

# **PUBLIC DISCLOSURE**

May 10, 2021

## **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

The Dime Bank  
Certificate Number: 9888

820-822 Church Street  
Honesdale, Pennsylvania 18431

Federal Deposit Insurance Corporation  
Division of Depositor and Consumer Protection  
New York Regional Office

350 Fifth Avenue, Suite 1200  
New York, New York 10118

This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion, or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

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## INSTITUTION RATING

**INSTITUTION’S CRA RATING:** This institution is rated **Outstanding**.

An institution in this group has an outstanding record of helping to meet the credit needs of its assessment areas, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

**The Lending Test is rated Outstanding.**

- The loan-to-deposit (LTD) ratio is more than reasonable given the institution’s size, financial condition, and assessment area credit needs.
- A majority of loans and other lending related activities are in the institution’s assessment areas.
- The geographic distribution of loans reflects excellent dispersion throughout the assessment areas.
- The distribution of borrowers reflects, given the demographics of the assessment areas, excellent penetration among businesses of different sizes and individuals of different income levels.
- The institution has not received any written complaints regarding its CRA performance; therefore, this criterion did not affect the Lending Test rating.

**The Community Development Test is rated Outstanding.**

The institution’s community development performance demonstrates excellent responsiveness to community development needs in its assessment areas through community development loans, qualified investments, and community development services, as appropriate, considering the institution’s capacity and the need and availability of such opportunities for community development in the institution’s assessment areas.

## DESCRIPTION OF INSTITUTION

### **Background**

The Dime Bank (Dime) is a commercial bank headquartered in Honesdale, Pennsylvania (PA). Dime is a wholly owned subsidiary of Dimeco, Inc., a one-bank holding company also headquartered in Honesdale. Dime received a CRA rating of “Satisfactory” at the prior Federal Deposit Insurance Corporation (FDIC) Performance Evaluation dated April 2, 2018, using the Interagency Intermediate Small Institution Examination Procedures.

### **Operations**

Dime operates seven full-service branches and one loan production office (LPO) in Northeastern Pennsylvania, including four branches in Wayne County, two branches in Pike County, and one branch in Lackawanna County. The LPO is in Pike County. The bank maintains ATMs at all seven branch locations. All of these ATMs, with the exception of the Hawley branch that located in a

middle-income census tract in Wayne County, accept deposits. The bank offers loan products including commercial, home mortgage, and consumer loans as well as a variety of deposit services including checking and savings accounts.

***COVID-19 Response***

In light of the COVID-19 pandemic, Dime provided retail banking accommodations and lending flexibilities to respond to the community and credit needs in the assessment areas. While branch lobbies were closed, the bank continued to individually assist customers using its drive thru in lieu of meeting customers face-to-face, and ensured alternative methods of communication (via phone or secured email) were available to customers. In addition, the bank suspended excessive transaction and overdraft fees to allow customers access to their funds as efficiently as possible. The bank also provided flexibilities in making loan payments to over 600 residential and commercial customers through various deferment, modification, or forbearance loan programs. Further, Dime donated a section of its Honesdale operations center to the Wayne Memorial Hospital to use as a COVID-19 vaccination site.

**Ability and Capacity**

Bank assets totaled \$934.0 million as of March 31, 2021, which includes total loans of \$683.8 million and total securities of \$178.5 million. Dime reported total deposits of \$743.7 million. Since the prior evaluation, total assets, loans, and deposits have increased by 42.5 percent, 34.2 percent, and 50.9 percent, respectively.

The following table illustrates Dime’s loan portfolio as of March 31, 2021:

<b>Loan Portfolio Distribution as of March 31, 2021</b>		
<b>Loan Category</b>	<b>\$(000s)</b>	<b>%</b>
Construction, Land Development, and Other Land Loans	33,369	4.8
Secured by Farmland	2,700	0.4
Secured by 1-4 Family Residential Properties	111,368	16.3
Secured by Multifamily (5 or more) Residential Properties	14,995	2.2
Secured by Nonfarm Nonresidential Properties	303,572	44.4
<b>Total Real Estate Loans</b>	<b>466,004</b>	<b>68.1</b>
Commercial and Industrial Loans	192,916	28.2
Agricultural Production and Other Loans to Farmers	505	0.1
Consumer Loans	10,511	1.5
Obligations of State and Political Subdivisions in the U.S.	13,529	2.0
Other Loans	3,914	0.6
Less: Unearned Income	(3,585)	(0.5)
<b>Total Loans</b>	<b>683,794</b>	<b>100.0</b>
<i>Source Reports of Condition and Income</i>		

The loan portfolio composition remained consistent since the prior evaluation. Commercial loans continue to represent the majority of the loan portfolio (72.6 percent) followed by residential real estate loans (18.5 percent). Dime sells a portion of its home mortgage loans on the secondary

market. During the evaluation period, Dime sold 259 home mortgage loans totaling approximately \$40.9 million.

Examiners did not identify any financial, legal, or other impediments that affect the bank's ability to meet assessment area credit needs.

## **DESCRIPTION OF ASSESSMENT AREAS**

The Community Reinvestment Act (CRA) requires each financial institution to define one or more assessment areas within which its supervisory agency will evaluate its CRA performance. Dime designates two contiguous assessment areas. The PA Non-Metropolitan Statistical Area (MSA) assessment area includes Wayne County and five census tracts in the northeast portion of Lackawanna County. The Newark, New Jersey (NJ)-PA Metropolitan Division (MD) assessment area, includes Pike County, PA. The bank did not change the assessment areas since the prior evaluation.

Please refer to the separate assessment area sections for additional details on the activity in those areas.

### **Community Contact**

As part of the evaluation process, examiners contact third parties active in the assessment area to assist in identifying the credit and community development needs of the community. This information helps examiners determine whether local financial institutions are responsive to those needs.

For this evaluation, examiners contacted a representative of an organization focused on neighborhood revitalization efforts and affordable housing in Northeastern Pennsylvania, including Wayne, Lackawanna, and Pike counties. This contact addressed the needs in both of the bank's assessment areas. The contact identified a significant need for financing for affordable housing lending and home improvement loans. The contact highlighted the need for more first-time homebuyer programs and down-payment assistance to help pay closing costs, citing the increased first-time homebuyer demand due to low interest rates. The contact also emphasized that a majority of the housing stock in the area is older and in need of rehabilitation which contributes to a need for home improvement loans, particularly small-dollar home improvement loans. Overall, the contact indicated that local financial institutions have been responsive to the credit and community development needs of the communities within the assessment areas.

### **Credit and Community Development Needs and Opportunities**

Considering information from the community contact, bank management, and demographic and economic data, examiners determined that flexible home loan products are a primary credit need within both of the assessment areas. In addition, affordable housing programs, programs designed to assist first-time homebuyers with closing costs, and home improvement loans are community development needs.

## SCOPE OF EVALUATION

### **General Information**

This evaluation covers the period from the prior evaluation dated April 2, 2018, to the current evaluation dated May 10, 2021. Examiners used the Interagency Intermediate Small Institution Examination Procedures to evaluate Dime's CRA performance. These procedures include the Lending Test and Community Development Test. Please refer to the Appendices for a complete description of these tests.

Examiners performed a full-scope review for both assessment areas. The PA Non-MSA assessment area contributed more weight to overall ratings and conclusions than the Newark, NJ-PA MD assessment area, as a majority of Dime's loans, branches, and deposits are within this assessment area.

### **Activities Reviewed**

Examiners determined Dime's major product lines are small business and home mortgage loans. This conclusion considered the bank's business strategy, as well as the number and dollar volume of loans originated during the evaluation. Since the volume of small business and home mortgage loans originated during the review period was relatively similar, both products received equal weight when arriving at overall conclusions. The bank originated a low volume of farm and consumer loans during the evaluation period. This evaluation did not consider consumer or small farm loans, as neither represented a major product line.

Dime was not required to collect or report small business lending data during the review period; however, the bank collected sufficient data for analysis. Examiners analyzed Dime's small business loans for 2018, 2019, and 2020. The bank originated 182 loans totaling \$20.9 million in 2018, 313 loans totaling \$36.0 million in 2019, and 839 loans totaling \$88.9 million in 2020. The increase in small business loans in 2020 reflects Dime's participation in the Small Business Administration's (SBA's) Paycheck Protection Program (PPP). Examiners reviewed D&B demographic data for comparison purposes.

Examiners also analyzed all home mortgage loans reported on Dime's 2018, 2019, and 2020 Home Mortgage Disclosure Act (HMDA) loan application registers. Home mortgage loans include purchase money mortgage, refinance, and home improvement loans. The bank reported 275 loans totaling \$31.7 million in 2018, 308 loans totaling \$30.6 million in 2019, and 378 loans totaling \$81.6 million in 2020. Examiners compared the bank's 2018 and 2019 home mortgage lending data to 2018 and 2019 aggregate data, respectively. Aggregate data consists of all institutions subject to HMDA data collection requirements that reported loans within Dime's assessment areas. Aggregate data was not available for 2020 as of this review. Examiners also compared the bank's home mortgage lending data for all three years to the 2015 American Community Survey (ACS) data for additional standards of comparison.

While the evaluation presents both the number and dollar volume of loans, examiners emphasized performance based on number of loans because the number of loans is a better indicator of the number of businesses and individuals served.

For the Community Development Test, bank management provided data on community development loans, qualified investments, and community development services for the evaluation period, from April 2, 2018 to May 10, 2021. The tables present the bank's community development activities for each year there was activity.

## **CONCLUSIONS ON PERFORMANCE CRITERIA**

### **LENDING TEST**

The institution's overall Lending Test performance is rated "Outstanding." Dime's excellent performance under the Loan-to-Deposit Ratio, Geographic Distribution, and Borrower Profile criteria supports this rating. Dime's overall performance was consistent across the PA Non-MSA and Newark, NJ-PA MD assessment areas.

This section presents the institution's overall performance under the Lending Test. Separate presentations for the individual assessment areas are included in subsequent sections.

#### **Loan-to-Deposit Ratio**

The LTD ratio is more than reasonable given the institution's size, financial condition, and assessment area credit needs. Dime's LTD ratio, calculated from Call Report data, averaged 94.5 percent over the past 12 calendar quarters from June 30, 2018 to March 31, 2021. The LTD ratio fluctuated during the evaluation period, ranging from a low of 90.6 percent as of June 30, 2019 to a high of 100.4 percent as of June 30, 2018. The bank's average LTD ratio is similar to the 95.6 percent average LTD ratio reported at the prior evaluation.

As of March 31, 2021, Dime's net LTD ratio of 92.0 percent exceeds its Uniform Bank Performance Report peer group's ratio of 72.3 percent. Dime's peer group consists of all insured commercial banks having assets between \$300.0 million and \$1.0 billion.

Dime also maintained a more than reasonable average net LTD ratio compared to that of similarly situated institutions, as shown in the table below. Examiners selected these institutions based on geographic location, lending focus, and asset size.

Loan-to-Deposit Ratio Comparison		
Bank	Total Assets as of 3/31/2021 (\$000s)	Average Net LTD Ratio (%)
The Dime Bank	934.0	94.5
FNCB Bank	1,495.0	79.2
Mauch Chunk Trust Company	538.3	61.8
The Honesdale National Bank	848.2	86.8
<i>Source Reports of Condition and Income 6/30/2018 – 3/31/2021</i>		

### Assessment Area Concentration

A majority of loans and other lending related activities are in the bank's assessment areas. The following table shows the assessment area concentration of small business and home mortgage loans by number and dollar volume.

Lending Inside and Outside of the Assessment Areas										
Loan Category	Number of Loans				Total #	Dollar Amount of Loans \$(000s)				Total \$(000s)
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
Small Business										
2018	140	76.9	42	23.1	182	12,736	60.8	8,209	39.2	20,945
2019	212	67.7	101	32.3	313	15,690	43.6	20,304	56.4	35,994
2020	563	67.1	276	32.9	839	36,078	40.6	52,847	59.4	88,925
<b>Subtotal</b>	<b>915</b>	<b>68.6</b>	<b>419</b>	<b>31.4</b>	<b>1,334</b>	<b>64,504</b>	<b>44.2</b>	<b>81,359</b>	<b>55.8</b>	<b>145,864</b>
Home Mortgage										
2018	240	87.3	35	12.7	275	26,894	84.9	4,780	15.1	31,674
2019	243	78.9	65	21.1	308	23,029	75.2	7,594	24.8	30,622
2020	298	78.8	80	21.2	378	61,643	75.6	19,929	24.4	81,572
<b>Subtotal</b>	<b>781</b>	<b>81.3</b>	<b>180</b>	<b>18.7</b>	<b>961</b>	<b>111,566</b>	<b>77.5</b>	<b>32,302</b>	<b>22.5</b>	<b>143,868</b>
<b>Total</b>	<b>1,696</b>	<b>73.9</b>	<b>599</b>	<b>26.1</b>	<b>2,295</b>	<b>176,070</b>	<b>60.8</b>	<b>113,662</b>	<b>39.2</b>	<b>289,732</b>
<i>Source Bank Data. Due to rounding, totals may not equal 100.0%</i>										

The volume of small business loans significantly increased in 2020 due to the bank's participation in SBA's PPP. In 2020, the bank originated 599 PPP loans totaling \$72.8 million in response to the COVID-19 pandemic. Of these PPP loans, 376 loans totaling \$22.8 million were in the assessment area. PPP loans helped small businesses with expenses related to payroll, rent, and utilities. While the above table reflects most of these loans, the bank presented 23 PPP loans totaling \$7.0 million made in 2020 as community development loans under the Community Development Test. Examiners also considered additional PPP loans originated in 2021 under the Community Development Test.



## **Geographic Distribution**

The geographic distribution of loans reflects excellent dispersion throughout the assessment areas. Dime's excellent performance of home mortgage lending in both assessment areas and excellent performance of small business lending in the Newark, NJ-PA MD assessment area support this conclusion. Examiners focused on the number of loans in moderate-income census tracts, as neither assessment area contains low-income census tracts. Separate presentations for the individual assessment areas are included in subsequent sections.

## **Borrower Profile**

The distribution of borrowers reflects, given the demographics of the assessment areas, excellent penetration among businesses of different sizes and individuals of different income levels. Dime's excellent performance of small business and home mortgage lending in both assessment areas support this conclusion. Examiners focused on the number of small business loans to businesses with gross annual revenues (GARs) of \$1.0 million or less and home mortgage loans to low- and moderate-income borrowers. Separate presentations for the individual assessment areas are included in subsequent sections.

## **Response to Complaints**

Dime did not receive any CRA-related complaints since the previous evaluation; therefore, this criterion did not affect the Lending Test rating.

## **COMMUNITY DEVELOPMENT TEST**

The institution's overall Community Development Test performance is rated "Outstanding." Dime's community development performance demonstrates excellent responsiveness to community development needs in its assessment areas through community development loans, qualified investments, and community development services. Dime's overall performance was consistent across the PA Non-MSA and Newark, NJ-PA MD assessment areas. Examiners considered the bank's capacity and the need and availability of community development opportunities within the assessment areas.

This section presents the institution's overall performance under the Community Development Test. Separate presentations for the individual assessment areas are included in subsequent sections.

## **Community Development Loans**

During the evaluation period, Dime originated 158 community development loans totaling \$36.7 million within its assessment areas and the broader statewide or regional area. This level of activity represents 4.9 percent of average total assets and 6.5 percent of average total loans since the prior evaluation. At the prior evaluation, Dime originated 36 community development loans totaling \$18.3 million. Since the prior evaluation, the volume of community development loans significantly increased, largely due to the bank's participation in the SBA's PPP. The following

table illustrates the bank’s community development lending activity by assessment area and purpose.

<b>Community Development Lending by Assessment Area</b>										
<b>Assessment Area</b>	<b>Affordable Housing</b>		<b>Community Services</b>		<b>Economic Development</b>		<b>Revitalize or Stabilize</b>		<b>Totals</b>	
	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>
PA Non-MSA	7	528	13	13,258	6	1,267	43	3,333	<b>69</b>	<b>18,386</b>
Newark, NJ-PA MD	0	0	3	559	2	103	45	11,142	<b>50</b>	<b>11,804</b>
Statewide/Regional	0	0	0	0	2	67	37	6,475	<b>39</b>	<b>6,542</b>
<b>Total</b>	<b>7</b>	<b>528</b>	<b>16</b>	<b>13,817</b>	<b>10</b>	<b>1,437</b>	<b>125</b>	<b>20,950</b>	<b>158</b>	<b>36,732</b>
<i>Source Bank Data</i>										

Since Dime was responsive to community development needs and opportunities within its assessment areas, examiners considered community development loans that benefitted the broader regional and statewide area. Below are notable examples of community development loans that benefitted the broader regional or statewide area:

- In 2019, the bank originated two commercial loans totaling \$562,500 and a \$40,000 letter of credit for purchasing an existing supermarket that was closing due to the previous owner’s retirement. The supermarket, which is in a middle-income census tract, is the only supermarket in the local area and serves residents in a neighboring underserved nonmetropolitan middle-income census tract and a moderate-income census tract. These credits revitalize and stabilize the area by retaining the area residents and by creating additional jobs for low- and moderate-income individuals.
- Dime participates in the Federal Home Loan Bank (FHLB) of Pittsburgh’s Banking on Business (BOB) loan program. BOB funding helps eligible small businesses that lack sufficient equity or cash flow to meet lending standards. In addition to BOB loans originated in the assessment areas, the bank originated two BOB loans totaling \$66,500 that benefitted businesses operating outside of the assessment area within the statewide area.
- In 2020 and 2021, the bank originated 34 PPP loans to businesses located outside the assessment areas but within the statewide or regional area. These loans helped finance small businesses that revitalize or stabilize low- and moderate-income areas.

For additional details on community development loans, please refer to the individual assessment area sections.

**Qualified Investments**

During the evaluation period, Dime made 209 qualified investments totaling over \$5.0 million. This volume includes 5 prior period investments with an outstanding balance of nearly \$4.2 million and 204 qualified grants and donations totaling \$850,255. Qualified investments equates to 0.7 percent of average assets and 4.0 percent of average securities since the prior evaluation. Dime’s level of qualified investments remained consistent since the prior evaluation. At the prior

evaluation, Dime had 4 prior period investments totaling \$3.5 million, 2 new qualified investments totaling \$2.7 million, and 67 donations totaling \$287,000. The following table illustrates the bank’s qualified investment activity by assessment area and purpose.

<b>Qualified Investments by Assessment Area</b>										
<b>Assessment Area</b>	<b>Affordable Housing</b>		<b>Community Services</b>		<b>Economic Development</b>		<b>Revitalize or Stabilize</b>		<b>Totals</b>	
	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>
PA Non-MSA	4	1,810	116	1,174	13	24	2	20	<b>135</b>	<b>3,028</b>
Newark, NJ-MD	2	1	53	120	6	9	1	2	<b>62</b>	<b>132</b>
Statewide/Regional	3	1,816	9	37	0	0	0	0	<b>12</b>	<b>1,853</b>
<b>Total</b>	<b>9</b>	<b>3,627</b>	<b>178</b>	<b>1,331</b>	<b>19</b>	<b>33</b>	<b>3</b>	<b>22</b>	<b>209</b>	<b>5,013</b>
<i>Source Bank Data</i>										

During the evaluation period, Dime did not make any new qualified investments. Bank management noted that finding investment opportunities targeted to its assessment areas has been challenging, but they continue to seek investment opportunities. Bank management focused on meeting community needs by providing a higher volume of grants and donations to qualified community development organizations. As such, there was a significant increase in grants and donations during the evaluation period.

The bank’s qualified donations for this evaluation period more than doubled since the prior evaluation. As mentioned above, Dime made 67 qualified donations totaling \$287,000 during the prior evaluation period. During this evaluation period, Dime made 204 qualified donations totaling \$850,255 to 78 community development organizations. The bank made 133 donations totaling \$680,885 within the PA Non-MSA assessment area; 62 donations totaling \$132,720 within the Newark, NJ-PA MD assessment area; and 9 donations totaling \$36,650 within the broader regional and statewide area. This level of activity demonstrates Dime’s commitment to addressing community development needs within the assessment areas and regional/statewide area.

For additional details on qualified investments and donations, please refer to the individual assessment areas.

**Community Development Services**

During the evaluation period, Dime’s staff provided 3,934 hours of financial expertise or technical assistance to 40 different community development-related organizations in the assessment areas. Dime’s level of community development service increased since the prior evaluation. While the bank did not document its community development service via hours during the prior evaluation period, Dime did report 87 instances at 32 different community development organizations. The following table illustrates the bank’s community development service hours by assessment area and purpose:

<b>Community Development Service Hours by Assessment Area</b>					
<b>Assessment Area</b>	<b>Affordable Housing</b>	<b>Community Services</b>	<b>Economic Development</b>	<b>Revitalize or Stabilize</b>	<b>Totals</b>
	<b>#</b>	<b>#</b>	<b>#</b>	<b>#</b>	<b>#</b>
PA Non-MSA	138	2,202	477	303	<b>3,120</b>
Newark, NJ-PA MD	0	279	535	0	<b>814</b>
<b>Total</b>	<b>138</b>	<b>2,481</b>	<b>1,012</b>	<b>303</b>	<b>3,934</b>
<i>Source Bank Data</i>					

In addition to the community development service hours provided, the bank operates two branch offices in moderate-income census tracts in each of the PA Non-MSA and Newark, NJ-PA MD assessment areas. These four branches provide banking services to the high level of low- and moderate-income individuals and families in the assessment areas.

For additional details on community development services, please refer to the individual assessment areas.

### **DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW**

Examiners reviewed the bank’s compliance with the laws relating to discrimination and other illegal credit practices, including the Fair Housing Act and the Equal Credit Opportunity Act. Examiners did not identify any discriminatory or other illegal credit practices; therefore, this consideration did not affect the institution’s overall CRA rating

## **PENNSYLVANIA NONMETROPOLITAN STATEWIDE AREA – Full-Scope Review**

### **DESCRIPTION OF INSTITUTION’S OPERATIONS IN PENNSYLVANIA NON-MSA AREA**

#### **Economic and Demographic Data**

Dime designated Wayne County, located in a Non-MSA area #99999, and five contiguous census tracts in Lackawanna County, located in the Scranton--Wilkes-Barre, PA MSA #42540 as an assessment area. The portion of this assessment area located in Lackawanna County does not extend substantially beyond the non-MSA area. Dime operates five branch offices within this assessment area; four are in Wayne County and one is in Lackawanna County. Two branches are in moderate-income census tracts, two branches are in middle-income census tracts, and one branch is in an upper-income census tract.

There are 19 census tracts within the PA Non-MSA assessment area. The tracts reflect the following income designations according to 2015 American Community Survey (ACS) data:

- 0 low-income census tracts,
- 4 moderate-income census tracts,
- 14 middle-income census tracts,
- 1 upper-income census tract, and
- 0 census tracts with no income designation.

The following table shows the demographic information for the assessment area.

<b>Demographic Information of the PA Non-MSA Assessment Area</b>						
<b>Demographic Characteristics</b>	<b>#</b>	<b>Low % of #</b>	<b>Moderate % of #</b>	<b>Middle % of #</b>	<b>Upper % of #</b>	<b>NA* % of #</b>
Geographies (Census Tracts)	19	0.0	21.1	73.7	5.3	0.0
Population by Geography	66,174	0.0	19.8	74.8	5.4	0.0
Housing Units by Geography	38,941	0.0	17.2	76.4	6.4	0.0
Owner-Occupied Units by Geography	19,551	0.0	16.5	76.3	7.2	0.0
Occupied Rental Units by Geography	5,997	0.0	41.7	56.1	2.2	0.0
Vacant Units by Geography	13,393	0.0	7.2	85.7	7.1	0.0
Businesses by Geography	5,478	0.0	25.1	70.2	4.7	0.0
Farms by Geography	267	0.0	4.9	83.1	12.0	0.0
Family Distribution by Income Level	16,852	17.3	18.5	22.8	41.4	0.0
Household Distribution by Income Level	25,548	22.9	15.6	18.5	43.1	0.0
Median Family Income – 99999 Non-MSAs - PA		\$56,172	Median Housing Value			\$166,352
Median Family Income - 42540 Scranton--Wilkes-Barre, PA MSA		\$59,887	Median Gross Rent			\$744
			Families Below Poverty Level			9.0%
<i>Source 2015 ACS and 2020 D&amp;B Data. Due to rounding, totals may not equal 100.0%</i>						
<i>(*) The NA category consists of geographies that have not been assigned an income classification.</i>						

There are 38,941 total housing units in the assessment area. Of these, 50.2 percent are owner-occupied, 15.4 percent are occupied rental units, and 34.4 percent are vacant. The Geographic Distribution criterion compares home mortgage loans to the distribution of owner-occupied housing units. As shown above, 16.5 percent of the total owner-occupied housing units are located in moderate-income census tracts. This data reflects the opportunities lenders have to originate home mortgage loans within this income geography.

Examiners used the FFIEC-updated median family income level to analyze home mortgage loans under the Borrower Profile criterion. The following table illustrates the income categories for the Non-MSA and MSA within the assessment area for 2019 and 2020.

<b>Median Family Income Ranges</b>				
<b>Median Family Incomes</b>	<b>Low &lt;50%</b>	<b>Moderate 50% to &lt;80%</b>	<b>Middle 80% to &lt;120%</b>	<b>Upper ≥120%</b>
<b>PA Non-MSA Median Family Income (99999)</b>				
2018 (\$60,500)	<\$30,250	\$30,250 to <\$48,400	\$48,400 to <\$72,600	≥\$72,600
2019 (\$63,200)	<\$31,600	\$31,600 to <\$50,560	\$50,560 to <\$75,840	≥\$75,840
2020 (\$64,900)	<\$32,450	\$32,450 to <\$51,920	\$51,920 to <\$77,880	≥\$77,880
<b>Scranton--Wilkes-Barre, PA MSA Median Family Income (42540)</b>				
2018 (\$66,700)	<\$33,350	\$33,350 to <\$53,360	\$53,360 to <\$80,040	≥\$80,040
2019 (\$67,000)	<\$33,500	\$33,500 to <\$53,600	\$53,600 to <\$80,400	≥\$80,400
2020 (\$71,700)	<\$35,850	\$35,850 to <\$57,360	\$57,360 to <\$86,040	≥\$86,040
<i>Source FFIEC</i>				

The Geographic Distribution criterion for small business lending compares small business loans to the distribution of businesses within the assessment area, while the Borrower Profile criterion considers the GARs of these businesses. According to 2020 D&B data, there were 5,478 businesses within the assessment area. The GARs of these businesses are as follows:

- 88.3 percent have GARs of \$1.0 million or less,
- 3.6 percent have GARs of more than \$1.0 million, and
- 8.1 percent have unreported GARs.

Service industries represent the largest percent of businesses at 35.8 percent, followed by non-classifiable establishments (17.2 percent); retail trade (13.0 percent); construction (10.0 percent); and finance, industry, and real estate (7.1 percent). Within the assessment area, 66.1 percent of businesses have four or less employees, and 92.6 percent of businesses operate from a single location. This information reflects the potential demand for, and the opportunity to originate, small business loans in the assessment area.

According to PA’s Department of Labor & Industry, top employers within Wayne County include Wayne County Memorial Hospital Association, Wayne Highlands School District, and Wal-Mart Associates, Inc.

The following table details the unemployment data from the Bureau of Labor Statistics for the assessment area and related areas. The 2020 unemployment rates increased due to the COVID-19 pandemic.

<b>Unemployment Rates</b>			
<b>Area</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
	<b>%</b>	<b>%</b>	<b>%</b>
Lackawanna County, PA	4.4	4.9	7.2
Wayne County, PA	5.0	5.6	7.0
State of PA	4.0	4.4	6.9
National Average	3.9	3.6	6.7
<i>Source Bureau of Labor Statistics</i>			

**Competition**

The PA Non-MSA assessment area is a moderately competitive market for financial and credit services. According to the FDIC Summary of Deposits as of June 30, 2020, there were 11 FDIC-insured institutions operating 27 branch offices within the assessment area. Of these institutions, Dime ranked 1<sup>st</sup> with both a 29.5 percent market share of total deposits and 22.2 percent market share by total branches.

Dime is not required to collect or report its small business loan data, and it has not elected to do so. Therefore, the analysis of small business loans under the Lending Test does not include aggregate data comparisons. The aggregate data, however, reflects the level of demand for small business loans and is therefore included. Aggregate data for 2019 shows that 51 institutions reported 938 small business loans in Wayne County, indicating a moderate degree of competition for this product.

There is a moderate level of competition for home mortgage loans among the banks, credit unions, and non-depository mortgage lenders. According to 2019 Peer Mortgage Data, there are 208 mortgage lenders operating within the PA Non-MSA assessment area. Dime ranked 2<sup>nd</sup> with an 8.4 percent market share by number of home mortgages originated and/or purchased. The top home mortgage lender in the assessment area was The Honesdale National Bank with a 10.2 percent market share.

**CONCLUSIONS ON PERFORMANCE CRITERIA IN PENNSYLVANIA  
NON-MSA AREA**

**LENDING TEST**

Dime demonstrated excellent performance under the Lending Test within the PA Non-MSA assessment area. The bank’s excellent performance in the Geographic Distribution and Borrower Profile criteria supports this conclusion.

**Geographic Distribution**

The geographic distribution of loans reflects excellent dispersion throughout the PA Non-MSA assessment area. Dime’s excellent performance of home mortgage lending supports this conclusion.



Examiners focused on the number of loans in moderate-income census tracts, as the assessment area does not contain low-income tracts.

### ***Small Business Loans***

The geographic distribution of small business loans reflects reasonable dispersion throughout the assessment area. As shown in the following table in 2018 and 2019, the bank’s dispersion of small business loans in moderate-income census tracts was similar to 2018 demographic data and trailed 2019 demographic data. In 2020, while Dime’s percentage of loans made in moderate-income census tracts continued to trail the demographics, the bank significantly increased its volume of loans in such tracts. This increase is primarily the result of the bank originating 69 PPP loans totaling \$3.8 million in moderate-income census tracts in the assessment area.

<b>Geographic Distribution of Small Business Loans</b>					
<b>PA Non-MSA Assessment Area</b>					
<b>Tract Income Level</b>	<b>% of Businesses</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
<b>Low</b>					
2018	0.0	0	0.0	0	0.0
2019	0.0	0	0.0	0	0.0
2020	0.0	0	0.0	0	0.0
<b>Moderate</b>					
2018	27.0	29	28.2	3,888	42.2
2019	25.7	34	20.6	3,176	26.7
2020	25.1	86	21.5	6,068	24.2
<b>Middle</b>					
2018	68.3	65	63.1	4,981	54.0
2019	69.7	112	67.9	6,836	57.4
2020	70.2	283	70.8	17,317	69.2
<b>Upper</b>					
2018	4.6	9	8.7	353	3.8
2019	4.7	19	11.5	1,901	16.0
2020	4.7	31	7.8	1,651	6.6
<b>Totals</b>					
<b>2018</b>	<b>100.0</b>	<b>103</b>	<b>100.0</b>	<b>9,222</b>	<b>100.0</b>
<b>2019</b>	<b>100.0</b>	<b>165</b>	<b>100.0</b>	<b>11,914</b>	<b>100.0</b>
<b>2020</b>	<b>100.0</b>	<b>400</b>	<b>100.0</b>	<b>25,036</b>	<b>100.0</b>
<i>Source 2018, 2019 &amp; 2020 D&amp;B Data and Bank Data. Due to rounding, totals may not equal 100.0%</i>					

### ***Home Mortgage Loans***

The geographic distribution of home mortgage loans reflects excellent dispersion throughout the assessment area. As shown in the following table, the bank’s dispersion of home mortgage loans in

moderate-income census tracts in 2018 and 2019 exceeded aggregate and demographic data. The bank's performance in such tracts slightly declined in 2020, but was similar to demographic data.

Market share data supports the bank's excellent performance. Of the 208 HMDA reporters that made loans in the assessment area in 2019, only 64 made loans in a moderate-income census tract. Dime ranked 2<sup>nd</sup> in lending in moderate-income census tracts with an 11.0 percent market share. The top ranked lender in such census tracts was The Honesdale National Bank with a slightly higher market share of 12.7 percent.

<b>Geographic Distribution of Home Mortgage Loans</b>						
<b>PA Non-MSA Assessment Area</b>						
<b>Tract Income Level</b>	<b>% of Owner-Occupied Housing Units</b>	<b>Aggregate Performance % of #</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
<b>Low</b>						
2018	0.0	0.0	0	0.0	0	0.0
2019	0.0	0.0	0	0.0	0	0.0
2020	0.0	0.0	0	0.0	0	0.0
<b>Moderate</b>						
2018	16.5	12.9	26	17.1	1,900	12.4
2019	16.5	14.4	31	18.8	1,978	12.8
2020	16.5	--	28	15.2	3,093	11.6
<b>Middle</b>						
2018	76.3	81.4	114	75.0	11,893	77.7
2019	76.3	80.1	108	65.5	11,343	73.4
2020	76.3	--	134	72.8	20,649	77.3
<b>Upper</b>						
2018	7.2	5.6	12	7.9	1,516	9.9
2019	7.2	5.5	26	15.8	2,142	13.9
2020	7.2	--	22	12.0	2,955	11.1
<b>Totals</b>						
<b>2018</b>	<b>100.0</b>	<b>100.0</b>	<b>152</b>	<b>100.0</b>	<b>15,309</b>	<b>100.0</b>
<b>2019</b>	<b>100.0</b>	<b>100.0</b>	<b>165</b>	<b>100.0</b>	<b>15,463</b>	<b>100.0</b>
<b>2020</b>	<b>100.0</b>	<b>--</b>	<b>184</b>	<b>100.0</b>	<b>26,697</b>	<b>100.0</b>
<i>Source 2015 ACS; Bank Data, 2018 &amp; 2019 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%</i>						

### **Borrower Profile**

The distribution of borrowers reflects excellent penetration among businesses of different sizes and individuals of different income levels. The bank's excellent performance of small business and home mortgage lending supports this conclusion. Examiners focused on the number of small business loans to businesses with GARs of \$1.0 million or less and the number of home mortgage loans to low- and moderate-income borrowers.

### ***Small Business Loans***

The distribution of borrowers reflects, given the demographics of the assessment area, excellent penetration among businesses of different sizes. The following table shows that the bank’s performance of lending to businesses with GARs of \$1 million or less in 2018 and 2019 exceeded the respective demographic data. In 2020, the bank’s performance of lending to such businesses significantly trailed demographic data. This is due to the large volume of small business loans without revenue information. All 252 small business loans originated without GAR information in 2020 were PPP loans. The collection of GAR information is not required on PPP loans. The Revenue Not Available level on GAR for 2020 reflects these loans. Overall, the bank’s performance of lending to businesses with GARs of \$1.0 million or less during the review period reflects excellent performance.

<b>Distribution of Small Business Loans by Gross Annual Revenue Category</b>					
<b>PA Non-MSA Assessment Area</b>					
<b>Gross Revenue Level</b>	<b>% of Businesses</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
<b>&lt;=\$1,000,000</b>					
2018	85.3	98	95.1	7,851	85.1
2019	86.6	159	96.4	10,263	86.2
2020	88.3	143	35.8	10,246	40.9
<b>&gt;\$1,000,000</b>					
2018	4.7	5	4.9	1,371	14.9
2019	4.2	6	3.6	1,650	13.9
2020	3.6	5	1.3	1,980	7.9
<b>Revenue Not Available</b>					
2018	10.0	0	0.0	0	0.0
2019	9.2	0	0.0	0	0.0
2020	8.1	252	63.0	12,810	51.2
<b>Totals</b>					
<b>2018</b>	<b>100.0</b>	<b>103</b>	<b>100.0</b>	<b>9,222</b>	<b>100.0</b>
<b>2019</b>	<b>100.0</b>	<b>165</b>	<b>100.0</b>	<b>11,913</b>	<b>100.0</b>
<b>2020</b>	<b>100.0</b>	<b>400</b>	<b>100.0</b>	<b>25,036</b>	<b>100.0</b>

*Source 2018, 2019 & 2020 D&B Data and Bank Data. Due to rounding, totals may not equal 100.0%*

### ***Home Mortgage Loans***

The distribution of home mortgage loans to individuals of different income levels, including low- and moderate-income borrowers, is excellent. As shown in the following table, the penetration of home mortgage loans to low-income borrowers in 2018 and 2019 trailed demographic data, but exceeded aggregate lending data. In 2020, the distribution of home mortgage loans to low-income borrowers declined and trailed demographic data. A low-income family in the assessment area is not likely to qualify for a mortgage under conventional underwriting standards considering the median housing value of \$166,352. Therefore, the opportunities for lending to low-income families

are limited. This helps explain the difference between bank and aggregate performance of lending to low-income borrowers compared to the percentage of families at this income level.

The bank's penetration of home mortgage loans to moderate-income borrowers in 2018 and 2019 exceeded aggregate lending data and was similar to demographic data. In 2020, the bank's performance to moderate-income borrowers trailed demographic data. According to the community contact, the demand for home mortgages has increased due to low interest rates; however, there continues to be a need for down payment and closing cost assistance. As a result, many low- and moderate-income families with limited financial reserves may have difficulty qualifying for a conventional mortgage loan.

Market share data supports the bank's excellent performance. Of the 208 HMDA reporters that made loans in the assessment area in 2019, only 39 made loans to a low-income borrower. Dime was the top lender in providing loans to low-income borrowers with a 13.7 percent market share. The other top four lenders, which collectively had a 29.4 percent market share, included nationwide mortgage corporations and a regional financial institution. With regard to lending to moderate-income borrowers, Dime ranked 2<sup>nd</sup> out of 67 lenders with a market share of 10.2 percent in 2019. The top ranked lender to such borrowers was The Honesdale National Bank with a market share of 13.7 percent. Overall, Dime was a leading lender to low- and moderate-income borrowers in 2019.

<b>Distribution of Home Mortgage Loans by Borrower Income Level</b>						
<b>PA Non-MSA Assessment Area</b>						
<b>Borrower Income Level</b>	<b>% of Families</b>	<b>Aggregate Performance % of #</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
<b>Low</b>						
2018	17.3	6.1	11	7.2	783	5.1
2019	17.3	5.2	14	8.5	599	3.9
2020	17.3	--	10	5.4	489	1.8
<b>Moderate</b>						
2018	18.5	16.3	27	17.8	1,936	12.6
2019	18.5	14.9	30	18.2	2,513	16.2
2020	18.5	--	14	7.6	1,099	4.1
<b>Middle</b>						
2018	22.8	20.3	35	23.0	2,887	18.9
2019	22.8	20.6	36	21.8	2,826	18.3
2020	22.8	--	43	23.4	5,201	19.5
<b>Upper</b>						
2018	41.4	45.2	65	42.8	8,197	53.5
2019	41.4	46.4	67	40.6	7,466	48.3
2020	41.4	--	95	51.6	14,882	55.7
<b>Not Available</b>						
2018	0.0	12.1	14	9.2	1,507	9.8
2019	0.0	12.8	18	10.9	2,060	13.3
2020	0.0	--	22	12.0	5,026	18.8
<b>Totals</b>						
<b>2018</b>	<b>100.0</b>	<b>100.0</b>	<b>152</b>	<b>100.0</b>	<b>15,309</b>	<b>100.0</b>
<b>2019</b>	<b>100.0</b>	<b>100.0</b>	<b>165</b>	<b>100.0</b>	<b>15,463</b>	<b>100.0</b>
<b>2020</b>	<b>100.0</b>	<b>--</b>	<b>184</b>	<b>100.0</b>	<b>26,697</b>	<b>100.0</b>

*Source 2015 ACS; Bank Data, 2018 & 2019 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%*

## COMMUNITY DEVELOPMENT TEST

Dime demonstrated excellent responsiveness to the community development needs of its assessment area through community development loans, qualified investments, and community development services. Examiners considered the institution's capacity and the need and availability of such opportunities.

## Community Development Loans

Dime originated 69 community development loans totaling \$18.4 million during the evaluation period. The following table illustrates the bank’s community development lending activity within the assessment area by year and purpose.

<b>Community Development Lending PA Non-MSA Assessment Area</b>										
<b>Activity Year</b>	<b>Affordable Housing</b>		<b>Community Services</b>		<b>Economic Development</b>		<b>Revitalize or Stabilize</b>		<b>Totals</b>	
	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>
2018	1	68	9	7,423	5	367	0	0	<b>15</b>	<b>7,858</b>
2019	3	173	3	5,760	1	900	0	0	<b>7</b>	<b>6,833</b>
2020	2	201	0	0	0	0	1	60	<b>3</b>	<b>261</b>
YTD 2021	1	86	1	75	0	0	42	3,273	<b>44</b>	<b>3,434</b>
<b>Total</b>	<b>7</b>	<b>528</b>	<b>13</b>	<b>13,258</b>	<b>6</b>	<b>1,267</b>	<b>43</b>	<b>3,333</b>	<b>69</b>	<b>18,386</b>
<i>Source Bank Data</i>										

The following is a sample of community development loans that benefit the assessment area.

- In 2018, the bank originated a \$90,000 loan to purchase an existing business within a moderate-income census tract. The purpose of this loan was for economic development, as the funds will enable the new owner to expand the business, creating additional permanent job opportunities.
- In 2018, the bank originated a \$2.0 million loan to a school district located in a moderate-income census tract. The school district used loan proceeds to fund working capital expenditures. The school district consists primarily of low- and moderate-income students, as a majority of its students receive free or reduced-priced lunches. This loan supports community service within the assessment area.
- In 2019, the bank made two loans totaling \$137,700 for the purchase of four affordable housing units located in a moderate-income census tract. These units are for households in partnership with the Wayne County Housing Authority, which provides rental assistance to extremely low-income persons or families who wish to live in privately owned housing. These loans support affordable housing in the assessment area.
- In 2021, the bank originated 42 PPP loans totaling nearly \$3.3 million to businesses located in moderate-income census tracts. These loans revitalize or stabilize moderate-income areas within the assessment area by supporting and maintaining businesses struggling during the COVID-19 pandemic.

## Qualified Investments

During the evaluation period, Dime made 135 qualified investments totaling over \$3.0 million benefitting this assessment area. This total includes 2 prior period investments totaling over \$2.3

million and 133 donations totaling \$680,885. The following table illustrates the bank’s qualified investment activity within the assessment area by investment type and purpose:

<b>Qualified Investments PA Non-MSA Assessment Area</b>										
<b>Investment Type</b>	<b>Affordable Housing</b>		<b>Community Services</b>		<b>Economic Development</b>		<b>Revitalize or Stabilize</b>		<b>Totals</b>	
	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>
Prior Period Investment	1	1,808	1	539	0	0	0	0	2	2,347
Qualified Grants & Donations	3	2	115	635	13	24	2	20	133	681
<b>Total</b>	<b>4</b>	<b>1,810</b>	<b>116</b>	<b>1,174</b>	<b>13</b>	<b>24</b>	<b>2</b>	<b>20</b>	<b>135</b>	<b>3,028</b>

*Source Bank Data*

Below are notable examples of the bank’s qualified investments and donations benefitting the assessment area.

- Prior to the evaluation period, the bank purchased a general obligation bond from Wayne County. The county used bond funds to finance capital projects benefitting and providing community services to low- and moderate-income residents. The bond has an outstanding balance of \$538,642.
- During the evaluation period, the bank donated \$90,000 through the Pennsylvania Earned Income Tax Credit (EITC) program to a community organization for the purpose of community services. This donation funded the materials and resources to implement a financial literacy program in several of the school districts located in moderate-income neighborhoods within the assessment area.
- During the evaluation period, the bank donated \$8,000 to a local economic development organization. This community organization offers a variety of economic development initiatives to support growth, job creation and retention within the assessment area.
- In 2020, the bank contributed \$10,000 for renovations to a local YMCA, which serves a primarily moderate-income area. The bank made the donation through the Neighborhood Assistance Program (NAP), a tax credit program through the Pennsylvania Department of Community and Economic Development. To qualify as an approved NAP project, the project must serve distressed areas or support neighborhood conservation by revitalizing or stabilizing low- and moderate-income areas.

**Community Development Services**

During the evaluation period, Dime staff provided 3,120 hours of financial expertise or technical assistance to 33 different community development-related organizations within the PA Non-MSA assessment area. The following table illustrates the bank’s community development service hours by year and purpose.

<b>Community Development Service Hours PA Non-MSA Assessment Area</b>					
<b>Activity Year</b>	<b>Affordable Housing</b>	<b>Community Services</b>	<b>Economic Development</b>	<b>Revitalize or Stabilize</b>	<b>Totals</b>
	<b>#</b>	<b>#</b>	<b>#</b>	<b>#</b>	<b>#</b>
2018	25	601	174	86	<b>886</b>
2019	70	611	147	92	<b>920</b>
2020	43	990	156	125	<b>1,314</b>
YTD 2021	0	0	0	0	<b>0</b>
<b>Total</b>	<b>138</b>	<b>2,202</b>	<b>477</b>	<b>303</b>	<b>3,120</b>
<i>Source Bank Data. Bank management did not provide YTD 2021 community development service hours.</i>					

Below are notable examples of the bank’s qualified service activities in the assessment area:

- A member of senior management serves on the board of directors for a local economic development organization, which runs a small business incubator and provides small business financing. The organization provides technical support, business assistance, financial resources, and facilities to entrepreneurs and small businesses working with technology applications or innovative products or processes. The bank employee contributes financial expertise and assists with reviewing loan applications for small business financing.
- Several bank employees serve in various capacities for a local community organization serving the Honesdale community. Bank employees serve as secretaries and board members, contributing their financial expertise and leadership skills in organizing and managing projects that benefit the community throughout the year.
- A member of senior management serves on the Income Committee of a local non-profit that provides community services to low- and moderate-income individuals. This non-profit distributes funds to provide services to families and individuals to help them achieve greater self-sufficiency. The bank employee contributes financial expertise by reviewing applications for financial aid and making recommendations for approval to the non-profit’s board of directors.



## NEWARK, NJ-PA MD – Full-Scope Review

### DESCRIPTION OF INSTITUTION’S OPERATIONS IN NEWARK, NJ-PA MD

#### **Economic and Demographic Data**

Dime designated all 18 census tracts in Pike County, one of seven counties in the Newark, NJ-PA MD #35084, as an assessment area. The bank operates two branch offices within this assessment area; both are in moderate-income census tracts.

There are 18 census tracts within the Newark, NJ-PA MD assessment area. For 2018, the tracts reflect the following income designations according to 2015 ACS data:

- 0 low-income census tracts,
- 14 moderate-income census tracts,
- 4 middle-income census tracts,
- 0 upper-income census tracts, and
- 0 census tracts with no income designation.

The census tract delineation of the Newark, NJ-PA MD changed in September 2018 and became effective for CRA purposes in January 2019. As a result, Pike County’s tract income designations also changed. For 2019 and 2020, the tracts reflect the following income designations according to 2015 ACS data:

- 0 low-income census tracts,
- 11 moderate-income census tracts,
- 7 middle-income census tracts,
- 0 upper-income census tracts, and
- 0 census tracts with no income designation.

The following table shows the demographic information for the assessment area.

<b>Demographic Information of the Newark, NJ-PA MD Assessment Area</b>						
<b>Demographic Characteristics</b>	<b>#</b>	<b>Low % of #</b>	<b>Moderate % of #</b>	<b>Middle % of #</b>	<b>Upper % of #</b>	<b>NA* % of #</b>
Geographies (Census Tracts)	18	0.0	61.1	38.9	0.0	0.0
Population by Geography	56,632	0.0	53.2	46.8	0.0	0.0
Housing Units by Geography	38,513	0.0	54.6	45.4	0.0	0.0
Owner-Occupied Units by Geography	17,720	0.0	54.3	45.7	0.0	0.0
Occupied Rental Units by Geography	3,359	0.0	55.9	44.1	0.0	0.0
Vacant Units by Geography	17,434	0.0	54.6	45.4	0.0	0.0
Businesses by Geography	4,411	0.0	51.4	48.6	0.0	0.0
Farms by Geography	126	0.0	53.2	46.8	0.0	0.0
Family Distribution by Income Level	15,207	30.5	24.0	23.3	22.2	0.0
Household Distribution by Income Level	21,079	30.1	20.7	20.4	28.8	0.0
Median Family Income - 35084 Newark, NJ-PA MD	\$90,570	Median Housing Value				\$191,593
Families Below Poverty Level		7.1%	Median Gross Rent			\$1,131

*Source 2015 ACS and 2020 D&B Data. Due to rounding, totals may not equal 100.0%  
 (\*) The NA category consists of geographies that have not been assigned an income classification.*

There are 38,513 total housing units in the assessment area. Of these, 46.0 percent are owner-occupied, 8.7 percent are occupied rental units, and 45.3 percent are vacant. The Geographic Distribution criterion compares home mortgage loans to the distribution of owner-occupied housing units. As shown above, 54.3 percent of the total owner-occupied housing units are located in moderate-income census tracts. This data reflects the opportunities lenders have to originate home mortgage loans within this income geography.

Examiners used the FFIEC-updated median family income level to analyze home mortgage loans under the Borrower Profile criterion. The following table illustrates the income categories for the MD for 2018, 2019, and 2020.

<b>Median Family Income Ranges</b>				
<b>Median Family Incomes</b>	<b>Low &lt;50%</b>	<b>Moderate 50% to &lt;80%</b>	<b>Middle 80% to &lt;120%</b>	<b>Upper ≥120%</b>
<b>Newark, NJ-PA MD Median Family Income (35084)</b>				
2018 (\$100,700)	<\$50,350	\$50,350 to <\$80,560	\$80,560 to <\$120,840	≥\$120,840
2019 (\$98,600)	<\$49,300	\$49,300 to <\$78,880	\$78,880 to <\$118,320	≥\$118,320
2020 (\$103,200)	<\$51,600	\$51,600 to <\$82,560	\$82,560 to <\$123,840	≥\$123,840

*Source FFIEC*

The Geographic Distribution criterion compares small business loans to the distribution of businesses within the assessment area, while the Borrower Profile criterion considers the GARs of these businesses. According to the 2020 D&B data, there were 4,411 businesses within the assessment area. The GARs of these businesses are as follows:

- 91.2 percent have GARs of \$1.0 million or less,
- 2.4 percent have GARs of more than \$1.0 million, and
- 6.4 percent have unreported GARs.

Service industries represent the largest percent of businesses at 35.2 percent, followed by non-classifiable establishments (23.2 percent); retail trade (10.0 percent); construction (9.8 percent); and finance, industry, and real estate (7.7 percent). Within the assessment area, 63.0 percent of businesses have four or less employees, and 94.5 percent of businesses operate from a single location. This information reflects the potential demand for, and the opportunity to originate, small business loans in the assessment area.

According to PA's Department of Labor & Industry, top employers within Pike County include Delaware Valley and Wallenpaupack Area School Districts, Woodloch Pines, Inc., and Wal-Mart Associates, Inc.

Data obtained from the U.S. Bureau of Labor and Statistics indicates that the PA statewide unemployment rates for year-end 2018, 2019, and 2020 were 4.0 percent, 4.4 percent, and 6.9 percent, respectively. The nationwide unemployment rates were similar during the same period. The unemployment rates for Pike County for year-end 2018, 2019, and 2020 were slightly higher than the statewide average, at 5.2 percent, 5.8 percent, and 7.5 percent, respectively. The 2020 unemployment rates increased due to the COVID-19 pandemic.

### **Competition**

The Newark, NJ-PA MD assessment area is a moderately competitive market for financial and credit services. According to the FDIC Summary of Deposits as of June 30, 2020, there were 7 FDIC-insured institutions operating 14 branch offices within the assessment area. Of these institutions, Dime ranked 3rd with a 14.7 percent market share by total deposits and 14.3 percent market share by total branches.

As previously mentioned, the analysis of small business loans under the Lending Test does not include aggregate data comparisons as the bank is not required to collect and report the data. The aggregate data, however, reflects the level of demand for small business loans and is therefore included. Aggregate data for 2019 shows that 47 institutions reported 1,102 small business loans in the assessment area, indicating a moderate degree of competition for this product.

There is a moderate level of competition for home mortgage loans among the banks, credit unions, and non-depository mortgage lenders. According to 2019 Peer Mortgage Data, there are 256 mortgage lenders operating within the Newark, NJ-PA MD assessment area. Dime ranked 8<sup>th</sup> with a 3.1 percent market share by number of home mortgages originated and/or purchased. The top three home mortgage lenders in the assessment area were Wells Fargo Bank, NA; Quicken Loans; and CBNA, which collectively reported 20.3 percent of all home mortgage loans in the assessment area.

## **CONCLUSIONS ON PERFORMANCE CRITERIA IN NEWARK, NJ-PA MD**

### **LENDING TEST**

Dime demonstrated excellent performance under the Lending Test within the Newark, NJ-PA MD assessment area. The bank's excellent performance in the Geographic Distribution and Borrower Profile criteria supports this conclusion.

#### **Geographic Distribution**

The geographic distribution of loans reflects excellent dispersion throughout the Newark, NJ-PA MD assessment area. Dime's excellent performance of small business and home mortgage lending supports this conclusion. Examiners focused on the number of loans in moderate-income census tracts. The assessment area does not contain low- and upper-income census tracts.

#### ***Small Business Loans***

The geographic distribution of small business loans reflects excellent dispersion throughout the assessment area. As shown in the following table in 2018 and 2019, the bank's dispersion of small business loans in moderate-income census tracts exceeded 2018 demographic data. While the bank's performance trailed demographic data in 2019, Dime's percentage of loans made in moderate-income census tracts exceeded demographic data in 2020. The increase in volume is the result of the bank originating 103 PPP loans totaling \$4.9 million in moderate-income census tracts in 2020.

<b>Geographic Distribution of Small Business Loans</b>					
<b>Newark, NJ-PA MD Assessment Area</b>					
<b>Tract Income Level</b>	<b>% of Businesses</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
<b>Low</b>					
2018	0.0	0	0.0	0	0.0
2019	0.0	0	0.0	0	0.0
2020	0.0	0	0.0	0	0.0
<b>Moderate</b>					
2018	67.5	33	89.2	3,452	98.2
2019	51.4	19	40.4	1,537	40.7
2020	51.4	114	69.9	7,586	68.7
<b>Middle</b>					
2018	32.5	4	10.8	62	1.8
2019	48.6	28	59.6	2,240	59.3
2020	48.6	49	30.1	3,456	31.3
<b>Upper</b>					
2018	0.0	0	0.0	0	0.0
2019	0.0	0	0.0	0	0.0
2020	0.0	0	0.0	0	0.0
<b>Not Available</b>					
2018	0.0	0	0.0	0	0.0
2019	0.0	0	0.0	0	0.0
2020	0.0	0	0.0	0	0.0
<b>Totals</b>					
<b>2018</b>	<b>100.0</b>	<b>37</b>	<b>100.0</b>	<b>3,514</b>	<b>100.0</b>
<b>2019</b>	<b>100.0</b>	<b>47</b>	<b>100.0</b>	<b>3,777</b>	<b>100.0</b>
<b>2020</b>	<b>100.0</b>	<b>163</b>	<b>100.0</b>	<b>11,042</b>	<b>100.0</b>
<i>Source 2018, 2019 &amp; 2020 D&amp;B Data and Bank Data. Due to rounding, totals may not equal 100.0%</i>					

### ***Home Mortgage Loans***

The geographic distribution of home mortgage loans reflects excellent dispersion throughout the assessment area. As shown in the following table, the bank's dispersion of home mortgage loans in moderate-income census tracts in 2018 exceeded aggregate lending data and demographic data. In 2019, the bank's performance slightly exceeded the aggregate lending data and slightly trailed demographic data. The bank's performance in such tracts increased in 2020 and exceeded demographic data.

Market share data supports the bank's excellent performance. Of the 256 HMDA reporters that made loans in the assessment area in 2019, 194 made loans in a moderate-income census tract. Dime ranked 6<sup>th</sup> in lending in moderate-income census tracts with a 3.3 percent market share. The top five lenders,

which collectively had a 26.5 percent market share, were all nationwide lenders including Quicken Loans and Wells Fargo Bank, NA. Dime was the top ranked community bank.

<b>Geographic Distribution of Home Mortgage Loans</b>						
<b>Newark, NJ-PA MD Assessment Area</b>						
<b>Tract Income Level</b>	<b>% of Owner-Occupied Housing Units</b>	<b>Aggregate Performance % of #</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
<b>Low</b>						
2018	0.0	0.0	0	0.0	0	0.0
2019	0.0	0.0	0	0.0	0	0.0
2020	0.0	0.0	0	0.0	0	0.0
<b>Moderate</b>						
2018	76.6	75.7	76	86.4	9,750	84.2
2019	54.3	48.4	40	51.3	3,136	41.4
2020	54.3	--	69	60.5	28,052	80.3
<b>Middle</b>						
2018	23.4	24.3	23.4	13.6	23.4	15.8
2019	45.7	51.6	45.7	48.7	45.7	58.6
2020	45.7	--	45.7	39.5	45.7	19.7
<b>Upper</b>						
2018	0.0	0.0	0	0.0	0	0.0
2019	0.0	0.0	0	0.0	0	0.0
2020	0.0	0.0	0	0.0	0	0.0
<b>Not Available</b>						
2018	0.0	0.0	0	0.0	0	0.0
2019	0.0	0.0	0	0.0	0	0.0
2020	0.0	0.0	0	0.0	0	0.0
<b>Totals</b>						
<b>2018</b>	<b>100.0</b>	<b>100.0</b>	<b>88</b>	<b>100.0</b>	<b>11,585</b>	<b>100.0</b>
<b>2019</b>	<b>100.0</b>	<b>100.0</b>	<b>78</b>	<b>100.0</b>	<b>7,566</b>	<b>100.0</b>
<b>2020</b>	<b>100.0</b>	<b>--</b>	<b>114</b>	<b>100.0</b>	<b>34,946</b>	<b>100.0</b>

*Source 2015 ACS; Bank Data, 2018 & 2019 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%*

### **Borrower Profile**

The distribution of borrowers reflects excellent penetration among businesses of different sizes and individuals of different income levels. The bank's excellent performance of small business and home mortgage lending support this conclusion. Examiners focused on the number of small business loans to businesses with GARs of \$1.0 million or less and number of home mortgage loans to low- and moderate-income borrowers.

### ***Small Business Loans***

The distribution of borrowers reflects, given the demographics of the assessment area, excellent penetration among businesses of different sizes. The following table shows that the bank’s performance of lending to businesses with GARs of \$1 million or less in 2018 and 2019 exceeded the respective demographic data. In 2020, the bank’s performance of lending to such businesses significantly trailed demographic data. This is due to the large volume of small business loans without revenue information. All 123 small business loans originated without GAR information in 2020 were PPP loans. As previously mentioned, the collection of GAR information is not required on PPP loans. The Revenue Not Available level on GAR for 2020 reflects these loans. Overall, the bank’s performance of lending to businesses with GARs of \$1.0 million or less during the review period reflects excellent performance.

<b>Distribution of Small Business Loans by Gross Annual Revenue Category</b>					
<b>Newark, NJ-PA MD Assessment Area</b>					
<b>Gross Revenue Level</b>	<b>% of Businesses</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
<b>&lt;=\$1,000,000</b>					
2018	88.5	35	94.6	2,977	84.7
2019	89.4	46	97.9	3,723	98.6
2020	91.2	39	23.9	4,368	39.6
<b>&gt;\$1,000,000</b>					
2018	3.2	2	5.4	537	15.3
2019	2.9	1	2.1	54	1.4
2020	2.4	1	0.6	900	8.2
<b>Revenue Not Available</b>					
2018	8.3	0	0.0	0	0.0
2019	7.7	0	0.0	0	0.0
2020	6.4	123	75.5	5,774	52.3
<b>Totals</b>					
<b>2018</b>	<b>100.0</b>	<b>37</b>	<b>100.0</b>	<b>3,514</b>	<b>100.0</b>
<b>2019</b>	<b>100.0</b>	<b>47</b>	<b>100.0</b>	<b>3,777</b>	<b>100.0</b>
<b>2020</b>	<b>100.0</b>	<b>163</b>	<b>100.0</b>	<b>11,042</b>	<b>100.0</b>
<i>Source 2018, 2019 &amp; 2020 D&amp;B Data and Bank Data. Due to rounding, totals may not equal 100.0%</i>					

### ***Home Mortgage Loans***

The distribution of home mortgage loans to individuals of different income levels, including low- and moderate-income borrowers, is excellent. As shown in the following table, the penetration of home mortgage loans to low-income borrowers in 2018 was similar to aggregate data and trailed demographic data. However, in 2019, the bank’s performance of lending to low-income borrowers increased, greatly exceeding aggregate lending data, and was similar to demographic data. In 2020, the distribution of home mortgage loans to low-income borrowers trailed demographic data. A low-income family in the assessment area is not likely to qualify for a mortgage under conventional underwriting standards considering the median housing value of \$191,593. Therefore, the

opportunities for lending to low-income families are limited. This helps explain the difference between bank and aggregate performance of lending to low-income borrowers compared to the percentage of families at this income level.

The bank's penetration of home mortgage loans to moderate-income borrowers in 2018 exceeded aggregate lending and demographic data. In 2019, the bank's performance to moderate-income borrowers was slightly below aggregate lending and demographic data. In 2020, the bank's performance to moderate-income borrowers continued to trail demographic data. According to the community contact, the demand for home mortgages has increased due to low interest rates; however, there continues to be a need for down payment and closing cost assistance. As the demand for housing continued to increase in 2020, housing costs have increased, making it even more difficult for a low- or moderate- income family to qualify for a mortgage

Market share data supports the bank's excellent performance. Of the 256 HMDA reporters that made loans in the assessment area in 2019, only 87 made loans to a low-income borrower. Dime ranked 2<sup>nd</sup> in lending to low-income borrowers with a 6.2 percent market share. The top ranked lender to such borrowers was Quicken Loans with a market share of 11.4 percent. With regard to lending to moderate-income borrowers, Dime ranked 10<sup>th</sup> out of 128 lenders with a market share of 2.9 percent in 2019. The top five lenders, which collectively had a 31.6 percent market share, were all nationwide or regional mortgage corporations and national banks including Quicken Loans and CBNA. Overall, Dime was a leading community lender to low- and moderate-income borrowers in 2019.



<b>Distribution of Home Mortgage Loans by Borrower Income Level</b>						
<b>Newark, NJ-PA MD Assessment Area</b>						
<b>Borrower Income Level</b>	<b>% of Families</b>	<b>Aggregate Performance % of #</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
<b>Low</b>						
2018	30.5	17.5	15	17.0	920	7.9
2019	30.5	14.7	23	29.5	1,258	16.6
2020	30.5	--	17	14.9	1,477	4.2
<b>Moderate</b>						
2018	24.0	23.8	23	26.1	2,052	17.7
2019	24.0	23.1	17	21.8	902	11.9
2020	24.0	--	23	20.2	2,293	6.6
<b>Middle</b>						
2018	23.3	20.6	14	15.9	1,559	13.5
2019	23.3	20.6	8	10.3	705	9.3
2020	23.3	--	28	24.6	4,251	12.2
<b>Upper</b>						
2018	22.2	22.5	22	25.0	3,833	33.1
2019	22.2	25.2	24	30.8	3,933	52.0
2020	22.2	--	31	27.2	6,859	19.6
<b>Not Available</b>						
2018	0.0	15.6	14	15.9	3,221	27.8
2019	0.0	16.3	6	7.7	769	10.2
2020	0.0	--	15	13.2	20,066	57.4
<b>Totals</b>						
<b>2018</b>	<b>100.0</b>	<b>100.0</b>	<b>88</b>	<b>100.0</b>	<b>11,585</b>	<b>100.0</b>
<b>2019</b>	<b>100.0</b>	<b>100.0</b>	<b>78</b>	<b>100.0</b>	<b>7,566</b>	<b>100.0</b>
<b>2020</b>	<b>100.0</b>	<b>--</b>	<b>114</b>	<b>100.0</b>	<b>34,946</b>	<b>100.0</b>

*Source 2015 ACS; Bank Data, 2018 & 2019 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%*

## **COMMUNITY DEVELOPMENT TEST**

Dime demonstrated excellent responsiveness to the community development needs of its assessment area through community development loans, qualified investments, and community development services. Examiners considered the institution's capacity and the need and availability of such opportunities.

**Community Development Loans**

Dime originated 50 community development loans totaling \$11.8 million during the evaluation period. The following table illustrates the bank’s community development lending activity within the assessment area by year and purpose.

<b>Community Development Lending Newark, NJ-PA MD Assessment Area</b>										
<b>Activity Year</b>	<b>Affordable Housing</b>		<b>Community Services</b>		<b>Economic Development</b>		<b>Revitalize or Stabilize</b>		<b>Totals</b>	
	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>
2018	0	0	0	0	1	50	0	0	<b>1</b>	<b>50</b>
2019	0	0	2	409	0	0	0	0	<b>2</b>	<b>409</b>
2020	0	0	1	150	1	53	1	4,173	<b>3</b>	<b>4,376</b>
YTD 2021	0	0	0	0	0	0	44	6,969	<b>44</b>	<b>6,969</b>
<b>Total</b>	<b>0</b>	<b>0</b>	<b>3</b>	<b>559</b>	<b>2</b>	<b>103</b>	<b>45</b>	<b>11,142</b>	<b>50</b>	<b>11,804</b>
<i>Source Bank Data</i>										

The following is a sample of community development loans that benefit the assessment area.

- In 2020, the bank originated a \$150,000 loan to a non-profit environmental education center located within the assessment area. The organization used the funds for working capital expenditures. This non-profit serves as an educational center and eco-tourist attraction, hosting school field trips, educational family vacations, and other environmentally focused programming. This loan supports the bank’s community service efforts, as a majority of the students and families are low- or moderate-income in the assessment area.
- In 2020, the bank originated a \$53,000 loan for the purchase and renovation of a commercial building to a new business. This loan supports economic development, as the company plans to hire several employees, and the renovation project plans include creating rental office space for use by other small businesses in the community.
- In 2021, the bank originated a \$5.0 million loan to the local municipal government. The purpose of this loan is revitalization, as funds will be used to construct, renovate, and improve county infrastructure for a predominantly moderate-income assessment area.
- In 2020 and 2021, the bank originated 44 PPP loans totaling \$6.1 million to businesses located in moderate-income census tracts. These loans revitalize or stabilize moderate-income areas within the assessment area by supporting businesses struggling during the COVID-19 pandemic.

**Qualified Investments**

The bank did not make any new qualified equity investments nor maintain any prior period investments that specifically benefit this assessment area. However, Dime made 62 qualified grants and donations totaling \$132,720 to community development organizations that serve this

assessment area during the evaluation period. The bank primarily donated to non-profit organizations that provide community development services to low- and moderate-income individuals. The following table shows the bank’s community development investments by purpose.

<b>Qualified Investments Newark, NJ-PA MD Assessment Area</b>										
<b>Investment Type</b>	<b>Affordable Housing</b>		<b>Community Services</b>		<b>Economic Development</b>		<b>Revitalize or Stabilize</b>		<b>Totals</b>	
	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>
Qualified Grants & Donations	2	1	53	120	6	9	1	3	<b>62</b>	<b>133</b>
<b>Total</b>	<b>2</b>	<b>1</b>	<b>53</b>	<b>120</b>	<b>6</b>	<b>9</b>	<b>1</b>	<b>3</b>	<b>62</b>	<b>133</b>
<i>Source Bank Data</i>										

Below are notable examples of the bank’s qualified donations that benefit the assessment area.

- During the evaluation period, the bank donated \$15,000 through the Pennsylvania Earned Income Tax Credit (EITC) Program to support the financial literacy educational programming for K-12 students in the local school districts. The bank’s donations support an online stock market challenge, which is a regional competition among area school districts that teaches students how to invest in stocks, make stock market trades, analyze markets, and build stock market portfolios. The majority of students at the schools are low- and moderate-income.
- During the evaluation period, the bank donated \$4,000 to a local economic development organization that serves small businesses within the assessment area.
- During the evaluation period, the bank made donations totaling \$2,400 to a local community organization that provides community services in the assessment area, which is primarily moderate-income. This organization focuses on community needs in areas such as social services, education, arts and culture, neighborhood and community development, youth issues, historic preservation and the environment, and health and wellness. The purpose of these donations was community services. In 2020, the bank’s donation supported COVID-19 aid.
- In 2021, the bank donated \$2,500 to a COVID-19 relief fund for hospitality and restaurant workers employed by a restaurant or hospitality business located in the assessment area. The purpose of this donation was community services.

### **Community Development Services**

During the evaluation period, Dime staff provided 814 hours of financial expertise or technical assistance to eight different community development-related organizations within the assessment area. The following table illustrates the bank’s community development service hours by year and purpose.

<b>Community Development Service Hours Newark, NJ-PA MD Assessment Area</b>					
<b>Activity Year</b>	<b>Affordable Housing</b>	<b>Community Services</b>	<b>Economic Development</b>	<b>Revitalize or Stabilize</b>	<b>Totals</b>
	<b>#</b>	<b>#</b>	<b>#</b>	<b>#</b>	<b>#</b>
2018	0	184	55	0	<b>239</b>
2019	0	50	100	0	<b>150</b>
2020	0	45	380	0	<b>425</b>
YTD 2021	0	0	0	0	<b>0</b>
<b>Total</b>	<b>0</b>	<b>279</b>	<b>535</b>	<b>0</b>	<b>814</b>
<i>Source Bank Data. Bank management did not provide YTD 2021 community development service hours.</i>					

Below are notable examples of the bank’s community development service activities in the assessment area.

- A member of senior management serves as the Treasurer and provides financial expertise to an organization focused on economic development. This organization advocates for economic growth, industry, local business, and enhancing the quality of life for the region.
- A bank employee volunteered in partnership with the local agency on aging to provide information on elder financial abuse and answer questions from area senior citizens. Individuals that benefited from this service were primarily low- and moderate-income.
- A member of senior management serves as a board member for a non-profit that provides community services targeted to low- and moderate-income individuals. The individual contributes financial expertise by helping to organize and coordinate fundraising events, which raise funds for food pantries and affordable housing assistance.

## APPENDICES

### INTERMEDIATE SMALL BANK PERFORMANCE CRITERIA

#### **Lending Test**

The Lending Test evaluates the bank's record of helping to meet the credit needs of its assessment area(s) by considering the following criteria:

- 1) The bank's loan-to-deposit ratio, adjusted for seasonal variation, and, as appropriate, other lending-related activities, such as loan originations for sale to the secondary markets, community development loans, or qualified investments;
- 2) The percentage of loans, and as appropriate, other lending-related activities located in the bank's assessment area(s);
- 3) The geographic distribution of the bank's loans;
- 4) The bank's record of lending to and, as appropriate, engaging in other lending-related activities for borrowers of different income levels and businesses and farms of different sizes; and
- 5) The bank's record of taking action, if warranted, in response to written complaints about its performance in helping to meet credit needs in its assessment area(s).

#### **Community Development Test**

The Community Development Test considers the following criteria:

- 1) The number and amount of community development loans;
- 2) The number and amount of qualified investments;
- 3) The extent to which the bank provides community development services; and
- 4) The bank's responsiveness through such activities to community development lending, investment, and service needs.

## GLOSSARY

**Aggregate Lending:** The number of loans originated and purchased by all reporting lenders in specified income categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the metropolitan area/assessment area.

**American Community Survey (ACS):** A nationwide United States Census survey that produces demographic, social, housing, and economic estimates in the form of five year estimates based on population thresholds.

**Area Median Income:** The median family income for the MSA, if a person or geography is located in an MSA; or the statewide nonmetropolitan median family income, if a person or geography is located outside an MSA.

**Assessment Area:** A geographic area delineated by the bank under the requirements of the Community Reinvestment Act.

**Census Tract:** A small, relatively permanent statistical subdivision of a county or equivalent entity. The primary purpose of census tracts is to provide a stable set of geographic units for the presentation of statistical data. Census tracts generally have a population size between 1,200 and 8,000 people, with an optimum size of 4,000 people. Census tract boundaries generally follow visible and identifiable features, but they may follow nonvisible legal boundaries in some instances. State and county boundaries always are census tract boundaries.

**Combined Statistical Area (CSA):** A combination of several adjacent metropolitan statistical areas or micropolitan statistical areas or a mix of the two, which are linked by economic ties.

**Community Development:** For loans, investments, and services to qualify as community development activities, their primary purpose must:

- (1) Support affordable housing for low- and moderate-income individuals;
- (2) Target community services toward low- and moderate-income individuals;
- (3) Promote economic development by financing small businesses or farms; or
- (4) Provide activities that revitalize or stabilize low- and moderate-income geographies, designated disaster areas, or distressed or underserved nonmetropolitan middle-income geographies.

**Community Development Corporation (CDC):** A CDC allows banks and holding companies to make equity type of investments in community development projects. Institution CDCs can develop innovative debt instruments or provide near-equity investments tailored to the development needs of the community. Institution CDCs are also tailored to their financial and marketing needs. A CDC may purchase, own, rehabilitate, construct, manage, and sell real property. Also, it may make equity or debt investments in development projects and in local businesses. The CDC activities are expected to directly benefit low- and moderate-income groups, and the investment dollars should not represent an undue risk on the banking organization.

**Community Development Financial Institutions (CDFIs):** CDFIs are private intermediaries (either for profit or nonprofit) with community development as their primary mission. A CDFI facilitates the flow of lending and investment capital into distressed communities and to individuals who have been unable to take advantage of the services offered by traditional financial institutions. Some basic types of CDFIs include community development banks, community development loan funds, community development credit unions, micro enterprise funds, and community development venture capital funds.

A certified CDFI must meet eligibility requirements. These requirements include the following:

- Having a primary mission of promoting community development;
- Serving an investment area or target population;
- Providing development services;
- Maintaining accountability to residents of its investment area or targeted population through representation on its governing board of directors, or by other means;
- Not constituting an agency or instrumentality of the United States, of any state or political subdivision of a state.

**Community Development Loan:** A loan that:

- (1) Has as its primary purpose community development; and
- (2) Except in the case of a wholesale or limited purpose institution:
  - (i) Has not been reported or collected by the institution or an affiliate for consideration in the institution's assessment area as a home mortgage, small business, small farm, or consumer loan, unless it is a multifamily dwelling loan (as described in Appendix A to Part 203 of this title); and
  - (ii) Benefits the institution's assessment area(s) or a broader statewide or regional area including the institution's assessment area(s).

**Community Development Service:** A service that:

- (1) Has as its primary purpose community development;
- (2) Is related to the provision of financial services; and
- (3) Has not been considered in the evaluation of the institution's retail banking services under § 345.24(d).

**Consumer Loan(s):** A loan(s) to one or more individuals for household, family, or other personal expenditures. A consumer loan does not include a home mortgage, small business, or small farm loan. This definition includes the following categories: motor vehicle loans, credit card loans, home equity loans, other secured consumer loans, and other unsecured consumer loans.

**Core Based Statistical Area (CBSA):** The county or counties or equivalent entities associated with at least one core (urbanized area or urban cluster) of at least 10,000 population, plus adjacent counties having a high degree of social and economic integration with the core as measured through commuting ties with the counties associated with the core. Metropolitan and Micropolitan Statistical Areas are the two categories of CBSAs.

**Distressed Middle-Income Nonmetropolitan Geographies:** A nonmetropolitan middle-income geography will be designated as distressed if it is in a county that meets one or more of the following triggers:

- (1) An unemployment rate of at least 1.5 times the national average;
- (2) A poverty rate of 20 percent or more; or
- (3) A population loss of 10 percent or more between the previous and most recent decennial census or a net migration loss of 5 percent or more over the 5-year period preceding the most recent census.

**Family:** Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also include non-relatives living with the family. Families are classified by type as either a married-couple family or other family. Other family is further classified into “male householder” (a family with a male householder and no wife present) or “female householder” (a family with a female householder and no husband present).

**FFIEC-Estimated Income Data:** The Federal Financial Institutions Examination Council (FFIEC) issues annual estimates which update median family income from the metropolitan and nonmetropolitan areas. The FFIEC uses American Community Survey data and factors in information from other sources to arrive at an annual estimate that more closely reflects current economic conditions.

**Full-Scope Review:** A full-scope review is accomplished when examiners complete all applicable interagency examination procedures for an assessment area. Performance under applicable tests is analyzed considering performance context, quantitative factors (e.g, geographic distribution, borrower profile, and total number and dollar amount of investments), and qualitative factors (e.g, innovativeness, complexity, and responsiveness).

**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 statute that requires certain mortgage lenders that do business or have banking offices in a metropolitan statistical area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of applicants; the amount of loan requested; and the disposition of the application (approved, denied, and withdrawn).

**Home Mortgage Loans:** Includes closed-end mortgage loans or open-end line of credits as defined in the HMDA regulation that are not an excluded transaction per the HMDA regulation.

**Housing Unit:** Includes a house, an apartment, a mobile home, a group of rooms, or a single room that is occupied as separate living quarters.

**Limited-Scope Review:** A limited scope review is accomplished when examiners do not complete all applicable interagency examination procedures for an assessment area.



Performance under applicable tests is often analyzed using only quantitative factors (e.g, geographic distribution, borrower profile, total number and dollar amount of investments, and branch distribution).

**Low-Income:** Individual income that is less than 50 percent of the area median income, or a median family income that is less than 50 percent in the case of a geography.

**Low Income Housing Tax Credit:** The Low-Income Housing Tax Credit Program is a housing program contained within the Internal Revenue Code of 1986, as amended. It is administered by the U.S. Department of the Treasury and the Internal Revenue Service. The U.S. Treasury Department distributes low-income housing tax credits to housing credit agencies through the Internal Revenue Service. The housing agencies allocate tax credits on a competitive basis.

Developers who acquire, rehabilitate, or construct low-income rental housing may keep their tax credits. Or, they may sell them to corporations or investor groups, who, as owners of these properties, will be able to reduce their own federal tax payments. The credit can be claimed annually for ten consecutive years. For a project to be eligible, the developer must set aside a specific percentage of units for occupancy by low-income residents. The set-aside requirement remains throughout the compliance period, usually 30 years.

**Market Share:** The number of loans originated and purchased by the institution as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the metropolitan area/assessment area.

**Median Income:** The median income divides the income distribution into two equal parts, one having incomes above the median and other having incomes below the median.

**Metropolitan Division (MD):** A county or group of counties within a CBSA that contain(s) an urbanized area with a population of at least 2.5 million. A MD is one or more main/secondary counties representing an employment center or centers, plus adjacent counties associated with the main/secondary county or counties through commuting ties.

**Metropolitan Statistical Area (MSA):** CBSA associated with at least one urbanized area having a population of at least 50,000. The MSA comprises the central county or counties or equivalent entities containing the core, plus adjacent outlying counties having a high degree of social and economic integration with the central county or counties as measured through commuting.

**Middle-Income:** Individual income that is at least 80 percent and less than 120 percent of the area median income, or a median family income that is at least 80 and less than 120 percent in the case of a geography.

**Moderate-Income:** Individual income that is at least 50 percent and less than 80 percent of the area median income, or a median family income that is at least 50 and less than 80 percent in the case of a geography.

**Multi-family:** Refers to a residential structure that contains five or more units.

**Nonmetropolitan Area** (also known as **non-MSA**): All areas outside of metropolitan areas. The definition of nonmetropolitan area is not consistent with the definition of rural areas. Urban and rural classifications cut across the other hierarchies. For example, there is generally urban and rural territory within metropolitan and nonmetropolitan areas.

**Owner-Occupied Units:** Includes units occupied by the owner or co-owner, even if the unit has not been fully paid for or is mortgaged.

**Qualified Investment:** A lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

**Rated Area:** A rated area is a state or multistate metropolitan area. For an institution with domestic branches in only one state, the institution's CRA rating would be the state rating. If an institution maintains domestic branches in more than one state, the institution will receive a rating for each state in which those branches are located. If an institution maintains domestic branches in two or more states within a multistate metropolitan area, the institution will receive a rating for the multistate metropolitan area.

**Rural Area:** Territories, populations, and housing units that are not classified as urban.

**Small Business Investment Company (SBIC):** SBICs are privately-owned investment companies which are licensed and regulated by the Small Business Administration (SBA). SBICs provide long-term loans and/or venture capital to small firms. Because money for venture or risk investments is difficult for small firms to obtain, SBA provides assistance to SBICs to stimulate and supplement the flow of private equity and long-term loan funds to small companies. Venture capitalists participate in the SBIC program to supplement their own private capital with funds borrowed at favorable rates through SBA's guarantee of SBIC debentures. These SBIC debentures are then sold to private investors. An SBIC's success is linked to the growth and profitability of the companies that it finances. Therefore, some SBICs primarily assist businesses with significant growth potential, such as new firms in innovative industries. SBICs finance small firms by providing straight loans and/or equity-type investments. This kind of financing gives them partial ownership of those businesses and the possibility of sharing in the companies' profits as they grow and prosper.

**Small Business Loan:** A loan included in "loans to small businesses" as defined in the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$1 million or less and are either secured by nonfarm nonresidential properties or are classified as commercial and industrial loans.

**Small Farm Loan:** A loan included in "loans to small farms" as defined in the instructions for preparation of the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$500,000 or less and are either secured by farmland, including farm residential and other improvements, or are classified as loans to finance agricultural production and other loans to farmers.

**Underserved Middle-Income Nonmetropolitan Geographies:** A nonmetropolitan middle-income geography will be designated as underserved if it meets criteria for population size, density, and dispersion indicating the area’s population is sufficiently small, thin, and distant from a population center that the tract is likely to have difficulty financing the fixed costs of meeting essential community needs.

**Upper-Income:** Individual income that is 120 percent or more of the area median income, or a median family income that is 120 percent or more in the case of a geography.

**Urban Area:** All territories, populations, and housing units in urbanized areas and in places of 2,500 or more persons outside urbanized areas. More specifically, “urban” consists of territory, persons, and housing units in places of 2,500 or more persons incorporated as cities, villages, boroughs (except in Alaska and New York), and towns (except in the New England states, New York, and Wisconsin).

“Urban” excludes the rural portions of “extended cities”; census designated place of 2,500 or more persons; and other territory, incorporated or unincorporated, including in urbanized areas.