



**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: March 31, 2020

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

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

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GENERAL INFORMATION

This document is an evaluation of the Community Reinvestment Act (“CRA”) performance of Dime Community Bank (“Dime” or the “Bank”) prepared by the New York State Department of Financial Services (“DFS” or the “Department”). This evaluation represents the Department’s current assessment and rating of the Bank’s CRA performance based on an evaluation conducted as of March 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 evaluation and will assign to each institution a numerical CRA rating based on a 1 to 4 scoring system. The numerical scores represent an assessment of CRA performance as follows:

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

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

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

OVERVIEW OF INSTITUTION'S PERFORMANCE

DFS evaluated Dime according to the large banking institution performance criteria pursuant to Sections 76.7, 76.8, 76.9, and 76.10 of the GRS. The assessment period included calendar years 2017, 2018, and 2019 for the lending test and the period from July 1, 2017 through March 31, 2020 for community development activities. Dime is rated **"Satisfactory"** or "2." This rating means Dime had a satisfactory record of helping to meet community credit needs.

This rating is based on the following factors:

LENDING TEST: "High Satisfactory"

Dime's HMDA-reportable and small business lending activities were more than reasonable in light of its size, business strategy, and financial condition, as well as aggregate and peer group activity and the demographic characteristics and credit needs of its assessment area.

Lending Activity: "Outstanding"

Dime's lending activity was excellent considering its size, business strategy and financial condition, as well as the activity of its peer group and the demographic characteristics of its assessment area.

Dime's average loan-to-deposit ("LTD") ratio for the evaluation period was 121.7%, well above the peer group's ratio of 93.3%. The Bank's quarterly LTD ratios significantly exceeded its peer group's ratios each quarter of the evaluation period.

Assessment Area Concentration: "Outstanding"

During the evaluation period, Dime originated 93.9% by number and 97.5% by dollar value of its total HMDA-reportable and small business loans within the assessment area. This substantial majority of lending inside of its assessment area reflects an excellent concentration of lending.

Geographic Distribution of Loans: "High Satisfactory"

Dime's origination of loans in census tracts of varying income levels demonstrated a more than reasonable distribution of lending, primarily driven by an excellent level of HMDA-reportable lending in LMI geographies.

Distribution by Borrower Characteristics: "Low Satisfactory"

Dime's HMDA-reportable and small business lending demonstrated an adequate distribution of loans among individuals of different income levels and businesses of different revenue sizes.

Both one-to-four family and small business lending demonstrated an adequate distribution of loans among individuals of different income levels and businesses of different revenue sizes.

Community Development Lending: “Outstanding”

During the evaluation period, Dime originated \$209.3 million in new community development (“CD”) loans and had \$180.2 million outstanding from prior evaluation periods. This demonstrated an excellent level of CD lending over the course of the evaluation period.

INVESTMENT TEST: “High Satisfactory”

Dime’s community development investments were more than reasonable in light of the assessment area’s credit needs.

Community Development Investments: “High Satisfactory”

During the evaluation period, Dime made \$44.7 million in new community development investments and had no outstanding investments from prior evaluation periods. In addition, Dime made \$1.2 million in community development grants. This demonstrated a more than reasonable level of qualified investments over the course of the evaluation period.

Innovativeness of Community Development Investments

Dime did not use innovative investments to support community development. Dime’s community development investments during the evaluation period were primarily in mortgage-backed securities.

Responsiveness of Community Development Investments to Credit and Community Development Needs

Dime’s community development investments exhibited adequate responsiveness to the assessment area’s credit and community development needs.

SERVICE TEST: “High Satisfactory”

Retail Banking Services: “Low Satisfactory”

Dime’s branch network, delivery systems, branch hours, services, and alternative delivery systems were adequate to meet the needs of LMI individuals.

Community Development Services: “High Satisfactory”

Dime provided a relatively high level of community development services. In particular, Dime has been active in providing a wide range of financial education in the community.

In addition, several Dime employees and members of Dime’s senior management serve on the boards or committees of various organizations lending their financial expertise and technical assistance to support small businesses, economic development, community services, and affordable housing for LMI individuals within the assessment area.

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

PERFORMANCE CONTEXT

Institution Profile

Chartered in 1864, Dime is a commercial bank located in Brooklyn, New York. The Bank was originally established as a New York State-chartered mutual savings bank, converted to a stock savings bank in 1996, and then converted to a commercial bank in April 2019. The Bank is a wholly owned subsidiary of Dime Community Bancshares, Inc.

Dime currently operates 28 full-service branches across Bronx, Kings, Queens, Nassau, and Suffolk counties. There are no branches in New York County.

Historically, Dime was engaged primarily in multifamily lending for rent-regulated properties located in New York City. In 2014, Dime discontinued its one-to-four family residential mortgage origination business due to increasing market competition. However, in 2018, the Bank resumed origination of residential mortgage loans as part of a lending strategy change in which it would focus on one-to-four family residential lending while still remaining active in the multifamily market.

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

In its Consolidated Report of Condition (the "Call Report") as of December 31, 2019, filed with the Federal Deposit Insurance Corporation ("FDIC"), Dime reported total assets of \$6.3 billion, of which \$5.3 billion were net loans and lease financing receivables. The Bank also reported total deposits of \$4.4 billion, resulting in an LTD ratio of 121.2%. According to the Deposit Market Share Report as of June 30, 2019, Dime had a market share of 0.32%, or \$4.6 billion, in a market of \$1.4 trillion, ranking it 24th among 116 deposit-taking institutions in its assessment area.

The following is a summary of Dime's loan portfolio, based on Schedule RC-C of the Bank's December 31, 2017, 2018, and 2019 Call Reports:

TOTAL GROSS LOANS OUTSTANDING						
Loan Type	2017		2018		2019	
	\$000's	%	\$000's	%	\$000's	%
Real Estate Loans:	5,464,526	97.5	5,163,344	95.7	5,003,145	93.7
<i>Construction Loans</i>	9,189	0.2	29,402	0.5	118,365	2.2
<i>Commercial Mortgage Loans</i>	1,010,612	18.0	1,170,118	21.7	1,350,238	25.3
<i>Multifamily Mortgages</i>	4,381,609	78.2	3,866,962	71.7	3,385,611	63.4
<i>1-4 Family Residential Mortgages</i>	63,116	1.1	96,862	1.8	148,931	2.8
Commercial and Industrial Loans	136,670	2.4	230,601	4.3	336,412	6.3
Consumer Loans	920	0.0	970	0.0	1,481	0.0
Total Gross Loans	5,602,116		5,394,915		5,341,038	

As illustrated in the above table, despite the change in lending strategy, Dime's loan portfolio remained primarily comprised of commercial and multifamily mortgage loans, with 25.3% of the portfolio consisting of commercial mortgages and 63.4% in multifamily mortgages as of December 31, 2019, for a combined total of 88.7%. (Dime's multifamily loans peaked in 2017 at 78.2% of its loan portfolio.) One-to-four family residential mortgages comprised 2.8% of the Bank's loan portfolio as of December 31, 2019 (up from 1.1% and 1.8%, respectively, for the prior two years, reflective of the Bank's re-entry into this business line), while commercial and industrial loans comprised 6.3% of the portfolio and consumer loans remained at a negligible level for the entire evaluation period.

Loan volumes increased during the period for both HMDA-reportable and small business loans in terms of the number of loan originations.

Examiners found no evidence of financial or legal impediments that had an adverse impact on Dime's ability to meet the credit needs of its community.

Assessment Area

Dime's assessment area is comprised of Bronx, Kings, Nassau, New York, Queens, and Suffolk (added in 2019) counties.

Dime's Melville branch is located in Suffolk County. The Bank is undertaking marketing and outreach efforts in the county and is seeking to make connections with community groups such as the Long Island Housing Partnership. The Bank is also striving to build its network for small business loans in Suffolk County.

There were 2,664 census tracts in the assessment area, of which 298 were low-income, 658 were moderate-income, 965 were middle-income, 670 were upper-income, and 73 tracts had no income indicated. The total number of census tracts in the assessment area has increased from the prior evaluation by 323 due to the addition of Suffolk County in 2019. The percentage of LMI tracts was approximately 36%, compared to 42% at the prior evaluation. This was largely due to the addition of Suffolk County, with approximately 23% of that county's census tracts designated as

LMI. Additionally, due to census tract classification changes, all other counties in assessment area, with the exception of Nassau, had lower percentages of LMI tracts in the current evaluation period.

Assessment Area Census Tracts by Income Level							
County	N/A	Low	Mod	Middle	Upper	Total	LMI %
Bronx	7	140	99	60	33	339	71
Kings	14	95	260	230	162	761	47
Nassau	9	7	28	159	81	284	12
New York	15	34	57	21	161	288	32
Queens	27	16	146	303	177	669	24
Suffolk	1	6	68	192	56	323	23
Total	73	298	658	965	670	2,664	35.9

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

Demographic & Economic Data

The assessment area, as of 2019, had a population of 10,810,247. Approximately 13.4% of the population was over the age of 65 and 19.1% was under the age of 16. Of the 2,447,961 families in the assessment area, 29.8% were low-income, 16.8% were moderate-income, 17.5% were middle-income, and 35.9% were upper-income. There were 3,882,240 households in the assessment area, of which 16.6% had income below the poverty level and 3.6% were on public assistance.

The weighted average median family income in the assessment area was \$81,882.

There were 4,281,539 housing units within the assessment area, of which 50.1% were multifamily units and 49.6% were one-to-four family units. A majority (55.3%) of the area's housing units were rental units, while 37.9% were owner-occupied. Of the 1,623,517 owner-occupied housing units, 18.8% were in LMI census tracts while 81.1% were in middle- and upper-income census tracts. The median age of the housing stock was 76 years, and the median home value in the assessment area was \$523,390.

There were 871,048 non-farm businesses in the assessment area. Of these, 88% were businesses with reported revenues of less than or equal to \$1 million, 5.9% reported revenues of more than \$1 million and 6.1% did not report their revenues. Of all the businesses in the assessment area, 97.2% were businesses with less than fifty employees while 92.6% operated from a single location. The largest industries in the

area were services (42.8%), followed by retail trade (13.8%), and finance, insurance, and real estate (8.9%); 17.1% of businesses in the assessment area were not classified.

According to the New York State Department of Labor, the average unemployment rate for New York State and all counties in the assessment area steadily declined during the evaluation period. Bronx County consistently had the highest unemployment rates while Nassau County had the lowest rates. Note that the preceding information and the table below reflect unemployment rates prior to the impact of the COVID-19 pandemic in March 2020. See “Community Information” for further information.

Assessment Area Unemployment Rate							
	Statewide	Bronx	Kings	Nassau	New York	Queens	Suffolk
2017	4.7%	6.3%	4.7%	4.1%	4.1%	4.1%	4.5%
2018	4.1%	5.8%	4.3%	3.5%	3.7%	3.7%	3.8%
2019	4.0%	5.4%	4.1%	3.4%	3.5%	3.5%	3.7%

Community Information

DFS examiners conducted community contact interviews by telephone and email with officials of two nonprofit community organizations which operate within Dime’s assessment area.

The first organization was a nonprofit housing organization which serves all of Brooklyn and which provides first-time homebuyer education, home maintenance training, affordable home repair lending, landlord training, insurance counseling, and mortgage assistance. The second interviewee was a nonprofit community development organization serving LMI North Brooklyn residents focusing on affordable housing, workforce development, elder care, and youth and education services.

Both community contacts stated that major concerns and needs revolve around unemployment, homelessness and additional financial stress brought on by the COVID-19 pandemic, which has increased unemployment¹ and homelessness. A great number of New Yorkers are out of work due to the COVID-19 pandemic, unable to cover daily expenses and at risk of eviction, as they cannot pay their rent. Financial assistance to small businesses was also mentioned as a major economic need

¹ In 2020 the New York State Department of Labor reported a sharp increase in unemployment rates starting in April. For New York State, the unemployment rates dramatically spiked upward from 4.2% in March 2020 to 15.1% in April and 16% in July. Similarly, the New York City and Long Island regions, where Dime’s assessment area is located, showed an upward climb in unemployment rates: 4% in March 2020 to 14.7% (April) to 20% (July), and 3.8% (March) to 16.1 (April) and 13.8% (July), respectively.

brought about by the COVID-19 pandemic. While a number of small businesses have accessed the SBA's Paycheck Protection Program loans, banks should be engaging in loan modifications and additional financing for small businesses, including minority-owned ones so that they can remain in business. The interviewees also expressed their concerns and need for financial institutions to provide grants to nonprofit organizations serving LMI individuals and communities, indicating that large banks have reduced their grants to local groups in recent years.

PERFORMANCE STANDARDS AND ASSESSMENT FACTORS

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

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

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

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

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

The evaluation period included calendar years 2017, 2018, and 2019 for the lending test, and July 1, 2017 through March 31, 2020 for community development activities.

Examiners considered Dime's HMDA-reportable and small business loans in evaluating factors (2), (3) and (4) of the lending test noted below.

HMDA-reportable and small business loan data evaluated in this performance evaluation represented actual originations.

Home mortgage Consolidation Extension and Modification Agreement ("CEMA") loans are included in the Bank's HMDA-reportable loan originations from 2017 to 2019, and in the aggregate HMDA-reportable loan data for 2018 and 2019. DFS, to provide a meaningful comparison between 2017 and 2018 and 2019 for HMDA-reportable loans, combined the Bank's CEMA loans with the HMDA-reportable loans for 2017, even though CEMA loans were not HMDA-reportable until 2018.

Examiners gave greater weight to Dime's HMDA-reportable lending in this evaluation due to much higher origination volumes compared to other loan types.

At its **prior** Performance Evaluation, as of June 30, 2017, DFS assigned Dime a rating of "2", reflecting a "Satisfactory" record of helping to meet the community credit needs.

Current CRA Rating: "Satisfactory"

LENDING TEST: "High Satisfactory"

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

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

Dime's HMDA-reportable and small business lending activities were more than reasonable in light of the Bank's size, business strategy, and financial condition, as well as aggregate and peer group activity, the demographic characteristics, and credit needs of its assessment area. In addition, community development lending activities continued to be outstanding as reflected during the last two evaluations.

Lending Activity: "Outstanding"

Dime's lending activity was excellent considering its size, business strategy and financial condition, as well as the activity of its peer group and the demographic characteristics of its assessment area.

Dime's average LTD ratio for the evaluation period was 121.7%, well above the peer group's ratio of 93.3%. The Bank's quarterly average LTD ratios significantly exceeded its peer group's ratios each quarter of the evaluation period.

The following table shows the Bank's and its peer group's LTD ratios for the 12 quarters of the evaluation period.

Loan-to-Deposit Ratios													
	2017 Q1	2017 Q2	2017 Q3	2017 Q4	2018 Q1	2018 Q2	2018 Q3	2018 Q4	2019 Q1	2019 Q2	2019 Q3	2019 Q4	Avg.
Bank	122.1	126.0	130.8	122.8	118.7	119.6	118.9	120.4	119.6	120.7	120.1	121.2	121.7
Peer	93.6	94.9	95.8	95.5	94.2	94.6	94.9	94.7	94.6	89.8	88.9	87.9	93.3

Assessment Area Concentration: “Outstanding”

During the evaluation period, Dime originated 93.9% by number and 97.5% by dollar value of its total HMDA-reportable and small business loans within the assessment area. This substantial majority of lending inside of its assessment area reflects an excellent concentration of lending.

HMDA-Reportable Loans

Dime originated 94% by number and 97.6% by dollar value of its HMDA-reportable loans within the assessment area. This substantial majority of lending inside of its assessment area reflects an excellent concentration of lending.

Results were fairly consistent throughout the period. By number of loans, Dime’s HMDA-reportable loan originations within the assessment area ranged from a low of 88% to a high of 96.4%, while by dollar value ranged from a low of 95.1% to a high of 99.2%.

Small Business Loans

Dime originated 93.6% by number and 94.3% by dollar value of its small business loans within the assessment area during the evaluation period. This substantial majority of lending inside of its assessment area reflects an excellent concentration of lending within the assessment area.

Small business lending results varied during the period. By number of loans, Dime’s lending levels within the assessment area ranged from a low of 78.6% to a high of 95.7%, while by dollar value ranged from a low of 40.1% to a high of 96.6%.

The volume of small business lending was low in 2017. Renewed emphasis on small business lending and a change in product mix led to significantly increased volumes in 2018 and 2019 and much-improved assessment area concentration results for small business lending.

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

Distribution of Loans Inside and Outside of the Assessment Area										
Loan Type	Number of Loans					Loans in Dollars (in thousands)				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
HMDA-Reportable										
2017	143	95.3%	7	4.7%	150	547,155	97.9%	11,950	2.1%	559,105
2018	88	88.0%	12	12.0%	100	250,663	95.1%	12,839	4.9%	263,502
2019	160	96.4%	6	3.6%	166	301,089	99.2%	2,319	0.8%	303,408
Subtotal	391	94.0%	25	6.0%	416	1,098,907	97.6%	27,108	2.4%	1,126,015
Small Business										
2017	11	78.6%	3	21.4%	14	645	40.1%	965	59.9%	1,610
2018	45	95.7%	2	4.3%	47	16,992	96.6%	600	3.4%	17,592
2019	61	95.3%	3	4.7%	64	21,053	96.5%	753	3.5%	21,806
Subtotal	117	93.6%	8	6.4%	125	38,690	94.3%	2,318	5.7%	41,008
Grand Total	508	93.9%	33	6.1%	541	1,137,597	97.5%	29,426	2.5%	1,167,023

* DFS based its analysis of HMDA-reportable /small business lending on actual loans.

Geographic Distribution of Loans: “High Satisfactory”

Dime’s origination of loans in census tracts of varying income levels demonstrated a more than reasonable distribution of lending, primarily driven by an excellent level of HMDA-reportable lending in LMI geographies.

HMDA-Reportable Loans

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

During the evaluation period, Dime’s lending rates in LMI census tracts were 30.7% by number and 39.3% by dollar value of loans, compared to the aggregate’s lending rates of 20.5% and 24.8%, respectively. Due to a change in HMDA reporting, comparable aggregate data were used only for 2018 and 2019.¹ In addition, the level of Dime’s HMDA-reportable loans originated in LMI geographies compared favorably to the 21.2% and 18.8% demographics of owner-occupied housing units in LMI geographies, as shown in 2018 and 2019.

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

¹ Refer to explanation of applicable change in HMDA reporting at the beginning of this section.

Distribution of HMDA-Reportable Lending by Geographic Income of the Census Tract									
2017									
Geographic	Bank				Aggregate				OO HUs
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	9	6.3%	27,730	5.1%					4.0%
Moderate	36	25.2%	145,390	26.6%					17.2%
LMI	45	31.5%	173,120	31.6%					21.2%
Middle	31	21.7%	128,396	23.5%					42.2%
Upper	66	46.2%	244,439	44.7%					36.4%
Unknown	1	0.7%	1,200	0.2%					0.2%
Total	143		547,155						
2018									
Geographic	Bank				Aggregate				OO HUs
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	10	11.4%	48,250	19.2%	4,571	5.4%	6,112,595	9.3%	4.0%
Moderate	30	34.1%	99,528	39.7%	14,341	17.1%	12,672,975	19.3%	17.2%
LMI	40	45.5%	147,778	59.0%	18,912	22.5%	18,785,570	28.7%	21.2%
Middle	23	26.1%	34,382	13.7%	33,267	39.6%	15,958,285	24.4%	42.2%
Upper	25	28.4%	68,503	27.3%	31,668	37.7%	30,445,240	46.5%	36.4%
Unknown	0	0.0%	0	0.0%	177	0.2%	327,775	0.5%	0.2%
Total	88		250,663		84,024		65,516,870		
2019									
Geographic	Bank				Aggregate				OO HUs
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	11	6.9%	75,555	25.1%	4,420	3.4%	6,078,670	6.4%	2.7%
Moderate	24	15.0%	35,474	11.8%	20,866	15.9%	14,842,810	15.7%	16.1%
LMI	35	21.9%	111,029	36.9%	25,286	19.3%	20,921,480	22.2%	18.8%
Middle	63	39.4%	71,891	23.9%	60,108	45.8%	28,780,580	30.5%	46.5%
Upper	62	38.8%	118,169	39.2%	45,534	34.7%	44,160,410	46.8%	34.6%
Unknown	0	0.0%	0	0.0%	199	0.2%	458,805	0.5%	0.2%
Total	160		301,089		131,127		94,321,275		
GRAND TOTAL									
Geographic	Bank				Aggregate				OO HUs
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	30	7.7%	151,535	13.8%	8,991	4.2%	12,191,265	7.6%	
Moderate	90	23.0%	280,392	25.5%	35,207	16.4%	27,515,785	17.2%	
LMI	120	30.7%	431,927	39.3%	44,198	20.5%	39,707,050	24.8%	
Middle	117	29.9%	234,669	21.4%	93,375	43.4%	44,738,865	28.0%	
Upper	153	39.1%	431,111	39.2%	77,202	35.9%	74,605,650	46.7%	
Unknown	1	0.3%	1,200	0.1%	376	0.2%	786,580	0.5%	
Total	391		1,098,907		215,151		159,838,145		

Small Business Loans

The distribution of Dime's small business loans among census tracts of varying income levels was more than reasonable.

During the evaluation period, Dime's levels of small business lending in LMI geographies were 28.2% by number and 30.5% by dollar value of loans, compared to the aggregate's rates of lending of 28.7% and 25.3%, respectively. In addition, the rates of lending were comparable to the business demographics of about 29% of small businesses located in LMI geographies.

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

Distribution of Small Business Lending by Geographic Income of the Census Tract									
2017									
Geographic	Bank				Aggregate				Bus.Dem.
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	2	18.2%	100	15.5%	27,624	10.5%	718,570	9.1%	9.9%
Moderate	3	27.3%	200	31.0%	48,517	18.4%	1,254,785	15.9%	18.7%
LMI	5	45.5%	300	46.5%	76,141	28.9%	1,973,355	25.1%	28.6%
Middle	5	45.5%	295	45.7%	68,308	26.0%	1,837,968	23.4%	27.0%
Upper	1	9.1%	50	7.8%	113,255	43.0%	3,764,618	47.8%	41.9%
Unknown	0	0.0%	0	0.0%	5,431	2.1%	294,865	3.7%	2.5%
Total	11		645		263,135		7,870,806		
2018									
Geographic	Bank				Aggregate				Bus.Dem.
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	5	11.1%	1,882	11.1%	28,339	10.0%	742,168	9.1%	9.8%
Moderate	7	15.6%	4,020	23.7%	52,269	18.5%	1,335,424	16.4%	18.7%
LMI	12	26.7%	5,902	34.7%	80,608	28.5%	2,077,592	25.6%	28.5%
Middle	19	42.2%	2,757	16.2%	73,876	26.1%	1,910,892	23.5%	26.8%
Upper	14	31.1%	8,333	49.0%	122,704	43.3%	3,822,128	47.1%	42.2%
Unknown	0	0.0%	0	0.0%	6,008	2.1%	312,373	3.8%	2.5%
Total	45		16,992		283,196		8,122,985		
2019									
Geographic	Bank				Aggregate				Bus.Dem.
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	6	9.8%	873	4.1%	Data not available.				
Moderate	10	16.4%	4,717	22.4%					
LMI	16	26.2%	5,590	26.6%					
Middle	16	26.2%	5,085	24.2%					
Upper	28	45.9%	10,128	48.1%					
Unknown	1	1.6%	250	1.2%					
Total	61		21,053						
GRAND TOTAL									
Geographic	Bank				Aggregate				Bus.Dem.
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	13	11.1%	2,855	7.4%	55,963	10.2%	1,460,738	9.1%	
Moderate	20	17.1%	8,937	23.1%	100,786	18.4%	2,590,209	16.2%	
LMI	33	28.2%	11,792	30.5%	156,749	28.7%	4,050,947	25.3%	
Middle	40	34.2%	8,137	21.0%	142,184	26.0%	3,748,860	23.4%	
Upper	43	36.8%	18,511	47.8%	235,959	43.2%	7,586,746	47.4%	
Unknown	1	0.9%	250	0.6%	11,439	2.1%	607,238	3.8%	
Total	117		38,690		546,331		15,993,791		

Distribution by Borrower Characteristics: "Low Satisfactory"

Dime's HMDA-reportable and small business lending demonstrated an adequate distribution of loans among individuals of different income levels and businesses of different revenue sizes.

Both one-to-four family and small business lending demonstrated an adequate distribution of loans among individuals of different income levels and businesses of different revenue sizes.

One-to-four Family HMDA-Reportable Loans

Dime's HMDA-reportable lending demonstrated an adequate distribution of loans among individuals of different income levels. The analysis for one-to-four family lending only included the years 2018 and 2019 since the Bank did not engage in the one-to-four family mortgage loan origination business in 2017.²

In 2018 and 2019, Dime originated 14% by number and 4.2% by dollar value of loans to LMI borrowers, compared to the aggregate's rates of 16.1% and 8%, respectively. Dime's lending rates to LMI borrowers trailed the LMI family demographics of about 47%. The Bank's levels of lending to LMI individuals improved considerably from 2018 to 2019. In 2018, Dime made 3.8% by number of loans and 1% by dollar volume of loans to LMI individuals, while in 2019 it made 16.4% by number of loans and 5.6% by dollar volume of loans to LMI individuals.

The following table provides a summary of the distribution of Dime's one-to-four family loans by borrower income.

² Borrower income is only available for loans to natural persons.

Distribution of 1-4 Family Loans by Borrower Income									
2018									
Borrower	Bank				Aggregate				Fam.Dem.
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	0	0.0%	0	0.0%	2,339	2.9%	620,135	1.5%	31.2%
Moderate	1	3.8%	292	1.0%	7,768	9.7%	1,876,430	4.6%	16.5%
LMI	1	3.8%	292	1.0%	10,107	12.7%	2,496,565	6.2%	47.6%
Middle	2	7.7%	700	2.4%	16,858	21.1%	5,182,840	12.8%	16.5%
Upper	16	61.5%	21,207	71.4%	48,490	60.7%	28,734,170	70.9%	35.9%
Unknown	7	26.9%	7,515	25.3%	4,434	5.6%	4,128,070	10.2%	
Total	26		29,714		79,889		40,541,645		
2019									
Borrower	Bank				Aggregate				Fam.Dem.
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	2	1.8%	208	0.3%	5,129	4.0%	1,199,785	1.8%	29.8%
Moderate	16	14.5%	3,606	5.3%	18,098	14.2%	4,805,100	7.3%	16.8%
LMI	18	16.4%	3,814	5.6%	23,227	18.3%	6,004,885	9.1%	46.6%
Middle	15	13.6%	5,509	8.1%	28,730	22.6%	9,216,080	13.9%	17.5%
Upper	66	60.0%	44,830	65.8%	67,192	52.8%	43,811,540	66.2%	35.9%
Unknown	11	10.0%	14,026	20.6%	8,072	6.3%	7,163,820	10.8%	
Total	110		68,179		127,221		66,196,325		
GRAND TOTAL									
Borrower	Bank				Aggregate				Fam.Dem.
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	2	1.5%	208	0.2%	7,468	3.6%	1,819,920	1.7%	
Moderate	17	12.5%	3,898	4.0%	25,866	12.5%	6,681,530	6.3%	
LMI	19	14.0%	4,106	4.2%	33,334	16.1%	8,501,450	8.0%	
Middle	17	12.5%	6,209	6.3%	45,588	22.0%	14,398,920	13.5%	
Upper	82	60.3%	66,037	67.5%	115,682	55.9%	72,545,710	68.0%	
Unknown	18	13.2%	21,541	22.0%	12,506	6.0%	11,291,890	10.6%	
Total	136		97,893		207,110		106,737,970		

Small Business Loans

Dime's small business lending demonstrated an adequate distribution of loans among businesses of different revenue sizes.

During the evaluation period, Dime originated 41% by number and 34% by dollar value of loans to businesses with annual gross revenue of \$1 million or less, compared to the aggregate's rates of 46.3% and 31.2%, respectively. Dime's small business lending rates were lower than the business demographics of about 86% of businesses with annual gross revenue of \$1 million or less.

The Bank's rates of lending to small businesses with less than \$1 million in annual revenues were significantly higher in 2017 compared to the aggregate (albeit with considerably less loan volume) than in 2018. The Bank's results for 2019 were similar to 2018; however, aggregate results for 2019 were not available.

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

Distribution of Small Business Lending by Revenue Size of Business									
2017									
Rev. Size	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Rev. < = \$1MM	9	81.8%	495	76.7%	135,912	51.7%	2,696,742	34.3%	86.0%
Rev. > \$1MM	2	18.2%	150	23.3%	127,223		5,174,064		7.2%
Rev. Unknown	-	0.0%	0	0.0%					6.8%
Total	11		645		263,135		7,870,806		
2018									
Rev. Size	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Rev. < = \$1MM	15	33.3%	6,448	37.9%	117,254	41.4%	2,287,298	28.2%	86.2%
Rev. > \$1MM	9	20.0%	5,419	31.9%	165,942		5,835,687		7.0%
Rev. Unknown	21	46.7%	5,125	30.2%					6.8%
Total	45		16,992		283,196		8,122,985		
2019									
Rev. Size	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Rev. < = \$1MM	24	39.3%	6,200	29.4%	Data not available				
Rev. > \$1MM	27	44.3%	13,460	63.9%					
Rev. Unknown	10	16.4%	1,393	6.6%					
Total	61		21,053						
GRAND TOTAL									
Rev. Size	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Rev. < = \$1MM	48	41.0%	13,143	34.0%	253,166	46.3%	4,984,040	31.2%	
Rev. > \$1MM	38	32.5%	19,029	49.2%	293,165				
Rev. Unknown	31	26.5%	6,518	16.8%	0				
Total	117		38,690		546,331		15,993,791		

Community Development Lending: "Outstanding"

During the evaluation period, Dime originated \$209.3 million in new community development ("CD") loans and had \$180.2 million outstanding from prior evaluation periods. This demonstrated an excellent level of CD lending over the course of the evaluation period.

Dime's annualized ratio of qualified CD loans outstanding to average assets decreased from the prior evaluation but still reflected a high volume totaling \$389.5 million. While the Bank made fewer affordable housing loans during the current compared to the prior evaluation period (28 currently, 155 during the prior evaluation period), the Bank made loans for other approved community development purposes for which it had not done previously.

Community Development Loans				
	This Evaluation Period		Outstandings from Prior Evaluation Periods	
Purpose	# of Loans	\$000	# of Loans	\$000
Affordable Housing	28	82,738	74	180,188
Economic Development	6	15,645		
Community Services	7	30,568		
Revitalization & Stabilization	10	80,352		
Total	51	209,303	74	180,188

Below are highlights of Dime's community development lending.

- Dime originated an \$18.3 million loan to purchase two buildings within the assessment area. The buildings are located in LMI census tracts in Brooklyn, NY. The two properties include almost 100 affordable housing apartments with rents below the Fair Market Rent as determined by the U.S. Department of Housing and Urban Development.
- Dime originated a \$11.4 million loan to purchase a mixed-use property in a low-income census tract. The property is located in Bronx, NY, and contains two commercial office units and 118 affordable housing units.
- Dime originated an \$8.5 million loan to purchase a five-story plus basement property. The property, located in a low-income census tract in Manhattan, NY, contains 53 occupied affordable housing units.
- Dime financed a \$30 million commercial mortgage for an eight-story newly constructed building which will be leased and operated by an international hotel and co-working firm. This project, located in a moderate-income census tract, will provide jobs and foot traffic to nearby residents and small businesses, thus revitalizing and stabilizing the area.
- Dime refinanced a \$24 million commercial mortgage for two hotel properties in a moderate-income census tract. Of the 219 rooms offered by the hotels, 100 were reserved for the New York City Department of Homeless Services (DHS) to be used as temporary housing for Children's Community Services. Accordingly, approximately \$11 million, or 45.7% of the loan (the portion of the subject property reserved for DHS use) has been qualified by DFS as a Community Development loan.

Flexible and/or Innovative Lending Practices

Dime made occasional use of flexible lending practices to support community development. In August 2017, the Bank was approved as a Small Business Administration lender under the SBA 7(a) program. During the evaluation period, Dime made two SBA loans for a total of \$2.5 million to support economic development within the assessment area.

INVESTMENT TEST: “High Satisfactory”

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

- (1) The dollar amount of qualified investments;*
- (2) The innovativeness or complexity of qualified investments; and*
- (3) The responsiveness of qualified investments to the credit and community development needs of the assessment area.*

Dime’s community development investments were more than reasonable in light of the assessment area’s credit needs.

Community Development Investments: “High Satisfactory”

During the evaluation period, Dime made \$44.7 million in new community development investments and had no outstanding investments from prior evaluation periods. In addition, Dime made \$1.2 million in community development grants. This demonstrated a more than reasonable level of qualified investments over the course of the evaluation period.

The current period’s level of community development investments reflected a significant increase over the prior evaluation period level of \$4.8 million. The number of community development grants also increased significantly from the prior evaluation, although the total dollar amount declined about 37% (20% on an average annual basis).

Community Development Investments and Grants				
	This Evaluation Period		Outstandings from Prior Evaluation Periods	
CD Investments	# of Inv.	\$000	# of Inv.	\$000
Affordable Housing	12	44,664		
Economic Development				
Community Services				
Revitalization and Stabilization				
Total	12	44,664	0	0
CD Grants	# of Grants	\$000	Not Applicable	
Affordable Housing	31	336		
Economic Development	4	105		
Community Services	134	572		
Revitalization and Stabilization	7	150		
Total	176	1,163		

Below are highlights of Dime's community development investments and grants.

Community Development Investments

- Dime invested \$1 million in two NYS Housing Finance Agency bonds in 2017. The bonds financed construction of an apartment building out of which 20% (235 apartments) is reserved for households whose gross income is not more than 60% of the area median income ("AMI").
- Dime invested a total of \$7.9 million (\$3.3 million and \$4.6 million) in mortgage backed securities ("MBS") issued by Fannie Mae. These securities are backed by a pool of one-to-four family mortgages of LMI families.
- Dime invested a total of \$17.5 million in MBSs, related to a low-income housing complex that was converted to Section 8 housing for the next 40 years.
- Dime invested \$5 million in MBS issued by Freddie Mac to finance 105 housing units for low income families.

Community Development Grants

- Dime donated \$176,000 to a neighborhood organization which enables underserved individuals and families to invest in, preserve, and improve their neighborhoods and homes. The organization works in partnership with the private sector, government agencies, and local residents and businesses to provide affordable lending, financial education, and home ownership education.
- Dime donated \$150,000 to a relief organization dedicated to responding immediately to natural and man-made disasters, and helping individuals, families, and communities re-build in hard-hit areas. All of the funds provided by Dime were dedicated by this organization to Hurricane Maria disaster relief in Puerto Rico.
- Dime donated \$125,000 to a nonprofit organization dedicated to education, capacity building, and advocacy for Hispanic children and families. The organization provides academic and afterschool enrichment programs, bilingual professional development and training for family child-care educators, community leadership training for parents, and advocacy for legislation to improve access to education from birth to adulthood.
- Dime donated \$100,000 to a neighborhood housing development organization in Brooklyn which manages and develops affordable housing and provides community services and resources including tenant organizing, community outreach, a senior residential center, a senior recreation center, a hydroponic farm, a local food pantry, and liaison with city agencies.
- Dime donated \$86,000 to a high school in Brooklyn which educates young people of limited economic means by offering a rigorous curriculum, a unique work-study experience, and the support of an inclusive school community.

Innovativeness of Community Development Investments

Dime did not use innovative investments to support community development. Dime's community development investments during the evaluation period were primarily in mortgage-backed securities.

Responsiveness of Community Development Investments to Credit and Community Development Needs

Dime's community development investments exhibited adequate responsiveness to the assessment area's credit and community development needs.

SERVICE TEST: “High Satisfactory”

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

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

DFS evaluated Dime’s community development service performance pursuant to the following criteria:

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

Retail Banking Services: “Low Satisfactory”

Dime’s branch network, delivery systems, branch hours and services, and alternative delivery systems were adequate to meet the needs of LMI individuals.

Current distribution of the banking institution’s branches

Dime has an adequate distribution of branches within its assessment area. Dime currently operates 28 full-service branches in its assessment area, with Kings County having the highest number of branches (4) located in LMI geographies. Dime has no branches in New York County.

According to 2019 demographic data, LMI geographies represented 35.9% of Dime’s assessment area. In comparison, 21% (6 branches) of Dime’s 28 branches are located in LMI geographies, down from 41% (11 branches) of Dime’s 27 branches at the time of the last performance evaluation as of June 2017. However, this change in Dime’s count of branches in LMI census tracts was due almost entirely to changes in the classification of census tracts. If the classification of five census tracts had not changed, 39% of Dime’s branches would still be located in LMI geographies.

Distribution of Branches within the Assessment Area							
County	N/A #	Low #	Moderate #	Middle #	Upper #	Total #	LMI %
Bronx	0	1	0	0	0	1	100%
Kings	0	3	1	2	6	12	33%
Nassau	0	0	0	6	1	7	0%
Queens	0	0	1	3	3	7	14%
Suffolk	0	0	0	0	1	1	0%
Total	0	4	2	11	11	28	21%

Furthermore, five of Dime's branches were located within one-half mile of LMI census tracts. The five branches are in Bay Ridge (Middle Income), Bensonhurst (Upper Income), Long Island City (Middle Income), Marine Park (Middle Income), and Park Slope (Upper Income).

Record of opening and closing branches

Dime's record of opening and closing branches has not adversely affected the accessibility of its delivery systems to LMI geographies and/or LMI individuals. During the evaluation period, Dime opened one branch in an LMI census tract and closed one branch in an LMI census tract.

Availability and effectiveness of alternative systems for delivering retail services

Dime's delivery systems are adequate to meet the needs of LMI individuals. Dime offers a number of alternative delivery systems including online banking with bill payment, banking by phone and mail, mobile banking, online check reorders, direct deposit and payments, e-statements, on-line chat with customer service representatives, remote teller capability, and a call center with a multilingual staff. All branches have 24-hour ATMs, and all of Dime's ATMs offer services in Spanish as an option. The Flushing office ATM also offers Mandarin as an additional language option. There are no offsite deposit-taking ATMs.

Range of services provided

Dime's range of services was adequate to meet the convenience and accessibility needs of its assessment area, including LMI geographies and individuals.

Dime's range of services include a Visa debit card, merchant service/lockbox, notary public service, safe deposit boxes, late hours once a week (typically on Thursday or Friday) at all branches except Melville, and Saturday hours at all branches except Melville. The Melville branch is located within a business quadrangle which closes on weekends.

Community Development Services: "High Satisfactory"

Dime provided a relatively high level of community development services. In particular, Dime has been active in providing a wide range of financial education in its assessment area.

In addition, several Dime employees and members of Dime's senior management serve on the Boards or committees of various organizations lending their financial expertise and technical assistance to support small businesses, economic development, community services, and affordable housing for LMI individuals within the assessment area.

Below are highlights of Dime's community development services.

- Several Dime employees were involved in a total of 91 seminars, presentations, and workshops, either co-sponsored by the Bank or as a participant in events with community partners. Financial seminars, presentations, and workshops covered a variety of topics including careers, small business education, homebuyer education, elder abuse prevention, theft and fraud prevention, financial literacy, small business financing, and budgeting. Dime officers and staff also made presentations about the Bank's checking and savings account offerings in public schools in LMI areas or areas that have a majority of students receiving free or reduced-price lunches.
- Dime's CEO serves on the board of directors of a division of the Federal Home Loan Bank system, which provides flexible credit liquidity sources to its member banks and community lenders engaged in home mortgages and neighborhood lending. The CEO also serves as a board member of another organization that provides referrals for affordable childcare and other services to children and youth who need financial help.
- A Dime director is a founding member of an organization that works to make the legal system accessible to low-income Brooklyn residents. Each program has been established by identifying unmet legal needs in the community.
- Another Dime director is a board member of an organization that works with local businesses to improve the quality of life in central Brooklyn.
- The Bank's CRA officer serves on the fundraising committee of an organization providing high-quality legal assistance to low-income individuals and community groups in North Brooklyn.
- A Dime branch manager serves as a board member of a not-for-profit organization that creates and preserves affordable housing by providing homeownership education, financial assistance and community leadership.

Additional Factors

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

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

The board of directors reviews and approves the Bank's CRA Policy and a CRA self-assessment at least annually. On a quarterly basis, the Lending and CRA Committee of the board reviews the Bank's own CRA Report, which summarizes the Bank's activities

in lending, investments, and services, and discuss any pertinent matters related to CRA. The Lending and CRA Committee is comprised of the CRA officer and three members of the board.

Discrimination and other illegal practices

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

DFS examiners noted no practices by Dime intended to discourage applications for the types of credit offered by Dime.

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

DFS examiners noted no 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.*

Many of the Bank's employees are actively involved in various community groups, business organizations, and trade groups within the Bank's assessment area. The Bank obtains relevant information from local community leaders, government officials, community organizations, and from reports issued by government agencies.

The Bank conducts ongoing reviews of its products and services to ensure they are meeting the needs of the community.

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

Dime advertises its programs through print media, and corporate and sponsored events within its assessment area. The Bank also circulates marketing materials in Spanish throughout its assessment area.

During this evaluation period, Dime launched its residential lending program and its SBA program. Dime has also developed relationships with community groups such as the Neighborhood Housing Services of New York City ("NHSNYC") and the Long Island Housing Partnership. Through partnerships with these local nonprofit organizations, Dime sponsored or participated in events to educate the community

about the process of obtaining a mortgage.

Additionally, Dime has hosted various business/networking events at its branches to educate small business entrepreneurs on the many aspects of financing and running a business. Dime is also the lead sponsor of the Brooklyn Public Library Small Business PowerUP! Competition. Qualified Dime employees participate on panels to provide the prospective entrepreneurs with information they need to know on how best to run their businesses.

Neither Dime nor DFS received any written complaints regarding Dime's CRA performance during the evaluation period.

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

DFS examiners noted no other factors.

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.

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.

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

Small Business Loan

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

Low or Moderate Income ("LMI") Geographies

Those census tracts or block numbering areas where, according to the 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.

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.