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

One State Street
New York, NY 10004

PUBLIC SUMMARY

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Date of Evaluation: December 31, 2013

Institution: Dime Savings Bank of Williamsburg
209 Havemeyer Street
Brooklyn, NY 11211-6206

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.

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GENERAL INFORMATION

This document is an evaluation of the Community Reinvestment Act ("CRA") performance of The Dime Savings Bank of Williamsburg ("DSBW") prepared by the New York State Department of Financial Services ("DFS" or "the "Department"). This evaluation represents the Department's current assessment and rating of the institution's CRA performance based on an evaluation conducted as of December 31, 2013. This is the first evaluation since DSBW converted to a New York State chartered savings bank on June 29, 2012.

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

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

(1) Outstanding record of meeting community credit needs;

(2) Satisfactory record of meeting community credit needs;

(3) Needs to improve in meeting community credit needs; and

(4) Substantial noncompliance in meeting community credit needs.

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

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

OVERVIEW OF INSTITUTION'S PERFORMANCE

DFS evaluated DSBW according to the large bank performance criteria pursuant to Part 76.8, 76.9 and 76.10 of the General Regulations of the Superintendent. The assessment period included April 1, 2009 through December 31, 2009 and calendar years 2010, 2011, 2012 and 2013. This is DSBW's first performance evaluation conducted by DFS since it converted to a New York State chartered savings bank on June 29, 2012. DFS rates DSBW "2," indicating a "**Satisfactory"** record of helping to meet community credit needs.

This rating is based on the following factors:

Lending Test: "Outstanding"

DSBW's lending activities, particularly in originating and refinancing multi-family loans, were excellent in light of the bank's size, business strategy and financial condition, as well as peer group activity, demographics, and its assessment area's credit needs.

- **Lending Activity:** "Outstanding"

DSBW's volume of lending activity that addressed the need for affordable rental housing reflected an excellent level of lending, considering its size, business strategy and financial condition, as well as its peer group's activity and the demographics of its assessment area. During the evaluation period, DSBW's average loan to deposit ("LTD") ratio was 140.8% or 56.2% greater than its peer group's LTD average of 84.6%. DSBW primarily engaged in multi-family lending which represented 79% of gross loans outstanding as of December 31, 2013.

- **Assessment Area Concentration**: **"**Outstanding"

During the evaluation period DSBW originated and refinanced 95.5% by number and 95.3% by dollar value of its loans within its assessment area. This substantial majority of lending inside of its assessment area was an excellent record of lending.

- **Geographic Distribution of Loans**: "Outstanding"

The distribution of HMDA-reportable, and modification, extension and consolidation agreement ("MECA") loans, based on lending in census tracts of varying income levels, demonstrated excellent penetration of lending in low- and moderate-income ("LMI") areas.

- **Distribution by Borrower Characteristics:** "High Satisfactory"

DSBW five-year average rate of lending for HMDA-reportable (1-4 family) loans was 3.7%, compared to 96.3% for multi-family loans. Although lending to LMI borrowers of one-to-four family homes was a minor component evaluated in the lending test, DSBW demonstrated a good level of lending to these borrowers.

- **Community Development Lending**: “Outstanding”

During the evaluation period, DSBW originated and refinanced $500.4 million in community development loans; 99.5% of these loans were for multi-family rental apartment buildings inside the assessment area.

The annualized ratio of qualified community development loans to total assets was 2.6%, which demonstrated an excellent level of community development lending over the course of the evaluation period.

- **Flexible and/or Innovative Lending Practices:**

DSBW did not engage in innovative lending practices.

<u>Investment Test</u>: “Needs to Improve”

DSBW’s community development investments were less than reasonable in light of the assessment area’s credit needs. The ratio of community development investments, including grants, was 0.02% of annualized total assets. DSBW needs to diversify and make more community development investments and grants.

<u>Service Test</u>: “Low Satisfactory”

- **Retail Banking Services**: “Low Satisfactory”

DSBW continues to have an adequate branch network, delivery systems, branch hours and services, and alternative delivery systems available to LMI individuals.

- **Community Development Services**: “Low Satisfactory”

DSBW provided an adequate level of community development services by providing financial services and participating in various community based organizations.

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 Part 76 of the General Regulations of the Superintendent.

PERFORMANCE CONTEXT

Institution Profile:

DSBW was founded in 1864 as a mutual savings bank and converted to public ownership in June 1996. DSBW is a wholly owned subsidiary of Dime Community Bancshares, Inc., a Delaware corporation. DSBW's corporate headquarters is located at 209 Havemeyer Street, in the Williamsburg section of Brooklyn, Kings County, New York.

DSBW currently has twenty five branches located in the counties of Bronx, Kings, New York, Queens, and Nassau. On June 29, 2012, DSBW converted from a federally chartered stock savings bank to a New York State chartered savings bank.

DSBW historically operated as a community oriented savings bank providing traditional financial services, products, and loans, primarily for multi-family housing within its market.

Per DSBW's Consolidated Report of Condition (the "Call Report") as of December 31, 2013, filed with the Federal Deposit Insurance Corporation ("FDIC"), DSBW reported total assets of $4.0 billion of which $3.7 billion were net loans and lease financing receivables. It also reported total deposits of $2.6 billion, resulting in a loan-to-deposit ratio of 142.3%. Net loans and leases represented 91.8% of total assets.

According to the latest available comparative deposit data as of June 30, 2013, DSBW had a market share of 0.3% or $2.7 billion in a market of $901.2 billion, ranking it 26th among 116 deposit-taking institutions in DSBW's assessment area. JP Morgan Chase Bank, The Bank of New York-Mellon and Citibank, N.A., collectively, controlled 62.3% of the deposit market share.

The following is a summary of DSBW's loan portfolio, based on DSBW's Thrift Financial Report[1] for years 2009, 2010 and 2011, and schedule RC-C of DSBW's Call Report from January 31, 2012 through December 31, 2013.

1 Filed with the now-defunct Office of Thrift Supervision before its conversion from Federal to State charter.

TOTAL GROSS LOANS OUTSTANDING										
	2009		2010		2011		2012		2013	
Loan Type	$000's	%	$000's	%	$000's	%	$000's	%	$000's	%
1-4 Family Residential Mortgage Loans	132,170	3.9	117,538	3.4	101,611	2.9	92,732	2.6	74,534	2.0
Multifamily Mortgages	2,401,105	70.3	2,522,919	72.3	2,618,548	75.3	2,676,644	76.3	2,922,388	79.0
Commercial Mortgage Loans	834,724	24.5	833,168	23.9	751,585	21.6	735,562	21.0	701,128	19.0
Construction Loans	42,153	1.2	14,168	0.4	5,185	0.2	0	0.0	0	0.0
Commercial & Industrial Loans	1,471	0.0	1,461	0.0	1,374	0.0	150	0.0	149	0.0
Consumer Loans	1,492	0.0	1,177	0.0	1,079	0.0	1,280	0.0	1,230	0.0
Total Gross Loans	**3,413,115**	**100.0**	**3,490,431**	**100.0**	**3,479,382**	**100.0**	**3,506,368**	**100.0**	**3,699,429**	**100.0**

As of December 31, 2013, 79% of DSBW's total gross loans were in multi-family mortgage loans, while only 19% were in commercial mortgage loans. The same pattern of lending was noted for the evaluation period.

There are no known financial or legal impediments that had an adverse impact on DSBW's ability to meet the credit needs of its community.

<u>Assessment Area</u>:

DSBW's assessment area is comprised of Bronx, Kings, New York, Queens and Nassau counties.

There are 2,341 census tracts in the area, of which 299 are low-income, 595 are moderate-income, 781 are middle-income, 597 are upper-income, and 69 are tracts with no income indicated. The following table shows the bank's assessment area by the income level of the census tracts.

Assessment Area Census Tracts by Income Level							
County	**N/A**	**Low**	**Mod**	**Middle**	**Upper**	**Total**	**LMI %**
Bronx	10	129	101	64	35	339	67.8
Kings	13	108	269	234	137	761	49.5
New York	12	37	65	23	151	288	35.4
Queens	26	16	134	303	190	669	22.4
Nassau	8	9	26	157	84	284	12.3
Total	**69**	**299**	**595**	**781**	**597**	**2,341**	**38.2**

The assessment area appears reasonable based upon the location of DSBW's offices and its lending patterns. There is no evidence that DSBW has arbitrarily excluded LMI areas.

Demographic & Economic Data:

Population and Income

The assessment area had a population of 9,045,935 during the examination period. About 12.4% of the population were over the age of 65 and about 19.2% were under the age of sixteen.

Of the 2,059,734 families in the assessment area, 28.7% were low-income, 17.1% were moderate-income, 17.6% were middle-income, and 36.6% were upper-income. There were 3,325,803 households in the 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. Among the five counties in the assessment area, Nassau had the highest average income at $113,801 followed by New York at $104,415. Bronx County had the lowest weighted average median family income at $42,639 followed by Kings at $54,363 and Queens at $64,928.

Housing Characteristics

There were 3,634,238 housing units within the assessment area, of which 55.9% were multi-family units and 43.9% were one-to-four family units. Rental occupied housing units accounted for 57.0%, while 34.5% were owner-occupied units.

Of the 2,071,307 rental occupied housing units, 53.1% were in LMI census tracts while 46.8% were in middle- and upper-income census tracts. Among the five counties in the assessment area, Bronx and Kings had the highest percentage of renter occupied units in LMI census tracts at 81.9% and 63.5%, respectively. Average monthly gross rent was $1,135.

Of the 1,254,496 owner occupied housing units, 18.4% were in LMI census tracts while 81.6% were in middle- and upper-income census tracts. The median age of the housing stock was 71 years. The median home value in the assessment area was $530,895.

Business Demographics

There were 749,406 non-farm businesses in the assessment area. Of these, 72.6% were businesses with reported revenues of less than or equal to $1 million, 5.4% reported revenues of more than $1 million and 22.0% did not report their revenues. Of all the businesses in the assessment area, 79.0% were businesses with less than fifty employees while 93.8% operated from a single location. The largest industries in the area were in services (45.1%), followed by retail trade (14.7%) and finance, insurance & real estate (8.9%); approximately 14% of businesses in the assessment area were not classified.

Unemployment Rates

According to the New York State Department of Labor, the average unemployment rate for New York State for the last five years was 8.3%. Nassau (6.8%) and New York (7.8%) counties had rates below statewide average while Bronx (12.3%) and Kings (9.9%) counties had averages above the statewide unemployment rate. Overall, unemployment rates in 2013 were lower than those in each of the previous four years.

Assessment Area Unemployment Rate						
	Statewide	Bronx	Kings	New York	Queens	Nassau
2009	8.3	11.9	9.8	8.4	8.3	7.0
2010	8.6	12.8	10.3	8.1	8.7	7.1
2011	8.2	12.4	9.8	7.5	8.2	6.8
2012	8.5	12.8	10.0	7.8	8.4	7.0
2013	7.7	11.8	9.4	7.2	7.8	5.9
Avg. 5-year rate	**8.3**	**12.3**	**9.9**	**7.8**	**8.3**	**6.8**

Community Information:

Community contacts included two community based organizations that serve the low income communities of south and central Brooklyn, which included Greenpoint, Bedford Stuyvesant, and Crown Heights. Both organizations are involved in the management and development of affordable housing and other social services such as workforce and youth development, as well as community revitalization. Examiners also contacted a legal services corporation that provides free legal assistance to low-income individuals in Brooklyn.

Community contacts indicated that affordable housing remains a critical need of low-income individuals in south and central Brooklyn. This need was further impacted by the gentrification[2] of the area. Since the mid-1990s, developers have been converting former factories into luxury condominiums and rental buildings, thereby increasing the value of land and properties throughout the neighborhood. Due to the steady increase in population, demand for rental apartments in the area keeps rising, which in turn causes the rents in the neighborhood to climb sharply. Families who have lived in the neighborhood for years can no longer afford to stay. Some were forced to move to other low-income neighborhoods that are usually away from public transportation. The decrease in availability of affordable rental units to low-income individuals and families has resulted in poor living conditions and hinders their livelihoods. The gentrification also has widened the income gap between former and new residents as new residents generally have higher education levels and income.

2 Gentrification is a shift in an urban community toward wealthier residents and/or businesses. This shift often associates with increase in property values and displacing low-income families and small businesses.

PERFORMANCE STANDARDS AND ASSESSMENT FACTORS

DFS evaluated DSBW under the large bank performance standards in accordance with Parts 76.8, 76.9 and 76.10 of the General Regulations of the Superintendent which consist of the lending, investment, and service tests (including community development activities in each test). The following factors also were considered 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 a banking institution is helping to meet the credit needs of its entire community.

DFS derived the statistics employed in this evaluation from various sources. The bank 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. Loan-to-deposit ratios were calculated from information shown in the bank's Uniform Bank Performance Report ("UBPR") submitted to the FDIC.

DFS derived the demographic data referred to in this report from the 2000 and 2010 U.S. Censuses and the U.S. Department of Housing and Urban Development. Business demographic data used in this report are based on Dun & Bradstreet reports which are updated annually. Unemployment data were obtained from the New York State Department of Labor. Some non-specific bank data are only available on a county-wide basis, and are used even where the institution's assessment area includes partial counties.

The assessment period included April 1, 2009 through December 31, 2009 and calendar years 2010, 2011, 2012 and 2013. Financial performance data was obtained from the OTS and its successor up until June 29, 2012 when DSBW converted to a New York State charter, at which point data was provided by the FDIC.

Examiners considered DSBW's HMDA-reportable loans originated during the assessment period in evaluating factors (2), (3), and (4) of the lending test noted below. MECA loans for 2012 and 2013 were considered in the evaluation of factors (2) and (3) of the lending test.

Multi-family made up an average of 96.3% of total HMDA-reportable loans over five years and 98.2% of MECA loans over two years. A significant portion of qualified community development loans were also in affordable multi-family housing projects.

This is the first performance evaluation conducted by DFS since DSBW converted to a New York state-chartered savings bank on June 29, 2012. The OTS allowed MECA loans to be captured as HMDA-reportable loans in their reporting process, and the FDIC does not. For that reason, MECA loans are included as HMDA-reportable in the following Distribution of Loans Inside and Outside of the Assessment Area table, as well as analyzed separately for 2012 and 2013.

Current CRA Rating: "Satisfactory"

LENDING TEST: "Outstanding"

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.

DSBW's lending activities, particularly in originating and refinancing multi-family loans were more than reasonable in light of its size, business strategy and financial condition, compared to peer group activity and the demographics of its assessment area.

Lending Activity: "Outstanding"

DSBW's volume of lending activities that addressed the need for affordable rental housing in its assessment area reflected an excellent level of lending considering its size, business strategy and financial condition, as well as peer group activity and the demographics of the assessment area.

Loan-to-Deposit ("LTD") Ratio and other Lending-Related Activities: Outstanding"

DSBW's average LTD ratio was more than reasonable considering its size, business strategy, financial condition, and aggregate and peer group activity.

During the evaluation period, DSBW's average LTD ratio was 140.8%, with a high of 151.9% for the quarter ended December 31, 2009 and a low of 128.7%% for the quarter ended March 31, 2013. DSBW's overall LTD average was significantly higher (56.2% more), than its peer[1] LTD average of 84.6%. DSBW primarily engaged in multi-family

1 DSBW's peer group, according to the FDIC, consists of insured savings banks having assets greater than $1 billion.

lending[2] representing 79% of gross loans outstanding as of December 31, 2013.

The table[3] below shows DSBW's LTD ratios in comparison with the peer group's ratios for the 19 quarters of the evaluation period.

Loan-to-Deposit Ratios																				
	2009 Q2	2009 Q3	2009 Q4	2010 Q1	2010 Q2	2010 Q3	2010 Q4	2011 Q1	2011 Q2	2011 Q3	2011 Q4	2012 Q1	2012 Q2	2012 Q3	2012 Q4	2013 Q1	2013 Q2	2013 Q3	2013 Q4	Avg. -19 Quarters
Bank	141.1	150.3	151.9	149.9	142.5	143.9	147.9	144.0	141.8	144.2	147.7	135.6	135.1	129.9	135.1	128.7	132.2	133.4	139.5	140.8
Peer	90.0	88.9	87.5	86.1	85.1	84.7	84.2	82.9	82.4	82.0	82.6	80.1	80.4	82.8	85.1	83.5	84.8	85.9	87.9	84.6

Assessment Area Concentration: **"**Outstanding"

DSBW originated 95.5% by number and 95.3% by dollar value of its HMDA-reportable and MECA loans within the assessment area. This substantial majority of lending inside of its assessment area is an excellent record of lending.

The composition of loans is divided almost equally between HMDA-reportable[4] (51%) and MECA loans (49%). HMDA-reportable loans consisted mainly of multi-family loans with a five-year average of 96.3%. Similarly, MECA loans had a 98.2% two-year average in multi-family loans.

HMDA-Reportable Loans:
During the evaluation period, DSBW originated 94.9% by number, and 97.3% by dollar value of its loans within its assessment area.

MECA Loans:
DSBW's MECA loans were 96.3% by number and 93.4% by dollar value inside the assessment area.

The following table shows the percentages of DSBW's HMDA-reportable and MECA loans inside and outside of the assessment area.

2 As shown in the Gross Loans Outstanding chart for calendar years ended 12/31/09; 12/31/2010; 12/31/11; 12/31/12 and 12/31/13.

3 DSBW's quarterly Loan to Deposit and peer group ratios were taken from the Uniform Bank Performance Reports on the FFIEC website.

4 HMDA-reportable loans in 2009, 2010, and 2011 also included MECA loans.

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 **										
2009 *	232	93.5%	16	6.5%	248	400,045	97.1%	12,156	2.9%	412,201
2010	237	94.8%	13	5.2%	250	455,797	96.3%	17,509	3.7%	473,306
2011	249	96.1%	10	3.9%	259	557,516	97.9%	12,110	2.1%	569,626
2012	31	93.9%	2	6.1%	33	28,671	99.0%	280	1.0%	28,951
2013	51	96.2%	2	3.8%	53	115,406	99.6%	516	0.4%	115,922
Subtotal	**800**	**94.9%**	**43**	**5.1%**	**843**	**1,557,435**	**97.3%**	**42,571**	**2.7%**	**1,600,006**
MECA Loans										
2012	312	95.1%	16	4.9%	328	816,296	92.1%	70,100	7.9%	886,396
2013	261	97.8%	6	2.2%	267	688,376	94.9%	36,750	5.1%	725,126
Subtotal	**573**	**96.3%**	**22**	**3.7%**	**595**	**1,504,672**	**93.4%**	**106,850**	**6.6%**	**1,611,522**
Grand Total	**1,373**	**95.5%**	**65**	**4.5%**	**1,438**	**3,062,107**	**95.3%**	**149,421**	**4.7%**	**3,211,528**
* Partial year from 4/1/09 to 12/31/09. ** HMDA-Reportable 2009, 2010 and 2011 also include MECA loans.										

Geographic Distribution of Loans: "Outstanding"

The distribution of HMDA-reportable and MECA loans based on lending in census tracts of varying income levels demonstrated an excellent penetration of lending to LMI areas.

<u>HMDA-Reportable Loans</u>:

The distribution of HMDA-reportable loans based on the income level of the geography demonstrated an excellent penetration of lending in LMI census tracts.

DSBW originated 7.3% by number and 7.6% by dollar value of these loans in low-income census tracts, outperforming aggregate levels by 4.2% and 3.5%, respectively. Overall lending in LMI census tracts was 31.3% by number and 36.8% by dollar value, or 15.7% by number and 20.4% by dollar value above aggregate levels.

The following table provides a summary of DSBW's HMDA-reportable lending distribution based on the income level of the geography.

Distribution of HMDA-Reportable Lending by Geographic Income of the Census Tract									
4/1/2009 to 12/31/2009									
Geographic	**Bank**				**Aggregate**				**OO Hus**
Income	#	%	$000's	%	#	%	$000's	%	%
Low	16	6.9%	36,920	9.2%	2,202	2.7%	979,649	3.1%	2.6%
Moderate	51	22.0%	114,866	28.7%	10,100	12.3%	3,859,303	12.3%	14.6%
LMI	67	28.9%	151,786	37.9%	12,302	15.0%	4,838,952	15.4%	17.2%
Middle	78	33.6%	106,727	26.7%	33,673	40.9%	10,091,582	32.2%	46.3%
Upper	87	37.5%	141,532	35.4%	36,159	44.0%	16,363,384	52.2%	36.5%
Unknown	0	0.0%	0	0.0%	101	0.1%	47,004	0.1%	
Total	**232**	**100.0%**	**400,045**	**100.0%**	**82,235**	**100.0%**	**31,340,922**	**100.0%**	**100.0%**
2010									
Geographic	**Bank**				**Aggregate**				**OO Hus**
Income	#	%	$000's	%	#	%	$000's	%	%
Low	14	5.9%	32,377	7.1%	2,305	3.0%	1,149,734	3.5%	2.6%
Moderate	55	23.2%	117,101	25.7%	9,575	12.4%	3,670,556	11.0%	14.6%
LMI	69	29.1%	149,478	32.8%	11,880	15.4%	4,820,290	14.5%	17.2%
Middle	58	24.5%	130,302	28.6%	31,065	40.2%	9,743,502	29.3%	46.3%
Upper	110	46.4%	176,017	38.6%	34,108	44.2%	18,536,072	55.8%	36.5%
Unknown	0	0.0%	0	0.0%	138	0.2%	127,118	0.4%	
Total	**237**	**100.0%**	**455,797**	**100.0%**	**77,191**	**100.0%**	**33,226,982**	**100.0%**	**100.0%**
2011									
Geographic	**Bank**				**Aggregate**				**OO Hus**
Income	#	%	$000's	%	#	%	$000's	%	%
Low	23	9.2%	44,785	8.0%	2,374	3.2%	1,719,172	4.8%	2.6%
Moderate	70	28.1%	182,157	32.7%	9,698	13.0%	4,911,379	13.7%	14.6%
LMI	93	37.3%	226,942	40.7%	12,072	16.1%	6,630,551	18.5%	17.2%
Middle	80	32.1%	186,379	33.4%	28,880	38.6%	9,273,228	25.8%	46.3%
Upper	76	30.5%	144,195	25.9%	33,740	45.1%	19,814,315	55.2%	36.5%
Unknown	0	0.0%	0	0.0%	153	0.2%	164,939	0.5%	
Total	**249**	**100.0%**	**557,516**	**100.0%**	**74,845**	**100.0%**	**35,883,033**	**100.0%**	**100.0%**
2012									
Geographic	**Bank**				**Aggregate**				**OO Hus**
Income	#	%	$000's	%	#	%	$000's	%	%
Low	2	6.5%	715	2.5%	2,718	3.1%	1,731,414	3.9%	3.1%
Moderate	3	9.7%	6,080	21.2%	10,354	11.8%	5,084,688	11.5%	15.2%
LMI	5	16.1%	6,795	23.7%	13,072	14.9%	6,816,102	15.5%	18.4%
Middle	19	61.3%	12,746	44.5%	30,800	35.0%	10,850,750	24.6%	42.4%
Upper	7	22.6%	9,130	31.8%	43,779	49.8%	26,089,401	59.3%	39.2%
Unknown	0	0.0%	0	0.0%	246	0.3%	274,898	0.6%	
Total	**31**	**100.0%**	**28,671**	**100.0%**	**87,897**	**100.0%**	**44,031,151**	**100.0%**	**100.0%**
2013									
Geographic	**Bank**				**Aggregate**				**OO Hus**
Income	#	%	$000's	%	#	%	$000's	%	%
Low	3	5.9%	3,325	2.9%	2,921	3.5%	2,084,715	4.7%	3.1%
Moderate	13	25.5%	34,138	29.6%	10,950	13.1%	5,917,032	13.2%	15.2%
LMI	16	31.4%	37,463	32.5%	13,871	16.5%	8,001,747	17.9%	18.4%
Middle	15	29.4%	32,961	28.6%	29,555	35.2%	10,926,182	24.5%	42.4%
Upper	20	39.2%	44,982	39.0%	40,300	48.1%	25,586,926	57.3%	39.2%
Unknown		0.0%		0.0%	123	0.1%	150,214	0.3%	
Total	**51**	**100.0%**	**115,406**	**100.0%**	**83,849**	**100.0%**	**44,665,069**	**100.0%**	**100.0%**
GRAND TOTAL									
Geographic	**Bank**				**Aggregate**				**OO Hus**
Income	#	%	$000's	%	#	%	$000's	%	%
Low	58	7.3%	118,122	7.6%		3.1%		4.1%	
Moderate	192	24.0%	454,342	29.2%		12.5%		12.4%	
LMI	250	31.3%	572,464	36.8%		15.6%		16.4%	
Middle	250	31.3%	469,115	30.1%		37.9%		26.9%	
Upper	300	37.5%	515,856	33.1%		46.3%		56.2%	
Unknown	0	0.0%	0	0.0%		0.2%		0.4%	
Total	**800**	**100.0%**	**1,557,435**	**100.0%**		**100.0%**		**100.0%**	

MECA Loans:

DSBW refinanced and modified 5.4% by number of loans and 6% by dollar value in low-income census tracts, outperforming aggregate levels by 2.1% and 1.7%, respectively. During the two-year period DSBW refinanced 30.5% by number and 34.8% by dollar value, or 14.8% by number and 18.1% by dollar value above aggregate[5] levels.

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

Distribution of MECA Loans by Geographic Income of the Census Tract									
2012									
Geographic Income	**Bank**				**Aggregate**				**OO Hus**
	#	%	$000's	%	#	%	$000's	%	%
Low	17	5.4%	52,275	6.4%	2,718	3.1%	1,731,414	3.9%	3.1%
Moderate	72	23.1%	240,487	29.5%	10,354	11.8%	5,084,688	11.5%	15.2%
LMI	89	28.5%	292,762	35.9%	13,072	14.9%	6,816,102	15.5%	18.4%
Middle	82	26.3%	222,314	27.2%	30,800	35.0%	10,850,750	24.6%	42.4%
Upper	140	44.9%	299,270	36.7%	43,779	49.8%	26,089,401	59.3%	39.2%
Unknown	1	0.3%	1,950	0.2%	246	0.3%	274,898	0.6%	
Total	**312**	**100.0%**	**816,296**	**100.0%**	**87,897**	**100.0%**	**44,031,151**	**100.0%**	**100.0%**
2013									
Geographic Income	**Bank**				**Aggregate**				**OO Hus**
	#	%	$000's	%	#	%	$000's	%	%
Low	14	5.4%	38,675	5.6%	2,921	3.5%	2,084,715	4.7%	3.1%
Moderate	72	27.6%	191,652	27.8%	10,950	13.1%	5,917,032	13.2%	15.2%
LMI	86	33.0%	230,327	33.5%	13,871	16.5%	8,001,747	17.9%	18.4%
Middle	63	24.1%	152,043	22.1%	29,555	35.2%	10,926,182	24.5%	42.4%
Upper	111	42.5%	298,506	43.4%	40,300	48.1%	25,586,926	57.3%	39.2%
Unknown	1	0.4%	7,500	1.1%	123	0.1%	150,214	0.3%	
Total	**261**	**100.0%**	**688,376**	**100.0%**	**83,849**	**100.0%**	**44,665,069**	**100.0%**	**100.0%**
GRAND TOTAL									
Geographic Income	**Bank**				**Aggregate**				
	#	%	$000's	%	#	%	$000's	%	
Low	31	5.4%	90,950	6.0%		3.3%		4.3%	
Moderate	144	25.1%	432,139	28.7%		12.4%		12.4%	
LMI	175	30.5%	523,089	34.8%		15.7%		16.7%	
Middle	145	25.3%	374,357	24.9%		35.1%		24.6%	
Upper	251	43.8%	597,776	39.7%		49.0%		58.3%	
Unknown	2	0.3%	9,450	0.6%		0.2%		0.5%	
Total	**573**	**100.0%**	**1,504,672**	**100.0%**		**100.0%**		**100.0%**	

Distribution by Borrower Characteristics: "High Satisfactory"

Distribution by borrower income is not a factor considered in multi-family lending. DSBW had a 5-year average of 3.7% for HMDA-reportable (1-4 family) lending, compared to 96.3% for multi-family loans. Therefore, distribution by borrower characteristics or lending to LMI borrowers of one-to-four family homes was a minor component evaluated in the lending test. Nevertheless, DSBW demonstrated a good level of lending to LMI borrowers.

5 MECA Loans are not reportable under HMDA. For comparison purposes, MECA aggregate loans were compared with the HMDA-reportable aggregate levels by geographic income of the census tract.

HMDA-Reportable Loans (1-4 family):

DSBW's HMDA-reportable one-to-four family lending demonstrated a reasonable penetration of lending to LMI individuals.

DSBW originated 19.9% by number and 9.3% by dollar value to LMI borrowers, which was 7.2% by number and 3% by dollar value above aggregate levels.

The following table provides a summary of the HMDA-reportable lending distribution based on household income.

Distribution of HMDA-Reportable Lending 1-4 family by Borrower Inome									
4/1/2009 to 12/31/2009									
Borrower	**Bank**				**Aggregate**				**Fam Dem.**
Income	#	%	$000's	%	#	%	$000's	%	%
Low	2	2.9%	162	0.9%	1,768	2.2%	344,457	1.2%	29.3%
Moderate	10	14.5%	1,257	6.7%	8,711	10.8%	1,763,273	6.1%	17.0%
LMI	12	17.4%	1,419	7.5%	10,479	13.0%	2,107,730	7.3%	46.3%
Middle	16	23.2%	3,491	18.5%	18,509	22.9%	4,855,081	16.8%	18.0%
Upper	36	52.2%	9,118	48.4%	47,476	58.8%	20,280,014	70.2%	35.8%
Unknown	5	7.2%	4,809	25.5%	4,252	5.3%	1,649,255	5.7%	
Total	**69**	**100.0%**	**18,837**	**100.0%**	**80,716**	**100.0%**	**28,892,080**	**100.0%**	100.0%
2010									
Borrower	**Bank**				**Aggregate**				**Fam Dem.**
Income	#	%	$000's	%	#	%	$000's	%	%
Low	2	6.5%	173	2.7%	1,529	2.0%	234,263	0.8%	29.3%
Moderate	4	12.9%	395	6.3%	7,842	10.4%	1,524,717	5.2%	17.0%
LMI	6	19.4%	568	9.0%	9,371	12.4%	1,758,980	6.0%	46.3%
Middle	9	29.0%	1,737	27.5%	16,748	22.1%	4,311,855	14.6%	18.0%
Upper	12	38.7%	3,034	48.0%	47,325	62.5%	22,238,507	75.4%	35.8%
Unknown	4	12.9%	980	15.5%	2,322	3.1%	1,190,768	4.0%	
Total	**31**	**100.0%**	**6,319**	**100.0%**	**75,766**	100.0%	**29,500,110**	100.0%	100.0%
2011									
Borrower	**Bank**				**Aggregate**				**Fam Dem.**
Income	#	%	$000's	%	#	%	$000's	%	%
Low	1	4.8%	124	2.5%	1,779	2.4%	267,699	0.9%	29.3%
Moderate	4	19.0%	611	12.3%	7,447	10.2%	1,437,327	4.8%	17.0%
LMI	5	23.8%	735	14.8%	9,226	12.7%	1,705,026	5.7%	46.3%
Middle	5	23.8%	883	17.8%	15,440	21.2%	3,925,733	13.2%	18.0%
Upper	9	42.9%	2,385	48.1%	45,125	61.9%	22,404,321	75.3%	35.8%
Unknown	2	9.5%	955	19.3%	3,051	4.2%	1,725,010	5.8%	
Total	**21**	**100.0%**	**4,958**	**100.0%**	**72,842**	100.0%	**29,760,090**	100.0%	**100.0%**
2012									
Borrower	**Bank**				**Aggregate**				**Fam Dem.**
Income	#	%	$000's	%	#	%	$000's	%	%
Low	1	7.1%	48	1.9%	2,280	2.7%	418,128	1.2%	28.7%
Moderate	4	28.6%	439	17.1%	8,613	10.1%	1,756,216	4.9%	17.1%
LMI	5	35.7%	487	18.9%	10,893	12.8%	2,174,344	6.1%	45.9%
Middle	6	42.9%	1,026	39.9%	17,518	20.6%	4,595,597	12.9%	17.6%
Upper	2	14.3%	310	12.0%	52,739	62.0%	26,253,050	73.8%	36.6%
Unknown	1	7.1%	750	29.1%	3,928	4.6%	2,566,743	7.2%	
Total	**14**	**100.0%**	**2,573**	**100.0%**	**85,078**	100.0%	**35,589,734**	100.0%	100.0%
2013									
Borrower	**Bank**				**Aggregate**				**Fam Dem.**
Income	#	%	$000's	%	#	%	$000's	%	%
Low	0	0.0%	0	0.0%	2,041	2.5%	392,395	1.1%	28.7%
Moderate	1	9.1%	87	3.0%	7,827	9.7%	1,584,856	4.5%	17.1%
LMI	1	9.1%	87	3.0%	9,868	12.2%	1,977,251	5.6%	45.9%
Middle	3	27.3%	547	18.7%	16,533	20.4%	4,312,959	12.2%	17.6%
Upper	5	45.5%	845	28.8%	50,821	62.8%	26,400,180	74.5%	36.6%
Unknown	2	18.2%	1,450	49.5%	3,744	4.6%	2,727,192	7.7%	
Total	**11**	**100.0%**	**2,929**	**100.0%**	**80,966**	100.0%	**35,417,582**	100.0%	100.0%
GRAND TOTAL									
Borrower	**Bank**				**Aggregate**				
Income	#	%	$000's	%	#	%	$000's	%	
Low	6	4.1%	507	1.4%		2.4%		1.0%	
Moderate	23	15.8%	2,789	7.8%		10.2%		5.1%	
LMI	29	19.9%	3,296	9.3%		12.6%		6.1%	
Middle	39	26.7%	7,684	21.6%		21.4%		13.8%	
Upper	64	43.8%	15,692	44.1%		61.6%		73.9%	
Unknown	14	9.6%	8,944	25.1%		4.4%		6.2%	
Total	**146**		**35,616**			100.0%		100.0%	

Community Development Lending: "Outstanding"

During the evaluation period, DSBW originated and refinanced $500.4 million in community development loans. Multi-family rental apartment buildings accounted for 99.5% of these loans in the assessment area. Most of the affordable rental apartment units are in six-story apartment buildings located in LMI census tracts in Kings, Queens, New York and Bronx counties.

DSBW's annualized ratio of qualified community development loans to total assets was 2.6%, demonstrating an excellent level of community development lending.

Community Development Loans				
	This Evaluation Period		**Outstanding from Prior Evaluation Periods**	
Purpose	# of Loans	$000	# of Loans	$000
Affordable Housing	219	498,339		
Economic Development	2	2,016		
Community Services				
Other (Please Specify)				
Total	**221**	**500,355**	**0**	**0**

Examples of multi-family rental projects originated or refinanced during the evaluation period are as follows:

- DSBW refinanced a $3.3 million loan secured by a six-story apartment building consisting of 84 apartments located in a moderate-income census tract in the Pelham Parkway section of the Bronx.

- DSBW originated an $11.3 million loan to purchase a six-story renter-occupied apartment building in a moderate-income census tract in the Bronx consisting of 136 apartment units, with 62% of the units affordable for LMI tenants.

Flexible and/or Innovative Lending Practices:

DSBW did not engage in any innovative lending practices.

INVESTMENT TEST: "Needs to Improve"

DSBW's investment performance is evaluated 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 credit and community development needs.

DSBW's community development investments were less than reasonable in light of the assessment area's credit needs. The annualized ratio of community development investments including grants was 0.02% of total assets.

DSBW is encouraged to look into opportunities to invest in meaningful community development investments that benefit low income individuals, communities and small businesses, such as CDFIs, low income designated credit unions, revenue bonds that specifically support affordable housing, or other community development projects.

Amount of Community Development Investments:

DSBW had $1.3 million outstanding from prior evaluation periods. No new community development investments were made during the evaluation period. DSBW made $1.7 million in community development grants. This demonstrated a poor level of community development investments and grants.

Community Development Investments and Grants				
	This Evaluation Period		**Outstanding from Prior Evaluation Periods**	
CD Investments	# of Inv.	$000	# of Inv.	$000
Affordable Housing			1	1,262
Economic Development				
Community Services				
Other (Please Specify)				
Total	**0**		**1**	**1,262**
CD Grants	# of Grants	$000	Not Applicable	
Affordable Housing	8	1,389		
Economic Development				
Community Services	15	207		
Revitalize & Stabilize	5	21		
Total	**28**	**1,617**		

Below are highlights of DSBW's community development investments and grants:

- Outstanding from 2005 was $1.3 million in FNMA-issued mortgage backed securities secured by a multi-family residential building located in a moderate-income census tract in Manhattan.

- DSBW contributed a total of $1.3 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 set aside 10% of its private earnings to support the creation and preservation of housing for lower-income families and individuals through its AHP. The FHLBNY also offers Community Lending Programs and the First Home Club, a grant program for first-time homebuyers.

- DSBW contributed $20,700 to four community based organizations that provide assistance to families and communities affected by Hurricane Sandy which impacted most of the assessment area in October, 2012.

- DSBW contributed $90,000 to a nonprofit organization serving the New York metropolitan area. It targets areas of LMI individuals and provides affordable lending opportunities to low-income individuals to enable them to invest in and preserve their neighborhoods.

- DSBW made an in-kind donation of twenty-five computers to two nonprofit organizations and a day care center serving low-income residents in the assessment area.

Innovativeness of Community Development Investments:

DSBW did not engage in any innovative forms of investment to support community development.

Responsiveness of Community Development Investments to Credit and Community Development Needs:

DSBW community development investments exhibited a less than reasonable level of responsiveness to credit and community development needs.

SERVICE TEST: "Low Satisfactory"

DSBW's retail service performance is evaluated pursuant to the following criteria:
(1) The current distribution of the banking institution's branches;
(2) The institutions 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.

DSBW's community development service performance is evaluated 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”

DSBW had an adequate branch network, delivery systems, branch hours and services, and alternative delivery systems available to LMI individuals.

Current distribution of the banking institution’s branches;

DSBW’s branch locations represent a good distribution of branches within its assessment area.

Of the 25 branches, 40% are located in LMI census tracts. In Kings County, where most of the branches are located, including its corporate headquarters, 60% are in LMI areas.

Distribution of Branches within the Assessment Area							
County	N/A #	Low #	Moderate #	Middle #	Upper #	Total #	LMI %
Bronx		0	1	0	0	1	100%
Kings		1	5	2	2	10	60%
New York		0	0	0	0	0	0%
Queens		0	2	3	2	7	29%
Nassau		0	1	4	2	7	14%
Total	**-**	**1**	**9**	**9**	**6**	**25**	40%

Record of opening and closing branches:

DSBW’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, DSBW opened three branches (one in a middle-income and two in upper-income census tracts) in Nassau and Kings Counties. DSBW also consolidated the Sunnyside branch in Queens into the Long Island City branch (both in middle-income census tracts).

Availability and effectiveness of alternative systems for delivering retail services:

DSBW provides telephone banking, remote deposit capture, electronic statements, online banking, and lockbox services. ATMs that dispense cash and accept deposits are available 24/7 at each branch location. Off-site ATMs (NYCE, PLUS and INTERLINK) can also be used to get cash subject to fees that may be imposed.

Range of services provided:

DSBW continues to meet the convenience and needs of its assessment area, particularly LMI geographies and individuals.

Eighteen of the twenty-five branches are open from 9:00 AM to 3:00 PM daily, while the remaining seven have slight variations of banking hours (8:30 AM to 4:00 PM). Each branch offers late night banking (up to 7:00 P.M.) on Thursdays or Fridays, and is open for weekend banking on Saturdays, except the Boro Park branch, which is open on Sundays.

Retail banking products for LMI individuals and small businesses include the “Perfectly Free Checking” for individual customers and the “Perfectly Freedom Checking” for small businesses which require minimum balance and no monthly fee. Other retail banking products include overdraft lines of credit, direct deposit for payments received, retirement accounts, and student savings accounts.

Community Development Services: “Low Satisfactory”

DSBW provided an adequate level of community development services by way of providing financial services.

In eight instances, DSBW board members, senior officers and branch managers provided financial services through their participation as board or committee members with community development and affordable housing lenders, nonprofit organizations, and business improvement districts. For example:

- DSBW’s chief executive officer serves on the board of directors of the FHLBNY. FHLBNY is part of the congressionally chartered nationwide Federal Home Loan Bank system created to provide flexible credit liquidity sources to its member community lenders engaged in home mortgages and neighborhood lending.

- A DSBW board member is on the board of directors of the State of New York Mortgage Agency and is also the board audit committee chairman of the state housing agency that promotes affordable homeownership for New York residents.

- DSBW’s chief operating officer serves on the advisory committee of a community group that provides legal assistance to low-income individuals and community groups in Brooklyn.

- The vice president and CRA officer serve 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.

- Two branch officers serve on the strategic planning committee of a community based organization. These two officers also serve as board members of business improvement districts[6] which provide services to revitalize and stabilize

6 A business improvement district (BID) is a defined area within which businesses pay an additional tax (or levy) in

commercial districts.

On several occasions, DSBW co-sponsored and participated in events of community partners where bank staff provided information on deposit products and services appropriate to low-income individuals and small businesses. DSBW officers and staff also made presentations about the bank's checking and savings accounts to students in public schools, their teachers and parents at a moderate-income branch location in Bronx County.

DSBW supported customers affected by Hurricane Sandy by waiving certain bank fees, such as minimum balance fees and penalties for early withdrawal of time deposits. DSBW also expedited insurance payments to help the victims with repairing their homes, and extended mortgage grace periods to affected customers.

Additional Factors

The following factors were also considered in assessing DSBW'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 Community Reinvestment Act

During the evaluation period, the CRA committee of the board of directors met at least twice a year to review CRA performance. The CRA officer provides the CRA committee with periodic updates to DSBW's plan. A CRA self-assessment was presented to the CRA committee on October 30, 2013.

In an effort to align community lending activities more closely with the commercial and multi-family lending operations, the board created a lending and CRA committee consisting of three board members. In this newly created committee, the chief lending officer is tasked with reporting CRA activities to the board on a quarterly basis.

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 did not note any practices that were intended to discourage applications for the types of credit offered by DSBW.

order to fund projects within the district boundaries. BIDs provide services such as cleaning streets, providing security, construction of pedestrian and streetscape enhancements, and marketing the area.

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

  DFS 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*.

  DSBW 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 to 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*

  DSBW advertises in local newspapers, on the radio, and on billboards. They also do branch promotions and displays, direct mailing to customers, and corporate and branch sponsored events. Brochures are provided at fair events and other community activities.

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

DSBW agreed to subordinate its claim on an existing mortgage of a community-based nonprofit organization to allow it to receive a $1 million grant from a city government agency to make capital improvements to its building in Brooklyn. DSBW not only agreed to the debt subordination, but also donated to the organization the annual principal and interest payments of $21,135 for the next 10 years. The organization provides homeownership education and financial assistance, and revitalizes underserved neighborhoods by creating and preserving affordable housing.

GLOSSARY

Aggregate Penetration Rate

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

Community Development

"Community development":

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

Community Development Loan

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

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

Community Development Service

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

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

Geography

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

Home Mortgage Disclosure Act ("HMDA")

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

Income Level

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

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

Loans to Small Businesses

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

Low or Moderate Income ("LMI") Geographies

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

LMI Borrowers

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

LMI Individuals/Persons

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

LMI Penetration Rate

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

Low-Income Housing Tax Credit (LIHTC)

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

New Markets Tax Credit (NMTC)

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

Qualified Investment

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

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

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