



# LARGE BANK

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Comptroller of the Currency  
Administrator of National Banks

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Washington, DC 20219

## Public Disclosure

August 26, 2002

### Community Reinvestment Act Performance Evaluation

Amboy National Bank  
Charter Number: 3878

3590 Highway 9  
Old Bridge, NJ 08859

Office of the Comptroller of the Currency

Metro New York Field Office  
Community/Midsize Banks  
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**NOTE:** 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, and should not 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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## Overall CRA Rating

**Institution’s CRA Rating:** This institution is rated **Outstanding**.

The following table indicates the performance level of **Amboy National Bank** with respect to the Lending, Investment, and Service Tests:

Performance Levels	Amboy National Bank Performance Tests		
	Lending Test*	Investment Test	Service Test
Outstanding	X		X
High Satisfactory		X	
Low Satisfactory			
Needs to Improve			
Substantial Noncompliance			

\* The lending test is weighted more heavily than the investment and service tests when arriving at an overall rating.

The major factors that support this rating include:

- Good lending activity, given the bank’s size, resources, and competition.
- Excellent geographic distribution of home mortgage loans and small loans to businesses.
- Good distribution of loans by borrower income level.
- Excellent community development lending that had a positive impact on the overall lending test.
- Flexible lending programs had a positive impact on the lending test.
- Investments reflect good responsiveness to the needs of the AA.
- Service delivery systems are readily accessible to geographies and individuals of different income levels.
- The bank performs a relatively high level of community development services that are responsive to the identified needs in the AA.

## Definitions and Common Abbreviations

The following terms and abbreviations are used throughout this performance evaluation, including the CRA tables. The definitions are intended to provide the reader with a general understanding of the terms, not a strict legal definition.

**Affiliate:** Any company that controls, is controlled by, or is under common control with another company. A company is under common control with another company if the same company directly or indirectly controls both companies. A bank subsidiary is controlled by the bank and is, therefore, an affiliate.

**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 MA/assessment area.

**Block Numbering Area (BNA):** A statistical subdivision of a county for grouping and numbering blocks in non-metropolitan counties where local census statistical area committees have not established census tracts. A BNA does not cross county lines.

**Census Tract (CT):** A small subdivision of metropolitan and other densely populated counties. Census tract boundaries do not cross county lines; however, they may cross the boundaries of metropolitan areas. Census tracts usually have between 2,500 and 8,000 persons, and their physical size varies widely depending upon population density. Census tracts are designed to be homogeneous with respect to population characteristics, economic status, and living conditions to allow for statistical comparisons.

**Community Development:** Affordable housing (including multifamily rental housing) for low- or moderate-income individuals; community services targeted to low- or moderate-income individuals; activities that promote economic development by financing businesses or farms that meet the size eligibility standards of the Small Business Administration's Development Company or Small Business Investment Company programs (13 CFR 121.301) or have gross annual revenues of \$1 million or less; or, activities that revitalize or stabilize low- or moderate-income geographies.

**Community Reinvestment Act (CRA):** the statute that requires the OCC to evaluate a bank's record of meeting the credit needs of its local community, consistent with the safe and sound operation of the bank, and to take this record into account when evaluating certain corporate applications filed by the bank.

**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.

**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, which is further classified into 'male householder' (a family with a male household and no wife present) or 'female householder' (a family with a female householder and no husband present).

**Full Review:** Performance under the Lending, Investment, and Service Tests is analyzed considering performance context, quantitative factors (e.g., geographic distribution, borrower distribution, and total number and dollar amount of investments), and qualitative factors (e.g., innovativeness, complexity, and responsiveness).

**Geography:** A census tract or a block numbering area 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 area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of applications, the amount of loan requested, and the disposition of the application (e.g., approved, denied, and withdrawn).

**Home Mortgage Loans:** such loans include home purchase and home improvement loans, as defined in the HMDA regulation. This definition also includes loans for multifamily (five or more families) dwellings, loans for the purchase of manufactured homes and refinancing of home improvement and home purchase loans.

**Household:** Includes all persons occupying a housing unit. Persons not living in households are classified as living in group quarters. In 100 percent tabulations, the count of households always equals the count of occupied housing units.

**Limited Review:** Performance under the Lending, Investment, and Service Tests is analyzed using only quantitative factors (e.g., geographic distribution, borrower distribution, 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.

**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 MA/assessment area.

**Median Family Income (MFI):** The median income determined by the U.S. Census Bureau every ten years and used to determine the income level category of geographies. Also, the median income determined by the Department of Housing and Urban Development annually that is used to determine the income level category of individuals. For any given area, the median is the point at which half of the families have income above it and half below it.

**Metropolitan Area (MA):** Any primary metropolitan area (PMA), metropolitan area (MA), or consolidated metropolitan area (CMA), as defined by the Office of Management and Budget, with a population of 250,000 or more, and any other area designated as such by the appropriate federal financial supervisory agency.

**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 percent 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 percent and less than 80 percent, in the case of a geography.

**Multifamily:** Refers to a residential structure that contains five or more units.

**Other Products:** Includes any unreported optional category of loans for which the institution collects and maintains data for consideration during a CRA examination. Examples of such activity include consumer loans and other loan data an institution may provide concerning its lending performance.

**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 qualified investment is defined as any lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

**Rated Area:** A rated area is a state or multi-state 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 multi-state metropolitan area, the institution will receive a rating for the multi-state metropolitan area.

**Small Loan(s) to Business(es):** A loan included in 'loans to small businesses' as defined in the Consolidated Report of Condition and Income (Call Report) and the Thrift Financial Reporting (TFR) instructions. These loans have original amounts of \$1 million or less and typically are either secured by nonfarm or nonresidential real estate or are classified as commercial and industrial loans. However, thrift institutions may also exercise the option to report loans secured by nonfarm residential real estate as "small business loans" if the loans are reported on the TFR as nonmortgage, commercial loans.

**Small Loan(s) to Farm(s):** 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, or are classified as loans to finance agricultural production and other loans to farmers.

**Tier One Capital:** The total of common shareholders' equity, perpetual preferred shareholders' equity with non-cumulative dividends, retained earnings and minority interests in the equity accounts of consolidated subsidiaries.

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

## Description of Institution

Amboy National Bank (ANB) is an intrastate community bank headquartered in Old Bridge, New Jersey. At June 30, 2002, ANB had total assets of \$1.7 billion and Tier 1 capital of \$151 million. ANB is the principal subsidiary of Amboy Bancorporation, a one- bank holding company. There are seven wholly or partially owned subsidiaries of the bank. We reviewed the qualified investments held by ANB Investment Company. The remaining subsidiaries have no impact on the bank's capacity to meet its community reinvestment obligations.

The bank has 17 branches in four counties in central New Jersey. Since the prior CRA evaluation, ANB opened three branches; two were in Monmouth County and one was in Middlesex County. There were no branch closings.

As of June 30, 2002, total bank assets included loans of \$1.2 billion and investments of \$377 million. Total deposits amounted to \$1.4 billion. The loan portfolio, representing 71% of total assets, is broken down as follows: residential real estate loans \$547 million (43%), commercial real estate loans \$321 million (26%), construction & development loans \$318 million (25%), commercial loans \$71 million (6%), and \$1 million (0%) in consumer loans. Outstanding home equity loans are included in the residential real estate figure above.

There are no impediments, legal or otherwise, which would hinder the bank's ability to help meet the credit needs of its AAs. ANB competes with large banking institutions and mortgage companies for mortgage lending opportunities to low- and moderate-income (LMI) individuals and geographies throughout the AAs.

ANB's last CRA evaluation was dated August 9, 1999. The bank received a "Satisfactory" rating.

## Scope of the Evaluation

### Evaluation Period/Products Evaluated

ANB's HMDA mortgage lending and reportable CRA loans were evaluated for the period January 1, 1999 through December 31, 2001. The previous evaluation did not include 1999 data. Home equity loans originated during the same period were evaluated at the request of the bank. The bank does not offer a home improvement product since management feels their equity product is a viable substitute. ANB has not originated any small farm loans in any of its assessment areas and therefore these loans were not analyzed. Small farm lending is not a business line of the bank and was not included in the analysis. Additionally, tables 7 and 12 have been eliminated from the public evaluation..

Community development loans and qualified investments originated by ANB during the period of August 9, 1999 to August 26, 2002 were considered. All qualified investments originated in prior periods and still outstanding at August 26, 2002 were considered. Our conclusions related to community development loans and qualified investments were based on the number and dollar amounts made during the evaluation period. In addition, we considered the level of innovation, complexity, responsiveness to community credit needs and the degree to which these instruments are not routinely provided by private investors.

### Data Integrity

A data integrity exam was conducted during May 2002. A sample of HMDA, small business, and community development loans were verified for accuracy. Additionally, qualified investments and services were reviewed for accuracy. No significant errors were detected and publicly reported data was deemed accurate.

### Selection of Areas for Full-Scope Review

ANB has three assessment areas (AAs) all within New Jersey. The first AA, Middlesex-Monmouth, has a total of 150 census tracts, with one low-income and 18 moderate-income tracts. The second AA, Mercer-Somerset, has 17 census tracts. There are no low-income tracts and only one moderate-income tract. The third AA, Woodbridge, consists of one middle-income census tract.

The Middlesex-Monmouth AA received a full scope review. Approximately 90% of the lending volume during the evaluation period and 91% of the deposits are in this AA. The Mercer-Somerset and Woodbridge AAs received limited scope reviews. Refer to the table in appendix A for more information.

### Ratings

The bank's overall rating is based primarily on the Middlesex-Monmouth AA which received a full-scope review. Mortgage products were weighted more heavily as the bank is primarily a mortgage lender. Although the bank originated a significant number of home equity loans, we weighted these loans equally as we could not determine the volume of home equity loans that

were originated for home improvement purposes. CD lending had a positive impact on the lending test rating.

**Other**

Refer to the profile section in Appendix B for community contact information.

## **Fair Lending Review**

An analysis of the most recent public comments and consumer complaint was performed according to the OCC's risk based fair lending approach. Based on its analysis of the information, the OCC decided that a comprehensive fair lending examination would not need to be conducted in connection with the CRA evaluation this year. The latest comprehensive fair lending exam was performed in June 1999.

## Conclusions with Respect to Performance Tests

### LENDING TEST

#### Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the lending test is rated "Outstanding". Based on the full-scope review, the bank's performance in the Middlesex-Monmouth AA is excellent.

#### Lending Activity

Refer to Table 1-Lending Volume and Table 1-Other in appendix C for the facts and data used to evaluate the bank's lending activity.

ANB lending activity in the area receiving the full-scope review is good, given the bank's size, resources, and competition. ANB originated approximately 91% of its home mortgage and home equity loans and approximately 84% of its small business loans in the Middlesex-Monmouth AA. The volume of home mortgages, small business loans, and home equity loans/lines in this AA is distributed as follows: 21% home mortgages, 65% home equity loans and 14% small business.

Among the volume of home mortgage loan originations, approximately 51% were for home purchase and 48% were for home refinance. Multifamily lending accounted for 1%.

In the Middlesex-Monmouth AA, ANB ranked 5<sup>th</sup> in deposit market share with 9.1% of the deposits. Four significantly larger multi-state bank headquartered outside of New Jersey dominated the market with 60.3% of the deposits. ANB ranked 45<sup>th</sup> with a 0.6% market share in overall home mortgage lending based on 2000 HMDA aggregate data. There are 399 reporting lenders in this AA. The top five lenders, all headquartered outside of New Jersey, had a combined market share of 21.4%, with no single lender exceeding a 6% market share.

In home purchase lending, ANB ranked 35<sup>th</sup> with a 0.8% market share based on this same aggregate data. Again, competition is high with 319 lenders. Four of the same five lenders noted above have a combined market share 19.4%.

ANB does not offer a separate home improvement loan product. The bank actively promotes its home equity products. Management feels its home equity products satisfy customer needs for home improvement loans.

In home refinance lending, ANB ranked 56<sup>th</sup> with a 0.5% market share. The top five lenders had a combined market share of 24.7% and individually ranged from 3% to 6%. There are 260 lenders that originated home refinancing loans in this AA.

Based on 2000 CRA aggregate lending data, ANB ranked 16<sup>th</sup> with a 0.9% market share for small business reporting lenders. The top three lenders have a combined market share of

57.5%, individually ranging from 9.8% to 31.0%. Two of these lenders are nationwide credit card issuers and one is a finance company.

## **Distribution of Loans by Income Level of the Geography**

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

Refer to Tables 2, 4 and 5 in appendix C for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations and purchases. As noted earlier, the bank does not originate HMDA reportable home improvement loans

For this evaluation, more weight was placed on the activity in the moderate-income census tracts, since there is only one low-income census tract in the AA. A military installation, the U.S. Naval Weapons Station at Earle, is located there. There is no owner-occupied housing on the military base.

Overall, the geographic distribution of loans is excellent.

ANB's geographic distribution of home mortgage loans is good, given the demographics and competition in the AA. In the moderate-income geographies, 5% (8,267) of the units are owner occupied.

ANB's home purchase loan geographic distribution is excellent. The percentage of lending in the moderate-income geographies exceeds the percentage of owner occupied housing in those geographies. The market share in the moderate-income geographies exceeds the bank's overall market share.

ANB's home refinance loan geographic distribution is excellent. The percentage of lending in the moderate-income geographies slightly exceeds the percentage of owner occupied housing in those geographies. In moderate-income geographies, the bank's market share substantially meets its overall market share.

ANB's multifamily loan geographic distribution is excellent. Although multifamily housing only constitutes 1% of total home mortgage lending, the percentage of lending in moderate-income geographies exceeds the percentage of multifamily housing. In the moderate-income geographies, the bank's market share significantly exceeds its overall market share.

### ***Small Loans to Businesses***

Refer to Table 6 in appendix C for the facts and data used to evaluate the geographic distribution of the bank's origination/purchase of small loans to businesses.

The geographic distribution of small loans to businesses is excellent. The percentage of loans in moderate-income geographies exceeds the percentage of businesses within these geographies. The bank's market share in the moderate-income geographies slightly exceeds the bank's overall market share.

## **Consumer Loans**

Refer to Table 13 in appendix C for the facts and data used to evaluate the geographic distribution of the bank's consumer loan originations and purchases.

The geographic distribution of home equity loans is adequate. In moderate-income geographies, the percentage of home equity lending is below the percentage of moderate-income households in this AA. There is no market share comparison data for consumer loan originations.

## **Lending Gap Analysis**

Maps detailing ANB's lending activity during the evaluation period for home mortgage loans and small loans to businesses were reviewed to identify gaps in the geographic distribution of those loans. No unexplained conspicuous gaps were identified.

## **Inside/Outside Ratio**

This portion of the evaluation was performed at the bank level. During the evaluation period, ANB originated a majority (69.5%) of its loans in the combined AAs. ANB originated 62.7% of its HMDA loans, 63.3% of its small loans to businesses and 73.6% of its home equity loans in the AAs.

## **Distribution of Loans by Income Level of the Borrower**

Overall distribution of loans by income level of the borrower is good.

## **Home Mortgage Loans**

Refer to Tables 8 and 10 in appendix C for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases. Table 9 was eliminated as the bank did not originate HMDA reportable home improvement loans.

ANB's distribution of loans by borrower income level is good. The high cost of housing makes it extremely difficult for most low- and difficult for moderate-income families to afford housing in the AA. Recently released economic data indicate the median home price in Middlesex County is \$278,000 and in Monmouth County is \$243,000. The income of a low-income borrower is less than \$36,400 and a moderate-income borrower is less than \$58,240, which is based on the 2001 HUD adjusted MFI. We considered these barriers that exist for low- and moderate-income borrowers in our analysis of home mortgage and home equity loans.

The borrower distribution of home purchase lending is good. The percentage of ANB's home purchase lending to low-income borrowers was well below the percentage of low-income families in the AA. The bank's market share to low-income borrowers is slightly below its overall market share. However, the percentage of lending to moderate-income borrowers exceeded the percentage of moderate-income families in the AA. The bank's market share for lending to moderate-income borrowers exceeded its overall market share.

The borrower distribution of home refinance lending is good. The percentage of ANB's home refinance lending to low-income borrowers was significantly below the percentage of low-income families in the AA. However, the percentage of lending to moderate-income borrowers slightly exceeded the percentage of such families. The bank's market share of loans made to both low- and moderate-income borrowers exceeded the overall market share in the AA.

### ***Small Loans to Businesses***

Refer to Table 11 in appendix C for the facts and data used to evaluate the borrower distribution of the bank's origination/purchase of small loans to businesses.

ANB's distribution of small loans to businesses based on business size is excellent. The percentage of ANB's small loans to small businesses (businesses with gross annual revenue's of \$1 million or less) exceeded the percentage of small businesses in the AA. Over 62% of the bank's small loans to businesses regardless of revenue size were for \$100 thousand or less and over 20% of loans were between \$100,000 and \$250,000. The bank's market share of small loans to small businesses significantly exceeded the bank's overall market share of small loans to businesses. This performance is excellent when considering the strong competition for these types of loans in the AA, as discussed below.

ANB ranked 16th among lenders that made small loans to small businesses in the AA. This is a highly competitive market where a small number of lenders dominate a significant portion of the market. The three top lenders (two nationwide credit card issuers and a finance company) had a combined market share exceeding 50%.

### ***Consumer Loans***

Refer to Table 13 in appendix C for the facts and data used to evaluate the borrower distribution of the bank's consumer loan originations and purchases.

The borrower distribution of home equity loans is good. The bank's percentage of lending to low-income borrowers is below the percentage of low-income households, however lending to moderate-income borrowers exceeds the percentage of moderate-income households.

### **Community Development Lending**

Refer to Table 1 Lending Volume in appendix C for the facts and data used to evaluate the bank's level of community development lending. This table includes all CD loans, including multifamily loans that also qualify as CD loans. In addition, Table 5 includes geographic lending data on all multi-family loans, including those that also qualify as CD loans. Table 5 does not separately list CD loans, however.

CD loans had a positive impact on the Lending Test. Opportunities for CD loans in the bank's AA are limited. Therefore, the bank elected to make CD loans at the broader statewide level that includes their AA but does not benefit it. The bank adequately addressed the community development needs in its AA, therefore we gave positive consideration to CD loans made at the broader statewide level that did not benefit the AA.

During the evaluation period, ANB originated seven CD loans totaling \$4.1 million in the Middlesex-Monmouth AA representing 2.9% of allocated Tier 1 capital. These loans were very responsive to the identified housing needs in the AA. The bank also made five loans for \$6.4 million in the larger geographical area that includes the bank's AA. These loans represent an additional 4.2% of total Tier 1 Capital.

The following are examples of some of the major CD loans made during the evaluation period in the bank's AA:

- The bank originated a \$1.5 million loan to a non-profit entity for the construction of 16 low- to moderate-income housing units in Middletown, New Jersey.
- The bank originated a loan for \$680 thousand to a developer to acquire land in Long Branch, New Jersey. The completed development will consist of 46 condominiums that will be marketed to low- and moderate-income buyers.
- ANB participated with the NJHMFA in a project that will construct 38 moderate-income housing units in Long Branch, New Jersey, which will be subsidized by the Housing Incentive Fund. ANB's participation totaled \$500 thousand.

#### **Broader Statewide Area/No benefit to the AA:**

- The bank originated a \$2.9 million construction loan, which will be used to build a 57-unit senior citizen apartment complex for low- and moderate-income individuals in Highland Park, New Jersey.
- ANB originated a loan for \$1.2 million to build 169 low-income units in Elizabeth, New Jersey.
- The bank originated a \$1.4 million construction loan to finance a senior housing project in Bayonne, New Jersey consisting of 60 units targeted to low-income residents. The units will be available to all New Jersey residents meeting income and age requirements.

#### **Product Innovation and Flexibility**

Flexible lending programs had a positive impact on the lending test rating. ANB offers several flexible loan products to address community credit needs.

The Helping Hand Mortgage Loan Program is a community lending mortgage product designed for low and moderate-income borrowers. The program features underwriting standards that are easier to qualify for than a conventional mortgage. The allowable debt-to-income ratios for this product are higher than those for conventional mortgage programs. Other features include a smaller down payment, a reduced interest rate for the first 10 years of the loan, no points, a reduced application fee, and a less stringent PMI requirement. The bank also pays the PMI premiums for the first two years of the loan. During the evaluation period, the bank originated 21 loans for \$2.1 million.

The Helping Hand Home Equity Loan is a fixed rate loan that also has flexible features for low- and moderate-income borrowers. The program allows for a higher loan-to-value ratio, a reduced interest rate for the first 10 years of the loan, a substantially lower minimum loan amount, and waiver of the application fee. During the evaluation period, ANB originated 18 loans for \$300 thousand.

The bank also offers a Helping Hand Automobile Loan, which offers more flexible terms than the bank's conventional auto loan product. Given the favorable rates provided by automobile manufacturers in the past several years, the bank originated one loan for \$3,500.

ANB participates in a special loan program through the Old Bridge Housing Authority. The loans are used to assist low- and moderate-income individuals to purchase homes in designated areas of Old Bridge. Loans under this program are included in the Helping Hand Mortgage Program described above.

### **Conclusions for Areas Receiving Limited-Scope Reviews**

Based on limited-scope reviews, the bank's performance under the lending test in the Mercer-Somerset and the Woodbridge AAs is weaker than the bank's overall "Outstanding" performance under the lending test. The weaker performance is attributed to the lower volume of lending in those areas and did not impact the overall conclusions. Refer to Tables 1 through 13 in appendix C for the facts and data that support these conclusions.

## **INVESTMENT TEST**

### **Conclusions for Areas Receiving Full-Scope Reviews**

The bank's performance under the investment test is rated "High Satisfactory". Based on the full-scope review, the bank's performance in the Middlesex-Monmouth AA is good.

Refer to Table 14 in appendix C for the facts and data used to evaluate the bank's level of qualified investments.

During the evaluation period, ANB made one investment totaling \$2.4 million. Additionally, qualifying grants and donations totaling \$50 thousand were made in the AA. Also, we allocated investments and donations made on a broader geographical level that includes the bank's AA. The allocation totaled \$1.3 million for this AA. Together, these investments and grants represent 2.5% of allocated Tier 1 capital. Our community contacts disclosed that CD investment opportunities are available in the AA, however the market for these investments is highly competitive. The larger regional and multinational financial institutions have a greater capability of obtaining CD investments as they become available. None of the investments made by the bank are considered complex or innovative.

The following are the major qualified investments, which were made in or were allocated to the Middlesex-Monmouth AA

- The bank purchased a \$2.4 million bond issued by a local housing authority located in South Amboy. The housing authority purchased 22 condominium units that will be for low- and moderate-income individuals.
- ANB contributed \$1 million to the Amboy Foundation. The mission of the foundation is to support organizations in the bank's AAs that have community development as their primary purpose. This amount was allocated to the individual AAs based on deposits in the respective AA. The Middlesex-Monmouth AA was allocated \$913 thousand.
- ANB made a \$125 thousand investment in a statewide nonprofit community loan fund. The purpose of the fund is to lend and provide technical assistance to community organizations that target affordable housing and economic development opportunities for low- and moderate-income individuals.
- ANB made a \$100 thousand investment in a regional community reinvestment fund. The purpose of the fund is to provide capital and technical expertise to organizations and small businesses involved in affordable housing and economic development benefiting low- and moderate-income individuals.

ANB has one prior period investment totaling \$3 million. This investment was the purchase of a mortgage back security. All of the mortgages supporting this investment were made to LMI individuals.

During the evaluation period, ANB made 38 qualifying grants and donations totaling \$50 thousand. The grants were spread among 14 organizations that target affordable housing and community development services for LMI individuals.

### **Conclusions for Area Receiving Limited-Scope Reviews**

Refer to Table 14 in appendix C for the facts and data that support these conclusions.

Based on limited-scope reviews, the bank's performance under the investment test in the Mercer-Somerset and Woodbridge AAs is weaker than the bank's overall "High Satisfactory" performance under the investment test. The available opportunities are reduced in these areas. The weaker performance did not impact the overall conclusions. Refer to Table 14 in appendix C for the facts and data that support these conclusions.

## **SERVICE TEST**

### **Conclusions for Areas Receiving Full-Scope Reviews**

The bank's performance under the Service Test is rated "Outstanding". Based on the full-scope review, the bank's performance in the Middlesex-Monmouth AA is excellent.

## Retail Banking Services

Refer to Table 15 in appendix C for the facts and data used to evaluate the distribution of the bank's branch delivery system and branch openings and closings.

ANB's delivery systems are accessible to essentially to all geographies and individuals of different income levels.

The bank operates 13 full service branches in the Middlesex-Monmouth AA. Two, or 15% of the branches are located in moderate-income geographies compared to 7% of the population that resides in those geographies. As noted earlier, a military installation encompasses the one low-income geography in the AA.

ANB opened three branches during the evaluation period; two were located in middle-income geographies and one was located in an upper-income geography. No branches were closed since the prior evaluation. Hours and services do not materially differ throughout the AA. All branch offices offer extended hours and a substantial majority have Saturday hours.

ANB offers alternative delivery systems in the form of bank-by-mail and bank-by phone programs and internet banking. In evaluating the bank's services, no significant weight was given to these systems since the bank does not track how well these services reach low- and moderate-income individuals and geographies.

## Community Development Services

ANB provides a relatively high level of community development services. Examples of services provided include:

- The bank's president serves as a member of the Monmouth County Supportive Housing Collaboration. The collaboration deals with affordable housing issues targeting low- and moderate-income individuals. Projects completed helped provide over 50 units of housing.
- Two officers of the bank serve on the community development advisory board of the New Jersey Community Home Buyer's Counseling Coalition. (NJCHBCC). NJCHBCC helps facilitate homeownership through financial education, including homebuyer seminars, targeting low- and moderate-income individuals. Over 100 individuals took advantage of these seminars.
- The bank hosted three tax preparation assistance sites during the evaluation period. Additionally, four officers of the bank participated in providing free tax return preparation for low- and moderate-income residents. Over 100 individuals received service.
- Members of senior management have provided technical assistance to non-profit organizations in preparing applications for the FHLB Affordable Housing Loan Program. With the bank's assistance, the groups were able to secure below market loan rates for affordable housing projects targeting low- and moderate-income individuals. The bank assisted six organizations with these applications.
- In conjunction with the Housing Coalition of Central Jersey, the bank has provided pre-purchase home counseling primarily for low- and moderate-income individuals. Additionally,

the bank provides credit reports at no-charge for individual participants in the counseling program. ANB purchased approximately 150 credit reports during the evaluation period.

### **Conclusions for Areas Receiving Limited-Scope Reviews**

Based on limited-scope reviews, the bank's performance under the Service Test in the Mercer-Somerset and Woodbridge AAs is weaker than the bank's overall "Outstanding" performance under the Service Test. The weaker performance is skewed by the fewer number of branches in the AA compared to the demographics. The weaker performance did not impact the overall conclusions. Refer to Table 15 in appendix C for the facts and data that support these conclusions.

## Appendix A: Scope of Examination

The following table identifies the time period covered in this evaluation, affiliate activities that were reviewed, and loan products considered. The table also reflects the metropolitan and non-metropolitan areas that received comprehensive examination review (designated by the term “full-scope”) and those that received a less comprehensive review (designated by the term “limited-scope”).

<b>Time Period Reviewed</b>	Lending Test (excludes CD Loans): 01/01/99 to 12/31/01 Investment and Service Tests and CD Loans: 08/09/99 to 08/26/02	
<b>Financial Institution</b>	<b>Products Reviewed</b>	
Amboy National Bank (ANB) Old Bridge, New Jersey	HMDA, small business, home equity loans, community development loans	
<b>Affiliate(s)</b>	<b>Affiliate Relationship</b>	<b>Products Reviewed</b>
ANB Investment Company	Bank Subsidiary	Qualified CD Investments
<b>List of Assessment Areas and Type of Examination</b>		
<b>Assessment Area</b>	<b>Type of Exam</b>	<b>Other Information</b>
Middlesex/Monmouth Mercer/Somerset Woodbridge	Full-Scope Limited-Scope Limited Scope	

# Appendix B: Market Profiles for Full-Scope Areas

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### Market Profiles for Areas Receiving Full-Scope Reviews

Middlesex/Monmouth .....	B-2
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## Middlesex/Monmouth AA

Demographic Information for Full-Scope Area: Middlesex/Monmouth						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	150	0.67	9.33	50.00	38.67	1.33
Population by Geography	598,298	0.22	7.26	49.62	42.75	0.15
Owner-Occupied Housing by Geography	164,352	0.00	5.03	50.19	44.78	0.00
Businesses by Geography	29,865	0.03	4.96	47.00	48.02	0.00
Farms by Geography	945	0.00	3.17	43.70	53.12	0.00
Family Distribution by Income Level	163,673	12.72	16.54	25.04	45.70	0.00
Distribution of Low- and Moderate-Income Families throughout AA Geographies	47,896	0.67	13.93	59.34	26.06	0.00
Median Family Income HUD Adjusted Median Family Income for 2001 Households Below the Poverty Level	= \$49,801 =\$ 72,843 3.98%	Median Housing Value Unemployment Rate (BLS: July 2002)				See Narrative 5.1%

(\*) The NA category consists of geographies that have not been assigned an income classification.  
Source: 1990 U.S. Census, and 2001 HUD updated MFI.

The Middlesex-Monmouth AA encompasses a portion of Middlesex County, located in the Middlesex-Somerset-Hunterdon MSA #5015 and a portion of Monmouth County, located in the Monmouth-Ocean MSA #5190. The portions are contiguous and are part of the larger New York-Northern New Jersey Consolidated Metropolitan Area (CMSA). Additionally, demographics of the two MSAs are homogeneous. Major communities within the AA include East Brunswick, Sayreville, Old Bridge, and Middletown.

ANB had 9% of the deposits and ranked 5<sup>th</sup> within the AA based on the June 30, 2001 FDIC Summary of Deposits. Total deposits in the AA represent 91 % of the bank's total deposits. Additionally, ANB operates 13 branches, representing 77% of the total branches. Major competitors include Fleet, PNC, First Union National Bank, and Sovereign Bank.

Employment in the AA is centered in the service industries, including medical and telecommunications. Major employers include Meridian Health Systems, Lucent, AT&T, and Telcordia. Unemployment has increased over the past year, but the rates in the two counties remain below the national and state rates.

Recently released data indicate that housing prices continue to significantly increase in both MSAs. In the Middlesex MSA, the median housing price is now \$278 thousand, while in the Monmouth MSA, the median price is \$243 thousand. These prices make homeownership difficult for most low- and moderate-income individuals.

We conducted a community contact with a county housing organization. The representative stated that the high cost of housing remains a barrier to homeownership for most low- and moderate-income individuals. A review of recently conducted community contacts indicated the same. Interest rate subsidies, participation in affordable housing and community development projects were among the identified needs.

## Appendix C: Tables of Performance Data

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### Content of Standardized Tables

References to the “bank” include activities of any affiliates that the bank provided for consideration (refer to appendix A: Scope of the Examination). For purposes of reviewing the lending test tables, the following are applicable: purchased loans are treated as originations/purchases and market share is the number of loans originated and purchased by the bank as a percentage of the aggregate number of reportable loans originated and purchased by all lenders in the MA/assessment area. Tables without data are not included in this PE.

The following is a listing and brief description of the tables:

- Table 1. Lending Volume** - Presents the number and dollar amount of reportable loans originated and purchased by the bank over the evaluation period by MA/assessment area. Community development loans to statewide or regional entities or made outside the bank’s assessment area may receive positive CRA consideration. Refer to Interagency Q&As \_\_.12(i) - 5 and - 6 for guidance on when a bank may receive positive CRA consideration for such loans. When such loans exist, insert a line item with the appropriate caption, such as “Statewide/Regional” or “Out of Assessment Area,” in the MA/Assessment Area column and record the corresponding numbers and amounts in the “Community Development Loans” column.
- Table 1. Other Products** - Presents the number and dollar amount of any unreported category of loans originated and purchased by the bank over the evaluation period by MA/assessment area. Examples include consumer loans or other data that a bank may provide, at its option, concerning its lending performance. This is a two-page table that lists specific categories.
- Table 2. Geographic Distribution of Home Purchase Loans** - Compares the percentage distribution of the number of loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of owner-occupied housing units throughout those geographies. The table also presents market share information based on the most recent aggregate market data available.
- Table 3. Geographic Distribution of Home Improvement Loans** - See Table 2.
- Table 4. Geographic Distribution of Home Mortgage Refinance Loans** - See Table 2.
- Table 5. Geographic Distribution of Multifamily Loans** - Compares the percentage distribution of the number of multifamily loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of multifamily housing units throughout those geographies. The table

also presents market share information based on the most recent aggregate market data available.

- Table 6. Geographic Distribution of Small Loans to Businesses** - The percentage distribution of the number of small loans (less than or equal to \$1 million) to businesses originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies compared to the percentage distribution of businesses (regardless of revenue size) throughout those geographies. The table also presents market share information based on the most recent aggregate market data available. Because small business data are not available for geographic areas smaller than counties, it may be necessary to use geographic areas larger than the bank's assessment area.
- Table 7. Geographic Distribution of Small Loans to Farms** - The percentage distribution of the number of small loans (less than or equal to \$500,000) to farms originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies compared to the percentage distribution of farms (regardless of revenue size) throughout those geographies. The table also presents market share information based on the most recent aggregate market data available. Because small farm data are not available for geographic areas smaller than counties, it may be necessary to use geographic areas larger than the bank's assessment area.
- Table 8. Borrower Distribution of Home Purchase Loans** - Compares the percentage distribution of the number of loans originated and purchased by the bank to low-, moderate-, middle-, and upper-income borrowers to the percentage distribution of families by income level in each MA/assessment area. The table also presents market share information based on the most recent aggregate market data available.
- Table 9. Borrower Distribution of Home Improvement Loans** - See Table 8.
- Table 10. Borrower Distribution of Refinance Loans** - See Table 8.
- Table 11. Borrower Distribution of Small Loans to Businesses** - Compares the percentage distribution of the number of small loans (less than or equal to \$1 million) originated and purchased by the bank to businesses with revenues of \$1 million or less to the percentage distribution of businesses with revenues of \$1 million or less. In addition, the table presents the percentage distribution of the number of loans originated and purchased by the bank by loan size, regardless of the revenue size of the business. Market share information is presented based on the most recent aggregate market data available.
- Table 12. Borrower Distribution of Small Loans to Farms** - Compares the percentage distribution of the number of small loans (less than or equal to \$500,000) originated and purchased by the bank to farms with revenues of \$1 million or less to the percentage distribution of farms with revenues of \$1 million or less. In addition, the table presents the percentage distribution of the number of loans originated and purchased by the bank by loan size, regardless of the revenue size of the farm.

Market share information is presented based on the most recent aggregate market data available.

**Table 13. Geographic and Borrower Distribution of Consumer Loans (OPTIONAL)** - For geographic distribution, the table compares the percentage distribution of the number of loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of households within each geography. For borrower distribution, the table compares the percentage distribution of the number of loans originated and purchased by the bank to low-, moderate-, middle-, and upper-income borrowers to the percentage of households by income level in each MA/assessment area.

**Table 14. Qualified Investments** - Presents the number and dollar amount of qualified investments made by the bank in each MA/AA. The table separately presents investments made during prior evaluation periods that are still outstanding and investments made during the current evaluation period. Prior-period investments are reflected at their book value as of the end of the evaluation period. Current period investments are reflected at their original investment amount even if that amount is greater than the current book value of the investment. The table also presents the number and dollar amount of unfunded qualified investment commitments. In order to be included, an unfunded commitment must be legally binding and tracked and recorded by the bank's financial reporting system.

A bank may receive positive consideration for qualified investments in statewide/regional entities or made outside of the bank's assessment area. See Interagency Q&As \_\_.12(i) - 5 and - 6 for guidance on when a bank may receive positive CRA consideration for such investments. When such investments exist, insert a line item with the appropriate caption, such as "Statewide/Regional" or "Out of Assessment Area," in the MA/Assessment Area column and record the corresponding numbers and amounts in the "Qualified Investments" column.

**Table 15. Distribution of Branch Delivery System and Branch Openings/Closings** - Compares the percentage distribution of the number of the bank's branches in low-, moderate-, middle-, and upper-income geographies to the percentage of the population within each geography in each MA/AA. The table also presents data on branch openings and closings in each MA/AA.

**Table 1. Lending Volume**

LENDING VOLUME												Geography: New Jersey		Evaluation Period: January 1, 1999 TO December 31, 2001	
MA/Assessment Area:	% of Rated Area Loans (#) in MA/AA	Home Mortgage		Small Loans to Businesses		Small Loans to Farms		Community Development Loans **		Total Reported Loans		% of Rated Area Deposits in MA/AA***			
		#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)				
<b>Full Review:</b>															
Middlesex/Monmouth	88.29	894	143,697	593	89,974	0	0	7	4,136	1,494	237,807				
<b>Limited Review:</b>															
Mercer/Somerset	11.30	80	14,201	111	13,338	0	0	0	0	191	27,539				
Woodbridge	0.41	4	414	3	240	0	0	0	0	7	654				
<b>Broader Geographic Area</b>	0	0	0	0	0	0	0	5	6,440	5	6,440				

\* Loan Data as of December 31, 2001. Rated area refers to either the state or multi-state MA rating area.

\*\* The evaluation period for Community Development Loans is August 9, 1999 to August 26, 2002.

\*\*\* Deposit Data as of June 30, 2001. Rated Area refers to either the state, multi-state MA, or institution, as appropriate.

**Table 1. Other Products**

LENDING VOLUME		Geography: New Jersey						Evaluation Period: January 1, 1999 TO December 31, 2001						
MA/Assessment Area:	% of Rated Area Loans (#) in MA/AA	Total Optional Loans**		Small Business Real Estate Secured**		Home Equity**		Motor Vehicle		Credit Card**		Other Secured Consumer**		% of Rated Area Deposits in AA***
		#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	
<b>Full Review:</b>														
Middlesex/Monmouth	91.07	2,845	115,775	0	0	2,845	115,775	0	0	0	0	0	0	0.00
<b>Limited Review:</b>														
Mercer/Somerset	8.61	269	12,178	0	0	269	12,178	0	0	0	0	0	0	0.00
Woodbridge	0.32	10	500	0	0	10	500	0	0	0	0	0	0	0.00

\* Loan Data as of December 31, 2001. Rated area refers to either the state or multi-state MA rating area.

\*\* The evaluation period for Optional Product Line(s) is From January 31, 1999 to December 31, 2001.

\*\*\* Deposit Data as of June 20, 2001. Rated Area refers to either the state, multi-state MA, or institution, as appropriate.

**Table 2. Geographic Distribution of Home Purchase Loans**

Geographic Distribution: HOME PURCHASE			Geography: New Jersey				Evaluation Period: January 1, 1999 TO December 31, 2001					Market Share (%) by Geography				
MA/Assessment Area:	Total Home Purchase Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Over all	Low	Mod	Mid	Upp	
	#	% of Total**	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans						
<b>Full Review:</b>																
Middlesex/Monmouth	452	92.24	0.00	0.00	5.03	7.52	50.19	51.77	44.78	40.71	0.92	0.00	1.43	0.99	0.78	
<b>Limited Review:</b>																
Mercer/Somerset	37	7.55	0.00	0.00	3.05	0.00	41.83	35.14	55.12	64.86	0.44	0.00	0.00	0.28	0.56	
Woodbridge	1	0.20	0.00	0.00	0.00	0.00	100.00	100.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	

\* Based on 2000 Peer Mortgage Data: Northeast Region.

\*\* Home purchase loans originated and purchased in the MA/AA as a percentage of all home purchase loans originated and purchased in the rated area.

\*\*\* Percentage of Owner Occupied Units is the number of owner occupied housing units in a particular geography divided by the number of owner occupied housing units in the area based on 1990 Census information.

**Table 4. Geographic Distribution of Home Mortgage Refinance Loans**

Geographic Distribution: HOME MORTGAGE REFINANCE											Geography: New Jersey Evaluation Period: January 1, 1999 TO December 31, 2001				
MA/Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography				
	#	% of Total**	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Over all	Low	Mod	Mid	Upp
<b>Full Review:</b>															
Middlesex/Monmouth	433	90.40	0.00	0.00	5.03	5.54	50.19	55.43	44.78	39.03	0.67	0.00	0.58	0.78	0.57
<b>Limited Review:</b>															
Mercer/Somerset	43	8.98	0.00	0.00	3.05	0.00	41.83	41.86	55.12	58.14	0.49	0.00	0.00	0.00	0.85
Woodbridge	3	0.63	0.00	0.00	0.00	0.00	100.00	100.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

\* Based on 2000 Peer Mortgage Data: Northeast Region.

\*\* Home mortgage refinance loans originated and purchased in the MA/AA as a percentage of all home mortgage refinance loans originated and purchased in the rated area.

\*\*\* Percentage of Owner Occupied Units is the number of owner occupied housing units in a particular geography divided by number of owner occupied housing units in the area based on 1990 Census information.

**Table 5. Geographic Distribution of Multifamily Loans**

Geographic Distribution: MULTIFAMILY		Geography: New Jersey						Evaluation Period: January 1, 1999 TO December 31, 2001							
MA/Assessment Area:	Total Multifamily Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography				
	#	% of Total**	% of MF Units***	% BANK Loans	% MF Units***	% BANK Loans	% MF Units***	% BANK Loans	% MF Units***	% BANK Loans	Over all	Low	Mod	Mid	Upp
<b>Full Review:</b>															
Middlesex/Monmouth	9	100.00	0.03	0.00	20.18	33.33	58.59	44.44	21.20	22.22	3.33	0.00	14.29	0.00	0.00
<b>Limited Review:</b>															
Mercer/Somerset	0	0.00	0.00	0.00	4.26	0.00	82.74	0.00	13.00	0.00	0.00	0.00	0.00	0.00	0.00
Woodbridge	0	0.00	0.00	0.00	0.00	0.00	100.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

\* Based on 2000 Peer Mortgage Data: Northeast Region.

\*\* Multifamily loans originated and purchased in the MA/AA as a percentage of all multifamily loans originated and purchased in the rated area.

\*\*\* Percentage of multifamily units is the number of multifamily housing units in a particular geography divided by number of multifamily housing units in the area based on 1990 Census information.

**Table 6. Geographic Distribution of Small Loans to Businesses**

Geographic Distribution: SMALL LOANS TO BUSINESSES												Geography: New Jersey		Evaluation Period: January 1, 1999 TO December 31, 2001			
MA/Assessment Area:	Total Small Business Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography						
	#	% of Total**	% of Businesses***	% BANK Loans	% of Businesses***	% BANK Loans	% of Businesses***	% BANK Loans	% of Businesses***	% BANK Loans	% of Businesses***	% BANK Loans	Overall	Low	Mod	Mid	Upp
<b>Full Review:</b>																	
Middlesex/Monmouth	593	83.88	0.03	0.00	4.96	8.77	47.00	55.99	48.02	35.24	0.90	0.45	0.98	0.88	1.02		
<b>Limited Review:</b>																	
Mercer/Somerset	111	15.70	0.00	0.00	5.13	0.90	34.99	21.62	59.88	77.48	0.47	0.00	0.00	0.30	0.80		
Woodbridge	3	0.42	0.00	0.00	0.00	0.00	100.00	100.00	0.00	0.00	0.84	0.63	1.07	0.84	0.86		

\* Based on 2000 Peer Small Business Data: US&PR.

\*\* Small loans to businesses originated and purchased in the MA/AA as a percentage of all small loans to businesses originated and purchased in the rated area.

\*\*\* Source Data - Dun and Bradstreet 2001.

**Table 8. Borrower Distribution of Home Purchase Loans**

Borrower Distribution: HOME PURCHASE		Geography: New Jersey						Evaluation Period: January 1, 1999 TO December 31, 2001							
MA/Assessment Area:	Total Home Purchase Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share				
	#	% of Total**	% Families***	% BANK Loans****	% Families**	% BANK Loans****	% Families*	% BANK Loans****	% Families*	% BANK Loans****	Over all	Low	Mod	Mid	Upp
<b>Full Review:</b>															
Middlesex/Monmouth	452	92.24	12.72	6.05	16.54	18.16	25.04	23.77	45.70	52.02	1.14	0.99	1.25	1.14	1.10
<b>Limited Review:</b>															
Mercer/Somerset	37	7.55	7.94	5.56	15.03	11.11	25.89	33.33	51.14	50.00	0.54	0.00	0.31	0.84	0.51
Woodbridge	1	0.20	17.03	100.00	21.45	0.00	28.68	0.00	32.84	0.00	0.00	0.00	0.00	0.00	0.00

\* Based on 2000 Peer Mortgage Data: Northeast Region.

\*\* As a percentage of loans with borrower income information available. No information was available for 1.43% of loans originated and purchased by Bank.

\*\*\* Percentage of Families is based on the 1990 Census information.

\*\*\*\* Home purchase loans originated and purchased in the MA/AA as a percentage of all home purchase loans originated and purchased in the rated area.

**Table 10. Borrower Distribution of Home Mortgage Refinance Loans**

Borrower Distribution: HOME MORTGAGE REFINANCE												Geography: New Jersey		Evaluation Period: January 1, 1999 TO December 31, 2001				
MA/Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share							
	#	% of Total**	% Families**	% BANK Loans****	% Families**	% BANK Loans****	% Families**	% BANK Loans****	% Families**	% BANK Loans****	Over all	Low	Mod	Mid	Upp			
<b>Full Review:</b>																		
Middlesex/Monmouth	433	90.40	12.72	3.77	16.54	17.45	25.04	26.18	45.70	52.59	0.84	1.03	0.91	0.92	0.74			
<b>Limited Review:</b>																		
Mercer/Somerset	43	8.98	7.94	2.33	15.03	20.93	25.89	23.26	51.14	53.49	0.64	2.27	1.18	0.00	0.65			
Woodbridge	3	0.63	17.03	0.00	21.45	33.33	28.68	33.33	32.84	33.33	0.00	0.00	0.00	0.00	0.00			

\* Based on 2000 Peer Mortgage Data: Northeast Region.

\*\* As a percentage of loans with borrower income information available. No information was available for 1.88% of loans originated and purchased by Bank.

\*\*\* Percentage of Families is based on the 1990 Census information.

\*\*\*\* Home mortgage refinance loans originated and purchased in the MA/AA as a percentage of all home mortgage refinance loans originated and purchased in the rated area.

**Table 11. Borrower Distribution of Small Loans to Businesses**

Borrower Distribution: SMALL LOANS TO BUSINESSES					Geography: New Jersey		Evaluation Period: January 1, 1999 TO December 31, 2001		
MA/Assessment Area:	Total Small Loans to Businesses		Businesses With Revenues of \$1 million or less		Loans by Original Amount Regardless of Business Size			Market Share	
	#	% of Total**	% of Businesses***	% BANK Loans****	\$100,000 or less	>\$100,000 to \$250,000	>\$250,000 to \$1,000,000	All	Rev \$1 Million or Less
<b>Full Review:</b>									
Middlesex/Monmouth	599	84.01	84.86	93.66	60.54	20.10	19.36	0.90	2.30
<b>Limited Review:</b>									
Mercer/Somerset	111	15.57	82.34	95.50	56.00	30.67	13.33	0.47	1.19
Woodbridge	3	0.42	79.45	100.00	66.67	33.33	0.00	0.84	2.19

\* Based on 2000 Peer Small Business Data: US&PR.

\*\* Small loans to businesses originated and purchased in the MA/AA as a percentage of all small loans to businesses originated and purchased in the rated area.

\*\*\* Businesses with revenues of \$1 million or less as a percentage of all businesses (Source D&B - 2001).

\*\*\*\* Small loans to businesses with revenues of \$1 million or less as a percentage of all loans reported as small loans to businesses. No information was available for 0% of small loans to businesses originated and purchased by the Bank.

**Table 13. Geographic and Borrower Distribution of Consumer Loans**

Geographic and Borrower Distribution: CONSUMER LOANS																			Geography: New Jersey				Evaluation Period: January 1, 1999 TO December 31, 2001			
MA/Assessment Area:	Geographic Distribution										Borrower Distribution															
	Total Consumer Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers									
	#	% of Total*	% of Hhlds**	% of BANK Loans	% of Hhlds**	% of BANK Loans	% of Hhlds**	% of BANK Loans	% of Hhlds**	% of BANK Loans	% of Hhlds**	% of BANK Loans	% of Hhlds**	% of BANK Loans	% of Hhlds**	% of BANK Loans	% of Hhlds**	% of BANK Loans								
<b>Full Review:</b>																										
Middlesex/Monmouth	2,845	91.07	0.17	0.00	8.12	5.10	51.61	54.94	40.10	39.96	16.89	10.22	14.38	17.35	21.32	26.53	47.42	45.89								
<b>Limited Review:</b>																										
Mercer/Somerset	269	8.61	0.00	0.00	5.51	0.00	43.39	36.80	51.10	63.20	11.00	9.02	13.58	13.53	21.58	25.94	53.84	51.50								
Woodbridge	10	0.32	0.00	0.00	0.00	0.00	100.00	100.00	0.00	0.00	19.46	10.00	17.83	40.00	27.43	40.00	35.28	10.00								

\* Consumer loans originated and purchased in the MA/AA as a percentage of all consumer loans originated and purchased in the rated area.

\*\* Percentage of Households is based on the 1990 Census Information.

**Table 14. Qualified Investments**

QUALIFIED INVESTMENTS		Geography: New Jersey				Evaluation Period: August 9, 1999 TO August 26, 2002			
MA/Assessment Area:	Prior Period Investments		Current Period Investments		Total Investments			Unfunded Commitments	
	#	\$(000's)	#	\$(000's)	#	\$(000's)	% of Total	#	\$(000's)
<b>Full Review:</b>									
Middlesex/Monmouth	1	3,030	39	2,460	40	5,490	79.21	0	0
<b>Limited Review:</b>									
Mercer/Somerset	0	0	6	2	6	2	0.03	0	0
Woodbridge	0	0	0	0	0	0	0.00	0	0
<b>Broader Geographic Area/Multiple AAs</b>	0	0	29	1,439	29	1,439	20.76	0	0

\* 'Prior Period Investments' means investments made in a previous evaluation period that are outstanding as of the examination date.

\*\* 'Unfunded Commitments' means legally binding investment commitments that are tracked and recorded by the institution's financial reporting system.

**Table 15. Distribution of Branch Delivery System and Branch Openings/Closings**

DISTRIBUTION OF BRANCH DELIVERY SYSTEM AND BRANCH OPENINGS/CLOSINGS Geography: New Jersey Evaluation Period: January 1, 1999 TO December 31, 2001																	
MA/Assessment Area:	Deposits	Branches						Branch Openings/Closings						Population			
	% of Rated Area Deposits in AA	# of BANK Branches	% of Rated Area Branches in AA	Location of Branches by Income of Geographies (%)				# of Branch Openings	# of Branch Closings	Net change in Location of Branches (+ or -)				% of Population within Each Geography			
				Low	Mod	Mid	Upp			Low	Mod	Mid	Upp	Low	Mod	Mid	Upp
<b>Full Review:</b>																	
Middlesex/Monmouth	0.00	13	76.47	0.00	14.29	78.57	7.14	3	0	0	0	2	1	0.22	7.26	49.62	42.75
<b>Limited Review:</b>																	
Mercer/Somerset	0.00	3	17.65	0.00	0.00	33.33	66.67	0	0	0	0	0	0	0.00	4.36	41.77	53.87
Woodbridge	0.00	1	5.88	0.00	0.00	100.00	0.00	0	0	0	0	0	0	0.00	0.00	100.00	0.00

