

PUBLIC DISCLOSURE

June 25, 2024

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

BCB Community Bank
Certificate Number: 35541

860 Broadway
Bayonne, New Jersey 07002

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.

PERFORMANCE LEVELS	PERFORMANCE TESTS		
	Lending Test*	Investment Test	Service Test
Outstanding			X
High Satisfactory	X	X	
Low Satisfactory			
Needs to Improve			
Substantial Noncompliance			
* The Lending Test is weighted more heavily than the Investment and Service Tests when arriving at an overall rating.			

The Lending Test is rated High Satisfactory.

- Lending levels reflect adequate responsiveness to assessment area credit needs.
- The bank made a high percentage of loans in its assessment area.
- The geographic distribution of loans reflects good penetration throughout the assessment area.
- The distribution of borrowers reflects, given the product lines offered by the bank, adequate penetration among retail customers of different income levels and business customers of different size.
- The bank makes limited use of innovative and/or flexible lending practices in order to serve assessment area credit needs.
- The bank has made a relatively high level of community development loans.

The Investment Test is rated High Satisfactory.

- The bank has a significant level of qualified community development investments and grants, occasionally in a leadership position, particularly those that are not routinely provided by private investors.
- The bank exhibits good responsiveness to credit and community development needs.

- The bank occasionally uses innovative and/or complex investments to support community development initiatives.

The Service Test is rated Outstanding.

- Delivery systems are accessible to essentially all portions of the bank's assessment area.
- To the extent changes have been made, the bank's opening and closing of branches has not adversely affected the accessibility of its delivery systems, particularly in low- and moderate-income geographies and/or to low- and moderate-income individuals.
- Services (including, where appropriate, business hours) do not vary in a way that inconveniences certain portions of the assessment area, particularly low- and moderate-income geographies and/or individuals.
- The bank is a leader in providing community development services.

DESCRIPTION OF INSTITUTION

Background

BCB Community Bank (BCB) is a New Jersey state non-member bank headquartered in Bayonne, New Jersey (NJ). BCB Bancorp, Inc., a one-bank holding company also located in Bayonne, wholly owns BCB. BCB Bancorp, Inc. also owns two non-bank subsidiaries, neither of which is engaged in lending. BCB received a Satisfactory rating from the FDIC at the previous evaluation dated September 20, 2021, based on Interagency Large Institution Examination Procedures.

Operations

BCB operates 27 branches, 23 in New Jersey and 4 in New York (NY). The NJ branches are located throughout Bergen, Hudson, Essex, Morris, Middlesex, Monmouth, Union, and Ocean Counties. The NY branches are located throughout Richmond and Nassau Counties. BCB does not operate any loan production offices. During the review period, the bank closed three branches in the following towns and cities: Bayonne (Hudson County, NJ), Edison (Middlesex County, NJ), and Carteret (Middlesex County, NJ). The Bayonne branch was located in an upper-income census tract, the Edison branch was located in a middle-income census tract, and the Carteret branch was located in a moderate-income census tract. BCB opened a branch on June 5, 2023, in Staten Island, Richmond County, NY in an upper-income census tract. The bank did not engage in any merger or acquisition activities since the previous evaluation.

BCB offers a variety of personal and business loan and deposit products with a primary focus on residential lending. Deposit products include checking, savings, money market, and certificate of deposit accounts. Loan products include residential and commercial real estate, Small Business Administration (SBA), construction, consumer, and commercial loans and lines of credit. Alternative banking services include online, mobile, and telephone banking; remote deposit capture; bill pay; person-to-person payments; at least one deposit-taking automated teller machine (ATM) at each branch; and four additional stand-alone non-deposit taking ATMs.

Ability and Capacity

As of March 31, 2024, BCB's assets totaled \$3.8 billion, including total loans of approximately \$3.3 billion, total deposits of \$3.0 billion, and total securities of \$87.0 million. Since the prior evaluation, total assets grew 33.0 percent, total loans increased 38.6 percent, total deposits increased 22.3 percent, and total securities increased 4.1 percent.

The following table details the loan portfolio.

Loan Portfolio Distribution as of 03/31/2024		
Loan Category	\$(000s)	%
Construction, Land Development, and Other Land Loans	234,446	7.2
Secured by Farmland	0	0.0
Secured by 1-4 Family Residential Properties	581,551	17.8
Secured by Multifamily (5 or more) Residential Properties	511,557	15.7
Secured by Nonfarm Nonresidential Properties	1,580,139	48.5
Total Real Estate Loans	2,907,693	89.2
Commercial and Industrial Loans	350,896	10.7
Agricultural Production and Other Loans to Farmers	0	0.0
Consumer Loans	1,804	0.1
Obligations of State and Political Subdivisions in the U.S.	0	0.0
Other Loans	1,046	0.0
Lease Financing Receivable (net of unearned income)	0	0.0
Less: Unearned Income	0	0.0
Total Loans	3,261,439	100.0
<i>Source: Reports of Condition and Income; Due to rounding, totals may not equal 100.0%</i>		

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

DESCRIPTION OF ASSESSMENT AREA

The Community Reinvestment Act (CRA) requires each financial institution to define one or more assessment areas within which examiners will evaluate its CRA performance. BCB designated a single assessment area that includes Bergen, Hudson, Essex, Morris, Passaic, Middlesex, Monmouth, Union, and Ocean Counties in New Jersey and Richmond and Nassau Counties in New York. Middlesex, Monmouth, and Ocean Counties are located in New Brunswick-Lakewood, NJ Metropolitan Division (MD). Essex, Morris, and Union Counties are located in the Newark, NJ-PA MD. Bergen, Hudson, Passaic, and Richmond Counties are located in the New York-Jersey City-White Plains, NY-NJ MD. Nassau County is located in the Nassau County-Suffolk County, NY MD. The MDs are part of the larger multi-state New York-Newark-Jersey City, NY-NJ-PA Metropolitan Statistical Area (MSA). Since the prior evaluation, the bank removed Kings County, NY from its assessment area.

Economic and Demographic Data

The current assessment area includes 1,851 census tracts. The tracts reflect the following income designations according to 2020 U.S. Census data:

- 191 low-income census tracts,
- 342 moderate-income census tracts,
- 617 middle-income census tracts,
- 662 upper-income census tracts, and

- 39 census tracts with no income designation.

The assessment area changed since the prior evaluation due to the removal of Kings County, NY and due to income designation changes from 2020 U.S. Census data when compared to 2015 American Community Survey (ACS) data. Since the prior evaluation, the assessment area decreased by 97 low-, 203 moderate-, 205 middle-, and 109 upper-income census tracts. The assessment area increased by two census tracts with no income designation.

The following table illustrates select demographic information for the assessment area.

Demographic Information of the Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	1,851	10.3	18.5	33.3	35.8	2.1
Population by Geography	8,188,589	9.7	18.3	34.3	37.2	0.5
Housing Units by Geography	3,040,140	9.0	18.3	35.6	36.6	0.5
Owner-Occupied Units by Geography	1,797,300	3.5	13.1	37.5	45.7	0.2
Occupied Rental Units by Geography	1,014,220	18.2	26.9	31.2	22.7	0.9
Vacant Units by Geography	228,620	11.4	21.2	40.1	26.2	1.1
Businesses by Geography	1,379,414	8.1	15.0	35.2	41.1	0.6
Farms by Geography	18,439	5.7	14.5	35.8	43.6	0.4
Family Distribution by Income Level	1,978,546	21.8	15.7	18.8	43.7	0.0
Household Distribution by Income Level	2,811,520	24.7	14.5	16.4	44.4	0.0
Median Family Income MSA - 35004 Nassau County-Suffolk County, NY		\$130,301	Median Housing Value			\$444,552
Median Family Income MSA - 35084 Newark, NJ-PA		\$107,333	Median Gross Rent			\$1,485
Median Family Income MSA - 35154 New Brunswick-Lakewood, NJ		\$113,495	Families Below Poverty Level			6.8%
Median Family Income MSA - 35614 New York-Jersey City-White Plains, NY-NJ		\$85,483				
Source: 2020 U.S. Census and 2023 D&B Data. Due to rounding, totals may not equal 100.0%						
(*) The NA category consists of geographies without an assigned income classification.						

The Geographic Distribution criterion compares home mortgage loans to the distribution of owner-occupied housing units. Of the housing units in the assessment area, 59.1 percent are owner-occupied, 33.4 percent are occupied rental units, and 7.5 percent are vacant. Owner-occupied housing units reflect the opportunity institutions have to originate 1-4 family residential mortgage loans. As shown in the table above, only 3.5 percent and 13.1 percent of the assessment area's owner-occupied housing units are located in low- and moderate-income geographies, respectively.

This indicates limited opportunity for originating mortgage loans in these geographies, particularly those designated as low-income.

Also shown in the table above, 21.8 percent of assessment area families are low-income, and 15.7 percent are moderate-income. In addition, 6.8 percent of assessment area families have incomes below the poverty threshold. This data suggests 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 housing value of \$444,552. This data supports the significant challenges lenders face in originating loans to low- and moderate-income applicants.

Examiners used the FFIEC-updated median family income data to analyze the bank's home mortgage lending under the Borrower Profile criterion. The following table reflects the median family income ranges for the low-, moderate-, middle-, and upper-income categories of the MDs that compose the assessment area.

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
Nassau County-Suffolk County, NY Median Family Income (35004)				
2022 (\$146,400)	<\$73,200	\$73,200 to <\$117,120	\$117,120 to <\$175,680	≥\$175,680
2023 (\$156,300)	<\$78,150	\$78,150 to <\$125,040	\$125,040 to <\$187,560	≥\$187,560
Newark, NJ-PA Median Family Income (35084)				
2022 (\$116,900)	<\$58,450	\$58,450 to <\$93,520	\$93,520 to <\$140,280	≥\$140,280
2023 (\$126,100)	<\$63,050	\$63,050 to <\$100,880	\$100,880 to <\$151,320	≥\$151,320
New Brunswick-Lakewood, NJ Median Family Income (35154)				
2022 (\$128,300)	<\$64,150	\$64,150 to <\$102,640	\$102,640 to <\$153,960	≥\$153,960
2023 (\$135,300)	<\$67,650	\$67,650 to <\$108,240	\$108,240 to <\$162,360	≥\$162,360
New York-Jersey City-White Plains, NY-NJ Median Family Income (35614)				
2022 (\$99,000)	<\$49,500	\$49,500 to <\$79,200	\$79,200 to <\$118,800	≥\$118,800
2023 (\$99,300)	<\$49,650	\$49,650 to <\$79,440	\$79,440 to <\$119,160	≥\$119,160
<i>Source: FFIEC</i>				

The analysis of small business loans under the Borrower Profile criterion compares the distribution of businesses by gross annual revenue (GAR) level. According to 2023 D&B data, there were 1.4 million non-farm businesses operating in the assessment area. GARs for these businesses are as follows:

- 93.5 percent have GARs of \$1.0 million or less,
- 2.5 percent have GARs of more than \$1.0 million, and
- 4.0 percent have unknown revenues.

Non-classifiable establishments (32.0 percent) represent the largest portion of businesses followed by service industries (31.5 percent); retail trade (9.4 percent); and finance, insurance, and real estate (9.2 percent). Within the assessment area, 57.2 percent of businesses have four or fewer employees and 95.7 percent operate from a single location.

Data obtained from the U.S. Bureau of Labor Statistics shows that unemployment rates decreased from 2021 to 2022 for county, state, and national levels. In 2023, the unemployment rates increased at all levels, except for Richmond County, and remained generally stable through April 2024. The following table presents annual and current unemployment rates for the assessment area as well as the state and national levels since 2021.

Area	Unemployment Rates			
	2021	2022	2023	April 2024
	%	%	%	%
Bergen County	4.6	2.9	3.8	3.5
Essex County	6.2	4.2	5.6	5.2
Hudson County	5.1	3.2	4.1	4.2
Middlesex County	4.6	3.0	4.1	3.8
Monmouth County	4.5	2.9	3.9	3.5
Morris County	4.1	2.7	3.6	3.4
Ocean County	5.0	3.4	4.3	3.9
Passaic County	6.5	4.2	5.7	5.1
Union County	5.3	3.6	4.7	4.4
State of New Jersey	5.1	3.4	4.5	4.1
Nassau County	2.6	2.5	3.4	3.0
Richmond County	7.0	4.7	4.6	4.0
State of New York	4.9	3.9	4.4	3.9
National Average	3.7	3.3	3.5	3.7

Source: U.S. Bureau of Labor Statistics

Competition

The assessment area is highly competitive in the market for financial services. According to 2023 Deposit Market Share data, 228 financial institutions operated 2,216 full-service branches within the assessment area. Of these institutions, BCB ranked 17th with a 0.6 percent deposit market share.

Significant competition exists for home mortgage loans in the assessment area among banks, credit unions, and non-depository mortgage lenders. In 2022, 768 lenders reported 192,293 originated or purchased home mortgage loans. The top five lenders included Wells Fargo Bank, Rocket Mortgage, J.P. Morgan Chase Bank, TD Bank, and PNC Bank; combined, these lenders captured 20.9 percent of the market share by number of loans. BCB ranked 127th with a 0.1 percent market share.

There is also significant competition for small business loans in the assessment area. According to the 2022 aggregate small business loan data, 265 lenders originated or purchased 316,275 small business loans in the assessment area. The five most prominent small business lenders; American

Express, J.P. Morgan Chase Bank, Bank of America, Capital One Bank, and Citibank; accounted for 71.3 percent of the total market share. BCB ranked 39th with a 0.1 percent 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 indicates what credit and community development opportunities may be available. It also helps examiners determine if local financial institutions are responsive to those needs.

Examiners contacted an affordable housing non-profit organization that primarily serves Monmouth, Ocean, and Mercer Counties in New Jersey. This organization provides housing services including homelessness prevention, rental assistance, homebuyer education, and foreclosure counseling. The community contact stated that the primary need for low- and moderate-income families in the area is affordable housing, noting the high cost of housing and rental prices. The contact indicated that poor credit scores and negative credit reports seriously impede a borrower's ability to obtain credit.

A recent contact with a real estate brokerage partnership that primarily serves Union and Essex Counties in New Jersey identified additional community needs. This organization buys and sells residential homes, rental properties, and small business properties. The contact noted that borrowers with an Individual Tax Identification Number need low down payment loan options, along with other small consumer loan options. The contact also mentioned that small business owners lack awareness of loan programs that offer federal government assistance, such as SBA loans.

Credit and Community Development Needs and Opportunities

Considering information from the community contacts, bank management, and demographic and economic data, examiners determined that the area's primary community development needs are affordable housing and community services for low- and moderate-income individuals. Credit needs of the area include flexible terms for home mortgage and small business loan products as well as down payment assistance. There is also a need for financial education for consumer credit and an opportunity for economic development initiatives for small business owners to learn about government-sponsored loan programs through technical assistance.

SCOPE OF EVALUATION

General Information

This evaluation covers the period from the prior evaluation dated September 20, 2021, to the current evaluation dated June 25, 2024. Examiners used the Interagency Large Institution Examination Procedures to evaluate BCB's CRA performance. These procedures include the Lending, Investment, and Service Tests (see Appendices for a complete description). Examiners used full-scope procedures to assess BCB's performance in its single assessment area.

Activities Reviewed

BCB's major product lines, considering its business strategy and the number and dollar volume of loans originated during the evaluation period, are home mortgage and small business loans. BCB's record of originating home mortgage loans contributed more weight to overall conclusions due to the larger loan volume and number of loans when compared to its small business lending. As of March 31, 2024, residential and commercial loans represent a combined 92.7 percent of the bank's loan portfolio. No other loan types, such as small farm or consumer loans, represent a major product line or provide material support for conclusions or ratings; therefore, examiners did not present these products.

This evaluation considered all home mortgage loans reported on BCB's 2021, 2022, and 2023 Home Mortgage Disclosure Act (HMDA) Loan Application Registers (LARs). BCB reported 311 home mortgage loans totaling \$168.1 million in 2021, 294 home mortgage loans totaling \$280.3 million in 2022, and 168 home mortgage loans totaling \$109.6 million in 2023.

This evaluation also considered all small business loans that the bank reported on its 2021, 2022, and 2023 CRA Loan Registers. The bank reported 107 small business loans totaling \$39.3 million in 2021, 495 small business loans totaling \$137.4 million in 2022, and 155 small business loans totaling \$54.0 million in 2023.

For the Lending Test, the Assessment Area Concentration criterion includes loan data for each of the three years analyzed; however, the other rating criteria only includes loan data for 2022 and 2023 because 2021 performance was consistent with these years. Examiners analyzed home mortgage lending using aggregate data for 2022 performance comparisons and 2020 U.S. Census demographic data for 2022 and 2023 performance comparisons. Examiners also analyzed small business loans, using aggregate data for 2022 performance comparisons and D&B business demographic data for 2022 and 2023 performance comparisons. Aggregate data for 2023 was not yet available at the time of this evaluation.

The Lending Test also considered community development loans and loans originated under the bank's innovative and flexible lending programs since the prior evaluation. The Investment Test includes both qualified investments purchased prior to the previous evaluation that remain outstanding, as well as investments purchased during the current evaluation period. The Service Test includes all community development services since the previous evaluation. Examiners also considered delivery systems for providing retail-banking services, including branches and alternative delivery systems, and the impact of branch network changes during the evaluation period. In addition, this evaluation considered retail banking products and services targeted to low- and moderate-income individuals or small businesses, including any tailored to meet specific assessment area needs.

This evaluation presents the number and dollar volume of loans. Examiners emphasized performance by number of loans because the number of loans is a better indicator of the number of individuals and businesses served.

CONCLUSIONS ON PERFORMANCE CRITERIA

LENDING TEST

The Lending Test is rated “High Satisfactory.” The following sections outline BCB’s performance under each criterion.

Lending Activity

Lending levels reflect adequate responsiveness to assessment area credit needs.

Inside the assessment area, BCB originated 239 home mortgage loans totaling \$172.9 million in 2022 and 144 home mortgage loans totaling \$92.3 million in 2023. Management attributes the significant decrease in home mortgage loans from 2022 to 2023 to higher mortgage rates and challenging economic conditions. In 2022, BCB ranked 127th out of 768 lenders that originated or purchased at least one home mortgage loan within the assessment area. This ranking represents an improvement in BCB’s market share ranking since the prior evaluation. Additionally, most of the lenders that ranked higher than BCB are larger national, regional, or statewide financial institutions and mortgage companies.

For small business loans in the assessment area, BCB originated 388 loans totaling \$106.3 million in 2022 and 106 loans totaling \$36.2 million in 2023. Management attributes the increase in small business lending in 2022 to a new business unsecured line of credit that the bank implemented in 2021. The bank discontinued originating this new business line of credit in 2023, which management attributes as the reason for a decrease in small business lending in 2023. In 2022, out of 265 lenders that originated or purchased a small business loan in the assessment area, BCB ranked 39th with a 0.1 percent market share. This ranking represents an improvement in BCB’s market share ranking since the prior evaluation. The top five small business lenders, accounting for 71.3 percent of the total market share, are primarily small business credit card lenders. These lenders made between 14,000 and 97,000 loans with an average loan amount ranging from \$6,000 to \$25,000. In comparison, BCB’s average loan amount was \$274,000.

Assessment Area Concentration

BCB made a high percentage of home mortgage and small business loans within its assessment area. Please refer to the following table.

Lending Inside and Outside of the Assessment Area										
Loan Category	Number of Loans				Total #	Dollar Amount of Loans \$(000)s				Total \$(000)s
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
Home Mortgage										
2021	270	86.8	41	13.2	311	134,984	80.3	33,154	19.7	168,138
2022	239	81.3	55	18.7	294	172,857	61.7	107,474	38.3	280,331
2023	144	85.7	24	14.3	168	92,304	84.2	17,313	15.8	109,616
Subtotal	653	84.6	120	15.4	773	400,145	75.4	157,941	24.6	558,085
Small Business										
2021	95	88.8	12	11.2	107	32,911	83.7	6,408	16.3	39,319
2022	388	78.4	107	21.6	495	106,315	77.4	31,054	22.6	137,369
2023	106	68.4	49	31.6	155	36,161	67.0	17,849	33.0	54,010
Subtotal	589	78.5	168	21.5	757	175,387	76.0	55,311	24.0	230,698
Total	1,242	81.6	288	18.5	1,530	575,532	75.7	213,252	24.3	788,783
Source: Bank Data; Due to rounding, totals may not equal 100.0%										

Geographic Distribution

The geographic distribution of loans reflects good penetration throughout the assessment area. The bank's good distribution of home mortgage and small business loans support this conclusion.

Home Mortgage Loans

The geographic distribution of home mortgage loans reflects good penetration throughout the assessment area. In low-income census tracts, BCB's performance increased from 2022 to 2023. Additionally, although home mortgage lending in low-income census tracts was slightly below area demographics and aggregate performance in 2022, performance improved in 2023 when home mortgage lending equaled demographic data in low-income census tracts.

In 2022, home mortgage lending performance in moderate-income census tracts was slightly above aggregate performance and demographic data. In 2023, home mortgage performance improved, and lending in moderate-income census tracts far exceeded the area demographics, reflecting good performance.

The following table displays the distribution of home mortgage loans by census tract income level.

Geographic Distribution of Home Mortgage Loans						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2022	3.5	4.8	7	2.9	6,637	3.8
2023	3.5	--	5	3.5	1,821	2.0
Moderate						
2022	13.1	14.7	37	15.5	22,540	13.0
2023	13.1	--	32	22.2	24,321	26.3
Middle						
2022	37.5	36.8	86	36.0	76,899	44.5
2023	37.5	--	55	38.2	37,210	40.3
Upper						
2022	45.7	43.5	108	45.2	64,906	37.5
2023	45.7	--	51	35.4	28,727	31.1
Not Available						
2022	0.2	0.2	1	0.4	1,875	1.1
2023	0.2	--	1	0.7	225	0.2
Totals						
2022	100.0	100.0	239	100.0	172,857	100.0
2023	100.0	--	144	100.0	92,304	100.0

Source: 2020 U.S. Census; Bank Data; 2022 HMDA Aggregate Data; "--" data not available; Due to rounding, totals may not equal 100.0%

Small Business Loans

The geographic distribution of small business loans reflects good penetration throughout the assessment area.

In 2022, the bank's lending in low- and moderate-income census tracts exceeded aggregate performance and demographic data. Due to a shift in lending strategy, BCB's lending in 2023 decreased in all income census tracts. However, small business lending in moderate-income census tracts still exceeded the demographic data in 2023 despite falling slightly below demographic data for low-income census tracts. Overall, these comparisons reflect good performance.

The following table reflects the distribution of small business loans by census tract income level.

Geographic Distribution of Small Business Loans						
Tract Income Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2022	7.8	6.9	31	8.0	8,041	7.6
2023	8.1	--	6	5.7	2,859	7.9
Moderate						
2022	14.9	14.5	71	18.3	19,119	18.0
2023	15.0	--	20	18.9	6,813	18.8
Middle						
2022	35.1	35.7	144	37.1	39,056	36.7
2023	35.2	--	39	36.8	13,771	38.1
Upper						
2022	41.6	42.4	136	35.1	38,769	36.5
2023	41.1	--	40	37.7	11,718	32.4
Not Available						
2022	0.6	0.5	6	1.5	1,330	1.3
2023	0.6	--	1	0.9	1,000	2.8
Totals						
2022	100.0	100.0	388	100.0	106,315	100.0
2023	100.0	--	106	100.0	36,161	100.0

Source: 2022 & 2023 D&B Data; Bank Data; 2022 CRA Aggregate Data; "--" data not available; Due to rounding, totals may not equal 100.0%

Borrower Profile

The distribution of borrowers reflects adequate penetration among individuals of different income levels and businesses of different revenue sizes in the assessment area. The bank's adequate home mortgage lending and good small business lending performance support this conclusion.

Home Mortgage Loans

The distribution of home mortgage loans reflects adequate penetration among borrowers of different income levels, including low- and moderate-income borrowers.

In 2022 and 2023, BCB's lending to low-income borrowers was below aggregate performance and area demographics. However, the bank's performance in lending to low-income borrowers increased since the prior evaluation. Additionally, demographic data suggests that there is limited opportunity to lend to low-income families in the assessment area. Specifically, in 2023, a low-income family in the assessment area, defined as having an income below \$78,150, would likely not qualify for a mortgage under conventional underwriting standards, especially considering the median housing value of \$444,552. Therefore, the opportunity to lend to low-income families is limited. The significant disparity between aggregate and demographic data for low-income families reflects the difficulties that banks have qualifying low-income families for a home mortgage loan.

In 2022 and 2023, BCB's home mortgage lending to moderate-income borrowers was also below aggregate performance and area demographics. However, in 2022, out of 477 lenders that originated or purchased a home mortgage loan to a moderate-income borrower in the assessment area, BCB ranked 143rd with a 0.1 percent market share. This market share ranking represents a slight improvement in ranking since the prior evaluation, and a 0.1 percent market share for lending to moderate-income borrowers is consistent with the bank's market share compared to all lenders that originated or purchased a home mortgage loan in the assessment area.

The following table illustrates the distribution of home mortgage loans based on borrower income level.

Distribution of Home Mortgage Loans by Borrower Income Level						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2022	21.8	5.3	8	3.3	1,291	0.7
2023	21.8	--	4	2.8	265	0.3
Moderate						
2022	15.7	16.1	26	10.9	6,354	3.7
2023	15.7	--	11	7.6	1,196	1.3
Middle						
2022	18.8	22.5	30	12.6	6,992	4.0
2023	18.8	--	23	16.0	3,346	3.6
Upper						
2022	43.7	41.5	108	45.2	48,728	28.2
2023	43.7	--	74	51.4	26,694	28.9
Not Available						
2022	0.0	14.7	67	28.0	109,492	63.3
2023	0.0	--	32	22.2	60,803	65.9
Totals						
2022	100.0	100.0	239	100.0	172,857	100.0
2023	100.0	--	144	100.0	92,304	100.0

Source: 2020 U.S. Census; Bank Data; 2022 HMDA Aggregate Data; "--" data not available; Due to rounding, totals may not equal 100.0%

Small Business Loans

The distribution of small business loans reflects good penetration among businesses with GARs of \$1.0 million or less. While BCB's performance was below area demographics in 2022, it was above aggregate performance. In 2023, performance decreased slightly from the previous year, resulting from management's decision to discontinue offering the unsecured business line of credit that was introduced in 2021. Despite this change in strategy, BCB continued to originate nearly half of its small business loans to businesses with GARs of \$1.0 million or less in 2023, and its loan volume continues to be consistent with the prior evaluation.

Market share data also supports this conclusion, as the bank ranks 33rd among 263 lenders that originated or purchased a loan to a small business with a GAR of \$1.0 million or less. The higher-ranked institutions reported an average loan size of \$32,600, which suggests credit card lenders, whereas BCB reported an average loan size of \$211,000.

The following table reflects the distribution of small business loans by revenue category.

Distribution of Small Business Loans by Gross Annual Revenue Category						
Gross Revenue Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
<=\$1,000,000						
2022	91.9	50.5	199	51.3	41,907	39.4
2023	93.5	--	48	45.3	13,068	36.1
>\$1,000,000						
2022	3.2	--	187	48.2	63,388	59.6
2023	2.5	--	58	54.7	23,093	63.9
Revenue Not Available						
2022	4.9	--	2	0.5	1,020	1.0
2023	4.0	--	0	0.0	0	0.0
Totals						
2022	100.0	100.0	388	100.0	106,315	100.0
2023	100.0	--	106	100.0	36,161	100.0
Source: 2022 & 2023 D&B Data; Bank Data; 2022 CRA Aggregate Data; "--" data not available. Due to rounding, totals may not equal 100.0%						

Innovative or Flexible Lending Practices

BCB makes limited use of innovative or flexible lending practices to serve assessment area credit needs. The bank originated 13 loans totaling \$10.0 million during the evaluation period, which reflects lower activity levels as compared to the previous evaluation. BCB's performance compares favorably to one similarly situated institution, and it falls below two similarly situated institutions.

The following table reflects the number and dollar volume of activity under each flexible lending product or program.

Innovative or Flexible Lending Programs										
Type of Program	2021		2022		2023		YTD 2024		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
<i>Home Mortgage</i>										
Bergen County American Dream Program	1	280	1	182	0	0	0	0	2	462
BCB Dream Home Program	1	300	0	0	0	0	0	0	1	300
FHLB Homebuyer Dream Program	2	138	2	1,120	0	0	0	0	4	1,258
FHA Loan Program	2	904	3	2,174	0	0	0	0	5	3,078
<i>Commercial</i>										
SBA 7(a)	0	0	1	4,925	0	0	0	0	1	4,925
Totals	6	1,622	7	8,401	0	0	0	0	13	10,023
<i>Source: Bank Data</i>										

The following describe the bank's flexible lending programs.

- Bergen County American Dream Program:** BCB is a partner in the American Dream Program. This first-time homebuyer program provides financial education to low- and moderate-income homebuyers. The program also provides an interest-free, deferred payback loan and matching down payment assistance. The no-interest loan becomes a second mortgage with payments deferred until the sale of the house. The bank originated two loans for \$462,000 under this program.
- BCB Dream Home Initiative:** This program provides creditworthy low- and moderate-income borrowers expanded access to credit within the assessment area. The program provides a streamlined process for applicants to obtain a home purchase loan or refinance their existing loan at a reduced interest rate with no application fee. The program also provides homeownership education and post-purchase support to help ensure sustainable homeownership. The bank originated one loan for \$300,000 under this program.
- Federal Home Loan Bank (FHLB) Homebuyer Dream Program:** BCB is a participating member of the FHLB of New York. The Homebuyer Dream Program through FHLB offers up to \$20,000 in grants to assist low- and moderate-income first-time homebuyers with down payment and closing costs. The bank originated four loans for \$1.3 million under this program.
- Federal Housing Administration (FHA) Loan Program:** BCB is a Department of Housing and Urban Development (HUD)-approved FHA lender. FHA loans assist first-time homebuyers and provide flexible underwriting standards compared to conventional mortgage loan products, including lower down payments and lower qualifying credit scores. During the evaluation period, the bank originated five loans totaling \$3.1 million under this program.

- **SBA 7(a) Loan Program:** The SBA 7(a) program supports start-up and existing small businesses through offering loans up to \$5.0 million delivered through commercial lending institutions. This program provides guaranteed financing for a variety of general business purposes including working capital, machinery and equipment, furniture and fixtures, land and building, leasehold improvements, and debt refinancing. The bank originated one SBA 7(a) loan totaling \$4.9 million.

Community Development Loans

BCB made a relatively high level of community development loans. The bank originated 90 community development loans totaling \$120.6 million during the evaluation period. This represents 3.5 percent of average total assets and 4.1 percent of average total loans since the prior evaluation. Of the total number of loans, 82.2 percent benefitted affordable housing, which is highly responsive to the assessment area's primary community development need.

This level of activity represents a decrease since the prior evaluation, at which time the bank made 153 community development loans totaling \$183.1 million. Although BCB's performance decreased since the prior evaluation, performance was comparable to similarly situated institutions.

The following table illustrates the community development lending activity by year and purpose.

Community Development Lending										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
2021 (partial)	13	9,675	1	750	0	0	2	6,983	16	17,408
2022	43	47,068	5	9,101	1	2,940	1	4,013	50	63,122
2023	17	30,440	2	486	0	0	3	7,721	22	38,647
YTD 2024	1	1,200	1	250	0	0	0	0	2	1,450
Total	74	88,383	9	10,587	1	2,940	6	18,717	90	120,627
<i>Source: Bank Data</i>										

The following are examples of qualified community development loans.

- In 2021, the bank refinanced a \$5.5 million loan to construct a mixed-use building located in a low-income census tract in Essex County. Of the total loan proceeds, \$1.1 million supported affordable housing opportunities for low- and moderate-income individuals.
- In 2022, the bank originated a \$2.0 million loan to provide working capital to a non-profit organization that houses homeless veterans within Hudson County. The funds will expand the facility to include 18 new apartments for unhoused individuals, providing community services for low-income individuals.
- In 2023, the bank funded \$12.9 million in capital improvements of an apartment building in Morris County. Of the total loan proceeds, \$2.1 million supported affordable housing opportunities for low- and moderate-income individuals.

INVESTMENT TEST

The Investment Test is rated "High Satisfactory." The following sections outline BCB's performance under each criterion.

Investment and Grant Activity

BCB has a significant level of qualified community development investments and grants, occasionally in a leadership position. The bank made 173 qualified investments totaling \$27.1 million during the evaluation period. This total includes 12 new equity investments totaling \$14.7 million, 146 qualified grants and donations totaling \$193,000, and 15 prior period investments totaling \$12.3 million. Qualified investments and grants represent 0.8 percent of average total assets and 31.1 percent of average total securities since the prior evaluation.

The dollar amount of investments increased since the prior evaluation while the number of investments decreased. Despite a decrease in number of investments, the bank increased its average total assets and average total securities ratios from the prior evaluation. Additionally, the bank's performance compares favorably to similarly situated institutions by both number and dollar amount.

The following table illustrates qualified investments and donations by year and community development purpose.

Qualified Investments										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Prior Period	15	12,268	0	0	0	0	0	0	15	12,268
2021 (partial)	0	0	0	0	1	245	0	0	1	245
2022	2	6,630	0	0	3	735	0	0	5	7,365
2023	1	5,847	0	0	3	735	0	0	4	6,582
YTD 2024	0	0	0	0	2	490	0	0	2	490
Subtotal	18	24,745	0	0	9	2,205	0	0	27	26,950
Qualified Grants & Donations	7	17	138	166	0	0	1	10	146	193
Total	25	24,762	138	166	9	2,205	1	10	173	27,143

Source: Bank Data

Below are examples of qualified community development investments and grants.

- During the review period, BCB consistently renewed three investments totaling \$735,000 in local Community Development Financial Institutions/Minority Depository Institutions (CDFI/MDIs) that serve the regional area. The CDFI/MDIs support the financial needs of small businesses; this investment supported economic development initiatives in the assessment area.

- In 2022, the bank purchased a \$5.0 million share of a mortgage pool to support a senior housing complex in Morris County. The majority of units are designated for low- and moderate-income individuals. This investment supports affordable housing opportunities for low- and moderate-income individuals.
- In 2023, the bank purchased a \$5.8 million investment in Newark Housing Authority mortgage-backed securities collateralized by loans to low- and moderate-income borrowers within the assessment area. This investment supports affordable housing initiatives for low- and moderate-income individuals.
- In 2021, 2022, and 2023, BCB donated \$36,000 to various food pantries across the assessment area. These food pantries provide community services for low- and moderate-income individuals.

Responsiveness to Credit and Community Development Needs

BCB's qualified investments and donations exhibit good responsiveness to credit and community development needs. Of the \$27.1 million in qualified investments, grants, and donations, 91.2 percent benefitted affordable housing, a primary community development need in the area. Additionally, the bank was responsive to opportunities for supporting economic development initiatives, another key need of the assessment area.

Community Development Initiatives

BCB occasionally uses innovative and/or complex investments to support community development initiatives. BCB made investments in CDFI/MDIs; this investment is not routinely provided by private investors. These entities focus on small business lending through innovative loan products to small businesses that would not typically be obtained through traditional financing methods.

SERVICE TEST

The Service Test is rated "Outstanding." The following sections outline the bank's performance under each criterion.

Accessibility of Delivery Systems

Delivery systems are accessible to essentially all portions of the bank's assessment area. BCB currently operates 27 branches with at least one deposit-taking ATM located at each branch. There are no branches in low-income census tracts, 4 branches in moderate-income census tracts, 10 branches in middle-income census tracts, and 13 branches in upper-income census tracts. Despite branches in low- and moderate-income census tracts comparing below the demographic data of the area, several of BCB's branches serve additional census tracts. For example, five branches located in upper-income census tracts also serve two low- and six moderate-income census tracts, and two branches located in middle-income census tracts serve one low- and five moderate-income census tracts. Lastly, the 4 branches located in moderate-income census tracts serve an additional 13 low- and 11 moderate-income census tracts.

In addition to the multiple ATMs located at branches, BCB maintains four, non-deposit-taking ATMs. One ATM is located in a low-income census tract, two ATMs are located in moderate-income census tracts, and one ATM is located in a middle-income census tract. The non-deposit-taking ATM in a low-income census tract provides increased accessibility compared to the prior evaluation, when the bank did not operate any ATMs in low-income census tracts.

The following table illustrates the distribution of branches and ATMs by census tract income designation.

Branch and ATM Distribution by Geography Income Level												
Tract Income Level	Census Tracts		Population		Branches		ATMs		Open Branches		Closed Branches	
	#	%	#	%	#	%	#	%	#	%	#	%
Low	191	10.3	791,441	9.7	0	0.0	1	2.6	0	0.0	0	0.0
Moderate	342	18.5	1,499,869	18.3	4	14.8	9	23.1	0	0.0	1	33.3
Middle	617	33.3	2,809,212	34.3	10	37.0	13	33.3	0	0.0	1	33.3
Upper	662	35.8	3,045,109	37.2	13	48.2	16	41.0	1	100.0	1	33.3
NA	39	2.1	42,958	0.5	0	0.0	0	0.0	0	0.0	0	0.0
Totals	1,851	100.0	8,188,589	100.0	27	100.0	39	100.0	1	100.0	3	100.0
<i>Source: 2020 U.S. Census & Bank Data; Due to rounding, totals may not equal 100.0%</i>												

BCB offers alternative delivery systems that improve accessibility for all customers, including low- and moderate-income customers. The bank offers free mobile and online banking services, mobile deposit, bill pay, and telephone banking. The online, mobile, and telephone banking services are accessible 24-hours a day, allowing customers to view account balances, transfer money between accounts, complete person-to-person payments, and pay bills at any time.

BCB also offers a free “Easy Checking” account that requires no minimum balance, no daily balance, and does not assess any per check or monthly service charges. This product also provides access to alternative delivery systems including mobile and online bill pay services. Easy Checking exceeds the New Jersey required Consumer Checking and the New York Lifeline Checking standards designed to assure the availability of low-cost, low-volume accounts targeted to lower-income customers or first-time account holders.

Changes in Branch Locations

To the extent changes have been made, the bank’s opening and closing of branches has not adversely affected the accessibility of its delivery systems, particularly in low- and moderate-income geographies or to low- and moderate-income individuals. BCB opened one new branch in an upper-income census tract during the review period, which is adjacent to a moderate-income census tract, providing additional accessibility to individuals and businesses located in the surrounding area.

BCB also closed three branches during the evaluation period. Only one of the three closed branches was located in a moderate-income census tract, and the other two closed branches were located in middle- and upper-income census tracts. Despite closing a branch in a moderate-income census tract, the number of branches serving moderate-income census tracts remains the same as the prior evaluation due to the 2020 U.S. Census changes in income designation. Thus, this change resulted in minimal overall impact to the accessibility of the bank's delivery systems in moderate-income areas.

Reasonableness of Business Hours and Services

Services and business hours do not vary in a way that inconveniences certain portions of the assessment area, particularly low- and moderate-income geographies and/or individuals. All full-service branches with drive-up services offer core hours from 9:00am to 5:00pm, Monday through Friday, and Saturday hours from 9:00am to 1:00pm. Drive-up facilities offer service from 8:00am to 5:00pm Monday through Wednesday, 8:00am to 6:00pm on Thursday and Friday, and 8:00am to 1:00pm on Saturday. All full-service branches offer the same selection of financial products and services.

Community Development Services

BCB is a leader in providing community development services within the assessment area. Since the prior evaluation, directors, officers, and employees provided 172 instances of financial expertise or technical assistance to 75 different community development-related organizations, often on an ongoing basis. Although performance slightly decreased compared to the prior evaluation, at which time activity included 184 community development services, BCB's performance exceeds similarly situated institutions. This demonstrates the bank's leading efforts in providing community development services.

Bank representatives served on boards and committees of various community groups providing community services to low- and moderate-income individuals, as well as organizations providing affordable housing and fostering economic development. The majority of these services benefitted community service needs, one of the primary community development needs of the area.

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

Community Development Services					
Activity Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
2021 (partial)	0	24	10	2	36
2022	1	67	17	0	85
2023	1	38	4	0	43
YTD 2024	0	8	0	0	8
Total	2	137	31	2	172
<i>Source: Bank Data</i>					

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

- In 2023, a business development officer provided financial expertise when serving on the Finance and Development Committees of a homeless shelter within the assessment area. This officer's duties included fundraising and providing banking expertise to individuals at the shelter. This non-profit provides community services through immediate shelter and temporary housing to low- and moderate-income individuals.
- During the review period, nine bank employees conducted financial presentations on senior fraud. A majority of the attendees were of low- and moderate-income levels. This community service focused on senior fraud, identity theft, and financial education programs throughout the assessment area.
- During the review period, a BCB Board member served on the board of an economic development office that promotes new business development and housing within the assessment area, including small businesses and housing designated for low- and moderate-income individuals. This service supports economic development within the assessment area.
- An executive officer provided financial expertise to a public library by serving as the Treasurer on the Board. The library, located in a moderate-income census tract, provides community services to low- and moderate-income individuals through various programs to support the community.

DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

The bank's compliance with the laws relating to discrimination and other illegal credit practices was reviewed, including the Fair Housing Act and the Equal Credit Opportunity Act. Examiners did not identify any discriminatory or other illegal credit practices.

APPENDICES

LARGE 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) through its lending activities by considering a bank's home mortgage, small business, small farm, and community development lending. If consumer lending constitutes a substantial majority of a bank's business, the FDIC will evaluate the bank's consumer lending in one or more of the following categories: motor vehicle, credit card, other secured, and other unsecured. The bank's lending performance is evaluated pursuant to the following criteria:

- 1) The number and amount of the bank's home mortgage, small business, small farm, and consumer loans, if applicable, in the bank's assessment area;
- 2) The geographic distribution of the bank's home mortgage, small business, small farm, and consumer loans, if applicable, based on the loan location, including:
 - i. The proportion of the bank's lending in the bank's assessment area(s);
 - ii. The dispersion of lending in the bank's assessment areas(s); and
 - iii. The number and amount of loans in low-, moderate-, middle- and upper-income geographies in the bank's assessment area(s);
- 3) The distribution, particularly in the bank's assessment area(s), of the bank's home mortgage, small business, small farm, and consumer loans, if applicable, based on borrower characteristics, including the number and amount of:
 - i. Home mortgage loans low-, moderate-, middle- and upper-income individuals
 - ii. Small business and small farm loans to businesses and farms with gross annual revenues of \$1 million or less;
 - iii. Small business and small farm loans by loan amount at origination; and
 - iv. Consumer loans, if applicable, to low-, moderate-, middle- and upper-income individuals;
- 4) The bank's community development lending, including the number and amount of community development loans, and their complexity and innovativeness; and
- 5) The bank's use of innovative or flexible lending practices in a safe and sound manner to address the credit needs of low- and moderate-income individuals or geographies.

Investment Test

The Investment Test evaluates the institution's record of helping to meet the credit needs of its assessment area(s) through qualified investments that benefit its assessment area(s) or a broader statewide or regional area that includes the bank's assessment area(s). Activities considered under the Lending or Service Test may not be considered under the investment test. The bank's investment performance is evaluated pursuant to the following criteria:

- 1) The dollar amount of qualified investments;
- 2) The innovativeness or complexity of qualified investments;
- 3) The responsiveness of qualified investments to available opportunities; and
- 4) The degree to which qualified investments are not routinely provided by private investors.

Service Test

The Service Test evaluates the bank's record of helping to meet the credit needs of its assessment area(s) by analyzing both the availability and effectiveness of the bank's systems for delivering retail banking services and the extent and innovativeness of its community development services.

The bank's retail banking services are evaluated pursuant to the following criteria:

- 1) The current distribution of the bank's branches among low-, moderate-, middle-, and upper-income geographies;
- 2) In the context of its current distribution of the bank's branches, the bank's record of opening and closing branches, particularly branches located in low- or moderate-income geographies or primarily serving low- or moderate-income individuals;
- 3) The availability and effectiveness of alternative systems for delivering retail banking services (*e.g.*, RSFs, RSFs not owned or operated by or exclusively for the bank, banking by telephone or computer, loan production offices, and bank-at-work or bank-by-mail programs) in low- and moderate-income geographies and to low- and moderate-income individuals; and
- 4) The range of services provided in low-, moderate-, middle-, and upper-income geographies and the degree to which the services are tailored to meet the needs of those geographies.

The bank's community development services are evaluated pursuant to the following criteria:

- 1) The extent to which the bank provides community development services; and
- 2) The innovativeness and responsiveness of community development services.

SCOPE OF EVALUATION

BCB Community Bank	
Scope of Examination: A full scope review was performed on the following assessment area: New York-Newark-Jersey City, NY-NJ-PA MSA.	
Time Period Reviewed:	09/20/21 to 06/25/24
Products Reviewed: Home Mortgage Loans: (01/01/21 – 12/31/23) Small Business Loans: (01/01/21 – 12/31/23)	

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. Bank CDCs can develop innovative debt instruments or provide near-equity investments tailored to the development needs of the community. Bank 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 bank:
 - (i) Has not been reported or collected by the bank or an affiliate for consideration in the bank'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 bank's assessment area(s) or a broader statewide or regional area including the bank'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 bank'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.

Micropolitan Statistical Area: CBSA associated with at least one urbanized area having a population of at least 10,000, but less than 50,000.

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.