

PUBLIC DISCLOSURE

August 18, 2025

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Magyar Bank
Certificate Number: 30704

400 Somerset Street
New Brunswick, New Jersey 08901

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

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

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

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INSTITUTION RATING

INSTITUTION'S CRA RATING: This institution is rated **Satisfactory**

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

The Lending Test is rated Satisfactory.

- The loan-to-deposit (LTD) ratio is more than reasonable given the institution's size, financial condition, and assessment area credit needs.
- A majority of loans and other lending related activities are outside of the institution's assessment area.
- The geographic distribution of loans reflects reasonable penetration throughout the assessment area.
- The distribution of borrowers reflects, given the demographics of the assessment area, reasonable penetration among individuals of different income levels 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.

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

DESCRIPTION OF INSTITUTION

Background

Magyar Bank (Magyar) is a state-chartered savings bank headquartered in New Brunswick, New Jersey (NJ). The bank is a wholly owned subsidiary of Magyar Bancorp, Inc. Magyar does not have any lending-related subsidiaries or affiliates. The bank received an Outstanding rating from the FDIC during its prior evaluation dated September 6, 2022, using Intermediate Small Bank CRA Procedures.

Operations

Magyar operates seven full-service branches in NJ, including five branches in Middlesex County and two branches in Somerset County. The bank operates four branches in upper-income census tracts and one branch each in low-, moderate-, and middle-income census tracts. Magyar opened one branch in an upper-income census tract and closed a branch in an upper-income census tract during the evaluation period, both located in Bridgewater Township, Somerset County. The bank has not engaged in merger or acquisition activities since the previous evaluation.

Magyar offers a variety of consumer and business loan products with a focus on 1-4 family residential mortgages and commercial real estate loans. Deposit products include consumer and business checking, savings, money market, certificates of deposit, and retirement savings. Alternative banking services include online and mobile banking, electronic bill pay, mobile check deposit, peer-to-peer payments, and nine bank-owned automated teller machines (ATMs).

Ability and Capacity

As of June 30, 2025, bank assets totaled \$986.9 million, loans totaled \$844.0 million, securities totaled \$91.1 million, and deposits totaled \$825.5 million. Since the previous evaluation, Magyar's total assets increased by 24.8 percent, total loans increased by 35.0 percent, total securities decreased by 10.1 percent, and total deposits increased by 21.9 percent.

The following table illustrates the composition of Magyar's loan portfolio as of June 30, 2025.

Loan Portfolio Distribution as of 06/30/2025		
Loan Category	\$(000s)	%
Construction, Land Development, and Other Land Loans	25,882	3.1
Secured by Farmland	664	<0.1
Secured by 1-4 Family Residential Properties	275,149	32.6
Secured by Multifamily (5 or more) Residential Properties	81,010	9.6
Secured by Nonfarm Nonresidential Properties	440,460	52.2
Total Real Estate Loans	823,165	97.5
Commercial and Industrial Loans	19,142	2.3
Agricultural Production and Other Loans to Farmers	0	0.0
Consumer Loans	1,668	0.2
Obligations of State and Political Subdivisions in the U.S.	0	0.0
Other Loans	16	<0.1
Lease Financing Receivable (net of unearned income)	0	0.0
Less: Unearned Income	0	0.0
Total Loans	843,991	100.0
<i>Source: Reports of Condition and Income</i>		

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

DESCRIPTION OF ASSESSMENT AREA

The CRA requires each financial institution to define one or more assessment areas within which examiners will evaluate its CRA performance. Magyar designated one assessment area encompassing all of Middlesex and Somerset Counties in NJ. Middlesex and Somerset Counties are in Metropolitan Division (MD) 29484 (Lakewood-New Brunswick, NJ), which is within the larger Metropolitan Statistical Area (MSA) 35620 (New York-Newark-Jersey City, NY-NJ-PA). Magyar has not made any changes to its assessment area since the previous evaluation.

Economic and Demographic Data

The assessment area's 266 census tracts reflect the following income designations according to 2020 U.S. Census data:

- 16 low-income census tracts,
- 48 moderate-income census tracts,
- 107 middle-income census tracts,
- 93 upper-income census tracts, and
- 2 census tracts with no income designation.

There are three municipalities within the assessment area that participate in the NJ Urban Enterprise Zone (UEZ) Program. The UEZ program helps stimulate and revitalize the local economy of distressed areas in NJ by offering various tax benefits to businesses and residents.

There are also seven municipalities within the assessment area that are designated as Opportunity Zones. The Opportunity Zone program encourages investments in low-income and rural communities by offering private investors various capital gains tax benefits. Investors can support investments in these communities by participating in Qualified Opportunity Funds.

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

Demographic Information of the Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	N/A* % of #
Geographies (Census Tracts)	266	6.0	18.1	40.2	35.0	0.8
Population by Geography	1,208,523	6.7	17.9	40.1	35.3	0.0
Housing Units by Geography	429,740	5.9	18.5	41.1	34.5	0.0
Owner-Occupied Units by Geography	274,045	1.7	13.9	40.6	43.8	0.0
Occupied Rental Units by Geography	133,647	14.3	27.7	41.6	16.4	0.0
Vacant Units by Geography	22,048	7.1	20.5	43.4	29.0	0.0
Businesses by Geography	180,435	5.3	17.3	38.8	38.6	0.1
Farms by Geography	579	1.7	7.8	25.4	64.9	0.2
Family Distribution by Income Level	294,530	20.2	16.7	20.8	42.4	0.0
Household Distribution by Income Level	407,692	22.5	14.9	17.9	44.8	0.0
Median Family Income MD - 29484 Lakewood-New Brunswick, NJ MD		\$113,495	Median Housing Value			\$ 377,996
			Median Gross Rent			\$1,532
			Families Below Poverty Level			5.5%
Source: 2020 Census And 2024 D&B Data (*) The NA category consists of geographies that have Not been assigned an income classification. Due to rounding, totals may not equal 100%.						

The Geographic Distribution criterion compares the distribution of home mortgage loans to the distribution of owner-occupied housing units. Of the 429,740 housing units in the assessment area, 63.8 percent are owner-occupied, 31.1 percent are occupied rental units, and 5.1 percent are vacant. Only 1.7 percent of the owner-occupied housing units are in low-income geographies, and 13.9 percent are in moderate-income geographies. This data reflects very limited opportunities for lenders to originate home mortgage loans in low-income tracts. In moderate-income tracts, this data suggests that opportunities exist for lenders to originate home mortgage loans in these tracts.

The Geographic Distribution criterion for small business lending compares the distribution of small business loans to the distribution of businesses by tract income level within the assessment area. According to 2024 D&B data, 5.3 percent of area businesses are in low-income census tracts and 17.3 percent are in moderate-income census tracts. This limits opportunities for lenders to originate small business loans in the area’s low-income tracts. In moderate-income tracts, this data suggests that opportunities exist for lenders to originate small business loans in these tracts.

The Borrower Profile criterion for home mortgage lending compares home mortgage loans to the percentage of low- and moderate-income families. As shown in the table above, 20.2 percent of families in the assessment area are low-income, including 5.5 percent living below the poverty level, and 16.7 percent of families are moderate-income. Considering the area’s median housing value of \$377,996, this data suggests that it would be difficult for these families to qualify for a home mortgage loan or support a monthly mortgage payment. This data supports the challenges lenders face in originating home mortgage loans to low- and moderate-income applicants.

The analysis of small business loans under the Borrower Profile criterion compares the distribution of businesses by gross annual revenue (GAR) level. According to 2024 D&B data, approximately 180,435 non-farm businesses operate in the assessment area. GARs for these businesses are as follows:

- 91.8 percent have GARs of \$1.0 million or less,
- 3.0 percent have GARs of more than \$1.0 million, and
- 5.2 percent have unknown revenues.

According to 2024 D&B data, non-classifiable establishments represent the largest percentage of businesses operating in the assessment area (31.1 percent); followed by professional, scientific, and technical services (11.5 percent); retail trade (6.3 percent); construction (6.2 percent); and other services (6.1 percent). Additionally, 59.3 percent of the assessment area’s businesses have four or fewer employees, and 94.3 percent operate from a single location.

Examiners used the Federal Financial Institutions Examination Council’s (FFIEC)-updated median family income levels to analyze home mortgage loans under the Borrower Profile criterion. The following table presents the median family income ranges for the Lakewood-New Brunswick, NJ MD.

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥ 120%
Lakewood-New Brunswick, NJ MD Median Family Income (29484)				
2024 (\$135,900)	<\$67,950	\$67,950 To <\$108,720	\$108,720 To <\$163,080	>=\$163,080
New Brunswick-Lakewood, NJ MD Median Family Income (35154)				
2023 (\$135,300)	<\$67,650	\$67,650 To <\$108,240	\$108,240 To <\$162,360	>=\$162,360
2022 (\$128,300)	<\$64,150	\$64,150 To <\$102,640	\$102,640 To <\$153,960	>=\$153,960
<i>Source: FFIEC</i>				

Data obtained from the U.S. Bureau of Labor Statistics show that unemployment rates at the county, state, and national levels generally increased throughout the evaluation period. Unemployment rates in Middlesex County were consistent with the state of NJ unemployment rates and trended above the national average, while unemployment rates in Somerset County were below the state of NJ level and generally consistent with the national average. The following table illustrates unemployment rates for the assessment area counties as well as the state and national levels.

Unemployment Rates				
Area	2022	2023	2024	June 2025
	%	%	%	%
Middlesex County	3.7	4.2	4.5	5.4
Somerset County	3.1	3.5	3.8	4.6
State of NJ	3.9	4.3	4.5	5.2
National Average	3.6	3.6	4.0	4.1
<i>Source: Bureau of Labor Statistics</i>				

Competition

There is a high level of competition for financial services in the assessment area. According to 2024 FDIC Deposit Market Share data, 41 financial institutions operated 314 branches within the assessment area. Of these institutions, Magyar ranked 14th in total deposits, with a 1.2 percent deposit market share.

Aggregate lending data reveals a high level of competition for home mortgage loans in the assessment area. Based on 2023 market share data, 494 lenders originated or purchased 19,407 home mortgage loans in the assessment area. The top five lenders, consisting of large national banks and online lenders, accounted for 22.6 percent of the market share based on number of loans originated or purchased. Magyar ranked 75th with a 0.3 percent market share.

Aggregate lending data also reveals a high level of competition for small business loans in the assessment area. Based on 2023 market share data, 141 lenders made 42,997 small business loans in the assessment area. The five most prominent small business lenders, consisting of large national banks and business credit card issuers, accounted for 74.2 percent of the market share by the number of loans originated. Magyar ranked 45th with a 0.1 percent market share.

Community Contact

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

Examiners contacted the President of a regional business advocacy organization located in Middlesex County. The organization connects small businesses with financial institutions to secure additional funding and resources. The contact identified rising home prices and living costs as an

ongoing issue for both residents and businesses in Middlesex County. Additionally, the contact identified a lack of financial education and opportunities for financial institutions to participate in financial literacy events within the area. Finally, the contact indicated a need for funding from a broader range of banks, rather than relying on increased contributions from the same institutions.

Examiners also reviewed a recent community contact with a director of a housing organization that serves Somerset County. This organization offers affordable housing information and financial guidance to low- and moderate-income individuals. The contact indicated that there is low availability of affordable housing, as the current housing stock has not returned to pre-pandemic levels. The contact also stated that there is opportunity for local banks to promote financial literacy for low- and moderate-income families in Middlesex County by offering first-time homebuyer seminars and personal finance classes.

Credit and Community Development Needs and Opportunities

Considering information from the community contacts, bank management, and demographic and economic data, examiners determined that flexible home mortgage loan programs are the primary credit need of the area. Economic and demographic data support the housing affordability issue that the community contacts identified. There is also a need for financial literacy within the assessment area, especially for prospective homebuyers and start-up businesses. Additionally, there is a demand for credit and financial support from a more diverse range of financial institutions.

SCOPE OF EVALUATION

General Information

This evaluation covers the period from the previous evaluation dated September 6, 2022, to the current evaluation dated August 18, 2025. Examiners used the Intermediate Small Bank Examination Procedures to evaluate the bank's CRA performance. These procedures include the Lending Test and the Community Development Test. Please refer to the Appendix for details on the Lending Test and Community Development Test criteria.

Activities Reviewed

Magyar's major product lines, considering the bank's business strategy and the number and dollar volume of loans originated during the evaluation period, are home mortgage and small business loans. Home mortgage loans contributed more weight to developing overall conclusions due to the larger volume of loans originated during the review period. 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.

Examiners analyzed loans reported on Magyar's 2022, 2023, and 2024 Home Mortgage Disclosure Act (HMDA) Loan Application Registers to evaluate the bank's home mortgage lending performance. Magyar reported 143 home mortgage loans totaling \$70.3 million in 2022, 134 home mortgage loans totaling \$57.9 million in 2023, and 132 home mortgage loans totaling \$64.4 million

in 2024. Examiners used aggregate HMDA data and 2020 U.S. Census data for comparison purposes.

Due to its asset size the bank is not required to report its small business data; however, bank management voluntarily collected and reported this data throughout the evaluation period. Examiners analyzed data reported on Magyar's 2022, 2023, and 2024 CRA Loan Registers to evaluate the bank's small business lending performance. Magyar originated 103 small business loans totaling \$37.9 million in 2022, 89 small business loans totaling \$30.5 million in 2023, and 87 small business loans totaling \$34.6 million in 2024. Examiners used aggregate small business lending data and D&B demographic data for comparison purposes.

For the Lending Test, examiners analyzed the bank's home mortgage and small business lending performance for all the years noted above; however, examiners only presented 2023 and 2024 lending data within the Geographic Distribution and Borrower Profile performance tables, as Magyar's performance was similar in 2022.

For the Community Development Test, bank management provided information on community development loans, qualified investments, and community development services since the prior CRA evaluation.

CONCLUSIONS ON PERFORMANCE CRITERIA

LENDING TEST

Magyar demonstrated reasonable performance under the Lending Test. The bank's performance under the Geographic Distribution and Borrower Profile criterion primarily supports this conclusion.

Loan-to-Deposit Ratio

The LTD ratio is more than reasonable given the institution's size, financial condition, and assessment area credit needs. The bank's LTD ratio, calculated from Call Report data, averaged 94.6 percent over the 12 calendar quarters from September 30, 2022, through June 30, 2025. The ratio increased steadily throughout the evaluation period, ranging from a high of 101.3 percent as of June 30, 2025, to a low of 90.1 percent as of December 30, 2023. Examiners compared Magyar's net LTD ratio to that of similarly situated institutions based on asset size, geographic location, and lending focus. As shown in the following table, the bank's average net LTD ratio is situated toward the top of the range of similarly situated institutions.

Loan-to-Deposit (LTD) Ratio Comparison		
Bank	Total Assets as of 06/30/2025	Average Net LTD Ratio
	(\$000s)	(%)
Magyar Bank	986,851	94.6
Haven Savings Bank	1,031,465	96.1
New Millennium Bank	938,917	96.6
Somerset Regal Bank	1,082,992	81.6
<i>Source: Reports of Condition and Income 9/30/2022 – 06/30/2025</i>		

Assessment Area Concentration

As shown in the following table, Magyar made a majority of its loans, by number and dollar volume, outside of its assessment area. The bank purchased a large number of loans in 2023 and 2024, which impacted its assessment area concentration performance. Bank management updated its approach to loan purchases to focus on loans in the assessment area in late 2024. Please refer to the following table for details.

Lending Inside and Outside of the Assessment Area										
Loan Category	Number of Loans				Total #	Dollars Amount of Loans \$(000s)				Total \$(000s)
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
Home Mortgage										
2022	66	46.2	77	53.8	143	18,027	25.6	52,292	74.4	70,319
2023	61	45.5	73	54.5	134	14,279	24.6	43,658	75.4	57,937
2024	47	35.6	85	64.4	132	15,993	24.8	48,427	75.2	64,420
Subtotal	174	42.5	235	57.5	409	48,299	25.1	144,377	74.9	192,676
Small Business										
2022	61	59.2	42	40.8	103	21,864	57.7	16,045	42.3	37,909
2023	42	47.2	47	52.8	89	13,470	44.1	17,073	55.9	30,543
2024	46	52.9	41	47.1	87	15,326	44.3	19,265	55.7	34,591
Subtotal	149	53.4	130	46.6	279	50,660	49.2	52,383	50.8	103,043
Total	323	46.9	365	53.1	688	98,959	33.5	196,760	66.5	295,719
Source: Bank Data										

Geographic Distribution

The geographic distribution of loans reflects reasonable penetration throughout the assessment area. The bank's home mortgage lending performance primarily supports this conclusion. Examiners focused on the bank's lending in low- and moderate-income census tracts.

Home Mortgage Loans

The geographic distribution of home mortgage loans reflects reasonable dispersion throughout the assessment area. In 2023, the bank's performance in low-income census tracts exceeded aggregate

performance and area demographics. The bank's lending volume in low-income census tracts increased in 2024 and its performance significantly exceeded aggregate performance and area demographics. In 2023, the bank's lending in moderate-income census tracts fell below aggregate performance and slightly below area demographics. The bank's performance in moderate-income census tracts declined in 2024 and continued to trail aggregate and demographic data. Overall, these trends and comparisons reflect reasonable performance.

The following table depicts the distribution of home mortgage loans for 2023 and 2024.

Geographic Distribution of Home Mortgage Loans						
Tract Income Level	% of Owner Occupied Housing Units	HMDA Aggregate % of #	#	%	\$(000s)	%
Low						
2023	1.7	2.5	2	3.3	805	5.6
2024	1.7	2.7	5	10.6	3,300	20.6
Moderate						
2023	13.9	16.1	8	13.1	3,446	24.1
2024	13.9	15.5	4	8.5	308	1.9
Middle						
2023	40.6	39.6	28	45.9	4,683	32.8
2024	40.6	40.2	16	34.0	7,034	44.0
Upper						
2023	43.8	41.8	23	37.7	5,345	37.4
2024	43.8	41.6	22	46.8	5,351	33.5
NA						
2023	0.0	0.0	0	0.0	0	0.0
2024	0.0	0.0	0	0.0	0	0.0
Total						
2023	100.0	100.0	61	100.0	14,279	100.0
2024	100.0	100.0	47	100.0	15,993	100.0
Source: 2020 Census; Imported Bank Data; 2023 & 2024 HMDA Aggregate Data Due to rounding, totals may not equal 100.0%.						

Small Business Loans

The geographic distribution of small business loans reflects excellent dispersion throughout the assessment area. Magyar's performance in low-income census tracts exceeded aggregate data and area demographics in 2023. The bank's lending volumes in low-income census tracts increased in 2024, while performance continued to exceed area demographics. In 2023, Magyar's performance in moderate-income census tracts fell below aggregate performance and area demographics; however, the bank's performance improved in 2024 to exceed area demographics.

The following table depicts the distribution of small business loans for 2023 and 2024.

Geographic Distribution of Small Business Loans						
Tract Income Level	% of Businesses	CRA Aggregate % of #	#	%	\$(000s)	%
Low						
2023	5.2	4.1	4	9.5	800	5.9
2024	5.3	--	5	10.9	1,150	7.5
Moderate						
2023	17.0	16.2	6	14.3	1,030	7.7
2024	17.3	--	11	23.9	2,415	15.8
Middle						
2023	38.3	37.2	13	31.0	5,049	37.5
2024	38.8	--	14	30.4	5,194	33.9
Upper						
2023	39.3	42.4	19	45.2	6,591	48.9
2024	38.6	--	16	34.8	6,567	42.9
NA						
2023	0.1	0.2	0	0.0	0	0.0
2024	0.1	--	0	0.0	0	0.0
Total						
2023	100.0	100.0	42	100.0	13,470	100.0
2024	100.0	--	46	100.0	15,326	100.0
Source: 2023 & 2024 D&B Data; Bank Data; "--" data not available. Due to rounding, totals may not equal 100.0%.						

Borrower Profile

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

Home Mortgage Loans

The distribution of home mortgage loans reflects reasonable penetration among retail customers of different income levels.

In 2023 and 2024, Magyar's lending performance to low-income borrowers exceeded aggregate performance while trailing demographic data. Although lending was below demographic data throughout the evaluation period, a low-income family in the assessment area may have difficulty qualifying for a home mortgage loan under conventional underwriting standards considering the median housing value of \$377,996. Consequently, the demand and opportunity for lending to low-income families is relatively limited. In 2023, lending to moderate-income borrowers trailed demographic data and aggregate performance. In 2024, the volume of lending remained consistent,

and performance improved to exceed aggregate data and area demographics. These comparisons reflects reasonable performance.

The following table reflects the distribution of home mortgage loans by borrower income level.

Distribution of Home Mortgage Loans by Borrower Income Level						
Borrower Income Level	% of Families	HMDA Aggregate % of #	#	%	\$(000s)	%
Low						
2023	20.2	5.4	4	6.6	450	3.2
2024	20.2	4.7	3	6.4	160	1.0
Moderate						
2023	16.7	18.8	8	13.1	580	4.1
2024	16.7	15.3	8	17.0	870	5.4
Middle						
2023	20.8	25.2	15	24.6	2,204	15.4
2024	20.8	24.9	6	12.8	966	6.0
Upper						
2023	42.4	34.6	17	27.9	5,042	35.3
2024	42.4	38.5	19	40.4	5,704	35.7
NA						
2023	0.0	16.1	17	27.9	6,003	42.0
2024	0.0	16.6	11	23.4	8,293	51.9
Total						
2023	100.0	100.0	61	100.0	14,279	100.0
2024	100.0	100.0	47	100.0	15,993	100.0
Source: 2020 Census; Imported Bank Data; 2023 & 2024 HMDA Aggregate Data Due to rounding, totals may not equal 100.0%.						

Small Business Loans

The distribution of small business loans reflects reasonable penetration among businesses of different sizes. In 2023, the bank's level of lending to businesses with GARs of \$1.0 million or less was slightly below aggregate and was well below demographics. In 2024, the bank's lending volumes to businesses with GARs of \$1.0 million or less remained consistent from the prior year, while its performance continued to trail area demographics. As previously stated, market share data reveals a high level of competition for making small business loans within the assessment area. Specifically, 2023 market share data shows that the top five institutions, all national banks and business credit card issuers, accounted for 74.2 percent of all small business loans made in the assessment area. Magyar does not offer business credit cards. Considering the significant degree of competition and the limited market for small business loans beyond business credit cards, these trends and comparisons reflect reasonable performance.

The following table displays the distribution of small business loans by GAR category.

Distribution of Small Business Loans by Gross Annual Revenue Category						
Gross Revenue Level	% of Businesses	CRA Aggregate % of #	#	%	\$(000s)	%
<= \$1,000,000						
2023	91.9	55.1	21	50.0	7,165	53.2
2024	91.8	--	20	43.5	7,885	51.5
> \$1,000,000						
2023	3.3	--	21	50.0	6,305	46.8
2024	3.0	--	26	56.5	7,441	48.6
Revenue Not Available						
2023	4.8	--	0	0.0	0	0.0
2024	5.2	--	0	0.0	0	0.0
Total						
2023	100.0	100.0	42	100.0	13,470	100.0
2024	100.0	--	46	100.0	15,326	100.0
Source: 2023 & 2024 D&B Data; Bank Data; "--" data not available. Due to rounding, totals may not equal 100.0%.						

Response to Complaints

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

COMMUNITY DEVELOPMENT TEST

Magyar's community development performance demonstrates excellent responsiveness to community development needs in its assessment area through community development loans, qualified investments, and community development services, as appropriate. Examiners considered the bank's capacity and the need and availability of community development opportunities in the assessment area.

Community Development Loans

During the evaluation period, Magyar originated 26 community development loans totaling \$24.1 million in the assessment area and the broader statewide area. Of these community development loans, 20 loans totaling \$13.0 million are located within the bank's assessment area. Since Magyar was responsive to the community development needs and opportunities within its assessment area, examiners considered an additional 6 community development loans totaling \$11.1 million that benefitted the broader statewide area that included the assessment area. This level of activity represents 2.6 percent of average total assets and 3.3 percent of average total loans since the prior evaluation.

When compared to the previous evaluation, Magyar made a similar number of community development loans while dollar volume increased by 20.0 percent. The bank's community development loans were particularly responsive to affordable housing needs in the assessment area and surrounding areas. Magyar's level of community development lending was below the performance of a similarly situated institution.

The following table illustrates the bank's community development loans by year and purpose.

Community Development Lending by Activity Year										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
2022	0	0	1	50	0	0	0	0	1	50
2023	5	4,185	3	1,024	1	510	0	0	9	5,719
2024	7	12,905	2	700	2	718	0	0	11	14,323
1/1/2025 – 8/18/2025	3	3,300	1	650	1	50	0	0	5	4,000
Total	15	20,390	7	2,424	4	1,278	0	0	26	24,092

Source: Bank Data

The following are notable examples of qualified community development loans:

- In 2024, the bank originated a \$1.2 million loan to purchase a mixed-use property located in a low-income census tract in Middlesex County. The property features 2 commercial units and 11 residential apartment units. The loan supports affordable housing for low- and moderate-income individuals in the assessment area, as all residential units offer rents below the U.S Department of Housing and Urban Development's (HUD) Fair Market Rent (FMR) guidelines.
- During the evaluation period, the bank made three loans totaling \$2.0 million to a non-profit community service agency contracted with the New Jersey Department of Children and Families. The organization offers a variety of financial resources and support services for low- and moderate-income families in Somerset County, including programs for teenagers with mental health, behavioral, and substance abuse challenges. Loan proceeds provided working capital for the organization.
- In 2025, the bank made a \$1.1 million loan to purchase a 9-unit multi-family building located in Middlesex County. The property is located in a moderate-income census tract and features 7 one-bedroom units and 2 two-bedroom units. All units provide affordable rents, as designated by HUD's FMR guidelines. Loan proceeds support affordable housing for low- and moderate-income individuals in the bank's assessment area.

Qualified Investments

Magyar's qualified investments totaled \$4.2 million, including 1 prior period investment with a current book value of approximately \$1.2 million, 3 current period investments totaling \$2.8

million, and 84 donations totaling \$242,000. The bank's qualified investments represent 4.4 percent of average total securities and 0.5 percent of average total assets since the prior evaluation. Magyar's level of qualified investments significantly exceeded the performance of a similarly situated institution. In addition, Magyar Bank has operated a Charitable Foundation since 2006, which actively seeks opportunities to provide financial support in four primary areas including education, health and human services, youth programs, and affordable housing initiatives. A substantial majority of the Charitable Foundation grants have a community development purpose and have demonstrated the bank's responsiveness to the community development needs of the assessment area.

The following table illustrates community development investments, including grants and donations, by year and purpose.

Activity Year	Qualified Investments									
	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Prior Period	1	1,229	0	0	0	0	0	0	1	1,229
2022	0	0	0	0	0	0	0	0	0	0
2023	0	0	0	0	0	0	1	100	1	100
2024	1	2,420	0	0	0	0	1	250	2	2,670
1/1/2025 – 8/18/2025	0	0	0	0	0	0	0	0	0	0
Subtotal	2	3,649	0	0	0	0	2	350	4	3,999
Qualified Grants & Donations	14	50	61	172	9	20	0	0	84	242
Total	16	3,699	61	172	9	20	2	350	88	4,241
<i>Source: Bank Data</i>										

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

- In 2024, Magyar invested \$2.4 million into a mortgage-backed security that is collateralized by seven loans to low- and moderate-income borrowers in Middlesex County.
- In 2023 and 2024, Magyar invested \$350,000 in New Jersey Neighborhood Revitalization Tax Credits that supported revitalization and stabilization efforts in low-income geographies within the bank's assessment area.
- In 2023, Magyar made a \$2,500 donation to an organization that matches low- and moderate-income individuals seeking stable housing in Somerset County with homeowners interested in sharing their home for additional income or maintenance services.
- During the evaluation period, Magyar made multiple donations totaling \$10,000 to a local high school in Middlesex County. The funds directly contributed to various scholarship awards program low- and moderate-income students attending college.

Community Development Services

Since the prior evaluation, bank staff provided 69 instances of financial expertise and/or technical assistance to 17 community organizations in the assessment area. Qualified services primarily supported community services for low- and moderate-income individuals and families. Magyar's community development service activity is consistent with its performance during the prior evaluation. In addition, the bank's level of community development services significantly exceeded the performance of a similarly-situated institution.

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

Community Development Services					
Activity Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
2022	4	5	2	0	11
2023	2	20	5	1	28
2024	3	16	5	1	25
1/1/2025 – 8/18/2025	1	4	0	0	5
Total	10	45	12	2	69
<i>Source: Bank Data</i>					

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

- Throughout the evaluation period, a Vice President served as Board Chairman for an economic development organization managed by a group of business and community leaders. The organization's mission is to sustain economic growth in Middlesex County through real estate, business, and cultural development. The organization is located in a low-income census tract and supports small businesses operating in the assessment area.
- In 2023, an employee provided technical assistance while serving on the Board of a non-profit community service organization in Middlesex County. The organization provides collaborative support and resources for students in the New Brunswick public school system through innovative educational opportunities and need-based college scholarships. The majority of school students qualify for free or subsidized lunches.
- In 2024 and 2025, a loan officer provided financial literacy education while leading a series of homebuyer's webinars in partnership with a HUD-approved housing agency located in a moderate-income census tract in Somerset County. During these events, the employee presented topics of interest for first-time homebuyers including budgeting tips, government-backed loan programs, and grant opportunities for residents to offset mortgage closing costs. The majority of attendees were low- or moderate-income.
- Throughout the review period, the bank's President served as Board Chairman of a non-profit organization that promotes art, education, and culture enrichment programs for low-income families and provides free and discounted show tickets for low-income students. In

this role, the President provides technical skills and financial expertise to this non-profit organization that operates in an area in need of revitalization and stabilization as shown by the UEZ designation.

In addition to community development services, the bank offers a variety of retail banking services that benefit low- and moderate-income individuals. For example, the bank offers a Magyar Free Checking account featuring a low opening balance and no monthly maintenance fee, and a Magyar Second Chance checking account for individuals with credit or other issues that may have prevented them from opening a traditional checking account. The Second Chance product features no minimum balance requirement and provides customers with a debit card with no annual fee. The bank's various alternative banking services further improve access to financial services for low- and moderate-income individuals, including mobile and online banking, electronic bill pay, bank-to-bank transfers, peer-to-peer payments through Zelle, and personal finance tools through Quicken.

Magyar operates seven branches, including one branch located in a low-income census tract and one branch in a moderate-income census tract. These two branches also serve adjacent low- and moderate-income tracts. For example, the New Brunswick branch, located in a low-income tract, directly borders four additional low-income tracts and a moderate-income tract. Further, the bank maintains branches in middle- and upper-income tracts that serve adjacent low- and moderate-income tracts. For example, the Kendall Park branch, located in an upper-income tract, is directly adjacent to two moderate-income tracts in Kendall Park. These branches improve accessibility to banking services for residents in low- and moderate-income census tracts.

The bank also maintains one branch (New Brunswick) in a NJ Opportunity Zone (OZ) and one branch (Martinsville) that is adjacent to an OZ. The OZ program is designed to promote long-term capital investments into low-income rural and urban underserved communities. The bank's branch presence in these areas provides banking services to these underserved communities.

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

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.