the communities and neighborhoods in its assessment area, but also attracts deposits nationwide through its internet bank and its DimeDirect customer contact center.

As of June 30, 2017, Dime reported total assets of \$6.2 billion, of which \$5.9 billion or nearly 94% were net loans and leases. Investment securities were minimal at \$8.5 million. Dime reported total deposits of \$4.6 billion resulting in a LTD ratio of 126.0%. Per the latest available comparative deposit data, as of June 30, 2016, Dime had a market share of 0.32% or \$3.9 billion in a market of \$1.2 trillion, ranking it 26th among 114 deposit-taking institutions in its assessment area.

The following is a summary of Dime’s loan portfolio, based on Schedule RC-C of the Bank’s December 31, 2014, 2015, 2016, and June 30, 2017 Call Reports.

TOTAL GROSS LOANS OUTSTANDING								
Loan Type	12/31/2014		12/31/2015		12/31/2016		6/30/2017	
	\$000's	%	\$000's	%	\$000's	%	\$000's	%
Real Estate Loans:	4,117,864	100	4,695,464	100	5,633,456	100	5,807,797	99
Construction Loans	0	0.0	0	0.0	0	0.0	4,000	0.1
Commercial Mortgage Loans	745,571	18.1	863,271	18.4	958,504	17.0	975,821	16.6
Multifamily Mortgages	3,298,595	80.1	3,759,986	80.1	4,600,851	81.6	4,756,934	81.0
1-4 Family Residential Mortgage Loans	73,698	1.8	72,207	1.5	74,101	1.3	71,042	1.2
Commercial & Industrial Loans	149	0.0	266	0.0	2,056	0.0	68,196	1.2
Consumer Loans	1,227	0.0	1,046	0.0	910	0.0	888	0.0
Total Gross Loans	4,119,240	100	4,696,776	100	5,636,422	100	5,876,881	100

As of June 30, 2017, the majority (97.6%) of Dime's loan portfolio was comprised of multifamily and commercial real estate loans. Dime's multifamily loans represented more than 80% of the loan portfolio throughout the evaluation period. Dime's 1-4 family residential mortgage loans were less than 2% of total gross loans, reflecting Dime's exit from the residential mortgage market beginning in 2014. Dime's consumer and small business loan balances were also minimal during the evaluation period.

There are no known financial or legal impediments that adversely impacted Dime's ability to meet the credit needs of its community.

Assessment Area

Dime's assessment area includes Bronx, Kings, New York, Queens and Nassau counties.

There are 2,341 census tracts in the assessment area, of which 342 are low-income, 648 are moderate-income, 769 are middle-income, 513 are upper-income, and 69 are tracts with no income indicated. The total number of census tracts has remained the same since the Department's last Evaluation. However, the number of LMI tracts has increased, representing 42.3% of the assessment area, compared to 38.2% during the prior evaluation period. Bronx County has the highest percentage of LMI census tracts in Dime's assessment area at 70.8%, followed by Kings County at 55.2%.

Assessment Area Census Tracts by Income Level							
County	N/A	Low	Mod	Middle	Upper	Total	LMI %
Bronx	10	143	97	60	29	339	70.8
Kings	13	125	295	213	115	761	55.2
New York	12	44	61	25	146	288	36.5
Queens	26	21	169	314	139	669	28.4
Nassau	8	9	26	157	84	284	12.3
Total	69	342	648	769	513	2,341	42.3

Demographic & Economic Data

Dime's assessment area had a population of nine million during the evaluation period. About 12.4% of the population were over the age of 65 and 19.2% were under the age of sixteen.

Of the 2.1 million families in Dime's assessment area, 30.4% were low-income, 17.4% were moderate-income, 17.4% were middle-income, and 34.8% were upper-income. There were 3.3 million households in the Bank's assessment area, of which 16.8% had income below the poverty level and 3.8% were on public assistance. The weighted average median family income in the assessment area was \$72,409.

There were 3.6 million housing units in the assessment area, of which 43.9% were one-to-four family units, and 55.9% were multifamily units. A majority (57.0%) of the area's housing units were rental, while 34.5% were owner-occupied units. Of the 1.3 million owner-occupied housing units, 21.5% were in LMI census tracts while 78.5% were in middle- and upper-income census tracts. The median age of the housing stock was 74 years, and the weighted average median housing value in the assessment area was \$530,895.

There were 581,768 non-farm businesses in the assessment area. Of these businesses, 85.8% reported revenues of less than or equal to \$1 million, 7.4% reported revenues of more than \$1 million, and 6.8% did not report their revenues. Of all the businesses in the assessment area, 96.9% had less than fifty employees and 91.2% operated from a single location. The largest industries in the assessment area were services (50%), retail trade (15.1%), and finance, insurance & real estate (9.6%); 7.4% of businesses were not classified.

According to the New York State Department of Labor, the unemployment rate for New York State steadily decreased from 6.3% in 2014 to 4.8% in 2016. The unemployment rates for the counties in the assessment area also decreased. The three-year average unemployment rates in Queens and Nassau counties were lower than the statewide rate, while the rates in Bronx, Kings, and New York counties were higher than the statewide rate.

Assessment Area Unemployment Rate						
	Statewide	Bronx	Kings	New York	Queens	Nassau
2014	6.3	9.8	7.6	7.3	6.4	4.8
2015	5.3	7.8	5.9	5.7	5.0	4.2
2016	4.8	7.1	5.3	5.2	4.5	3.9
3-Year Average	5.5	8.2	6.3	6.1	5.3	4.3

Community Information

Examiners contacted three community organizations that focus on community development through affordable housing, economic development, and community services within the Bank's assessment area. The interviews with these organizations helped identify essential needs and credit opportunities available within the Bank's assessment area.

The need for affordable housing is increasing and remains a critical issue for LMI residents in New York City. One community group, a nonprofit coalition comprised of over 100 neighborhood-based affordable housing and equitable economic development organizations, expressed concern that some landlords abuse tenants in rent-regulated buildings, which are a key source of affordable housing for millions of New Yorkers. These landlords use tactics such as fraud, tax evasion, and tenant harassment to convert rent-regulated units into market-rate units, leaving tenants who rely on rent-regulated housing systemically neglected. The contact urged local financial institutions and regulators to remain vigilant to ensure that multifamily lending will stabilize neighborhoods and preserve affordable housing.

Examiners also contacted a HUD-certified counseling agency and federally-certified community development financial institution ("CDFI") whose mission is to prevent the further displacement of LMI families in New York City. The contact indicated that the area's population of aging residents and LMI families is increasing. The contact also commented that the primary challenge currently experienced by the organization's clients is a high risk of displacement from predominantly African-American and Hispanic communities in New York City where their families have lived for decades, or even generations. In addition, it was also noted that local financial institutions should contribute more toward its general fund to support its operating expenses.

The last community contact was an organization that provides legal assistance to individuals, families, and community groups serving the Brooklyn area. The contact indicated that the demographics in this area are mixed, and affordable housing is difficult to obtain.

PERFORMANCE STANDARDS AND ASSESSMENT FACTORS

DFS evaluated Dime under the large banking institution performance standards in accordance with Sections 76.7, 76.8, 76.9 and 76.10 of the GRS, which consist of the lending, investment, and service tests. DFS also considered the following factors in assessing the bank's record of performance:

- 1. The extent of participation by the board of directors or board of trustees in formulating CRA policies and reviewing CRA performance;*
- 2. Any practices intended to discourage credit applications;*
- 3. Evidence of prohibited discriminatory or other illegal credit practices;*
- 4. Record of opening and closing offices and providing services at offices; and*
- 5. Process factors, such as activities to ascertain credit needs and the extent of marketing and special credit related programs.*

Finally, the evaluation considered other factors as delineated in Section 28-b of the New York Banking Law that reasonably bear upon the extent to which Dime helps to meet the credit needs of its entire community.

DFS derived statistics employed in this evaluation from various sources. Dime submitted bank-specific information both as part of the examination process and on its Call Report submitted to the FDIC. DFS obtained aggregate lending data from the Federal Financial Institutions Examination Council ("FFIEC") and deposit data from the FDIC. DFS calculated loan-to-deposit ("LTD") ratios from information shown in the Bank's Uniform Bank Performance Report submitted to the FDIC.

DFS sourced the demographic data referred to in this report from the 2010 U.S. Census and the FFIEC. DFS based business data on Dun & Bradstreet reports, which Dun & Bradstreet updates annually, and obtained unemployment data from the New York State Department of Labor.

The evaluation period included lending activities from January 1, 2014 through December 31, 2016 and community development activities from January 1, 2014 through June 30, 2017.

Examiners considered Dime's HMDA-reportable, CEMA, and small business loans in evaluating factors (2) and (3) of the lending test noted below. Dime did not originate or purchase 1-4 family mortgage loans to consumers except for a small number of loans made to commercial borrowers during the evaluation period. Therefore, only small business loan data were used in evaluating factor (4) of the lending test.

Dime is actively engaged in multifamily lending, and 81% of its loan portfolio is comprised of multifamily loans. Dime did not originate one-to-four family mortgages to consumers. Therefore, examiners gave greater weight to CEMA lending performance in this evaluation as it represented 81.7% of total loans originated inside the assessment area by dollar value. HMDA-reportable and small business loans constituted 17.9% and 0.4%,

respectively. In addition, a significant portion of qualified community development loans were also multifamily housing projects.

At its prior Performance Evaluation, as of December 31, 2013, DFS assigned Dime a rating of “2,” reflecting a “Satisfactory” record of helping to meet the credit needs of Dime’s community.

Current CRA Rating: “Satisfactory”

LENDING TEST: “High Satisfactory”

The bank’s lending performance was evaluated pursuant to the following criteria:

- (1) Lending Activity;*
- (2) Assessment Area Concentration;*
- (3) Geographic Distribution of Loans;*
- (4) Borrower Characteristics;*
- (5) Community Development Lending; and*
- (6) Flexible and/or Innovative Lending Practices.*

Dime’s HMDA-reportable, CEMA, and small business lending activities were more than reasonable in light of the bank’s size, business strategy, and financial condition, as well as aggregate and peer group activity, the demographic characteristics, and credit needs of its assessment area. In addition, community development lending continued to be outstanding. There were no flexible and/or innovative lending practices noted during this evaluation.

Lending Activity: “Outstanding”

Dime’s lending levels were excellent throughout the evaluation period.

Dime’s average LTD ratio for the evaluation period was 138%, which compared favorably to its peer group’s average of 93%. The ratio was significantly above the peer group’s performance during all quarters of the evaluation period. However, Dime’s lending activities steadily declined during the evaluation period, due to the growth in deposits outpacing growth in loans.

As of December 31, 2016, Dime’s net loans and leases of \$5.6 billion represented 93.7% of total assets, and represented an increase of 52.6% when compared with the prior evaluation. As an active multifamily lender in its assessment area, Dime continued to perform at an excellent level during the evaluation period.

Loan-to-Deposit Ratios													
	2014 Q1	2014 Q2	2014 Q3	2014 Q4	2015 Q1	2015 Q2	2015 Q3	2015 Q4	2016 Q1	2016 Q2	2016 Q3	2016 Q4	Avg. - 12 Qtrs.
Bank	142.6	141.9	145.3	145.9	140.0	139.3	139.1	141.0	139.2	132.1	126.3	123.5	138.0
Peer	87.6	90.1	91.5	92.9	92.4	93.9	94.3	95.3	94.1	95.6	94.4	94.4	93.0

Assessment Area Concentration: “Outstanding”

During the evaluation period, Dime originated 98.1% by number and 97.6% by dollar value of its total HMDA-reportable, CEMA, and small business loans within the assessment area. This substantial majority of lending inside of its assessment area reflects an excellent concentration of lending.

Most of Dime’s lending efforts were centered on CEMA loans which comprised 81.7% of the dollar amount of total loans originated inside of the assessment area, whereas HMDA-reportable loans represented 17.9%. Small business loans were minimal since the loan program was introduced in 2015.

HMDA-Reportable Loans

During the evaluation period, Dime originated 97.9% by number and 99.2% by dollar value of its HMDA-reportable loans within the assessment area. This substantial majority of lending inside of its assessment area reflects an excellent concentration of lending. While relatively consistent each year, the level of HMDA-reportable loans for the year 2014 was almost tripled due to the repurchase of the remaining loans of a portfolio which had been sold to Fannie Mae between 2002 and 2009.

CEMA Loans

Dime originated 98.1% by number and 97.2% by dollar value of its CEMA loans within the assessment area during the evaluation period. This substantial majority of lending reflects an excellent concentration of lending within the assessment area.

Small Business Loans

Dime originated 98.1% by number and 97.6% by dollar value of its small business loans within the assessment area during the evaluation period. This substantial majority of lending reflects an excellent concentration of lending within the assessment area.

The following table shows the percentages of Dime’s HMDA-reportable, CEMA, and small business loans originated inside and outside of the assessment area.

Distribution of Loans Inside and Outside of the Assessment Area										
Loan Type	Number of Loans					Loans in Dollars (in thousands)				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
HMDA-Reportable										
2014	163	97.6%	4	2.4%	167	261,951	98.7%	3,497	1.3%	265,448
2015	64	97.0%	2	3.0%	66	144,940	99.1%	1,373	0.9%	146,313
2016	55	100.0%	-	0.0%	55	173,601	100.0%	-	0.0%	173,601
Subtotal	282	97.9%	6	2.1%	288	580,492	99.2%	4,870	0.8%	585,362
CEMA										
2014	198	98.0%	4	2.0%	202	648,856	97.8%	14,630	2.2%	663,486
2015	252	98.4%	4	1.6%	256	904,531	98.4%	14,800	1.6%	919,331
2016	236	97.9%	5	2.1%	241	1,097,729	96.0%	45,950	4.0%	1,143,679
Subtotal	686	98.1%	13	1.9%	699	2,651,116	97.2%	75,380	2.8%	2,726,496
Small Business										
2015	9	100.0%	-	0.0%	9	340	100.0%	-	0.0%	340
2016	55	98.2%	1	1.8%	56	13,067	93.2%	950	6.8%	14,017
Subtotal	64	98.5%	1	1.5%	65	13,407	93.4%	950	6.6%	14,357
Grand Total	1,032	98.1%	20	1.9%	1,052	3,245,015	97.6%	81,200	2.4%	3,326,215

Geographic Distribution of Loans: “High Satisfactory”

Dime’s origination of loans in census tracts of varying income levels demonstrated a more than reasonable distribution of lending. The rating reflects the greater weight given to HMDA and CEMA loans since small business loans originated during the evaluation period were nominal.

Dime’s lending activities for HMDA and CEMA loans exhibited a more than reasonable rate of lending in LMI census tracts, exceeding aggregate data. Dime’s HMDA and CEMA rate of lending in low-income geographies also compared favorably with the 3.7% demographic of owner-occupied units located in those geographies. However, its rate of lending in low-income geographies lagged behind the 21.9% demographic of multifamily housing units in those geographies.

HMDA Loans

The distribution of Dime’s HMDA-reportable loans by the income level of the geography was more than reasonable.

During the evaluation period, Dime’s HMDA-reportable loans made in LMI geographies were 44.3% by number and 52% by dollar value of loans, outperforming the aggregate’s rates of lending of 21.5% and 24.1%, respectively. In addition, the level of the HMDA-reportable loans made in LMI geographies compared favorably with the 21.5% demographic of owner-occupied housing units in LMI geographies.

Dime outperformed the aggregate’s rate of HMDA-reportable lending in low-income census tracts 5% by number and 7% by dollar value. This compared favorably with the

3.7% demographic of owner-occupied units located in low-income geographies.

The following table provides a summary of the distribution of Dime's HMDA-reportable loans by the income level of the geography where the property was located.

Distribution of HMDA-Reportable Lending by Geographic Income of the Census Tract									
2014									
Geographic Income	Bank				Aggregate				OO HUs
	#	%	\$000's	%	#	%	\$000's	%	%
Low	10	6.1%	17,782	6.8%	2,715	4.7%	2,745,505	7.3%	3.7%
Moderate	53	32.5%	103,439	39.5%	10,101	17.3%	6,630,326	17.7%	17.8%
LMI	63	38.7%	121,221	46.3%	12,816	22.0%	9,375,831	25.0%	21.5%
Middle	42	25.8%	51,080	19.5%	22,376	38.3%	9,109,591	24.3%	43.4%
Upper	57	35.0%	87,637	33.5%	23,093	39.6%	18,864,182	50.4%	35.1%
Unknown	1	0.6%	2,013	0.8%	77	0.1%	91,533	0.2%	0.0%
Total	163		261,951		58,362		37,441,137		
2015									
Geographic Income	Bank				Aggregate				OO HUs
	#	%	\$000's	%	#	%	\$000's	%	%
Low	10	15.6%	25,948	17.9%	3,110	4.5%	2,887,985	6.4%	3.7%
Moderate	24	37.5%	44,256	30.5%	11,639	16.7%	7,655,385	16.9%	17.8%
LMI	34	53.1%	70,204	48.4%	14,749	21.2%	10,543,370	23.2%	21.5%
Middle	15	23.4%	23,905	16.5%	27,314	39.2%	11,554,310	25.4%	43.4%
Upper	15	23.4%	50,831	35.1%	27,584	39.6%	23,271,482	51.2%	35.1%
Unknown	0	0.0%	0	0.0%	38	0.1%	40,282	0.1%	0.0%
Total	64		144,940		69,685		45,409,444		
2016									
Geographic Income	Bank				Aggregate				OO HUs
	#	%	\$000's	%	#	%	\$000's	%	%
Low	7	12.7%	36,000	20.7%	3,419	4.6%	3,274,769	6.6%	3.7%
Moderate	21	38.2%	74,488	42.9%	12,381	16.8%	8,673,484	17.5%	17.8%
LMI	28	50.9%	110,488	63.6%	15,800	21.4%	11,948,253	24.1%	21.5%
Middle	12	21.8%	31,263	18.0%	29,492	40.0%	12,826,085	25.9%	43.4%
Upper	15	27.3%	31,850	18.3%	28,494	38.6%	24,785,128	50.0%	35.1%
Unknown	0	0.0%	0	0.0%	32	0.0%	56,993	0.1%	0.0%
Total	55		173,601		73,818		49,616,459		
GRAND TOTAL									
Geographic Income	Bank				Aggregate				OO HUs
	#	%	\$000's	%	#	%	\$000's	%	%
Low	27	9.6%	79,730	13.7%	9,244	4.6%	8,908,259	6.7%	
Moderate	98	34.8%	222,183	38.3%	34,121	16.9%	22,959,195	17.3%	
LMI	125	44.3%	301,913	52.0%	43,365	21.5%	31,867,454	24.1%	
Middle	69	24.5%	106,248	18.3%	79,182	39.2%	33,489,986	25.3%	
Upper	87	30.9%	170,318	29.3%	79,171	39.2%	66,920,792	50.5%	
Unknown	1	0.4%	2,013	0.3%	147	0.1%	188,808	0.1%	
Total	282		580,492		201,865		132,467,040		

CEMA Loans

Dime's CEMA loans made in LMI geographies outperformed the comparable demographic percentages and are considered more than reasonable.

During the evaluation period, Dime made 41.4% by number and 44% by dollar value of its CEMA loans in LMI geographies, which compared favorably with the 21.5% demographic of owner-occupied housing located in LMI geographies in the assessment area. A total of 52 or 7.6% of CEMA loans were made in low-income census tracts, which was above the 3.7% owner-occupied housing demographic for low-income census tracts.

The following table provides a summary of Dime's CEMA lending distribution based on the income level of the geography.

Distribution of CEMA loans by Geographic Income of the Census Tract

2014					
Geographic	Bank				OO Hus
Income	#	%	\$000's	%	%
Low	9	4.5%	28,800	4.4%	3.7%
Moderate	58	29.3%	237,367	36.6%	17.8%
LMI	67	33.8%	266,167	41.0%	21.5%
Middle	51	25.8%	150,179	23.1%	43.4%
Upper	80	40.4%	232,510	35.8%	35.1%
Unknown	0	0.0%	0	0.0%	0.0%
Total	198		648,856		
2015					
Geographic	Bank				OO HUs
Income	#	%	\$000's	%	%
Low	25	9.9%	85,225	9.4%	3.7%
Moderate	83	32.9%	313,453	34.7%	17.8%
LMI	108	42.9%	398,678	44.1%	21.5%
Middle	54	21.4%	208,385	23.0%	43.4%
Upper	90	35.7%	297,468	32.9%	35.1%
Unknown	0	0%	0	0.0%	0.0%
Total	252		904,531		
2016					
Geographic	Bank				OO HUs
Income	#	%	\$000's	%	%
Low	18	7.6%	71,780	6.5%	3.7%
Moderate	91	38.6%	429,370	39.1%	17.8%
LMI	109	46.2%	501,150	45.7%	21.5%
Middle	50	21.2%	269,715	24.6%	43.4%
Upper	77	32.6%	326,864	29.8%	35.1%
Unknown	0	0.0%	0	0.0%	0.0%
Total	236		1,097,729		
GRAND TOTAL					
Geographic	Bank				OO HUs
Income	#	%	\$000's	%	%
Low	52	7.6%	185,805	7.0%	
Moderate	232	33.8%	980,190	37.0%	
LMI	284	41.4%	1,165,995	44.0%	
Middle	155	22.6%	628,279	23.7%	
Upper	247	36.0%	856,842	32.3%	
Unknown	0	0.0%	0	0.0%	
Total	686		2,651,116		

Small Business Loans

The distribution of Dime’s small business loans among census tracts of varying income levels was excellent, although the number of loans originated was nominal, because Dime introduced its small business lending program during the evaluation period.

Dime made 51.6% by number and 56.4% by dollar value of its small business loans in LMI geographies, significantly outperforming the aggregate rate of lending and business demographic data. Dime’s lending distribution in low-income census tracts more than doubled the aggregate and demographic data.

The following table provides a summary of the distribution of Dime’s small business loans by the income level of the geography where the business was located.

Distribution of Small Business Lending by Geographic Income of the Census Tract									
2015									
Geographic	Bank				Aggregate				Bus. Dem.
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	0	0.0%	0	0.0%	24,109	9.9%	521,841	8.1%	9.6%
Moderate	3	33.3%	175	51.5%	50,801	20.9%	1,071,593	16.7%	20.4%
LMI	3	33.3%	175	51.5%	74,910	30.9%	1,593,434	24.8%	30.0%
Middle	5	55.6%	140	41.2%	68,522	28.2%	1,624,689	25.3%	28.5%
Upper	1	11.1%	25	7.4%	92,866	38.3%	2,896,530	45.1%	38.9%
Unknown	0	0.0%	0	0.0%	6,444	2.7%	310,075	4.8%	2.6%
Total	9		340		242,742		6,424,728		
2016									
Geographic	Bank				Aggregate				Bus. Dem.
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	14	25.5%	2,975	22.8%	24,277	9.6%	635,722	8.7%	9.6%
Moderate	16	29.1%	4,405	33.7%	51,341	20.2%	1,255,136	17.1%	20.3%
LMI	30	54.5%	7,380	56.5%	75,618	29.8%	1,890,858	25.8%	29.8%
Middle	15	27.3%	1,840	14.1%	72,363	28.5%	1,890,087	25.8%	28.4%
Upper	10	18.2%	3,847	29.4%	99,001	39.0%	3,215,670	43.9%	39.1%
Unknown	0	0.0%	0	0.0%	6,659	2.6%	330,685	4.5%	2.7%
Total	55		13,067		253,641		7,327,300		
GRAND TOTAL									
Geographic	Bank				Aggregate				Bus. Dem.
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	14	21.9%	2,975	22.2%	48,386	9.7%	1,157,563	8.4%	
Moderate	19	29.7%	4,580	34.2%	102,142	20.6%	2,326,729	16.9%	
LMI	33	51.6%	7,555	56.4%	150,528	30.3%	3,484,292	25.3%	
Middle	20	31.3%	1,980	14.8%	140,885	28.4%	3,514,776	25.6%	
Upper	11	17.2%	3,872	28.9%	191,867	38.7%	6,112,200	44.4%	
Unknown	0	0.0%	0	0.0%	13,103	2.6%	640,760	4.7%	
Total	64		13,407		496,383		13,752,028		

Distribution by Borrower Characteristics: “Low Satisfactory”

Dime’s small business lending demonstrated an adequate distribution of loans among

businesses of different revenue sizes. Dime embarked on small business lending in 2015 and made only nine loans that year. Therefore, this rating was based mainly on 2016 results and does not allow for the determination of a trend.

During the evaluation period, Dime originated 73.4% by number and 83.1% by dollar value of its small business loans to businesses with gross revenues of \$1 million or less. Dime's borrower distribution for these loans significantly exceeded the aggregate's numbers of 47.4% and 28.2%, respectively. Dime's lending by dollar amount of 83.1% compared favorably to the business demographic of 85.8% for small business that had revenues of \$1 million or less in the assessment area.

The following table provides a summary of the distribution of Dime's small business loans by the revenue size of the business.

Distribution of Small Business Lending by Revenue Size of Business									
2015									
Rev. Size	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Rev. <= \$1MM	9	100.0%	340	100.0%	119,588	49.3%	1,829,063	28.5%	76.9%
Rev. > \$1MM	0	0.0%	0	0.0%					6.3%
Rev. Unknown	0	0.0%	0	0.0%					16.8%
Total	9		340		242,742		6,424,728		
2016									
Rev. Size	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Rev. <= \$1MM	38	69.1%	10,807	82.7%	115,497	45.5%	2,052,218	28.0%	85.8%
Rev. > \$1MM	6	10.9%	750	5.7%					7.4%
Rev. Unknown	11	20.0%	1,510	11.6%					6.8%
Total	55		13,067		253,641		7,327,300		
GRAND TOTAL									
Rev. Size	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Rev. <= \$1MM	47	73.4%	11,147	83.1%	235,085	47.4%	3,881,281	28.2%	
Rev. > \$1MM	6	9.4%	750	5.6%					
Rev. Unknown	11	17.2%	1,510	11.3%					
Total	64		13,407		496,383		13,752,028		

Community Development Lending: "Outstanding"

During the evaluation period, Dime originated \$527.7 million in new community development ("CD") loans and had \$170.2 million outstanding from prior evaluation periods. This demonstrated an excellent level of CD lending over the course of the evaluation period.

Dime's CD loans totaled \$697.9 million, a nearly \$200 million or 40% increase over the prior evaluation. Since Dime is primarily engaged in multifamily lending in the New York City area, its level of lending activities to meet the increasing affordable housing needs of its community remain excellent. Despite a significant increase in average assets by \$974

million between evaluations, Dime’s annualized ratio of qualified CD loans to average total assets further increased to 3.2% from 2.6% at the prior evaluation.

Community Development Loans				
Purpose	This Evaluation Period		Outstandings from Prior Evaluation Periods	
	# of Loans	\$000	# of Loans	\$000
Affordable Housing	155	527,682	88	170,213
Economic Development				
Community Services				
Other (Please Specify)				
Total	155	527,682	88	170,213

Below are highlights of Dime’s community development lending:

- Dime refinanced a \$53.5 million loan secured by 17 buildings comprised of 392 apartments and 11 commercial units. Eleven of the buildings are located in low-income census tracts and six of the buildings are located in moderate-income census tracts on the Upper West Side of Manhattan. A total of 388 of the 392 apartments are rent-regulated and provide affordable housing in the assessment areas.
- Dime originated a \$11.9 million loan to purchase a six-story plus basement elevator apartment building located in a moderate-income census tract in Brooklyn, NY. The property is a fully leased and rent-regulated building which includes 50 Section 8 apartments and 35 affordable rental units based on rent calculated using 30% of median family income of the MSA.

All of Dime’s community development lending during the evaluation period involved extending credit to existing multifamily properties that provide affordable housing.

Flexible and/or Innovative Lending Practices:

Dime did not engage in any innovative lending practices during this evaluation period. However, Dime is expected to begin qualified lending activities under the SBA (7a) program because the Bank was approved as a Small Business Administration lender in August 2017.

INVESTMENT TEST: “Low Satisfactory”

DFS evaluated Dime’s investment performance pursuant to the following criteria:

- (1) The dollar amount of qualified investments;*
- (2) The innovativeness or complexity of qualified investments; and*

(3) *The responsiveness of qualified investments to the credit and community development needs of the assessment area.*

Dime’s qualified investments were adequate in light of the assessment area’s credit needs. The level of qualified investments improved since the prior evaluation, but seeking new investment opportunities should be actively pursued.

Qualified Investments

During the evaluation period, Dime made \$4.8 million in new CD investments and had no outstanding investments from prior evaluation periods. In addition, Dime made \$1.9 million in CD grants. This demonstrated an adequate level of qualified investments over the course of the evaluation period.

Dime’s total investments and grants of \$6.6 million more than doubled from the prior evaluation. However, due to a \$974 million increase in average assets between evaluations, the annualized ratio of qualified investments increased only to 0.04% from 0.02% at the prior evaluation. The current investment activities involved one mortgage-backed security purchase supporting affordable housing, and certificates of deposit at two community development financial institutions (“CDFI”). The dollar amount of grants were relatively the same as the prior evaluation.

Community Development Investments and Grants				
	This Evaluation Period		Outstandings from Prior Evaluation Periods	
CD Investments	# of Investments	\$000	# of Investments	\$000
Affordable Housing	1	3,268		
Economic Development	6	1,500		
Community Services				
Other (Please Specify)				
Total	7	4,768	-	-
CD Grants	# of Grants	\$000	<i>Not Applicable</i>	
Affordable Housing	25	1,644		
Economic Development	2	25		
Community Services	11	187		
Other (Please Specify)				
Total	38	1,856		

Below are highlights of Dime’s CD investments:

- Dime invested \$3.2 million in mortgage-backed securities consisting of a single fixed-rate mortgage secured by one multifamily housing property. The mortgaged real property, located in Brooklyn, NY, consists of 46 high-rise multifamily buildings containing 5,881 rental units, including 12 commercial units, and will receive the

benefit of Section 8 assistance for 3,569 units pursuant to the terms of the Housing Assistance Payments (“HAP”) Contract.

- Dime annually renewed a \$250,000 certificate of deposit with a CDFI during the evaluation period. The CDFI has a primary mission and operational purpose of seeking to address the CD needs of those areas in which it operates and serves.

Below are highlights of Dime’s CD grants:

- Dime contributed \$1.2 million over a three-year period to the Federal Home Loan Bank of New York (“FHLBNY”) to help the Affordable Housing Program (“AHP”). Each year the FHLBNY sets aside 10% of its earnings to support the creation and preservation of housing for lower-income families and individuals through its AHP. The FHLBNY also offers other community lending programs as well as the First-Home Club, a grant program for first-time homebuyers.
- Dime contributed \$150,000 to a nonprofit organization serving the south side of Williamsburg, Brooklyn, NY by undertaking large-scale rehabilitation of buildings, allowing families and individuals to live in safe and sustainable neighborhoods. It also provides a range of culturally competent and linguistically accessible social services, community organizing support, including a food pantry, a fresh produce distribution center, a senior center, tax preparation assistance, community and tenant advocacy, and workshops.
- Dime contributed \$75,000 to a nonprofit organization whose mission is to revitalize underserved neighborhoods by connecting New York City residents to affordable housing. It provides homeownership education, financial capability building, and community leadership training. The grant money was used to strengthen its key programs that help prevent the displacement of low- and moderate-income families in New York City.
- Dime contributed \$5,000 to a nationwide nonprofit organization that connects small business owners with the financing and advice it takes to create or grow healthy enterprises. Since 1991, the members of the organization’s network have lent to over 50,000 people in the United States.

In addition, Dime has continued to make in-kind donations of twenty used computers to a rehabilitation center that promotes stability, good health and overall well-being for individuals, families, and communities in need.

Innovativeness of Qualified Investments

Dime did not make use of innovative qualified investments.

Responsiveness of Qualified Investments to Credit and Community Development Needs

Overall, Dime's qualified investments exhibited adequate responsiveness to the assessment area's credit and community development needs. However, considering the current growth in assets as well as the pressing need for affordable housing in its assessment area, active efforts for seeking new investment opportunities should be an ongoing goal of bank management.

SERVICE TEST: "Low Satisfactory"

DFS examiners evaluated Dime's retail service performance pursuant to the following criteria:

- (1) The current distribution of the banking institution's branches;*
- (2) The institution's record of opening and closing branches;*
- (3) The availability and effectiveness of alternative systems for delivering retail services;*
and
- (4) The range of services provided.*

Examiners evaluated Dime's community development service performance pursuant to the following criteria:

- (1) The extent to which the banking institution provides community development services;*
and
- (2) The innovativeness and responsiveness of community development services.*

Retail Banking Services: "Low Satisfactory"

Dime has an adequate branch network, delivery systems, branch hours, services, and alternative delivery systems, particularly as they relate to LMI individuals.

Current distribution of the banking institution's branches

Dime has an adequate distribution of branches within its assessment area. Dime currently operates 27 full-service branches in its assessment area, with King's County having the highest number of branches located in LMI geographies. There are no branches located in New York County.

Of the 27 branches, 11 are located in LMI geographies, which includes the Bedford branch, opened in Kings County during the evaluation period. According to the 2016 demographic data, LMI geographies represent 42.3% of Dime's assessment area. However, Dime has only one branch located in a low-income census tract, which is in Kings County, even though one-third of Dime's total low-income census tracts are located in Kings County.

Distribution of Branches within the Assessment Area							
County	N/A	Low	Moderate	Middle	Upper	Total	LMI
	#	#	#	#	#	#	%
Bronx	0	0	1	0	0	1	100%
Kings	0	1	6	2	3	12	58%
Nassau	0	0	1	4	2	7	14%
New York	0	0	0	0	0	0	0%
Queens	0	0	2	3	2	7	29%
Total	0	1	10	9	7	27	41%

Record of opening and closing branches

Dime’s record of opening and closing branches has not adversely affected the accessibility of its delivery systems, particularly to LMI geographies and/or LMI individuals.

During the evaluation period, Dime opened two branches in Kings County: the Bedford branch in a moderate-income census tract and the Park Slope branch in an upper-income census tract. However, in 2017, the census tract that the Bedford branch is located in was changed from moderate-income to middle-income. No branches were closed since the prior evaluation.

Availability and effectiveness of alternative systems for delivering retail services

Dime’s delivery systems are accessible to significant portions of the Bank’s assessment area, particularly LMI geographies and individuals.

Dime offers many alternative delivery systems including: online banking, mobile banking, telephone banking, lock boxes, remote teller capability, and a call center with a multi-lingual staff. Dime has 26 full service branches with ATMs that are accessible to all income levels. One ATM, located at the Port Washington Branch, is limited to just withdrawals at this time due to space restrictions.

All of Dime’s ATMs have been updated to offer Spanish as a language option, and the Flushing office has Mandarin available. At the touch of a button, customers can access their accounts to transfer money or obtain a balance inquiry at any time. There are no off-site deposit taking ATMs.

Range of services provided

Dime’s services meet the convenience and accessibility needs of its assessment area, particularly LMI geographies and individuals. All of the branches except the Boro Park branch have Friday as their late day. The Boro Park and Cedarhurst branches are closed

on Saturday and open on Sunday from 9:00am - 2:00pm. The late day branch hours are from 8:30am - 7:00pm. Otherwise, branches are open from 8:30am - 5:00pm. The Bedford Avenue branch, newly opened, is located in a moderate-income census tract. It is open seven days a week; Monday - Saturday from 10:00am - 8:00pm, and Sunday from 10:00am - 4:00pm.

Dime offers a Visa debit card, banking by phone and mail, mobile banking, online banking with bill payment, online check reorders, direct deposit and payments, merchant service/lockbox, Notary Public service, and e-statements.

Community Development Services: “Low Satisfactory”

Dime provided an adequate level of CD services by offering primarily financial expertise through children’s education and elder financial abuse education in its community.

The Bank’s officers and employees also offered technical expertise by serving on advisory committees and on the boards of community organizations. The officers and employees involved included the CRA officer, branch managers, assistant branch managers, EVP and security officer.

Dime provided 25 qualified services in the assessment area during the evaluation period. Below are highlights of Dime’s CD services:

- A branch manager facilitated a Teach Children to Save workshop for grade six students in Queens, NY. The workshop focused on saving money, the concept of interest, and the role of banks. More than half of the children who attend the school qualify for reduced cost or free lunches.
- A branch manager provided an elder financial abuse prevention seminar to seniors in a low-income community in Brooklyn. The topics focused on how to identify risk, common scams that target seniors, warning signs of fraud, and law enforcement contact numbers.
- An EVP sat on a panel for College and Career Day at Aviation High School in Queens, NY. The topics involved discussing college experiences and careers, what to expect from college, and what to consider when choosing a college. More than half of the children who attend the school qualify for reduced cost or free lunches.
- Dime’s President serves as treasurer on the board of a legal firm which provides free legal aid for LMI residents in the assessment area. The organization also provides legal assistance to residents living in rent-controlled apartments.
- The CRA officer serves on the resource and development committee of a nonprofit organization serving the New York metropolitan area. The organization provides

affordable lending opportunities to LMI individuals and families.

Additional Factors

The following factors were also considered in assessing Dime's record of performance.

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

The board of directors' reviews, updates, and approves the CRA policy at least once per calendar year, making such revisions and amendments as it deems appropriate. The CRA committee meets every quarter and is comprised of the CRA officer and three members of the board of directors. Annual self-assessments are presented to the board for full discussion.

Discrimination and other illegal practices

- *Any practices intended to discourage applications for types of credit set forth in the banking institution's CRA Public File.*

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

- *Evidence of prohibited discriminatory or other illegal credit practices.*

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

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.*

Dime ascertains the credit needs of the communities it serves by gathering information from local community leaders, government officials, and organizations where bank officers and staff are members, and from reports published by government agencies. Ongoing reviews of products and services are conducted to ensure they are appropriate for the needs of the community.

-
- *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*

Dime advertises its programs through print, media, corporate and sponsored events within its assessment area. Dime also uses direct contact with customers through E-statements and brochures. The bank also has marketing materials in Spanish that are circulated throughout its assessment area.

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

None.

GLOSSARY

Aggregate Penetration Rate

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

Community Development

“Community development”:

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

Community Development Loan

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

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

Community Development Service

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

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

Geography

A census tract delineated by the United States Bureau of the Census in the most recent decennial census

Home Mortgage Disclosure Act (“HMDA”)

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

Income Level

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

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

Small Business Loan

A small business loan is a loan less than or equal to \$1 million.

Low or Moderate Income ("LMI") Geographies

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

LMI Borrowers

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

LMI Individuals/Persons

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

LMI Penetration Rate

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

Low-Income Housing Tax Credit (LIHTC)

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

New Markets Tax Credit (NMTC)

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

Qualified Investment

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

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

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