



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

One State Street  
New York, NY 10004

**PUBLIC SUMMARY**

**COMMUNITY REINVESTMENT ACT  
PERFORMANCE EVALUATION**

**Date of Evaluation:** December 31, 2020

**Institution:** Deutsche Bank Trust Company Americas  
1 Columbus Circle  
New York, NY 10017

**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 Deutsche Bank Trust Company Americas (“DBTCA” 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 institution’s CRA performance based on an evaluation conducted as of December 31, 2020.

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 institutions’ 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.

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## **OVERVIEW OF INSTITUTION'S PERFORMANCE**

The Department evaluated DBTCA's performance according to the community development test for wholesale or limited purpose banking institutions pursuant to Section 76.11 of the GRS. The evaluation period covered April 1, 2018 to December 31, 2020. DBTCA is rated "1" indicating an "**Outstanding**" record of helping to meet community credit needs.

This rating is based on the following factors:

### **Community Development Test:**

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

### **Community Development Lending:**

During the evaluation period, DBTCA originated \$636.8 million in new community development loans, and had \$50.6 million outstanding from prior evaluation periods.

### **Qualified Investments:**

During the evaluation period, DBTCA made \$26.4 million in new qualified investments and had \$123.4 million in qualified investments outstanding from prior evaluation periods. In addition, the Bank made \$17.8 million in qualified grants.

### **Community Development Services:**

During the evaluation period, DBTCA provided more than 400 community development services.

### **Innovative or Complex Practices:**

DBTCA demonstrated an excellent level of innovative, complex, or flexible community development practices.

### **Responsiveness to Credit and Community Development Needs:**

DBTCA demonstrated an excellent level of responsiveness to credit and community development needs.

*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.*

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## PERFORMANCE CONTEXT

### Institution Profile

DBTCA is a New York State-chartered commercial bank headquartered in New York City. The Bank is a wholly owned subsidiary of Deutsche Bank Trust Corporation, a bank holding company based in New York, which in turn is owned by Deutsche Bank AG. The Bank conducts its CRA-related activities primarily through its Community Development Finance Group (“CDFG”) and the Deutsche Bank Americas Foundation (“DBAF”).

DBTCA offers financial services and products, including private banking, investment management, fiduciary services, debt finance, loan trading, and correspondent banking to institutions and high net worth individuals. DBTCA does not operate retail banking offices or automatic teller machines. It also does not extend home mortgages, small business, or consumer loans to retail customers or the general public, but may originate or purchase these types of loans as accommodations for clients.

In its Consolidated Report of Condition (the “Call Report”) as of December 31, 2020, filed with the Federal Deposit Insurance Corporation (“FDIC”), DBTCA reported total assets of \$45.3 billion, of which \$12.2 billion were net loans and lease financing receivables. It also reported total deposits of \$33.7 billion, resulting in a loan-to-deposit ratio of 36.2%. According to the latest available comparative deposit data, as of June 30, 2020, DBTCA had a market share of 2%, or \$33 billion in a market of \$1.7 trillion, ranking it 8th among 113 deposit-taking institutions in the Bank’s assessment area.

The following table is a summary of the Bank’s loan portfolio, based on Schedule RC-C of the Bank’s December 31, 2018, 2019 and 2020 Call Reports:

<b>TOTAL GROSS LOANS OUTSTANDING</b>						
Loan Type	12/31/2018		12/31/2019		12/31/2020	
	\$000's	%	\$000's	%	\$000's	%
1-4 Family Residential Mortgage Loans	2,737,000	26.8	2,497,000	21.1	2,560,000	21.0
Commercial & Industrial Loans	2,015,000	19.7	2,402,000	20.3	1,972,000	16.2
Commercial Mortgage Loans	1,058,000	10.4	1,653,000	14.0	1,959,000	16.0
Multifamily Mortgages	929,000	9.1	1,636,000	13.8	1,882,000	15.4
Consumer Loans	116,000	1.1	153,000	1.3	164,000	1.3
Loans to Depository Institutions	880,000	8.6	687,000	5.8	641,000	5.3
Construction Loans	216,000	2.1	194,000	1.6	192,000	1.6
Loans to Non-Depository Institutions	32,000	0.3	85,000	0.7	167,000	1.4
Other Loans	2,235,000	21.9	2,204,000	18.6	2,435,000	19.9
Lease Financing	0	0.0	307,000	2.6	234,000	1.9
<b>Total Gross Loans</b>	<b>10,218,000</b>		<b>11,818,000</b>		<b>12,206,000</b>	

As illustrated in the above table, DBTCA is primarily a real estate lender, with 21% of its loan portfolio in 1-4 family residential real estate, 16% in commercial mortgage loans, and 15.4% in multifamily mortgages as of December 31, 2020.

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

### **Assessment Area**

The Bank's assessment area is comprised of the five boroughs of New York City, which are Bronx, Kings (Brooklyn), New York (Manhattan), Queens, and Richmond (Staten Island) Counties. The assessment area remained unchanged from the prior evaluation.

There are 2,167 census tracts in the assessment area, of which 289 are low-income, 570 are moderate-income, 642 are middle-income, 600 are upper-income, and 66 are tracts with no income indicated. While the number of census tracts remained unchanged since the prior evaluation, the percentage of LMI income tracts dropped to 39.6% from 44.1% at the prior evaluation due to reclassification of geographic data. More specifically, 96 (58 low and 38 moderate) formerly LMI census tracts were reclassified to middle and upper income, affecting all counties in the assessment area.

<b>Assessment Area Census Tracts by Income Level</b>							
County	N/A	Low	Mod	Middle	Upper	Total	LMI %
Bronx	7	140	99	60	33	339	70.5
Kings	14	95	260	230	162	761	46.6
New York	15	34	57	21	161	288	31.6
Queens	27	16	146	303	177	669	24.2
Richmond	3	4	8	28	67	110	10.9
<b>Total</b>	<b>66</b>	<b>289</b>	<b>570</b>	<b>642</b>	<b>600</b>	<b>2,167</b>	<b>39.6</b>

### **Demographic & Economic Data**

The assessment area had a population of 8,426,743 during the evaluation period. Approximately 12.7% of the population was over the age of 65 and 19% was under the age of 16.

Of the 1,865,277 families in the assessment area 32.5% were low-income, 16.3% were moderate-income, 15.7% were middle-income and 35.5% were upper-income. There were 3,113,535 households in the assessment area, of which 19.4% had income below the poverty level and 4.1% were on public assistance.

The weighted average median family income in the assessment area was \$70,541.

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There were 3,422,225 housing units within the assessment area, of which 39.4% were one-to-four family units and 60.4% were multifamily units. A majority (65%) of the area's housing units were rental units, while 29% were owner-occupied.

Of the 2,122,185 occupied rental units, 52% were in LMI census tracts while 47.4% were in middle- and upper-income census tracts. Average monthly gross rent was \$1,342.

Of the 991,350 owner-occupied housing units, 20.2% were in LMI census tracts while 79.6% were in middle- and upper-income census tracts. The median age of the housing stock was 72 years, and the median home value in the assessment area was \$536,278.

There were 831,503 non-farm businesses in the assessment area. Of these, 91% were businesses with reported revenues of less than or equal to \$1 million, 4.3% reported revenues of more than \$1 million and 4.7% did not report their revenues. Of all the businesses in the assessment area, 98.3% were businesses with less than fifty employees while 94.2% operated from a single location. The largest industries in the area were services (35.3%), followed by retail trade (11.9%) and finance, insurance, and real estate (9.8%); 29.1% of businesses in the assessment area were not classified.

According to the New York State Department of Labor, the average unemployment rates for New York State and each of the five counties in the Bank's assessment area decreased in 2018 and 2019 but increased dramatically in 2020 due to the COVID-19 pandemic. Throughout the evaluation period, Bronx County had the highest unemployment rates.

<b>Assessment Area Unemployment Rate</b>						
	Statewide	Bronx	Kings	New York	Queens	Richmond
2018	4.1	5.8	4.3	3.7	3.7	4.2
2019	4.0	5.4	4.1	3.5	3.5	3.9
2020	10.0	15.9	12.7	9.9	12.8	11.0
Average of Years above	6.0	9.0	7.0	5.7	6.7	6.4

### **Community Information**

DFS examiners contacted two nonprofit organizations operating in the Bank's assessment area to obtain their perspectives on the economy and community and credit needs in the New York City metropolitan area.

The first organization is an umbrella organization for a large number of community-based organizations. This organization provides research, advocacy, and grassroots services to support its members. These members have built over 12,000 affordable

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housing units and worked directly with tenants and homeowners in LMI communities to preserve affordable apartments and homes.

The second organization is a provider of financial coaching services to LMI individuals in New York City and nationally. These services are conducted mostly through online platforms and videoconferencing.

The representatives from both organizations pointed out that during the evaluation period, but prior to the start of the COVID-19 pandemic in early 2020, the economic and employment conditions in New York City were generally stable. They also stated that what is needed most from banks is support for marginalized neighborhoods and easier access to banking products and services. Both suggested that banks should target investments or other products for the benefit of LMI communities and small businesses. They also suggested that banks could reform their overdraft policies, reduce other deposit-related fees and offer credit products such as secured credit cards. One of the organizations stated that traditional bank branches, with in-person service remained necessary, even during the COVID-19 pandemic.

The representatives described the economic conditions resulting from the COVID-19 pandemic as dire, especially for people of color and LMI individuals, many of whom lost their jobs and income. The representatives noted that these individuals needed immediate and short-term relief for basic necessities. The representatives noted that banks should be more proactive in offering forbearance, alternative repayment plans, or other relief to homeowners, landlords and tenants.

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## **PERFORMANCE TEST AND ASSESSMENT FACTORS**

*DFS evaluated DBTCA under the wholesale banking institution performance standards pursuant to the “community development test,” as provided in Section 76.11 of the GRS.*

*Performance criteria include:*

- (1) the number and amount of community development loans, qualified investments or community development services;*
- (2) the use of innovative or complex qualified investments, community development loans or community development services and the extent to which investments are not routinely provided by private investors; and*
- (3) the banking institution’s responsiveness to credit and community development needs.*

*In addition, the following factors are also considered in assessing DBTCA’s record of performance: the extent of participation by the board of directors or board of trustees in formulating CRA policies and reviewing CRA performance; any practices intended to discourage credit applications; evidence of prohibited discriminatory or other illegal credit practices; the Bank’s record of opening and closing offices and providing services at offices; and process factors such as activities to ascertain credit needs; and the extent of marketing and special credit related programs. Finally, the evaluation considered other factors as delineated in Section 28-b of the New York Banking Law that reasonably bear upon the extent to which a banking institution is helping to meet the credit needs of its entire community.*

The evaluation period included the period April 1, 2018 to December 31, 2020.

At its prior Performance Evaluation, as of March 31, 2018, DFS assigned DBTCA a rating of “1” reflecting an “Outstanding” record of helping to meet community credit needs.

**Current CRA Rating:** Outstanding

### **Community Development Test:**

DBTCA’s community development performance demonstrated an excellent level of community development loans, qualified investments and services, considering DBTCA’s capacity and the need and availability of such opportunities for community development in its assessment area.

DBTCA focuses its community development efforts on community-based organizations, including community development financial institutions (“CDFI”),<sup>1</sup> working in affordable

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<sup>1</sup> A CDFI is a specialized organization, certified by the United States Department of the Treasury, that provided financial services in low-income communities and to people who lack access to financing.

housing, education, health, human services, financial inclusion, and small business assistance.

DBTCA's community development loans, qualified investments, and community development grants totaled \$854.9 million during the evaluation period, 2.7% higher than the total of \$832.6 million noted at the prior evaluation. However, since the current evaluation period was shorter than the prior evaluation period (2.75 years versus 3.25 years), the annual average of DBTCA community development loans and qualified investments actually increased 21.4%.

The dollar amount of community development lending increased significantly from the prior evaluation while the dollar amount of community development investments and grants both decreased. Community development services levels improved from the prior evaluation period.

A more detailed description of DBTCA's community development activity follows.

**Community Development Lending:**

During the evaluation period, DBTCA originated \$636.8 million in new community development loans, and had \$50.6 million outstanding from prior evaluation periods,<sup>2</sup> demonstrating an excellent level of responsiveness to community development needs.

DBTCA's level of new community development loans increased significantly from the \$354.4 million in community development loans made during the prior evaluation period. The majority of DBTCA's newly originated community development loans were for construction, acquisition, and rehabilitation of affordable housing, including working capital to CDFIs, community development corporations ("CDCs"), and other nonprofit organizations whose primary goal is to provide and promote affordable housing.

<b>Community Development Loans</b>				
	<b>This Evaluation Period</b>		<b>Outstandings from Prior Evaluation Periods</b>	
<b>Purpose</b>	<b># of Loans</b>	<b>\$000</b>	<b># of Loans</b>	<b>\$000</b>
Affordable Housing	33	543,328	19	15,597
Economic Development	23	84,677	4	445
Community Services	15	7,756	4	30,989
Revitalization/Stabilization	1	1,000	2	3,602
<b>Total</b>	<b>72</b>	<b>636,761</b>	<b>29</b>	<b>50,633</b>

<sup>2</sup> For analysis purposes, renewals of lines of credit that occur during the evaluation period are considered new extensions of credit. The level of lending is reviewed across the time period of the evaluation.

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Below are highlights of DBTCA's community development lending:

*Affordable Housing:*

- DBTCA extended a line of credit for a total of \$50 million to an organization that provides affordable housing financing in LMI communities.
- DBTCA provided financing of \$40 million to a CDFI which specializes in the financing of LMI housing throughout New York City.
- DBTCA loaned \$174.3 million to refinance existing debt and begin a long-term capital improvement program for 1,119 affordable housing units in Staten Island. The subject properties participate in HUD's Section 8 program, which provides rental vouchers enabling very low income families, the elderly, and the disabled to live in privately owned housing.
- DBTCA loaned \$162 million to a non-profit corporation to facilitate the refinance and rehabilitation of two multifamily properties with 412 affordable housing units located in New York City.

*Economic Development:*

- In 2018, 2019, and 2020 DBTCA renewed a \$15 million line of credit to an organization that provides financing (including grants), and technical assistance to community development organizations active in distressed areas, addressing housing, economic development, community-building and neighborhood revitalization. The bank also made a \$1 million loan to a separate community investment fund operated by the organization.
- DBTCA renewed a line of credit for a quasi-governmental organization for a total of \$13 million. The organization is a private for-profit corporation with a mandate to promote employment and economic development state-wide through financing for small businesses in participation with its members and economic development agencies. To that end, the organization offers SBA loans, and provides access to capital to minority and women-owned businesses that otherwise may not be available to them.
- DBTCA renewed a \$250,000 loan to a community organization to support small business lending in Puerto Rico and stabilize operations in the wake of Hurricane Maria.

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Community Services:

- DBTCA provided a \$590,000 loan to support a project that aims to provide mental health and workforce development services to help military veterans gain employment.

Qualified Investments:

During the evaluation period, DBTCA made five new qualified investments totaling \$26.4 million, and had \$123.4 million in investments outstanding from prior evaluation periods. The Bank also made grants totaling \$17.8 million. The largest proportions of new investments and grants –approximately \$20.9 million and \$7.8 million, respectively –supported affordable housing and community services. This demonstrated a reasonable level of qualified investments and grants over the course of the evaluation period.

DBTCA's number and dollar amount of new community development investments declined from the level of investments at the prior evaluation. A primary cause of the reduction in the current period's qualified investments was that DBTCA did not make any new Low-Income Housing Tax Credit ("LIHTC") or New Markets Tax Credit investments.

DBTCA made 513 grants totaling \$17.8 million during the current evaluation period, compared to 333 grants for \$20.1 million made during the prior evaluation. However, as the current evaluation period was shorter than the prior evaluation period (2.75 years versus 3.25 years), the annualized dollar amount of community development grants increased by 4.6%.

Qualified Investments and Grants				
	This Evaluation Period		Outstandings from Prior Evaluation Periods	
	# of Inv.	\$000	# of Inv.	\$000
CD Investments				
Affordable Housing	2	20,855	13	112,993
Economic Development	1	5,000	8	8,783
Community Services	2	500	1	1,639
Other (Please Specify)				
<b>Total</b>	<b>5</b>	<b>26,355</b>	<b>22</b>	<b>123,415</b>
CD Grants	# of Grants	\$000	Not Applicable	
Affordable Housing	94	6,330		
Economic Development	36	2,819		
Community Services	368	7,809		
Revitalization/Stabilization	15	819		
<b>Total</b>	<b>513</b>	<b>17,777</b>		

Below are highlights of DBTCA's qualified investments:

- DBTCA placed \$9 million in a housing private equity fund that invests in the acquisition and preservation of affordable housing properties in New York City.
- DBTCA placed \$5 million in a private equity fund composed of other funds which in turn invest in a diversified group of private funds with the goal of creating positive impacts and reducing implicit bias. A majority of this investment will be directed to economic development activities benefiting LMI individuals and communities across New York City and New York State.

Below are highlights of DBTCA's community development grants:

- DBTCA provided six grants totaling \$550,000 to a community-based organization whose mission is to create affordable housing in diverse communities for low- and moderate-income individuals. Some of these funds were utilized for additional affordable housing and community services needs created by the onset of the COVID-19 pandemic in 2020.
- DBTCA, through its Working Capital Program, made grants totaling \$255,000 to a community organization located in South Brooklyn to support affordable housing in Brooklyn and Queens.
- DBTCA provided \$200,000 in grants to a donor collaborative which targets New York City's lowest-income neighborhoods. The organization provides flexible, long-term grants and technical assistance to CDCs providing affordable housing, living-

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wage employment, and better education.

*Community Development Services:*

DBTCA demonstrated an excellent level of community development services during the evaluation period. DBTCA management and employees participated in more than 400 qualified community development services. These activities included serving on the boards and committees of local nonprofit organizations serving LMI individuals and communities. Additionally, employees provided financial and technical expertise in the community and financial literacy education in New York City public schools.

Below are highlights of DBTCA's community development services.

- An executive was appointed by the Mayor of New York City to serve on the Large Business Sector Advisory Council. The purpose of the various Sector Advisory Councils is to restart the city's economy in the wake of the COVID-19 pandemic. The councils will serve as critical links to disseminate information about re-opening and provide guidance to shape the city's response to the pandemic.
- A DBTCA director served on the New York Advisory Board of an organization that is dedicated to ending housing insecurity. It invests capital to create and preserve quality affordable homes for LMI individuals and coordinates with public and private partners to facilitate change. Since opening its New York office, the organization has created or preserved more than 60,000 affordable homes for 160,000 residents and committed over \$3 billion in equity, grants, and loans to community development projects in the region.
- A vice president served as a committee member of a DBTCA founded collaborative. The collaborative was formed to reduce family and youth homelessness in New York City. It supports projects that scale proven and promising approaches, innovative pilots, and advocacy for policy change.
- Two senior executives, with the assistance of 150 DBTCA employees, volunteered approximately 400 hours to develop a new mobile app for a national nonprofit organization. The app offers resources to provide financial literacy education for LMI high school students.
- DBTCA's Human Resources Department hosted two mock interview events and one career readiness event in partnership with a local community organization. Serving 50,000 people yearly, the organization's mission is to improve the lives of residents of Manhattan's Lower East Side and other New Yorkers. Services include workforce development, legal and financial counseling, public benefits enrollment, and transitional and supportive housing.

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- Employees taught financial literacy to LMI students and unemployed adults in partnership with three nonprofit organizations. Employees utilized their technical expertise during these sessions to speak about budgeting, economics, personal finance, and work readiness.

### **Innovative Practices:**

DBTCA demonstrated an excellent level of innovative, complex, or flexible community development practices. Below are highlights of these practices:

- DBTCA targets specific community development needs it has identified as priorities. Eligible organizations are awarded grants and zero-interest loans through the Bank's Working Capital Program ("WCP"). WCP issues Requests for Proposals ("RFPs") to community development corporations ("CDC") seeking early stage, pre-development financing for affordable housing and economic development projects. The 11<sup>th</sup> round of the WCP was initiated in September 2020 resulting in awards totaling approximately \$375,000 for projects which benefit LMI New Yorkers and seek to address racial inequality.
- DBTCA's Supportive Housing Acquisition and Rehabilitation Effort ("DB SHARE") is focused on committing resources towards expanding services and developing long-term strategies to secure permanent housing for New York City's homeless population. The 8<sup>th</sup> round of the DB SHARE program was initiated in September 2019, resulting in awards totaling approximately \$375,000 for projects which create permanent supportive housing.
- DBTCA's New Initiatives Fund ("NIF") creates a flexible funding vehicle for DBTCA to become an anchor investor and provide risk-tolerant funding to new endeavors that benefit affordable housing and economic development projects.
- DBTCA provides additional support to CDCs in New York City via the Joint Ownership Entity ("JOE"). JOE is a collaborative formed to substantially increase the scale and acquisition ability of smaller CDCs to support affordable housing developments. DBTCA was one of the first funders of JOE in September 2019.
- DBTCA invested in an affordable housing preservation private equity fund focused on acquiring, repositioning, and preserving affordable housing in New York City.
- DBTCA's Matching Gift Program furthers philanthropic efforts to organizations deemed important by DBTCA employees. Through this program, the Bank provided support totaling \$481,000 to organizations that provide a wide variety of community services to LMI individuals and small businesses in the assessment area.
- CDFG and DBAF management and staff had backgrounds in the community development industry prior to employment at DBTCA and remain active in some of

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New York City's most impactful organizations, helping to tailor DBTCA's CRA program for maximum effectiveness.

### **Responsiveness to Credit and Community Development Needs:**

DBTCA demonstrated an excellent level of responsiveness to credit and community development needs. As detailed previously, DBTCA utilizes a multi-faceted approach, including community development loans, investments, grants, and supporting activities to address community development needs.

### **Additional Factors**

#### **The extent of participation by the banking institution's Board of Directors/Trustees in formulating the banking institution's policies and reviewing its performance with respect to the purposes of the CRA**

Primary governance responsibility for CRA performance rests with the board of directors, and the senior management-comprised Community Reinvestment Advisory Council ("CRA Council"). The CRA Council provides guidance and direct oversight for DBTCA's CRA program. As part of its role, the CRA Council considers and provides feedback on DBTCA's efforts, self-assessment and benchmarking reviews, and overall CRA strategy.

The Board has also established a special Committee on Public Responsibility and Concern ("PRC") to oversee CRA performance. This committee consists of one external and two internal directors.

DBTCA's CRA activities are directly managed by CDFG, a dedicated team based in New York City and headed by the CRA Officer. CDFG, and DBAF are responsible for monitoring and assessing DBTCA's community development activities in line with LMI community needs. CDFG reports to the CRA Council and PRC at least twice per year. A Loan and Investment Activity Report detailing each CRA transaction is generated by CDFG and provided to the CRA Advisory Council and DBTCA's Committee on Public Responsibility and Concern. The Loan and Investment Activity Report includes activities conducted in line with community development goals and compares DBTCA's CRA progress to internal targets and the performance of peer and competitor banks. With this information, DBTCA seeks to maintain a position of CRA leadership within the assessment area.

### **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 evidence of practices that were intended to discourage applications for the types of credit offered by the institution.

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

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

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

DBTCA does not currently maintain any branches other than its New York headquarters at 60 Wall Street.

During the evaluation period, DBTCA closed a branch office located at 345 Park Avenue, New York, NY on October 28, 2019. The location housed DBTCA's Private Wealth Management services. As a wholesale bank DBTCA does not offer retail products and services to the general public. Consumer lending and deposit products and services are limited to the Bank's high net worth clients.

### **Process Factors**

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

DBTCA's strategy focuses on partnerships and ongoing dialogue with nonprofits, governmental units and other investors and stakeholders to ascertain the credit needs of the communities within DBTCA's assessment area. As part of their efforts to ascertain the needs of its community, the CDFG and DBAF teams reach out and make themselves accessible to various community and governmental organizations including CDCs and CDFIs. They also utilize their network of nonprofit and local government agency contacts to generate awareness about the Bank's willingness to lend to, invest in, donate to, and otherwise support community development activities and organizations.

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

As a wholesale bank, DBTCA does not offer retail products directly to LMI individuals or communities. Instead, as described above, DBTCA works with community partners to develop innovative, scalable solutions to challenges facing LMI communities.

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**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**

- Examiners favorably considered community development qualifying activities conducted by DBTCA which supported New York City's efforts to battle the COVID-19 pandemic. DBTCA offered aid in the form of grants and loans to nonprofit organizations that directly and indirectly responded to the needs of LMI individuals and small businesses affected by the pandemic. Support provided by these organizations ranged from providing food, rent relief, essential household needs, and personal protective equipment to front line workers, to providing support for institutions helping small businesses.

DBTCA's staff also participated in events, seminars, and volunteer programs to assist organizations in their COVID-19 response efforts and discussion strategies to help minority, immigrant, and lower-income populations facing a disparate impact from the virus.

## **GLOSSARY**

### **Aggregate Lending**

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.

### **Banking Development District (“BDD”) Program**

The BDD Program is a program designed to encourage the establishment of bank branches in areas across New York State where there is a demonstrated need for banking services, in recognition of the fact that banks can play an important role in promoting individual wealth, community development, and revitalization. Among others, the BDD Program seeks to reduce the number of unbanked and underbanked New Yorkers and enhance access to credit for consumers and small businesses. More information about the program, may be found at <https://www.dfs.ny.gov> and search for the BDD Program.

### **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 Metropolitan Statistical Area (“MSA”) or statewide nonmetropolitan median income.

<b>Income level of individual or geography</b>	<b>% of the area median income</b>
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 2010 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 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 Block Numbering Areas (“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.

### **Minority Depository Institutions (“MDIs”)**

An MDI is defined as a federal insured depository institution for which (1) 51 percent or more of the voting stock is owned by minority individuals; or (2) a majority of the board of directors is minority and the community that the institution serves is predominantly minority. For more of MDIs, go to FDIC.gov (Minority Depository Institutions Program) including list of MDIs.

### **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.

### **Paycheck Protection Program ("PPP") Loans**

The Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act") temporarily permits the U.S. Small Business Administration ("SBA") to guarantee 100% of 7(a) loans under a new program titled the "Paycheck Protection Program". The intent of the PPP is to help small business cover payroll costs providing for forgiveness of up to the full principal of qualifying loans guaranteed under the PPP subject to certain rules including how much or percentage of the loan proceeds a borrower spends on payroll costs. A small business owner can apply through any existing SBA 7(a) lender or through any federally insured depository institution, federally insured credit union, and Farm Credit System institution that is participating. Any amount of the PPP loan that is not forgiven shall be repaid over a 5-year term at a fixed interest rate of 1%.