

PUBLIC DISCLOSURE

August 13, 2024

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Belmont Savings Bank
Certificate Number: 28348

426 34th Street
Bellaire, Ohio 43906

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

300 South Riverside Plaza, Suite 1700
Chicago, Illinois 60606

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

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INSTITUTION RATING

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

An institution in this group has an outstanding record of helping to meet the credit needs of its assessment area, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities. The bank's outstanding performance under the Community Development Test and satisfactory performance under the Lending Test support the overall rating.

The Lending Test is rated Satisfactory.

The following statements support Belmont Savings Bank's (BSB) satisfactory Community Reinvestment Act (CRA) performance under the Lending Test:

- The loan-to-deposit ratio is reasonable given the institution's size, financial condition, and assessment area (AA) credit needs.
- The bank made a majority of its home mortgage and small business loans in its AA.
- The geographic distribution of loans reflects excellent dispersion throughout its AA.
- The distribution of borrowers reflects, given the demographics of the AA, reasonable penetration of borrowers of different incomes and businesses of different sizes.
- 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 Outstanding.

BSB's Community Development performance demonstrated outstanding responsiveness to community development needs in its AA through community development loans, qualified investments and donations, and community development services, considering the institution's capacity, need, and availability of such opportunities in the bank's AA.

DESCRIPTION OF INSTITUTION

BSB is a \$501.2 million mutually-owned deposit institution headquartered in Bellaire, Ohio. BSB received a “Satisfactory” rating at its previous FDIC CRA Performance Evaluation dated November 4, 2021, based on Interagency Intermediate Small Institution Procedures.

BSB continues to operate a main office and three full-service branches within Belmont County, Ohio. BSB did not open or close any branches since the prior evaluation. However, the main office was relocated to 426 South 34th Street in Bellaire, Ohio from its prior location at 3301 Guernsey Street in Belmont County. Both locations are located on the same city block. The following table provides additional information on the branch locations.

Office Locations					
Address	City	State	County	ATM	Census Tract Income Level
426 34th Street (Main Office)	Bellaire	Ohio	Belmont	Yes	Moderate
215 West Main Street	St. Clairsville	Ohio	Belmont	Yes	Upper
298 State Highway 7	Powhatan Point	Ohio	Belmont	Yes	Middle
915 East Main Street	Barnesville	Ohio	Belmont	Yes	Moderate
<i>Source: Bank Records, 2020 U.S. Census Data</i>					

BSB offers home mortgage, commercial, agricultural, and consumer loan products, and provides a variety of deposit services including checking, savings, money market deposit accounts, and certificates of deposits. Alternative banking services include internet and mobile banking.

Examiners determined the primary business focus is home mortgage and small business loans. Examiners reached this conclusion by using the bank’s business strategy and the number and dollar volume of loans originated during the evaluation period.

According to the Consolidated Reports of Conditions and Income (Call Report) dated June 30, 2024, BSB’s assets totaled \$501.2 million, and included total loans of \$294.5 million, total deposits of \$355.8 million, and total securities totaling 161.8 million. The following table illustrates the loan portfolio distribution.

Loan Portfolio Distribution as of 6/30/2024		
Loan Category	\$(000s)	%
Construction, Land Development, and Other Land Loans	3,824	1.3
Secured by Farmland	0	0.0
Secured by 1-4 Family Residential Properties	172,409	58.6
Secured by Multifamily (5 or more) Residential Properties	8,684	2.9
Secured by Nonfarm Nonresidential Properties	51,793	17.6
Total Real Estate Loans	236,710	80.4
Commercial and Industrial Loans	32,769	11.1
Agricultural Production and Other Loans to Farmers	0	0.0
Consumer Loans	22,875	7.8
Obligations of State and Political Subdivisions in the U.S.	2,077	0.7
Other Loans	45	<.0.1
Lease Financing Receivable (net of unearned income)	0	0.0
Less: Unearned Income	0	0.0
Total Loans	294,476	100.0
<i>Source: Reports of Condition and Income</i>		

Examiners did not identify any financial, legal, or other impediments that affect the ability to meet AA credit needs.

DESCRIPTION OF ASSESSMENT AREA

The CRA requires each financial institution to define one or more AAs within which examiners will evaluate their CRA performance. The AA has not changed since the prior evaluation. BSB continues to designate one AA, which includes Belmont County, Ohio and Ohio County, West Virginia, which are both part of the Wheeling WV-OH Metropolitan Statistical Area (MSA). The AA conforms to CRA requirements, consists of contiguous whole geographies in which the bank has offices and operates, does not reflect illegal discrimination, and does not arbitrarily exclude any low- or moderate-income geographies. The following sections discuss demographic and economic information for the AA, obtained from 2020 U.S. Census Data and 2023 D&B Data.

Economic and Demographic Data

Based on the 2020 U.S. Census Data, the AA includes 40 census tracts (CTs) in Belmont County, Ohio and Ohio County, West Virginia. Of the 40 tracts, 12 are designated as moderate- income, 18 are middle-income, and 9 are upper-income. There are no low-income CTs within the AA. The following table illustrates select demographic characteristics of the AA.

Demographic Information of the Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	40	0.0	30.0	45.0	22.5	2.5
Population by Geography	108,922	0.0	20.9	51.2	27.0	0.9
Housing Units by Geography	53,084	0.0	23.2	52.8	22.5	1.5
Owner-Occupied Units by Geography	31,269	0.0	19.4	54.2	25.8	0.7
Occupied Rental Units by Geography	11,757	0.0	29.5	46.7	20.3	3.6
Vacant Units by Geography	10,058	0.0	27.5	55.7	15.0	1.9
Businesses by Geography	10,816	0.0	26.6	40.5	31.6	1.2
Farms by Geography	398	0.0	15.8	54.3	29.4	0.5
Family Distribution by Income Level	26,485	19.5	18.0	19.7	42.9	0.0
Household Distribution by Income Level	43,026	24.3	15.7	16.9	43.1	0.0
Median Family Income MSA - 48540 Wheeling, WV-OH MSA		\$65,607	Median Housing Value			\$119,431
			Median Gross Rent			\$643
			Families Below Poverty Level			8.4%
<i>Source: 2020 U.S. Census and 2023 D&B Data</i> <i>Due to rounding, totals may not equal 100.0%</i> <i>(*) The NA category consists of geographies that have not been assigned an income classification.</i>						

The analysis of small business loans under the Borrower Profile Criterion compares the distribution of lending by Gross Annual Revenue (GAR) level. According to 2023 D&B data, the AA contains 10,816 businesses with the following GAR levels:

- 84.3 percent have GARs of \$1.0 million or less;
- 4.4 percent have GARs over \$1.0 million; and
- 11.3 percent have unknown GARs.

D&B data from 2023 shows the largest industries in the AA are services at 36.8 percent, followed by non-classifiable establishments at 17.8 percent, and retail trade at 12.8 percent. The majority of businesses in the AA are small, as demonstrated by the fact that 88.5 percent of businesses operate from a single location, 62.7 percent have less than five employees, and 81.8 percent have revenues less than \$500,000. Major employers in the AA include the State of Ohio, Belmont County Hospital, Kroger Company, and Wal-Mart Stores, Incorporated.

According to the 2020 Census data, the AA contains 53,084 housing units, of which 58.9 percent are owner occupied, 22.2 percent are rental units, and 18.9 percent are vacant. The analysis of home mortgage loans under the Borrower Profile Criterion compares the distribution of loans by

borrower income level. Income levels are based on the updated Federal Financial Institutions Examination Council’s (FFIEC) adjusted median family income (MFI) ranges. The following table illustrates the MFI levels in the AA for 2022 and 2023.

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
Wheeling, WV-OH MSA Median Family Income (48540)				
2022 (\$75,400)	<\$37,700	\$37,700 to <\$60,320	\$60,320 to <\$90,480	≥\$90,480
2023 (\$84,500)	<\$42,250	\$42,250 to <\$67,600	\$67,600 to <\$101,400	≥\$101,400
<i>Source: FFIEC</i>				

Competition

BSB operates in a highly competitive market for deposits in the AA. According to FDIC Deposit Market Share data as of June 30, 2023, 14 financial institutions operate 45 full-service branches in the AA. Of these banks, BSB ranked sixth with 6.8 percent of market share. Three banks, all national or regional institutions, account for 61.0 percent of the deposit market share.

There is a high level of competition in the AA for home mortgage loans. Based on 2023 HMDA aggregate data, the most recent available data, 169 lenders originated or purchased 2,923 home mortgage loans in the AA. Of those lenders, BSB ranked third with 8.2 percent of the market share. The top two institutions, one national bank and one regional bank, accounted for 21.9 percent of the home mortgage market share.

BSB is not required to report its small business data, and it has elected not to do so. However, peer small business data is nonetheless helpful in determining the level of competition for such loans in the AA. Peer small business data from 2022, the most recently available data, illustrates a moderate level of competition in the AA for small business loans. In 2022, 62 lenders required to report their small business loan data granted 1,775 small business originations in the AA. Of those lenders, the top six, all national banks, accounted for 67.2 percent of the small business lending market share.

Community Contact

As part of the evaluation process, examiners contact third parties active in the AA to assist in identifying credit needs and opportunities. This information helps assess whether local financial institutions are responsive to those needs.

Examiners contacted a representative of a government community development organization. The contact stated the economic conditions are fairly strong and stable, with fracking interests continuing to bolster local service industries. The contact stated the local residential real estate market has slowed considerably due to high home prices and a restrictive interest rate environment. The contact also stated commercial vacancies have increased in recent quarters and remain elevated. The contact did not indicate any concerns regarding the availability of financing for creditworthy borrowers or financial services.

Credit and Community Development Needs and Opportunities

Based on discussions with bank management, the community contact, and demographic and economic data, examiners determined the primary credit needs in the AA are small business and residential real estate loans.

SCOPE OF EVALUATION

General Information

This evaluation covers the period from the prior evaluation, dated November 4, 2021, to the current evaluation dated August 13, 2024. Examiners used the Interagency Small Institution Examination Procedures to evaluate performance.

Activities Reviewed

Examiners determined that BSB's primary product lines are home mortgage and small business loans. BSB originated more home mortgage loans than small business loans during the evaluation period. As such, examiners weighted home mortgage loans more heavily in this evaluation. Examiners did not consider any other loan types, such as small farm or consumer loans, because they do not represent primary loan products for the bank.

Examiners analyzed all of the bank's home mortgage loans reported on its 2022 and 2023 Home Mortgage Disclosure Act (HMDA) Loan Application Registers (LARs). BSB originated 249 home mortgage loans totaling \$46.0 million in 2022 and 258 loans totaling \$40.3 million in 2023. Since BSB is required to report HMDA data, examiners compared the bank's home mortgage loan performance to aggregate HMDA data to analyze the bank's performance.

BSB originated 62 small business loans in 2022 totaling \$6.7 million in 2022 and 66 loans totaling \$19.3 million in 2023. Since the bank is not required to report its small business data and has elected not to do so, examiners used demographic data as a means of comparison to analyze the bank's small business lending.

Although examiners reviewed and presented the number and dollar volume of home mortgage and small business loans for the Lending Test, examiners emphasized performance by number of loans, because this is a better indicator of the number of individuals and small businesses served. In evaluating the Geographic Distribution and Borrower Profile criteria, examiners only evaluated loans extended within the AA.

CONCLUSIONS ON PERFORMANCE CRITERIA

LENDING TEST

Overall, BSB demonstrated reasonable performance under the Lending Test.

Loan-to-Deposit Ratio

BSB's average net LTD ratio is reasonable given the bank's size, financial condition, and AA credit needs. The bank's LTD ratio, calculated from Call Report data, averaged 64.3 percent over the previous 11 calendar quarters from December 31, 2021, to June 30, 2024. The ratio has increased steadily throughout the evaluation period, ranging from a low of 48.7 percent as of December 31, 2021, to a high of 82.5 percent as of June 30, 2024. While both total loans and total deposits have increased during the evaluation period, total loans have increased at a significantly higher pace. Total loans increased 83.4 percent during the evaluation period, compared to deposit growth of 8.8 percent over the same period. As reflected in the table below, BSB's average net LTD falls within the range of two similarly-situated institutions of similar asset size, loan portfolio composition, and geographic location.

Loan-to-Deposit Ratio Comparison		
Bank	Total Assets as of 6/30/2024 (\$000s)	Average Net LTD Ratio (%)
Belmont Savings Bank	501,219	64.3
Similarly-Situated Institution #1	830,383	83.8
Similarly-Situated Institution #2	718,049	53.1
<i>Source: Reports of Condition and Income 12/31/2021 through 6/30/2024</i>		

Assessment Area Concentration

As shown in the following table, BSB originated a majority of its small business and home mortgage loans by number and dollar volume within its AAs, except for the dollar volume of small business loans in 2023, when the bank originated several larger credits in the Ohio statewide area. Performance for home mortgage loans, by number, was relatively consistent in 2022 and 2023, while performance for small business loans improved markedly from 2022 to 2023.

Lending Inside and Outside of the Assessment Area											
Loan Category	Number of Loans				Total	Dollar Amount of Loans				Total	
	Inside		Outside			Inside		Outside			
	#	%	#	%		\$	%	\$	%		
Home Mortgage											
2022	182	73.1	67	26.9	249	29,518,418	64.2	16,469,922	35.8	45,988,340	
2023	180	69.8	78	30.2	258	27,025,817	67.0	13,309,836	33.0	40,335,653	
Subtotal	362	71.4	145	28.6	507	56,544,235	65.5	29,779,758	34.5	86,323,993	
Small Business											
2022	35	56.5	27	43.5	62	4,213,456	63.1	2,461,034	36.9	6,674,490	
2023	49	74.2	17	25.8	66	6,026,191	31.2	13,296,715	68.8	19,322,906	
Subtotal	84	65.6	44	34.4	128	10,239,647	39.4	15,757,749	60.6	25,997,396	
Total	446	70.2	189	29.8	635	66,783,882	59.5	45,537,507	40.5	112,321,389	
<i>Source: Bank Data</i> <i>Due to rounding, totals may not equal 100.0%</i> <i>Dollar amounts for Small Business loans are multiplied by 1000.</i>											

Geographic Distribution

Overall, the geographic distribution of loans reflects excellent dispersion throughout the AA. This conclusion is based primarily based on home mortgage lending performance, which represents the majority of bank lending activity.

Home Mortgage Loans

The geographic distribution of home mortgage loans reflects excellent dispersion throughout the AA. As reflected in the following table, bank lending in moderate-income census tracts far exceeds both the percentage of owner-occupied housing units and aggregate data in both 2022 and 2023.

Geographic Distribution of Home Mortgage Loans						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Moderate						
2022	19.4	15.9	49	26.9	6,335	21.5
2023	19.4		48	26.7	5,408	20.0
Middle						
2022	54.2	50.2	80	44.0	10,611	35.9
2023	54.2	--	82	45.6	12,272	45.4
Upper						
2022	25.8	33.3	52	28.6	12,528	42.4
2023	25.8	--	50	27.8	9,346	34.6
Not Available						
2022	0.7	0.5	1	0.5	44	0.1
2023	0.7	--	0	0.0	0	0.0
Totals						
2022	100.0	100.0	182	100.0	29,518	100.0
2023	100.0	--	180	100.0	27,026	100.0
<i>Source: 2020 U.S. Census; Bank Data, 2022 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%</i>						

Small Business Loans

The geographic distribution of small business loans reflects reasonable dispersion throughout the AA. The following table reflects the distribution of small business loans within the AA and includes comparative data for the distribution of businesses by the percentage of businesses by census tract. In 2022, the percentage of BSB's small business loans is slightly higher than the percentage of businesses. In 2023, bank performance exceeds the percentage of businesses.

Geographic Distribution of Small Business Loans						
Tract Income Level		% of Businesses	#	%	\$(000s)	%
Moderate						
	2022	27.2	10	28.6	1,708	40.5
	2023	26.6	19	38.8	1,118	18.5
Middle						
	2022	40.1	18	51.4	1,654	39.2
	2023	40.5	14	28.6	1,313	21.8
Upper						
	2022	31.4	7	20.0	851	20.2
	2023	31.6	16	32.7	3,596	59.7
Not Available						
	2022	1.3	0	0.0	0	0.0
	2023	1.2	0	0.0	0	0.0
Totals						
	2022	100.0	35	100.0	4,214	100.0
	2023	100.0	49	100.0	6,026	100.0
<i>Source: 2022 & 2023 D&B Data; Bank Data; "--" data not available. Due to rounding, totals may not equal 100.0%</i>						

Borrower Profile

Overall, the distribution of borrowers reflects, given the demographics of the AA, reasonable penetration among borrowers of different income levels (including low- and moderate-income borrowers) and businesses of different sizes.

Home Mortgage Loans

The distribution of loans reflects reasonable penetration among individuals of different income levels. As reflected in the following table, bank performance trailed the percentage of low-income families in both years and trailed aggregate data in 2022 (2023 data not yet available). For moderate-income borrowers, in 2022, bank performance approximates the percentage of families but trails aggregate data. However, in 2023, performance exceeds the demographic. Considering that 8.4 percent of families in the assessment area are below the poverty level and are not reasonably expected to afford homeownership, overall performance is considered reasonable.

Distribution of Home Mortgage Loans by Borrower Income Level						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2022	19.5	11.4	12	6.6	867	2.9
2023	19.5		15	8.3	878	3.3
Moderate						
2022	18.0	22.5	28	15.4	3,191	10.8
2023	18.0		37	20.6	4,506	16.7
Middle						
2022	19.7	20.8	41	22.5	6,267	21.2
2023	19.7	--	39	21.7	4,585	17.0
Upper						
2022	42.9	29.7	72	39.6	15,635	53.0
2023	42.9	--	70	38.9	13,885	51.4
Not Available						
2022	0.0	15.7	29	15.9	3,558	12.1
2023	0.0	--	19	10.6	3,172	11.7
Totals						
2022	100.0	100.0	182	100.0	29,518	100.0
2023	100.0	--	180	100.0	27,026	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, given the demographics of the AA, reasonable penetration among businesses of different sizes. As reflected in the following table, the percentage of bank loans slightly exceeded the percentage of businesses with GARs of less than \$1 million in 2022. The percentage of bank loans to businesses with GARs of less than \$1 million declined in 2023 but is considered reasonable. It is noted that not all businesses require financing, and some businesses, particularly very small entities, may use alternative forms of financing, such as credit cards to meet these needs.

Distribution of Small Business Loans by Gross Annual Revenue Category					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
<=\$1,000,000					
2022	83.0	30	85.7	2,924	69.4
2023	84.3	35	71.4	3,912	64.9
>\$1,000,000					
2022	4.7	5	14.3	1,290	30.6
2023	4.4	14	28.6	2,115	35.1
Revenue Not Available					
2022	12.2	0	0.0	0	0.0
2023	11.3	0	0.0	0	0.0
Totals					
2022	100.0	35	100.0	4,214	100.0
2023	100.0	49	100.0	6,026	100.0
<i>Source: 2022 & 2023 D&B Data; Bank 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 bank’s overall rating.

COMMUNITY DEVELOPMENT TEST

BSB’s community development activities demonstrate outstanding responsiveness to the needs of the AA through community development loans, qualified investments, and community development services, as appropriate, considering the institution’s capacity and the need and availability of such opportunities for community development in the institution’s AA. Given the economic conditions of the area and other performance context factors, examiners considered the bank’s level of activity excellent.

Community Development Loans

BSB demonstrated it’s a strategic commitment to community development through a significant increase in community development lending during the evaluation period. BSB originated 34 community development loans totaling approximately \$22.2 million during the evaluation period, which is significantly higher than the previous evaluation when the bank originated 8 community development loans totaling \$2.2 million. The majority of these loans involved affordable housing and community services for residents within the AA. This level of activity represents 7.5 percent of total loans and 4.4 percent of total assets. These percentages represent a significant increase from the previous evaluation, when the percentages were 2.0 percent and 0.6 percent, respectively.

BSB’s level of activity far exceeded the performance of two SSIs in terms of community development loans. Both SSIs received satisfactory ratings under the Community Development Test. Examiners selected SSIs based on asset size, geographic location, and lending focus. The following table illustrates the bank’s community development lending by AA and community development purpose during the evaluation period.

Community Development Lending										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
2021*	-	-	-	-	-	-	-	-	-	-
2022	1	144	-	-	2	694	-	-	-	-
2023	10	1,545	4	7,103	10	4,201	5	698	32	14,385
YTD 2024**	-	-	2	7,800	-	-	-	-	2	7,800
Total	11	1,689	6	14,903	12	4,895	5	698	34	22,185

*Source: Bank Records, *11/5/2021-12/31/2021; **01/01/2024-8/13/2024*

Notable community development loans include:

- Two loans totaling \$6.8 million to a community development organizations that provides emergency shelter, housing assistance, and services to victims of domestic abuse.
- Ten loans totaling \$1.5 million to a community development organization that provides affordable housing for low- and moderate-income families.

Qualified Investments

During the evaluation period, BSB had 16 investments in its AAs totaling approximately \$3.2 million, and 43 qualifying donations totaling approximately \$34,000. By number and dollar volume, activity is down from the prior evaluation. However, the bank’s current level of activity equates to 8.9 percent of total securities and 2.9 percent of total assets, up significantly from the prior evaluation when these figures were 2.5 percent and 1.6 percent, respectively. The bank’s percentages also exceed that of the two SSIs. The following table shows the qualified investment and grant activities by community development purpose and AA.

In addition, during the evaluation period, the bank had three out-of-state investments consisting of certificates of deposits at minority-owned institutions totaling \$700,000.

Qualified Investments										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
2021*	-	-	-	-	-	-	-	-	-	-
2022	5	352	-	-	-	-	-	-	5	352
2023	6	2,102	-	-	-	-	-	-	6	2,102
YTD 2024**	5	703	-	-	-	-	-	-	5	703
Subtotal	16	3,157	-	-	-	-	-	-	16	3,157
Qualified Grants & Donations	1	1	42	33	-	-	-	-	43	34
Total	17	3,158	42	33	-	-	-	-	59	3,191
<i>Source: Bank Data, *11/15/2021-12/31/2021; **01/01/2024-8/13/2024</i>										

Notable examples of the bank’s qualified grants and donations include the following:

- 16 investments totaling \$3,157,000 to an organization that works with private and public developers to facilitate the construction, rehabilitation, and preservation of affordable housing.
- Two donations totaling \$7,000 to an organization that supplies school clothing for low- and moderate-income families and individuals.
- Four donations totaling \$1,600 to an organization that provides food, services, and other assistance for low and moderate-income individuals and families

Community Development Services

During the review period, BSB employees provided 69 instances of community development services within the AAs, a slight decline since the prior evaluation when the bank provided 74 such services. BSB’s level of community development services is below two SSIs who received satisfactory ratings. The majority of the services provided by BSB’s employees were to community service organizations that provide financial literacy programs. The following table illustrates community development services during the evaluation period.

Community Development Services					
Activity Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
2021*	-	14	4	-	18
2022	-	13	5	-	18
2023	-	15	5	-	20
YTD 2024**	-	8	5	-	13
Total	-	50	19	-	69
<i>Source: Bank Records, *11/15//2021-12/31/2021; **01/01/2024-8/13/2024</i>					

Notable services include:

- A Board member serves on the Board of a regional economic development agency.
- A bank officer serves on the Advisory Board of an organization that provides microloans to small businesses.
- A bank officer serves on the Loan Committee of an economic development agency that provides funding to low- and moderate geographies and individuals.
- Several employees participated in a financial literacy program throughout the evaluation period in schools where over 50 percent of the students receive free or reduced cost lunch.

DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

Examiners reviewed the bank’s compliance with the laws relating to discrimination and other illegal credit practices including the Fair Housing Act and the Equal Credit Opportunity Act. Examiners did not identify any evidence of discrimination or other illegal credit practices.

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.