

PUBLIC DISCLOSURE

March 13, 2023

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Bogota Savings Bank
Certificate Number: 29941

819 Teaneck Road
Teaneck, New Jersey 07666

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 **Satisfactory**.

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

The Lending Test is rated Satisfactory.

- The loan-to-deposit (LTD) ratio is more than reasonable given the institution's size, financial condition, and assessment area credit needs.
- The bank made a majority of home mortgage loans outside the assessment area.
- The geographic distribution of loans reflects reasonable dispersion throughout the assessment area.
- The distribution of borrowers, given the demographics of the assessment area, reflects reasonable penetration among individuals of different income levels.
- The institution did not receive any CRA-related complaints since the previous evaluation; therefore, this factor did not affect the Lending Test rating.

The Community Development Test is rated Satisfactory.

- The institution demonstrates adequate responsiveness to the community development needs of its assessment area through community development loans, qualified investments, and community development services, as appropriate. Examiners considered the institution's capacity and the need and availability of such opportunities for community development in the assessment area.

DESCRIPTION OF INSTITUTION

Background

Bogota Savings Bank (BSB) is a state-chartered stock savings bank headquartered in Teaneck, New Jersey (NJ). The institution is a wholly owned subsidiary of Bogota Financial Corp. Bogota Financial MHC wholly owns Bogota Financial Corp. BSB does not have any lending-related subsidiaries or affiliates. On February 28, 2021, BSB acquired Gibraltar Bank (GB) in Parsippany, NJ. The institution received a “Satisfactory” rating at the prior Federal Deposit Insurance Corporation (FDIC) Performance Evaluation dated July 2, 2020, using Intermediate Small Institution Examination Procedures.

Operations

Following the GB acquisition, BSB operates one limited-service branch and six full-service branches in Bergen, Essex, Hudson, and Morris Counties, and one loan production office (LPO) in Monmouth County. BSB opened one branch in an upper-income census tract in Bergen County, in June 2021. BSB did not close any branches since the prior evaluation.

The bank offers residential and commercial loan products, primarily focusing on residential lending. BSB also offers a variety of business and consumer deposit accounts including checking, savings, individual retirement accounts, and certificates of deposit. Alternative banking services include online banking, mobile banking, bill pay, and remote deposit capture. BSB maintains five automated teller machines (ATMs) and provides surcharge-free ATM services worldwide through the AllPoint network.

Ability and Capacity

As of December 31, 2022, assets totaled \$951.3 million, including total loans of \$721.8 million, and securities totaling \$162.5 million. The bank reported total deposits of \$715.8 million. During the evaluation period, assets increased by 34.2 percent, loans increased by 31.5 percent, and total deposits increased by 42.6 percent. The Coronavirus Aid, Relief, and Economic Security Act (CARES Act), and the American Rescue Plan Act of 2021 (American Rescue Plan) economic impact payments to individuals and families contributed to deposit growth; whereas, the SBA Paycheck Protection Program (PPP) in 2020 and 2021 supported loan growth. Lastly, the GB acquisition supported asset growth in 2021.

The following table illustrates the loan portfolio.

Loan Portfolio Distribution as of 12/31/2022		
Loan Category	\$(000s)	%
Construction, Land Development, and Other Land Loans	62,113	8.6
Secured by Farmland	0	0
Secured by 1-4 Family Residential Properties	495,429	68.6
Secured by Multifamily (5 or more) Residential Properties	66,400	9.2
Secured by Nonfarm Nonresidential Properties	96,024	13.3
Total Real Estate Loans	719,966	99.8
Commercial and Industrial Loans	1,685	0.2
Agricultural Production and Other Loans to Farmers	0	0
Consumer Loans	99	<0.1
Obligations of State and Political Subdivisions in the U.S	0	0
Other Loans	0	0
Lease Financing Receivable (net of unearned income)	0	0
Less: Unearned Income	0	0
Total Loans	721,750	100.0
<i>Source: Reports of Condition and Income</i>		

Examiners did not identify any financial, legal, or other impediments that would limit the institution's ability to meet the credit needs of its assessment area.

DESCRIPTION OF ASSESSMENT AREA

The CRA requires each financial institution to define one or more assessment areas within which examiners will evaluate its CRA performance. At the previous evaluation, the assessment area included Bergen and Hudson Counties. Since the GB acquisition, BSB expanded the assessment area to include Essex and Morris Counties. BSB's current designated assessment includes the entirety of Essex, Morris, Bergen, and Hudson Counties. Essex and Morris Counties are located within Metropolitan Division 35084 (Newark, NJ-PA), and Bergen and Hudson Counties are located in Metropolitan Division 35614 (New York-Jersey City-White Plains, NY-NJ). These metropolitan divisions are contiguous and are part of Metropolitan Statistical Area 35620 (New York-Newark-Jersey City, NY-NJ-PA).

Economic and Demographic Data

The assessment area includes 707 census tracts that reflect the following income designations according to the 2020 U.S. Census data:

- 89 low-income census tracts,
- 142 moderate-income census tracts,
- 145 middle-income census tracts,
- 320 upper-income census tracts, and
- 11 census tracts with no income designation.

There are 11 municipalities within the assessment area designated by the NJ state government as Urban Enterprise Zones (UEZs). The UEZ Program, enacted in 1983, serves to revitalize deteriorating urban communities and stimulate growth by encouraging businesses to develop and create private sector jobs through public and private investment. UEZ Program- approved businesses benefit from reduced sales taxes and tax-free purchases on capital equipment. Additional benefits include financial assistance from the State Economic Development Authority, subsidized unemployment insurance, an energy sales tax exemption for qualified manufacturing firms, and certain tax credit options.

The following table illustrates select demographic characteristics of the assessment area.

Demographic Information of the Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	707	12.6	20.1	20.5	45.3	1.6
Population by Geography	3,053,599	10.8	19.3	20.9	48.2	0.9
Housing Units by Geography	1,156,469	10.9	19.1	22.0	47.2	0.7
Owner-Occupied Units by Geography	571,147	4.1	11.0	20.0	64.7	0.2
Occupied Rental Units by Geography	507,043	17.5	27.6	24.5	29.3	1.1
Vacant Units by Geography	78,279	17.9	23.9	21.0	36.0	1.2
Businesses by Geography	419,457	9.4	15.2	21.7	53.1	0.6
Farms by Geography	5,133	3.8	10.4	20.9	64.8	0.2
Family Distribution by Income Level	725,423	21.9	14.0	16.1	48.0	0.0
Household Distribution by Income Level	1,078,190	24.5	13.3	14.9	47.4	0.0
Median Family Income MSA - 35084 Newark, NJ-PA		\$107,333	Median Housing Value			\$443,312
Median Family Income MSA - 35614 New York-Jersey City-White Plains, NY-NJ		\$85,483	Median Gross Rent			\$1,502
			Families Below Poverty Level			7.8%
Source: 2020 U.S. Census and 2022 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.						

The Geographic Distribution criterion compares home mortgage loans to the distribution of owner-occupied housing units. Of the 1,156,469 housing units in the assessment area, 49.4 percent are owner-occupied, 43.8 percent are occupied rental units, and 6.8 percent are vacant. Only 4.1 percent of owner-occupied housing units are located in low-income geographies, and 11.0 percent of owner-occupied housing units are located in moderate-income geographies. In contrast, 17.5 percent and 27.6 percent of occupied rental units are located in low- and moderate-income geographies, respectively. This data suggests there is a greater opportunity for families to rent than own housing units in low- and moderate-income geographies, which limits opportunities for lenders to originate 1-4 family residential loans in these areas.

The Borrower Profile criterion analyzes the distribution of loans by borrower income level, with an emphasis on lending to low- and moderate-income families. As shown in the table above, 21.9 percent of assessment area families are low-income and 14.0 percent are moderate-income. Additionally, 7.8 percent of families have incomes below the poverty level. This data suggests that it would be difficult for these families to qualify for a home mortgage loan or to support a monthly mortgage payment, especially considering the assessment area’s median home value of \$443,312. These factors limit opportunities for lenders to originate loans to low- or moderate-income borrowers.

Examiners used the Federal Financial Institutions Examination Council’s (FFIEC) updated median family income data to analyze home mortgage loans under the Borrower Profile criterion. The following table presents the low-, moderate-, middle-, and upper-income categories in the assessment area.

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
Newark, NJ-PA Median Family Income (35084)				
2020 (\$103,200)	<\$51,600	\$51,600 to <\$82,560	\$82,560 to <\$123,840	≥\$123,840
2021 (\$105,600)	<\$52,800	\$52,800 to <\$84,480	\$84,480 to <\$126,720	≥\$126,720
2022 (\$116,900)	<\$58,450	\$58,450 to <\$93,520	\$93,520 to <\$140,280	≥\$140,280
New York-Jersey City-White Plains, NY-NJ Median Family Income (35614)				
2020 (\$81,800)	<\$40,900	\$40,900 to <\$65,440	\$65,440 to <\$98,160	≥\$98,160
2021 (\$85,500)	<\$42,750	\$42,750 to <\$68,400	\$68,400 to <\$102,600	≥\$102,600
2022 (\$99,000)	<\$49,500	\$49,500 to <\$79,200	\$79,200 to <\$118,800	≥\$118,800
<i>Source: FFIEC</i>				

Data obtained from the U.S. Bureau of Labor Statistics shows that unemployment rates at the county, state, and national levels declined during the evaluation period. Unemployment levels increased significantly in 2020 due to the economic impact of the COVID-19 pandemic that began in March 2020. From 2021 through January 2023, the majority of county unemployment levels were comparable to, or below state and national levels. The following table presents annual and current unemployment rates for the counties within the assessment area, the state, and the nation since 2020.

Unemployment Rates				
Area	2020	2021	2022	January 2023
	%	%	%	%
Bergen County	9.2	6.0	3.3	3.3
Essex County	11.3	8.0	4.6	4.9
Hudson County	10.2	6.8	3.7	3.7
Morris County	7.5	5.0	2.8	3.2
State of NJ	9.4	6.6	3.7	3.7
National Average	8.1	5.3	3.6	3.9
<i>Source: Bureau of Labor Statistics</i>				

Competition

The assessment area is highly competitive in the market for financial services. According FDIC Deposit Market Share, as of June 2022 data, 65 institutions operated 893 branches in the assessment area. Of these institutions, BSB ranked 27th with a deposit market share of 0.3 percent.

There is a high level of competition for home mortgage loans among banks, credit unions, and non-depository mortgage lenders in the assessment area. According to 2021 Home Mortgage Disclosure Act (HMDA) aggregate lending data, 619 lenders originated or purchased 126,612 home mortgage loans in the assessment area. Of these institutions, BSB ranked 158th with a 0.1 percent market share. The top five lenders in the assessment area, all large national banks or internet-based home mortgage lenders, accounted for 25.5 percent of the total market share.

Community Contacts

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

Examiners contacted a representative of a Community Development Division of a local township in Hudson County. This organization provides a number of community development services including assistance for low- and moderate-income first-time homeowners. The contact identified increased affordable housing stock as a primary need. According to the contact, low- and moderate-income individuals who work within the area are unable to afford housing. The contact stated that low- and moderate-income individuals are unable to compete for housing with the large number of middle- and upper-income residents. The contact also identified a need for financial education in Hudson County.

Credit and Community Development Needs and Opportunities

Considering information from the community contact, bank management, and demographic and economic data, examiners determined that affordable housing is the primary community development need. Economic and demographic data supports the housing affordability issue that

the community contact identified. In addition, financial institutions have opportunity to provide charitable support to community development organizations and financial education to low- and moderate-income individuals.

SCOPE OF EVALUATION

General Information

This evaluation covers the period from the prior evaluation dated July 2, 2020, to the current evaluation dated March 13, 2023. Examiners used the Interagency Intermediate Small Institution Examination Procedures to evaluate BSB's CRA Performance. These procedures include the Lending Test and the Community Development Test. Banks must achieve at least a "Satisfactory" rating under each test to obtain an overall "Satisfactory" rating. Please refer to the Appendix for details on the Lending Test and Community Development Test criteria.

Activities Reviewed

BSB's major product line, considering its business strategy and the number and dollar volume of loans originated during the evaluation period, is home mortgage loans. No other loan types such as small farm, small business, or consumer loans represent a major product line or provide material support for conclusions or ratings; therefore, examiners did not present these products.

Bank records indicate that the lending focus and product mix remained consistent throughout the evaluation period. This evaluation considered all home mortgage loans reported on BSB's 2020, 2021, and 2022 HMDA Loan Application Registers (LARs). In 2020, BSB reported 111 loans totaling \$60.6 million; in 2021, the bank reported 211 loans totaling \$83.8 million; and in 2022, the bank reported 391 loans totaling \$207.5 million. For comparison purposes, examiners reviewed 2020 and 2021 HMDA aggregate lending data and the U.S. Census Bureau's 2015 ACS data. For 2022, examiners reviewed 2020 U.S. Census Data. Aggregate data for 2022 was not yet available as of the evaluation date.

For the Lending Test, examiners reviewed the number and dollar volume of home mortgage loans; however, examiners emphasized performance by number of loans since it is a better indicator of the number of individuals served. For the Community Development Test, management provided data on community development loans, investments, donations, and services since the prior CRA evaluation.

CONCLUSIONS ON PERFORMANCE CRITERIA

LENDING TEST

BSB demonstrated reasonable performance under the Lending Test. The bank's performance in the LTD and Geographic Distribution criterion supports this conclusion.

Loan-to-Deposit Ratio

The LTD ratio is more than reasonable given the institution's size, financial condition, and assessment area credit needs. The LTD ratio, calculated from Call Reported data, averaged 99.1 percent over the past 10 calendar quarters from September 30, 2020, to December 31, 2022. The ratio fluctuated during the review period, with a low of 88.0 percent in March 31, 2022, and a high of 109.0 percent in September 2020.

BSB maintained a ratio that is higher than similarly situated institutions. Examiners selected comparable institutions based on their asset size, geographic location, and lending focus. The following table details the bank's average LTD ratio and those of three similarly situated institutions.

Loan-to-Deposit Ratio Comparison		
Bank	Total Assets as of 12/31/2022 (\$000s)	Average Net LTD Ratio (%)
Bogota Savings Bank	951,277	99.1
Cenlar FSB	1,111,332	43.2
Haven Savings Bank	1,092,301	91.8
NVE Bank	700,384	81.5
<i>Source: Reports of Condition and Income 9/30/2020 – 12/31/2022</i>		

Assessment Area Concentration

BSB made a majority of its home mortgage loans, by number and dollar volume, outside its assessment area. BSB's home mortgage loans inside the assessment area decreased each year during the evaluation period, primarily driven by the large number of purchased correspondent loans that are largely concentrated outside of the assessment area. In 2020, the BSB purchased 66 loans for \$39.7 million, of which 32 loans for \$21.4 million were outside the assessment area. In 2021, the bank purchased 40 loans for \$18.0 million, of which 14 loans for \$9.0 million were outside the assessment area. In 2022, the bank purchased 261 loans for \$150.3 million, of which 149 loans for \$77.0 million were outside the assessment area. This performance is consistent with the previous examination. Please refer to the following table.

Lending Inside and Outside of the Assessment Area										
Loan Category	Number of Loans				Total #	Dollar Amount of Loans \$(000s)				Total \$(000s)
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
Home Mortgage										
2020	64	57.7	47	42.3	111	31,831	52.6	28,721	47.4	60,552
2021	94	44.6	117	55.5	211	34,818	41.6	48,968	58.4	83,786
2022	171	43.7	220	56.3	391	91,426	44.1	116,111	55.9	207,537
Total	329	46.1	384	53.9	713	158,075	44.9	193,800	55.1	351,875

Source: Bank Data Due to rounding, totals may not equal 100.0%

Geographic Distribution

The geographic distribution of loans reflects reasonable dispersion throughout the assessment area. Examiners compared the bank’s home mortgage lending to aggregate lending data and the percentage of owner-occupied housing units in low- and moderate-income census tracts. Examiners focused on the percentage by number of loans in low- and moderate-income census tracts.

The bank’s performance in low-income census tracts was below aggregate performance and the demographic comparator in 2020. However, this performance is not considered unusual given that prior to the GB acquisition, only 2.0 percent of the census tracts in this assessment area were low-income. This limited the bank’s opportunity to originate home mortgage loans in low-income geographies in 2020. BSB’s lending performance in low-income geographies was consistent with area demographics and aggregate performance in 2021, and it was slightly less than area demographics in 2022.

BSB’s lending in moderate-income geographies was slightly less than area demographics and aggregate performance in 2020. BSB’s lending in moderate-income geographies, by number of loans, doubled and slightly exceeded area demographics and aggregate performance in 2021. BSB’s lending in moderate-income geographies, by number of loans, continued the upward trend, and was slightly less than area demographics and aggregate performance in 2022. The following table depicts the distribution of home mortgage loans in the assessment area by year and tract income level.

Geographic Distribution of Home Mortgage Loans						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2020	3.9	4.0	1	1.6	825	2.6
2021	3.9	4.6	3	3.2	868	2.5
2022	4.1	--	5	2.9	2,302	2.5
Moderate						
2020	9.1	8.4	5	7.8	4,852	15.2
2021	9.1	9.3	10	10.6	3,885	11.2
2022	11.0	--	17	9.9	6,887	7.5
Middle						
2020	21.3	18.9	19	29.7	5,208	16.4
2021	21.3	19.8	20	21.3	9,854	28.3
2022	20.0	--	26	15.2	9,944	10.9
Upper						
2020	65.6	68.7	39	60.9	20,947	65.8
2021	65.6	66.2	61	64.9	20,211	58.0
2022	64.7	--	123	71.9	72,292	79.1
Not Available						
2020	0.0	0.1	0	0.0	0	0.0
2021	0.0	0.1	0	0.0	0	0.0
2022	0.2	--	0	0.0	0	0.0
Totals						
2020	100.0	100.0	64	100.0	31,831	100.0
2021	100.0	100.0	94	100.0	34,819	100.0
2022	100.0	--	171	100.0	91,426	100.0
<i>Source: 2015 ACS; Bank Data, 2020 & 2021 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%</i>						

Borrower Profile

The distribution of loans reflects reasonable penetration among borrowers of different income levels. Examiners compared the bank's home mortgage lending to the percentage of low- and moderate-income families in the assessment area and aggregate data.

BSB did not make any loans to low-income borrowers during the review period. This performance is reasonable given the limited opportunity for lending to low-income individuals and the high cost of living in the assessment area. The significant disparity between aggregate performance and the percentage of low-income families reflects the difficulties that low-income families face qualifying for a home mortgage loan. Specifically, a low-income family, with an income below \$58,450,

would likely not qualify for a mortgage under conventional underwriting standards, especially considering the median housing value of \$443,312. Therefore, the demand and opportunity for lending to low-income families is limited. Furthermore, 2021 market share data showed that only 203 (32.8 percent) of the lenders that made at least one HMDA-reportable loan in the assessment area made any loans to low-income borrowers. The top five lenders, all large national banks or internet-based lenders, captured 25.0 percent of the total market share to low-income borrowers. The top 100 lenders include only 2 community banks, which are both significantly larger than BSB. Considering the limited opportunity and high level of competition in the assessment area, BSB's performance of lending to low-income borrowers is reasonable.

BSB's lending to moderate-income borrowers trailed both area demographics and peer data throughout the review period. This performance is reasonable considering the large number of correspondent loans that the bank purchased during the review period. The HMDA collection and reporting requirements allow financial institutions not to report the applicant's income on any purchased loans. As such, the bank's purchased loans do not include income data. When excluding these loans from aggregate and bank data, BSB's performance in lending to moderate-income borrowers significantly increased to 12.0 percent, which exceeded aggregate performance of 7.4 percent in 2020, and increased to 3.3 percent, which was below aggregate performance of 9.1 percent in 2021.

Additionally, similar to lending to low-income borrowers, BSB faces a high level of competition for lending to moderate-income borrowers. According to the 2021 market share data, only 333 (53.8 percent) of all the lenders that originated or purchased at least one loan within the assessment area made any loans to moderate-income borrowers. Of these, 171 lenders (51.4 percent) made 5 or fewer loans to moderate-income borrowers. The top five lenders, all large national banks or lenders, captured 26.2 percent of these loans. The top 100 lenders include only 5 community banks, which are all significantly larger than BSB. Considering these factors, BSB's lending performance to moderate-income borrowers is reasonable.

The following table depicts the distribution of home mortgage loans within the assessment area for 2020, 2021, and 2022.

Distribution of Home Mortgage Loans by Borrower Income Level						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2020	23.1	1.2	0	0.0	0	0.0
2021	23.1	1.6	0	0.0	0	0.0
2022	21.9	--	0	0.0	0	0.0
Moderate						
2020	14.6	7.3	3	4.7	188	0.6
2021	14.6	8.6	2	2.1	282	0.8
2022	14.0	--	3	1.8	387	0.4
Middle						
2020	16.4	15.7	5	7.8	1,150	3.6
2021	16.4	17.7	9	9.6	2,142	6.2
2022	16.1	--	8	4.7	1,118	1.2
Upper						
2020	45.9	57.5	17	26.6	6,626	20.8
2021	45.9	56.9	50	53.2	14,925	42.9
2022	48.0	--	41	24.0	13,952	15.3
Not Available						
2020	0.0	18.3	39	60.9	23,868	75.0
2021	0.0	15.2	33	35.1	17,470	50.2
2022	0.0	--	119	69.6	75,969	83.1
Totals						
2020	100.0	100.0	64	100.0	31,831	100.0
2021	100.0	100.0	94	100.0	34,818	100.0
2022	100.0	--	171	100.0	91,426	100.0
<i>Source: 2015 ACS; Bank Data, 2020 & 2021 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%</i>						

Response to Complaints

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

COMMUNITY DEVELOPMENT TEST

BSB demonstrated adequate responsiveness to community development needs in its assessment area, through community development loans, qualified investments and donations, and community development services, as applicable. Examiners considered the bank's capacity and the need and availability of community development opportunities in the assessment area.

Community Development Loans

During the evaluation period, BSB originated 64 loans totaling \$26.8 million. The current level of community development loans represents 2.8 percent of total assets and 3.2 percent of average total loans as of December 31, 2022. A majority of the bank’s qualified community development loans supported economic development.

Of the 64 community development loans made, 49 loans totaling \$6.3 million PPP loans. The level of community development lending, excluding PPP loans, was 15 loans for approximately \$20.5 million. This level represents 2.2 percent of total assets and 2.4 percent of total loans and an increase by number and dollar volume when compared to the prior evaluation. When excluding the PPP loans, BSB originated 11 community development loans for approximately \$10.4 million at the prior evaluation.

The following table illustrates community development loans by year and purpose.

Community Development Lending										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
2020 (Partial)	3	1,998	0	0	0	0	0	0	3	1,998
2021	7	7,706	0	0	49	6,277	0	0	56	13,982
2022	2	1,199	0	0	0	0	3	9,600	5	10,799
YTD 2023	0	0	0	0	0	0	0	0	0	0
Total	12	10,902	0	0	49	6,277	3	9,600	64	26,778

Source: Bank Data

The following are notable examples of qualified community development loans.

- In 2022, the bank originated a \$350,000 line of credit for the construction of a 50-unit residential apartment building located in a low-income census tract within a UEZ. The project is part of the City of Orange Township’s Redevelopment Plan, which focuses on revitalization and stabilization of low- and moderate-income areas.
- In 2021, the bank originated a \$23 million loan for the construction of a 124 multifamily project in Hudson County. Of the 124 units, 18 (14.5 percent or \$3.4 million) provide affordable housing to low- and moderate-income individuals in Hudson County. The rent for each unit is below the U.S. Department of Housing and Urban Development’s (HUD) Fair Market Rent (FMR) guidelines. Agencies use HUD’s FMRs to determine payment standard amounts for various government programs and housing assistance payment contracts.
- In 2022, the bank participated in a \$33 million loan for the construction of a mixed-used property located in a low-income census tract that is also a designated UEZ. The property includes 165 apartments and retail space. The bank’s share of the participation is \$8.3 million, which will help ensure the revitalization and stabilization of the area.

Qualified Investments

BSB made 42 qualified investments totaling \$5.6 million during the evaluation period. This total includes two new qualified investments totaling \$5.0 million, one prior period investment with a current book value of \$430,000, and 39 qualified grants and donations totaling \$168,000. Qualified investments and donations represent 0.7 percent of average total assets and 4.7 percent of average total securities. Investments and donations increased by number and dollar amount since the previous evaluation, at which time the bank made 35 investments and donations totaling \$2.3 million. A majority of the investments and donations, by dollar amount, benefited affordable housing efforts.

The following table illustrates qualified investments by year and purpose.

Qualified Investments										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Prior Period	1	430	0	0	0	0	0	0	1	430
2020 (Partial)	1	2,670	0	0	0	0	0	0	1	2,670
2021	0	0	0	0	0	0	0	0	0	0
2022	1	2,363	0	0	0	0	0	0	1	2,363
YTD 2023	0	0	0	0	0	0	0	0	0	0
Subtotal	3	5,463	0	0	0	0	0	0	3	5,463
Qualified Grants & Donations	11	76	28	92	0	0	0	0	39	168
Total	14	5,539	28	92	0	0	0	0	42	5,631
<i>Source: Bank Data</i>										

All of the bank's qualified investments (not including donations) consisted of mortgage-backed securities in which the majority of loans were to low- and moderate-income borrowers. Below are notable examples of the bank's community development donations:

- BSB made two donations totaling \$13,000 to a non-profit behavioral health provider located in a low-income census tract in Essex County. This organization provides behavioral and mental health services to low- and moderate-income individuals residing in the community.
- The bank made three donations totaling \$29,000 to a community organization located in Bergen County. The organization primarily provides temporary housing and shelter programs for low- and moderate-income individuals in the community, and assists with food shortage needs.

Community Development Services

During the evaluation period, bank staff provided 19 instances of financial expertise and/or technical assistance to 4 organizations. The services provided represent a 46.2 percent increase when compared to the previous evaluation, at which time bank employees provided 13 instances of financial expertise and/or technical assistance.

The following table reflects community development services by year and purpose.

Community Development Services					
Activity Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
2020 (Partial)	2	3	0	0	5
2021	1	3	0	0	4
2022	3	3	0	0	6
YTD 2023	1	3	0	0	4
Total	7	12	0	0	19
<i>Source: Bank Data</i>					

Below are notable examples of the bank's community development services.

- One staff member served on the Board of an organization that provides assistance in finding healthcare, legal aid, housing, food, clothing, and employment for low- and moderate-income individuals.
- Two employees provided financial education to low- and moderate-income individuals for an organization that offers favorable lending terms for low- and moderate-income borrowers.

DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

Examiners did not identify any evidence of discriminatory or other illegal credit practices; therefore, this consideration did not affect the institutions overall CRA rating.

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.