



# LARGE BANK

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Comptroller of the Currency  
Administrator of National Banks

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Washington, DC 20219

## Public Disclosure

March 31, 2003

## Community Reinvestment Act Performance Evaluation

Commerce Bank, N. A.  
Charter Number: 17094

1701 Route 70 East  
Cherry Hill, NJ 08034

Office of the Comptroller of the Currency

Mid-Size Bank Supervision  
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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 **Commerce Bank, N.A.** with respect to the Lending, Investment, and Service tests:

Performance Levels	Commerce Bank, N.A. 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:

- Excellent level of lending activity.
- Good geographic distribution of loans.
- An excellent distribution of loans among individuals of different income levels.
- Community development lending had a positive impact on the Lending Test rating.
- A good level of qualified investments that serve the AAs, including those made on a statewide and regional basis.
- Service delivery systems are readily accessible to geographies and individuals of different income levels.

## 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 statistical 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 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 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 statistical area (PMSA), metropolitan statistical area (MSA), or consolidated metropolitan area (CMSA), 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

Commerce Bank, N.A. (CBNA) is an interstate retail commercial bank headquartered in Cherry Hill, New Jersey, with total assets of \$10.1 billion and tier one capital of \$527 million as of December 31, 2002. CBNA is a wholly-owned subsidiary of Commerce Bancorp, Inc. (Bancorp), a \$16.4 billion multi-bank holding company also headquartered in Cherry Hill.

CBNA operates 113 full service branches within central and southern NJ and metropolitan New York (Manhattan, Rockland County, and Long Island). The bank has grown consistently during its 29-year history to become the largest commercial bank headquartered in New Jersey. During this evaluation period, the bank opened 55 branches and did not close any branches. The expansion into New York (Manhattan) occurred in late 2001 and into Long Island (Nassau and Suffolk Counties) and Rockland County in late 2002. There are no financial or legal impediments to hinder CBNA's ability to meet its community credit needs.

Including CBNA, the Bancorp operates three additional national banks and a state chartered bank, Commerce Bank/Pennsylvania N.A., Commerce Bank/Shore N.A., Commerce Bank/Delaware N.A., and Commerce Bank/North. In April 2001, the former Commerce Bank/Central N.A. was acquired and merged into CBNA, resulting in a single institution to serve the central and southern portions of New Jersey. The merger was largely due to the adjacent and sometimes overlapping markets served by both institutions. Management requested that the loans made by the affiliate national banks within CBNA's AAs be considered for the Lending Test. No affiliate took credit for these loans under its CRA evaluation.

Other subsidiaries of CBNA include: Commerce Capital Markets, Inc., a nonbank subsidiary that engages in various securities, investment banking and brokerage activities; NA Asset Management which purchases, holds and sells investments of the bank; Commerce Mortgage Acceptance Corporation, which securitizes residential mortgage loans; and Commerce Commercial Leasing, which provides business leasing services. These subsidiaries do not impact the bank's ability to meet its CRA obligations.

The table below details the loan product mix as of December 31, 2002.

<b>PRODUCT</b>	<b>\$ (000)</b>	<b>% OF TOTAL LOANS</b>
Commercial Real Estate	1,257,485	35
Commercial and Industrial	967,473	27
Consumer (including Home Equity Loans and Lines)	658,900	18
Residential Mortgage	427,599	12
Tax Exempt	193,764	5
Participations	94,788	3
<b>Total</b>	<b>3,600,009</b>	<b>100</b>

CBNA's previous CRA examination was conducted as of February 28, 2000, and the bank was assigned an overall rating of "Satisfactory".

## Scope of the Evaluation

### Evaluation Period/Products Evaluated

CBNA's HMDA mortgage lending and reportable CRA loans were evaluated for the period January 1, 2000 through December 31, 2002 in the state of New Jersey. The bank entered the New York City (Manhattan) market in September 2001, Long Island in July 2002, and Rockland County in December 2002. We reviewed the bank's HMDA and reportable CRA loans originated in 2002 for the Manhattan assessment area (AA). As the bank had operated in the Long Island and Rockland County AAs for less than six months during the evaluation period, we did not analyze performance in these AAs.

Small farm lending and multifamily home lending are not primary business lines of the bank. CBNA did not originate any farm loans, and only originated a nominal volume multifamily home loans, in any of its AAs. Therefore, these loans were not analyzed and Tables 7 and 12 were eliminated.

This evaluation considered community development loans and qualified investments originated by CBNA in the state of New Jersey from January 1, 2000 to March 31, 2003. All qualified investments originated in prior periods, and still outstanding at March 31, 2003, were also considered. We based our conclusions related to community development loans and qualified investments 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. For the state of New York evaluation, we considered activity during the period of September 11, 2001 (start of operations) to March 31, 2003 for the Manhattan AA.

### Data Integrity

We conducted data integrity reviews in 2001 and 2002. During these reviews, we analyzed a sample of small business and home mortgage loans to ensure the accuracy of data upon which our evaluation relied. We compared information in publicly filed data to information in the bank's loan files to determine reliability. We also evaluated the processes the bank employs to ensure the accuracy of this data. Our review revealed that the publicly available information was accurate and reliable. We also reviewed a sample of community development loans, investments and services to determine that they qualified under the regulatory criteria for community development. We made some minor adjustments to community development data.

### Selection of Areas for Full-Scope Review

In each state where the bank has an office, we selected a sample of AAs within that state for full-scope reviews. We selected the AAs based on deposit volume, the volume of home mortgage and small business lending, the number of branches, and community factors. For each state subject to review, we selected at least one AA for full-scope

review. Refer to the “Scope” section under each State Rating for details regarding how the areas were selected.

## **Ratings**

The bank’s overall rating is a blend of the state ratings. The state ratings are based primarily on those areas that received full-scope reviews. The state of New Jersey received the greatest weight in our determination of the overall rating. This state accounts for nearly all of the bank’s lending during the evaluation period, 95% of its total deposits, and 83% of its total branches. Additionally, the evaluation period for the state of New Jersey reflects three years of performance, whereas the state of New York reflects one year of performance. For individual state ratings, refer to the “Scope” section in each state rating for details on the weighting of state AAs.

## **Fair Lending Review**

We found no evidence of illegal discrimination or other illegal credit practices.

## State Rating

### State of New Jersey

#### **CRA Rating for New Jersey: Outstanding**

**The Lending Test is rated: Outstanding**

**The Investment Test is rated: High Satisfactory**

**The Service Test is rated: Outstanding**

The major factors that support this rating include:

- A good level of lending activity.
- Excellent borrower distribution in the Burlington/Camden/Gloucester AA.
- Good geographic distribution of loans in the AAs.
- A high level of community development lending that positively impacts the lending rating.
- A good level of investments, particularly in the Burlington/Camden/Gloucester AA and those made on statewide and regional bases.
- Service delivery systems are readily accessible to geographies and individuals of different income levels in the AAs.

### Description of Institution's Operations in New Jersey

CBNA has designated six AAs within central and southern portion of New Jersey. The AAs consist of the following counties in their entirety and their respective metropolitan areas (MA): Burlington, Camden, and Gloucester (part of the NJ portion of the Philadelphia PMSA 6160); Atlantic and Cape May (Atlantic-Cape May PMSA 0560); Middlesex, Somerset, and Hunterdon (Middlesex-Somerset-Hunterdon PMSA 5015); Morris and Union (part of the Newark PMSA 5640); Mercer (Trenton PMSA 8480); and Cumberland (Millville-Vineland PMSA 8760). The bank operates 94 branches within the state with deposits totaling \$6.2 billion. Based on the June 30, 2002, FDIC Summary of Deposits, CBNA ranks 7<sup>th</sup> in the state with a 3.4% deposit market share. Three large regional banks headquartered outside of New Jersey dominate with a combined 37% market share.

Refer to the Market Profiles for the State of New Jersey in Appendix C for detailed demographics and other performance context information for AAs that received full-scope reviews.

## Scope of Evaluation in New Jersey

We selected the Burlington/Camden/Gloucester (BCG) and Atlantic/Cape May (A/CM) AAs for full-scope reviews. These two contiguous areas contain 63% and 12%, respectively, of CBNA's \$6.2 billion in deposits within the state. Additionally, approximately 64% and 16%, respectively, of total loan originations and purchases were in these two areas. The BCG AA received greater weight than the A/CM AA. Approximately 80% of the total lending of these two combined areas was in the BCG AA. Additionally, 79% (42) of the total branches in these combined areas are located in this AA. All other AAs received limited-scope reviews. Refer to the table in Appendix A and the Market Profiles in Appendix C for more information.

## LENDING TEST

### Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the Lending Test in New Jersey is rated Outstanding. Based on full-scope reviews, the bank's performance in the BCG AA is excellent and in the A/CM AA is good.

### Lending Activity

Refer to Appendix D (New Jersey section), Table 1 - Lending Volume, and Table 1 - Other Products, for the facts and data used to evaluate the bank's lending activity.

The bank's overall lending activity is good. CBNA's growth rate for both loans and deposits during the evaluation period is exceptional. The deposit growth rate, however, continues to far out pace the loan growth rate as management can better predict and manage the risk associated with deposit growth. Annual deposit growth was 52%, 48% and 44% for 6/30/2003, 12/31/2002, and 12/31/2001, respectively. CBNA's net loan growth was 20%, 20%, and 38% for the same respective periods. Nonetheless, CBNA loan growth continues to far exceed its peers. Net loan growth for CBNA's peers is 15%, 18%, and 12% for these same respective periods. According to bank management, during the years 2000 through 2002, CBNA originated \$1.4 billion in home purchase and refinance loans, with most being sold into the secondary market for asset/liability management purposes. While the \$1.4 billion in home purchase and refinance loans were reported through HMDA, and are represented in this PE through the data provided in the Appendix D tables, the sale of loans explains the CBNA's continued low ratio of loan to deposits on its balance sheet.

### Burlington/Camden/Gloucester AA

The bank's record of lending activity is good. CBNA originated and purchased 13,188 loans totaling \$1.2 billion during the evaluation period. By number of originations, 82% were HMDA reportable home loans and 18% were small loans to businesses. Home mortgage loans are an identified credit need of the assessment area. Home purchase loans comprise 23%, home improvement loans 46%, and home refinance loans 31% of

HMDA reportable loans. Multifamily loans represented less than 1% and were not analyzed.

In the AA, CBNA ranked 1<sup>st</sup> in deposit market share with 27% of deposits. CBNA ranked 2<sup>nd</sup> in overall home mortgage lending with a 6% market share based on 2001 HMDA aggregate data. There are 462 reporting lenders in this AA. The leader in market share with 7% is an out-of-state bank headquartered on the West Coast that has made strong inroads in the New York and New Jersey markets.

In home purchase lending, CBNA ranked 10<sup>th</sup> with a 3% market share based on the same aggregate data. Competition is high with 350 lenders. Several nationwide mortgage lenders are active in this AA. The nine lenders ranked above CBNA had market shares ranging from 3% to 8%. Only the leading lender is a full service financial institution. Lenders ranked two through nine are nationwide mortgage companies that do not provide full banking services within the AA, as does CBNA.

In home improvement lending, CBNA ranked 1<sup>st</sup> and dominated the market with a 30% market share. Competition is less intense with 133 lenders. The second-ranked lender had a market share of 11%.

In home refinancing, CBNA ranked 6<sup>th</sup> with a 4% market share. Again, competition is strong with 369 lenders. Market shares for the five lenders ranked above CBNA ranged from 4% to 7%. Lenders ranked two through four are nationwide mortgage companies that do not provide full banking services to its customers, as does CBNA.

Based on data for 2001 CRA aggregate small loans to businesses, CBNA ranked 9<sup>th</sup> in this market with a 4% share. This performance is good in light of competition from large lenders that provide credit cards to small businesses. A credit card is typically the first credit extended to small businesses, and usage will vary. Usage rates explains why the top five lenders originated/purchased 58% of loans by number, but only 7% of loans by dollar amount. By dollar amount, CBNA ranks second behind a much larger regional bank headquartered out of state.

#### Atlantic/Cape May AA

The bank's record of lending activity is good. CBNA originated and purchased 3,278 loans totaling \$368 million during the evaluation period. By number of originations, 82% were HMDA reportable home loans and 18% were small loans to businesses. Home purchase loans comprise 30%, home improvement loans 35%, and home refinance loans 35%.

In the AA, CBNA ranked 2<sup>nd</sup> in deposit market share with 15% of deposits. CBNA ranked 6<sup>th</sup> in overall home mortgage lending with a 3% market share based on 2001 HMDA aggregate data. There are 412 reporting lenders in this AA. Three of the top five lenders are nationwide mortgage lenders that do not offer full banking services within the AA. Market shares for lenders ranked one through five ranged from 4% to 9%.

In home purchase lending, CBNA ranked 13<sup>th</sup> with a 2% market share based on the same aggregate data. Competition is strong with 307 lenders. All but two lenders ranked ahead of CBNA are national mortgage companies that do not offer full banking services in this AA. The lenders ranked above CBNA had market shares ranging from 10% to 2%.

In home improvement lending, CBNA ranked 1<sup>st</sup> with an 18% market share. Competition is less intense with 91 lenders. The lender ranked second had a market share of 15%.

In home refinance lending, CBNA ranked 7<sup>th</sup> with a 2% market share. Again, competition is strong with 320 lenders. Four of the six institutions ranked above CBNA are national mortgage lenders that do not offer full banking services. Market shares for the lenders ranked above CBNA ranged from 4% to 9%.

Based on data for 2001 CRA aggregate small loans to businesses, CBNA ranked 9<sup>th</sup> with a 3% market share for reporting lenders. This performance is good when considering competition from large lenders that provide credit cards to small business. Again, a credit card is typically the first credit extended to a small business, whether or not utilized. The top four lenders originated/purchased 56% of loans by number, but only 6% of loans by dollar amount. By dollar amount, CBNA ranks second behind a much larger regional bank headquartered out of state.

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

The overall geographic distribution of loans is good.

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

Refer to Tables 2, 3, 4 and 5 in Appendix D (state of New Jersey section) for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations/purchases.

The overall geographic distribution of home mortgage loans is good.

#### **Burlington/Camden/Gloucester AA**

CBNA's geographic distribution of home mortgage loans is good, given the demographics and competition in the AA.

CBNA's geographic distribution of home purchase loans is excellent. The percentage of lending in low-income geographies exceeds the percentage of owner-occupied housing in those geographies, and the percentage of lending in moderate-income geographies is near the percentage of owner-occupied housing in those geographies. The bank's market share in low-income geographies significantly exceeds its overall market share. In moderate-income geographies, the bank's market share substantially meets its overall market share. CBNA offers a flexible home purchase mortgage product, First

Step Mortgage Program, which targets both LMI geographies and borrowers. This product had a positive impact on the bank's geographic distribution. Refer to the "Product Innovation and Flexibility" section for additional detail.

CBNA's geographic distribution of home improvement loans is good. The majority of low-income geographies are centered in the city of Camden. As noted in the Market Profile in Appendix C, lending in these geographies is difficult due to the high level of poverty, age and the quality of housing stock. Despite an aggressive marketing effort by CBNA to promote its home improvement product, CBNA's lending compared to the demographic data indicates less than favorable results. However, CBNA is a market leader in both geographies. By number of loans originated, CBNA ranks second in low-income geographies and first in moderate-income geographies. Lending in both low- and moderate-income geographies is below the level of owner-occupied housing in LMI geographies. The bank's market share in both low- and moderate-income geographies is below its overall market share.

CBNA's geographic distribution of home refinance loans is adequate. The percentage of lending in both low- and moderate-income geographies is well below the level of owner-occupied housing in those geographies. The bank's market share in both low- and moderate-income geographies is below its overall market share.

#### Atlantic/Cape May AA

The geographic distribution of home mortgage loans in the AA is adequate.

CBNA's geographic distribution of home mortgage loans is adequate. More weight was given to performance in the moderate-income geographies. In low-income geographies, less than 1% (616) of the housing units are owner-occupied. In moderate-income geographies, nearly 14% (11,222) of housing units are owner-occupied.

CBNA's geographic distribution of home purchase loans is adequate. The percentage of lending in low-income geographies meets the percentage of owner-occupied housing in those geographies. The percentage of lending in the moderate-income geographies is below the percentage of owner-occupied housing in those geographies. The bank's market share in low-income geographies exceeds its overall market share, and in moderate-income geographies, the bank's market share is less than its overall market share.

CBNA's geographic distribution of home improvement loans is good, given the limited lending opportunities. As noted in the Market Profile, the Casino Reinvestment Development Authority undertakes many of the AA's rehabilitation efforts. Based on 2001 HMDA peer data, only eight lenders originated home improvement loans in low-income geographies; CBNA ranked 1<sup>st</sup>. The number of lenders improves to forty-five in moderate-income geographies, where CBNA ranked 5<sup>th</sup>. The bank's percentage of lending in low-income geographies exceeds the percentage of owner-occupied housing in those geographies. The percentage of lending in moderate-income geographies is

well below the percentage of owner-occupied housing in those geographies. The market share in low-income geographies substantially exceeds the bank's overall market share. In moderate-income geographies, the market share is less than the bank's overall market share.

CBNA's geographic distribution of home refinance loans is adequate. In both low- and moderate-income geographies, the percentage of lending and market shares was approximately half of the percentage of owner-occupied units and overall market shares.

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

Refer to Table 6 in Appendix D (state of New Jersey section) for the facts and data used to evaluate the geographic distribution of the bank's origination/purchase of small loans to businesses.

The overall geographic distribution of small loans to businesses is good.

#### **Burlington/Camden/Gloucester AA**

In this AA, the bank's overall geographic distribution is good, given the demographics and competition. There are approximately 1400 and 3000 businesses in low- and moderate-income geographies, respectively. The bank's percentage of loans made in moderate-income geographies is near the percentage of businesses located in those geographies. The bank's market share in moderate-income geographies slightly exceeds its overall market share. And in low-income geographies, the percentage of loans is below the percentage of businesses located in those geographies. However, the market share in low-income geographies exceeds the bank's overall market share.

#### **Atlantic/Cape May AA**

The overall geographic distribution is adequate, given the demographics within this AA. There are 181 and 3559 businesses in low- and moderate-income geographies, respectively. In moderate-income geographies, the bank's percentage of lending is below the percentage of businesses located in those geographies. In low-income geographies, the bank's percentage of lending meets the percentage of businesses located in those geographies. The market share in both low- and moderate-income geographies is below the bank's overall market share.

### ***Lending Gap Analysis***

We reviewed the geographic distribution of loans and did not detect any conspicuous or unexplained gaps in lending patterns.

***Inside/Outside Ratio***

This portion of the evaluation was performed at the bank level. During the evaluation period, CBNA originated a majority (66%) of its loans in the AAs. CBNA originated 64% of its HMDA loans, and 73% of its small loans to businesses, in the AAs. This data includes all reportable loans originated by CBNA only, and excludes extensions of credit by affiliates.

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

The overall distribution of by income level is excellent.

***Home Mortgage Loans***

Refer to Tables 8, 9 and 10 in Appendix D (state of New Jersey section) for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases.

**Burlington/Camden/Gloucester AA**

The overall borrower distribution of home mortgage loans in this AA is excellent given the concentration of poverty, overall cost of housing, and strong lending competition in the AA. The estimated cost of housing of \$144,000 in the AA makes home ownership difficult for a low-income individual who earns less than \$31,650 and for a moderate-income individual who earns less than \$50,640.

CBNA's distribution of home purchase loans is excellent. The percentage of lending to moderate-income borrowers exceeded the percentage of moderate-income families in the AA. The market share to moderate-income borrowers substantially meets the bank's overall market share. The percentage of lending to low-income borrowers is below the percentage of low-income families, however, the market share exceeds the bank's overall market share.

CBNA's distribution of home improvement loans is excellent. The percentage of lending to both low- and moderate-income borrowers is similar to the bank's performance in home purchase lending. The bank's market share to both low- and moderate-income borrowers meets its overall market share.

CBNA's distribution of home refinance loans is good. The percentage of lending to moderate-income borrowers is near to the percentage of moderate-income families. Additionally, the bank's market share to moderate-income borrowers substantially meets its overall market share. The percentage of lending to low-income borrowers is well below the percentage of low-income families, however the market share exceeds the bank's overall market share.

Atlantic/Cape May AA

The overall borrower distribution of home mortgage loans in this AA is good. Here also, the concentration of poverty, cost of housing, and competition in the AA impact performance. The overall poverty level among households within the AA is 9%. The relatively high cost of housing at \$149,000 makes home ownership difficult for a low-income individual who earns less than \$25,900 and for a moderate-income individual who earns less than \$41,440.

CBNA's distribution of home purchase, home improvement, and home refinance loans is good, when comparing the percentage of lending to both low- and moderate-income borrowers. For all types of mortgage loans, the percentage of lending to moderate-income borrowers is below the percentage of families residing in the AA. The percentage of lending to low-income borrowers is well below the percentage of families residing in the AA.

In home purchase lending, the bank's market share for both low- and moderate-income meets its overall market share. For home improvement loans, the bank's market share to low-income exceeds, and to moderate-income meets its overall market share. And, in home refinance lending, the bank's market share to moderate-income exceeds, and to low-income substantially meets, its overall market share.

***Small Loans to Businesses***

Refer to Table 11 in Appendix D (state of New Jersey section) for the facts and data used to evaluate the borrower distribution of the bank's origination and purchase of small loans to businesses.

Burlington/Camden/Gloucester and Atlantic/Cape May AA

CBNA's distribution of small loans to businesses is good in both full-scope AAs. The percentage of CBNA's small loans to small businesses (businesses with gross annual revenue's of \$1 million or less) is below the percentage of small businesses in the AAs. A majority (68% in BCG AA and 66% in A/CM AA) of the bank's small loans to businesses, regardless of revenue size, were for \$100 thousand or less, and approximately 18% of its loans in both AAs 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 in both AAs. Performance is good when considering the strong competition for small loans to businesses from credit card companies, which are often the first institutions to offer credit to start-up businesses.

**Community Development Lending**

Refer to Table 1 - Lending Volume in Appendix D (state of New Jersey section) 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.

CBNA's level of CD lending had a positive impact on the overall lending rating.

#### Burlington/Camden/Gloucester AA

CBNA originated a high level of CD loans in the AA, which contributed significantly to the bank's overall reinvestment its community and is heavily weighted within the lending evaluation test. During the evaluation period, the bank originated 15 loans totaling more than \$39 million. The most significant of these loans include the following:

- \$10.5 million refinance of a commercial mortgage to a community hospital located in Camden, New Jersey. The hospital provides critical health services primarily to local residents, the substantial majority of whom are low- and moderate-income individuals. The bank also originated a \$5 million unsecured line of credit to this same borrower.
- \$13 million to construct and permanently finance a 67-unit skilled nursing health care facility that provides affordable housing to low- and moderate-income senior citizens.
- \$3.9 million to construct and permanently finance a 48-unit affordable rental housing project in Haddonfield for low-income senior citizens. The project also received low-income housing tax credits and a FHLBNY Affordable Housing Program grant.
- \$1.6 million to construct a new youth recreation and education center in the City of Camden. The facility will provide community development services to "at risk" youth in Camden, where a substantial majority of the residents are low- and moderate-income.

#### Atlantic/Cape May AA

CBNA has a made an adequate level of CD loans in this AA. The bank originated three loans totaling \$3.3 million. The most significant loan was a \$3.1 million construction and permanent mortgage to relocate and modernize a commercial laundry located in a LMI geography in Atlantic City. The loan will allow this company, which is the largest non-casino employer in Atlantic City, to continue to provide permanent jobs to over 250 unskilled workers, most of whom are low- and moderate-income individuals. The loan will also revitalize and stabilize a LMI geography and surrounding area.

### **Product Innovation and Flexibility**

Product innovation and flexibility had a positive impact on the lending test. The bank offers a First Step Mortgage Program to first time low- and moderate-income homebuyers. This program provides a below market, 30-year, fixed rate loan featuring no points, no private mortgage insurance (PMI) for low-income applicants, 97% loan to

value, and flexible underwriting criteria. During the evaluation period, CBNA made further revisions to the program that expanded property eligibility and eliminated PMI for low- and moderate-income borrowers purchasing properties in low- and moderate-income geographies. CBNA originated 397 loans under this program during the evaluation period.

CBNA also offers a fixed-rate Helping Hand home improvement loan to low- and moderate-income homeowners. The product is available as secured or unsecured, with a term of one to fifteen years. The secured loan allows for a 100% loan to value ratio. Origination numbers were not available for review.

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

Based on limited-scope reviews, the bank's performance under the lending test in the four AAs is weaker or similar to the bank's overall High Satisfactory performance under the lending test in the New Jersey. The limited scope reviews did not have a significant impact on the overall lending test given the bank's smaller presence and relative recent expansion into these areas. Refer to Tables 1 through 11 in Appendix D (state of New Jersey section) for the facts and data that support this conclusion. CBNA's overall weaker performance in the limited-scope AAs is because of the limited time the bank has operated in those AAs.

## **INVESTMENT TEST**

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

The bank's performance under the investment test in New Jersey is rated "High Satisfactory". Based on full-scope reviews, the bank's performance in the BCG AA is good and in the A/CM AA is adequate.

Refer to Table 14 in Appendix D (state of New Jersey section) for the facts and data used to evaluate the bank's level of qualified investments.

#### Burlington/Camden/Gloucester AA

During the evaluation period, CBNA made a high level of investments and grants totaling in number 48 and \$2 million. Additionally, there are four prior period investments still outstanding with a book value of \$2.2 million that have a continuing benefit to the AA. None of the investments made by the bank are considered complex or innovative. All investments meet the community development needs of the AAs and are not routinely met through other forms of community funding. There are ample opportunities in the AA for the bank to make qualified investments. Many of the larger investments can be made in the broader regional or statewide area. Competition for these investments is high. The bank actively seeks out these investments. The following are two major investments made in the AA during the evaluation period:

- CBNA invested in excess of \$1 million in a low-income housing tax credit entity. The project is a 101-unit, low-income senior housing complex located in Camden County. The bank has a legally binding commitment for an additional \$2.4 million investment, which would represent nearly a 100% investment in this entity. Funding of the commitment is anticipated in late 2003 and early 2004 upon completion and lease-up of the project.
- CBNA committed \$1.5 million to the Collaborative Lending Initiative (CLI) which provides acquisition and construction financing of non-profit, affordable housing projects in this AA through a revolving fund. As of the evaluation date, \$510 million of the commitment was outstanding.

#### Atlantic/Cape May AA

The only direct investments in this AA are two prior-period investments totaling \$127 thousand. Other investments made include a broader, regional area and include mortgage-backed securities described below.

#### Statewide/Regional Area

Several of the investments made by CBNA are in statewide or regional programs that also include the bank's AAs. Statewide/Regional area investments add significantly to CBNA's total originated and prior period investments for the evaluation period, and contribute to the bank's overall Investment Test rating. Examples include:

- A SBA licensed SBIC limited partnership fund that makes debt and equity investments in small and midsize businesses engaged in various industries. CBNA made a \$1.7 million investment in this fund.
- A SBA licensed SBIC providing venture equity capital to start-up companies in various industries through a limited partnership fund. During the evaluation period, CBNA made an additional \$1.4 million investment in the fund. Total amount invested to date is \$2.7 million.
- The bank purchased \$4.4 million in mortgage-backed securities. The underlying mortgages of these securities were made to low- and moderate-income borrowers throughout the bank's AAs.

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

Based on limited-scope reviews, the bank's performance under the investment test in the four AAs is not inconsistent with the bank's overall "High Satisfactory" performance under the investment test in New Jersey. Refer to Table 14 in Appendix D (state of New Jersey section) for the facts and data that support this conclusion.

## SERVICE TEST

### Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the service test in New Jersey is rated "Outstanding". Based on full-scope reviews, the bank's performance in the BCG AA is excellent and in A/CM AA is good.

### Retail Banking Services

Refer to Table 15 in the state of New Jersey section of Appendix D for the facts and data used to evaluate the distribution of the bank's branch delivery system and branch openings and closings.

#### Burlington/Camden/Gloucester AA

Delivery systems are readily accessible to geographies and individuals of different income levels in this AA. CBNA operates 42 branches in the AA, which accounts for 45% of its total branch network in the state and 79% of its branches in the two full-scope AAs. During the evaluation period, the bank opened six branches in middle- or upper-income geographies. There were no branch closings. The percentage of branches in low-income geographies meets the demographics of the population residing in those geographies. In moderate-income geographies, the percentage of branches is slightly below the percentage of population residing in those geographies.

CBNA offers extended lobby and drive-in hours at all locations, including Saturday and Sunday, which enhance the accessibility of the branches. The bank offers 78 hours of retail banking per week at all of its branches.

#### Atlantic/Cape May AA

Delivery systems are accessible to geographies and individuals of different income levels in the AA. CBNA operates 11 branches in this AA. During the evaluation period, the bank opened one branch in a middle-income geography and one branch in an upper-income geography.

There are no branches in low-income geographies. However, only 3% (10,000 persons) of the AA population lives within these tracts. In moderate-income tracts, there is one branch (9%), compared to 16% of the population living in these tracts.

As in the BCG AA, there are extended lobby and drive-in hours at all locations, including Saturday and Sunday, which enhance the accessibility of the branches. The bank offers 78 hours of retail banking per week at all of its branches.

## Community Development Services

### Burlington/Camden/Gloucester AA

CBNA has provided an excellent level of community development services in the AA. The following are examples of the primary CD services provided by the bank.

- Cooperative Business Assistance Corporation (CBAC) – A vice president/loan officer serves on the Commercial Loan Fund committee of this Camden based non-profit lending partnership. The City of Camden and local financial institutions support CBAC. CBAC was created to fulfill two missions: to create jobs while assisting in financing business start-ups and expansions and to revitalize economically depressed areas in its primary lending area including Camden, Atlantic, and Gloucester counties.
- Camden Churches Organized for People (CCOP) – The CRA Officer is an Advisory Board member of this organization. CCOP is a Camden-based organization that secures funding for large-scale redevelopment of vacant properties into affordable housing for low- and moderate-income individuals.
- Center for Family Services (CFS) – An executive vice president of the bank serves on the board of this Camden-based non-profit that provides comprehensive financial counseling services for low- and moderate-income individuals and families. The CRA Officer provided technical assistance to this organization. With these individuals assistance, CFS established a Ways to Work Family Loan Fund. Ways to Work provides small loans to low- and moderate-income individuals, primarily for purchasing a vehicle enabling the individual to commute to employment. Additionally, CBNA prepares the loan documents and provides loan servicing.
- Junior Achievement of South Jersey (JA) – The bank sponsors the JA school-to-work-program at a school in Camden. The program provides economic education and workforce readiness training. Based on research and available data, a substantial majority of the students are low- and moderate-income individuals. The CRA Officer and other bank officers teach basic banking courses to students who might not otherwise receive financial education.
- Neighborhood Housing Services of Camden (NHS) – The CRA Officer serves on the board and Homeownership Committee of this non-profit affordable housing development organization. Through his involvement, CBNA has sponsored several clients of NHS for the Federal Home Loan Bank of NY's First Home Club.
- Federal Home Loan Bank of New York/Affordable Housing Awards (FHLBNY) – CBNA sponsored five successful affordable housing grant applications through the FHLBNY totaling \$2.5 million. The most significant of these was a \$1.2 million grant, which supports the development of 100 new units of affordable rental housing for low-income senior citizens in Gloucester City. The remaining grants support

development of nearly 300 units of affordable housing for low- and moderate-income individuals.

- A former vice president of Commerce Capital Markets, Inc. was chairman of the Camden City Redevelopment and treasurer of the Coopers Ferry Development Corporation during the evaluation period. These organizations are involved in developing affordable housing or economic development efforts for low- and moderate-income individuals and geographies.

#### Atlantic/Cape May AA

The bank has provided a limited number of direct community development services in this AA. However, several employees serve in various capacities in qualified organizations operating on a statewide or regional area that include the AA.

During the evaluation period, a mortgage officer participated in a homeownership seminar at the Atlantic City Housing Authority and Urban Development Agency (ACHA). Information about the First Home Club and financing information was presented. ACHA provides homeownership counseling to low- and moderate-income individuals residing in Atlantic City.

#### Statewide/Regional Area including the Bank's Assessment Areas

- New Jersey Community Loan Fund (NJCLF) - The Senior Vice President/Compliance Officer serves as Treasurer for the NJCLF. NJCLF provides financing for affordable housing and economic development projects targeting low- and moderate-income individuals throughout the state of New Jersey.
- A former vice president of Commerce Capital Markets, Inc. served on the board of The Community Foundation of New Jersey and The Fund for New Jersey. Both of these organizations provide funding or grants to community development organizations within the state of New Jersey.

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

Based on limited-scope reviews, the bank's performance under the service test in the Mercer and Middlesex/Somerset/Hunterdon AA is not inconsistent with the bank's overall "Outstanding" performance under the service test in New Jersey. In the Cumberland and Morris/Union AAs, the bank's performance is weaker than the bank's overall performance in the state. This weaker performance reflects the bank's recent entry into these markets and does not impact the overall rating. Refer to Table 15 in the state of New Jersey section of Appendix D for the facts and data that support these conclusions.

## State Rating

### State of New York

#### **CRA Rating for New York: Satisfactory**

**The Lending Test is rated: Low Satisfactory**

**The Investment Test is rated: Low Satisfactory**

**The Service Test is rated: High Satisfactory**

The major factors that support this rating include:

- Adequate distribution of loans based on geographic and borrower income level.
- Adequate level of qualified investments.
- Service delivery systems are accessible to geographies and individuals of different income levels in the AA.

### **Description of Institution's Operations in New York**

CBNA began operations in New York in September 2001 when it opened three branches in Manhattan. In July 2002, the bank increased its presence by opening branches in Nassau and Suffolk Counties on Long Island. In December 2002, CBNA opened a branch in Rockland County. At this evaluation date, CBNA operated eleven branches in Manhattan, seven branches on Long Island, and one branch in Rockland County. Based on the June 30, 2002 FDIC Summary of Deposits, the bank ranked 86<sup>th</sup> with \$334 million in deposits and a nominal market share in the state.

Refer to the Market Profile for the State of New York in Appendix C for detailed demographics and other performance context information for the Manhattan AA.

## **Scope of Evaluation in New York**

We conducted a full-scope review of the Manhattan AA. The bank's lending performance, with the exception of community development lending, was evaluated from January 1, 2002 to December 31, 2002. The evaluation considered home purchase mortgage loans and small loans to businesses. The low volume of home improvement, home refinance, and multifamily mortgage loans did not provide for a meaningful analysis. Community development loans, investments, and the service test were evaluated from when the bank commenced operations until March 31, 2003. Based on the limited time presence in the Long Island and Rockland County AAs, these areas were not reviewed. Refer to Appendix A for more information.

## **LENDING TEST**

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

The bank's performance under the Lending Test in New York is rated "Low Satisfactory". Based on the full-scope review, the bank's performance in the Manhattan AA is adequate.

### **Lending Activity**

Refer to Tables 1 Lending Volume in the state of New York section of Appendix D for the facts and data used to evaluate the bank's lending activity.

The bank's record of lending activity in this AA is adequate. CBNA originated 66 home mortgage loans and 52 small loans to businesses totaling \$30 million. Home purchase loans comprise 82% (54 loans), home improvement loans 5% (3 loans), and home refinance loans 12% (8 loans) of HMDA reportable loans. There was one multifamily loan, which represented 1%. In the AA, CBNA ranked 31<sup>st</sup> in deposit market share with 0.12% of deposits. CBNA had minimal market share in overall home mortgage based on 2001 HMDA aggregate data. The 2001 data reflects CBNA's three months of operations in Manhattan. There are 319 reporting lenders in this AA.

In home purchase lending, CBNA ranked 93<sup>rd</sup> with minimal market share based on this same aggregate data. Competition is high with 226 lenders. Two large multinational banks and their affiliate mortgage company dominate the market.

Based on 2001 CRA aggregate small loans to businesses data, CBNA ranked 55<sup>th</sup> with minimal market share out of 206 reporting lenders. A multinational bank and two credit card lenders dominate the market with combined market share of 51%.

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

The overall geographic distribution of loans is adequate.

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

Refer to Tables 2, 3, 4 and 5 in the state of New York section of Appendix D for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations/purchases.

The geographic distribution of loans is adequate, given the limited time of operations, low level of owner occupied housing in low-income geographies, and strong competition in the AA. As noted earlier, only home purchase loans were evaluated. The market share was not considered meaningful in our evaluation as the bank was only in operation for three months during 2001. The percentage of originations in moderate-income tracts was below the percentage of owner occupied housing in those geographies. There were no originations in low-income geographies.

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

Refer to Table 6 in the state of New York section of Appendix D 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 good. The percentage of originations in low-income geographies equals the percentage of businesses located in those geographies. The percentage of originations in moderate-income geographies is below the percentage of businesses located in those geographies. Again, the market share was not considered meaningful in our evaluation as the bank was only in operations for three months during 2001.

### ***Lending Gap Analysis***

We reviewed the geographic distribution of loans and did not detect any conspicuous or unexplained gaps in lending patterns.

### ***Inside/Outside Ratio***

This portion of the evaluation was performed at the bank level. During the evaluation period, CBNA originated a majority (66%) of its loans in the AAs. CBNA originated 64% of its HMDA loans and 73% of its small loans to businesses in the AAs. This analysis included all reportable loans originated by CBNA, and does not include extensions of credit by affiliates.

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

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

Refer to Tables 8, 9 and 10 in the state of New York section of Appendix D for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases.

The overall borrower distribution of home purchase loans in the AA is adequate, given the limited time of operations in the AA, the high cost of housing in relationship to the income levels of low- and moderate-income families, and the high level of poverty at 17%. The percentage of lending to moderate-income borrowers is well below the percentage of moderate-income families in the AA. There were no originations to low-income borrowers. Recent existing home sales indicate the price for a single family home in the area exceeds \$300 thousand. This makes home ownership difficult for most low- and moderate-income borrowers.

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

Refer to Table 11 in the state of New York section of Appendix D for the facts and data used to evaluate the borrower distribution of the bank's origination and purchase of small loans to businesses.

CBNA's distribution of small loans to businesses based on business size is adequate. The percentage of CBNA's small loans to small businesses (businesses with gross annual revenue's of \$1 million or less) is the percentage of small businesses in the AA. However, a majority (54%) of the bank's small loans to businesses, regardless of revenue size, were for \$100 thousand or less, and 21% of its loans were between \$100,000 and \$250,000.

## **Community Development Lending**

Refer to Table 1 Lending Volume in the state of New York section of Appendix D 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.

Community development lending had a neutral impact on the bank's performance. The bank originated one community development loan in the AA. The \$500 thousand loan helped refurbish a vacant and deteriorated apartment building in the Harlem section of Manhattan. This building is in a moderate-income geography. Although the rents will be at market rate, the rehabilitation of this property will assist in the redevelopment and revitalization of this area.

## **Product Innovation and Flexibility**

Product innovation and flexibility had a positive. The flexible products discussed under the state of New Jersey rating of this evaluation are also offered in the Manhattan AA.

## **INVESTMENT TEST**

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

The bank's performance under the investment test in New York is rated "Low Satisfactory". CBNA made a sufficient level of investments in the Manhattan AA. None of the investments were complex or innovative. There are ample community development investment opportunities within the assessment area. All investments met the community development needs of the AA and represent funding for projects that are not routinely met through other forms of community funding. Based on the full-scope review, the bank's performance in the Manhattan AA is adequate.

Refer to Table 14 in the state of New York section of Appendix D for the facts and data used to evaluate the bank's level of qualified investments.

During the evaluation period, the bank made two investments. They include:

- \$787 thousand into a privately sponsored, New York series tax credit fund. To date, the fund has invested in five projects throughout New York City, including two in the Harlem section of Manhattan. The two projects are providing a total of 94 units of affordable housing to low- and moderate-income individuals in the bank's AA. The bank has a total commitment of \$1.5 million to this fund.
- \$920 thousand for a mortgage-backed security. The underlying mortgages of this security were made to low- and moderate-income borrowers residing in the boroughs of Brooklyn and Queens, part of the broader New York City regional area, but which are not currently in the bank's AA. Since the bank had adequately addressed the CD needs of its AA and will be entering these boroughs in the near future, we considered this investment in the bank's performance.

## **SERVICE TEST**

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

The bank's performance under the Service Test in New York is rated "High Satisfactory". Based on the full-scope review, the bank's performance in the Manhattan AA is good.

## **Retail Banking Services**

Refer to Table 15 in the state of New York section of Appendix D for the facts and data used to evaluate the distribution of the bank's branch delivery system and branch openings and closings.

CBNA's delivery systems are accessible to geographies and individuals of different income levels in the Manhattan AA.

The bank operates eleven branches in Manhattan. All of the branches are located in upper-income geographies. Five branches are located in geographies adjacent to moderate-income areas. Additionally, the well-developed mass transportation system allows for easy access to any of the branches. Expanded branch hours, including Saturday and Sunday hours, make banking very convenient in this AA.

## **Community Development Services**

The bank provided community development services in the AA during the evaluation period. A mortgage officer of the bank participated in the following:

- A bank co-sponsored Homebuyers Workshop in the Harlem area of Manhattan. The area is comprised mainly of low- and moderate-income geographies and individuals.
- Two training sessions of the Upper Manhattan Home Ownership Seminar training session sponsored by the Greater Harlem Real Estate Board Development Fund. At these sessions, information on such topics as budgeting and the mortgage loan process are presented to the attendees, who are primarily LMI individuals.

## 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): 01/01/2000 to 12/31/2002 (NJ) 01/01/2002 to 12/31/2002 (NY) Investment and Service Tests and CD Loans: 01/01/2000 to 03/31/2003 (NJ) 09/11/2001 to 03/31/2003 (NY)	
<b>Financial Institution</b>		<b>Products Reviewed</b>
Commerce Bank, NA (“CBNA”) Cherry Hill, NJ		Home Mortgage, Small business, Community Development loans, CD investments, CD services
<b>Affiliate(s)</b>	<b>Affiliate Relationship</b>	<b>Products Reviewed</b>
Commerce Bank/Pennsylvania Commerce Bank/Shore Commerce Bank/Delaware NA Investment Corp Commerce Capital	Affiliate Bank Affiliate Bank Affiliate Bank Bank Subsidiary Holding Company	Home Mortgage, Small Business loans Home Mortgage, Small Business loans Home Mortgage, Small Business loans Investments CD Services of former Vice President
<b>List of Assessment Areas and Type of Examination</b>		
<b>Assessment Area</b>	<b>Type of Exam</b>	<b>Other Information</b>
<b>New Jersey</b> Burlington/Camden/Gloucester Atlantic/Cape May Hunterdon/Middlesex/Somerset Morris/Union Mercer Cumberland	Full Scope Full Scope Limited Scope Limited Scope Limited Scope Limited Scope	Interstate Bank  AA of former Commerce Bank/Central  Operations in Cumberland commenced Dec-2001
<b>New York</b> Manhattan Long Island Rockland County	Full Scope Not Reviewed Not Reviewed	Operations commenced Sept-2001 Operations commenced Jul-2002 Operations commenced Dec-2002



# Appendix C: Market Profiles for Full-Scope Areas

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

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#### State of New York

Manhattan..... C-6

## State of New Jersey Full-Scope Areas

### Burlington/Camden/Gloucester AA

Demographic Information for Full-Scope Area: Burlington/Camden/Gloucester						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	290	5.17	9.31	55.86	27.24	2.41
Population by Geography	1,127,972	5.33	8.93	54.80	30.88	0.06
Owner-Occupied Housing by Geography	289,386	2.47	6.16	56.91	34.45	0.00
Businesses by Geography	55,141	2.58	5.57	50.75	40.24	0.85
Farms by Geography	1,359	0.52	3.83	55.33	40.25	0.07
Family Distribution by Income Level	296,161	16.13	17.00	25.23	41.64	0.00
Distribution of Low- and Moderate-Income Families throughout AA Geographies	98,110	11.30	14.03	57.87	16.80	0.00
Median Family Income HUD Adjusted Median Family Income for 2002 Households Below the Poverty Level	= \$41,908 = \$63,300 = 7.12%	Median Housing Value Unemployment Rate (March 2003)				= \$143,800 = 5.8%

(\*) The NA category consists of geographies that have not been assigned an income classification.

Source: 1990 U.S. Census, and 2002 HUD updated MFI. Unemployment rate from Bureau of Labor Statistics. Median Housing Value based on Office of Federal Housing Enterprise Oversight index as of 4Q2002.

This AA matches the boundaries of the NJ portion of the Philadelphia Multistate PMSA 6160, with the exception of Salem County. The bank has delineated this AA to include the counties of Burlington, Camden, and Gloucester in their entirety. The AA has a mixture of urban and rural areas. Major communities include Camden and Cherry Hill, both located in Camden County, but with vastly different economic and social characteristics.

CBNA operates 42 branches in the AA, which represents 45% of its total statewide branches. The AA accounts for 63% of the bank's total statewide deposits. Based on the June 30, 2002 FDIC Summary of Deposits, CBNA had \$3.9 billion in deposits, ranking first with a 27% market share.

There are 15 low- and 27 moderate-income geographies within the AA. Nearly all the low-, and six of the moderate-income geographies, are located in the City of Camden.

The City of Camden was a major industrial and commercial center until the 1950s. During the past five decades, the majority of the manufacturing and industrial businesses have left the city, and in some cases the country. At their peak, New York Shipyard, RCA, and Campbell Soup Company employed tens of thousands of workers.

These closings and downsizings, followed by a migration of the city's residents to surrounding suburbs, resulted in Camden becoming the second poorest city in the United States. Based on 1990 Census demographic data, 32% of the households in Camden are below the poverty level, compared to 7% for the overall AA. Annually, the State of New Jersey provides Camden 65% of its funding to keep the city solvent. With high crime rates, unsafe neighborhoods, poorly performing schools, and lack of services, the city has had a difficult time attracting or retaining economically stable residents and businesses. Much of the housing stock of the city is over 60 years and severely deteriorated.

Nonetheless, aided by a stronger regional economy, development along or near the city's valuable Delaware River waterfront has provided some hope for future revitalization. Other than the waterfront activity, however, the city remains extremely depressed with very limited viable lending opportunities.

The military installations of Fort Dix and McGuire, located in eastern Burlington County, account for another six of the moderate-income geographies, and also present limited opportunities for housing, as housing is provided by the government to military personnel.

Our community contacts included a local chapter of a national affordable housing organization and a non-profit loan fund serving the City of Camden. They indicated that continued efforts to revitalize the city are needed and indicated most financial institutions are doing what they can to help. It was noted that revitalization of the city would require a long-term commitment.

## State of New Jersey Full-Scope Areas

### Atlantic/Cape May AA

Demographic Information for Full-Scope Area: Atlantic/Cape May						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	94	4.26	19.15	56.38	17.02	3.19
Population by Geography	319,416	3.24	16.36	63.56	16.83	0.01
Owner-Occupied Housing by Geography	82,274	0.75	13.64	65.06	20.55	0.00
Businesses by Geography	20,536	0.88	17.33	62.68	19.01	0.11
Farms by Geography	552	0.18	9.60	75.36	14.86	0.00
Family Distribution by Income Level	83,111	18.11	19.24	24.17	38.48	0.00
Distribution of Low- and Moderate-Income Families throughout AA Geographies	31,042	5.07	23.00	61.63	10.30	0.00
Median Family Income HUD Adjusted Median Family Income for 2002 Households Below the Poverty Level	= \$39,034 = \$51,800 =9.41%	Median Housing Value (4Q2002) Unemployment Rate (March 2003)				= \$148,900 = 8.8%

(\*) The NA category consists of geographies that have not been assigned an income classification.

Source: 1990 U.S. Census, and 2002 HUD updated MFI. Unemployment rate from Bureau of Labor Statistics. Median Housing Value based on National Association of Realtors metropolitan area prices.

This AA matches the boundaries of the Atlantic-Cape May PMSA 0560. It includes Atlantic and Cape May counties located in southern New Jersey. Major communities include Atlantic City, Cape May, and Wildwood.

The bank operates 11 branches in this AA, which represents 12% of its total statewide branches and deposits. Eight branches are located in Atlantic County, and three are located in Cape May County. Based on the June 30, 2002 FDIC Summary of Deposits, CBNA had \$764 million in deposits, ranking second with a 15% market share. Fleet National Bank, with a more extensive branch network, ranked first with a 21% market share.

The eastern portions of both counties are more densely populated, with the economic and employment base largely centered in tourism and the casino industries. The Atlantic City casino industry, and businesses which provide services to the industry, are the largest group of employers in the AA. The western portion of the AA is more sparsely populated and retains a number of agricultural businesses. Suburban sprawl continues in the east to meet the housing and retail needs of casino industry employees.

There are four low- and eighteen moderate-income geographies within the AA. The majority of these geographies are located in Atlantic City, with the remainder in Wildwood. Atlantic City continues to undergo rehabilitation and revitalization. Many of these projects are generally significant in size, with funding usually provided by the larger banks and the New Jersey Casino Reinvestment Development Authority.

We conducted a community contact with a community action program located in Atlantic City. The executive director of this program indicated that credit needs of the community were being met, but that there are opportunities for banks to become involved in financial education for local residents.

## State of New York Full-Scope Areas

### Manhattan

Demographic Information for Full-Scope Area: Manhattan						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	298	21.14	21.81	11.07	42.28	3.69
Population by Geography	1,487,536	20.23	24.11	8.42	46.77	0.46
Owner-Occupied Housing by Geography	127,973	2.01	7.68	7.11	83.18	0.03
Businesses by Geography	210,574	5.86	17.15	8.19	64.82	3.98
Farms by Geography	390	5.38	8.97	8.97	75.64	1.03
Family Distribution by Income Level	305,368	28.80	13.84	14.33	43.02	0.00
Distribution of Low- and Moderate-Income Families throughout AA Geographies	130,226	39.35	37.20	7.24	16.21	0.00
Median Family Income HUD Adjusted Median Family Income for 2002 Households Below the Poverty Level	= \$37,515 = \$62,800 =16.76%	Median Housing Value Unemployment Rate (March 2003)		= \$232,850 = 8.7%		

(\*) The NA category consists of geographies that have not been assigned an income classification.  
Source: 1990 U.S. Census, and 2002 HUD updated MFI. Unemployment rate from Bureau of Labor Statistics

The bank's AA consists of New York County (also referred to as Manhattan), which is located within the New York PMSA 5600. CBNA operates 11 branches, which represent 10% of the bank's total branches. The bank operates in a very competitive market with many multinational, regional, foreign, and smaller local banks. The major banks include Citibank, JPMorgan Chase, Bank of New York, and HSBC. Additionally, Washington Mutual and North Fork Bank have expanded their branch networks in the area. Based on the June 30, 2002 FDIC Summary of Deposits, CBNA had \$312 million in deposits and ranked 31<sup>st</sup> with little market share. JPMorgan Chase and Citibank, ranked first and second respectively, dominated the market with a combined market share of 68%. Both banks have substantially larger branch networks than CBNA.

New York City (NYC) is home to a diversified mix of businesses. Many national and international corporations are headquartered in the city. Historically, the downtown area has been dominated by the financial services industry. Industries operating in the midtown area include advertising, publishing, and garment production. The retail sector is a major employer with several large department stores and many small businesses operating throughout the AA.

After experiencing several years of good economic growth, the NYC economy has weakened. A major factor is the September 11, 2001 terrorist attack that destroyed the World Trade Center. Tourism, a major contributor to the NYC economy, has been negatively impacted, with ripple effects on other industries and services. Wall Street volatility has also affected the local and national economies. The AA's unemployment rate of nearly 9% in March 2003 is over 2% higher from the same period last year. The overall state unemployment rate in January 2003 was 6.9%. Faced with a huge budget deficit, the city recently laid off thousands of municipal workers.

Within the AA, there are 785,000 housing units, 91% of which are occupied. Rental units account for 75% of the total, while owner-occupied units represent 16%. Nearly 96% of all housing units are multifamily. A high level of households below the poverty level, coupled with a high cost of housing and a relatively limited volume of owner-occupied units, makes homeownership difficult for low- and moderate-income individuals.

Contacts with community organizations serving the bank's AA reveal a continued need for affordable housing development (primarily rental) and rehabilitation lending. These contacts also identified flexible lending products, including small lines of credit to small businesses, as a need within the community.

## Appendix D: 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, 2000 TO DECEMBER 31, 2002						
MA/Assessment Area (2002):	% 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>												
Atlantic/Cape May	15.88	2,673	285,136	602	80,024	0	0	3	3,283	3,278	368,443	12.36
Burlington/Camden Gloucester	63.90	10,796	816,215	2,377	307,579	0	0	15	39,006	13,188	1,162,800	62.98
<b>Limited Review:</b>												
Cumberland	0.96	162	17,847	35	7,344	0	0	1	1,150	198	26,341	0.25
Mercer	3.17	446	52,925	208	30,802	0	0	0	0	654	83,727	4.47
Middlesex/Somerset/Hunterdon	10.82	1,435	220,513	798	151,062	0	0	1	78	2,234	371,653	11.98
Morris/Union	5.27	704	133,160	384	68,183	0	0	0	0	1,088	201,343	7.96

\* Loan Data as of December 31, 2002. Rated area refers to either the state or multi-state MA rating area.

\*\* The evaluation period for Community Development Loans is From January 01, 2000 to March 31, 2003.

\*\*\* Deposit Data as of June 30, 2002. 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, 2000 TO DECEMBER 31, 2002								
MA/Assessment Area (2002):	% 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>														
Atlantic/Cape May	11.31	19	1,850	19	1,850	0	0	0	0	0	0	0	0	12.36
Burlington/Camden Gloucester	63.69	107	12,177	107	12,177	0	0	0	0	0	0	0	0	62.98
<b>Limited Review:</b>														
Cumberland	0.59	1	56	1	56	0	0	0	0	0	0	0	0	0.25
Mercer	2.38	4	904	4	904	0	0	0	0	0	0	0	0	4.47
Middlesex/Somerset/Hunterdon	19.05	32	9,141	32	9,141	0	0	0	0	0	0	0	0	11.98
Morris/Union	2.98	5	1,085	5	1,085	0	0	0	0	0	0	0	0	7.96

\* Loan Data as of December 31, 2002. Rated area refers to either the state or multi-state MA rating area.

\*\* The evaluation period for Optional Product Line(s) is From January 01, 2000 to December 31, 2002.

\*\*\* Deposit Data as of June 30, 2002. Rated Area refers to either the state, multi-state MA, or institution, as appropriate.

**Table2. Geographic Distribution of Home Purchase Loans**

Geographic Distribution: HOME PURCHASE															
Geography: New Jersey															
Evaluation Period: JANUARY 1, 2000 TO DECEMBER 31, 2002															
MA/Assessment Area:	Total Home Purchase 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	Overall	Low	Mod	Mid	Upp
<b>Full Review:</b>															
Atlantic/Cape May	796	19.02	0.75	0.75	13.64	9.30	65.06	68.34	20.55	21.61	2.04	3.41	1.37	2.08	2.32
Burlington/Camden Gloucester	2,427	58.01	2.47	3.17	6.16	5.40	56.91	45.94	34.45	45.49	3.11	8.05	2.43	2.60	3.83
<b>Limited Review:</b>															
Cumberland	96	2.29	0.07	1.04	10.48	14.58	71.46	47.92	17.99	36.46	1.65	0.00	1.29	1.43	2.55
Mercer	150	3.59	3.12	2.67	12.89	8.00	49.99	55.33	34.00	34.00	0.80	0.00	0.79	0.99	0.56
Middlesex/Somerset/Hunterdon	499	11.93	0.55	0.00	9.24	7.01	63.87	64.13	26.34	28.86	0.62	0.00	0.62	0.57	0.71
Morris/Union	216	5.16	0.36	0.00	7.47	4.63	45.59	39.81	46.58	55.56	0.40	0.00	0.16	0.36	0.49

\* Based on 2001 Peer Mortgage Data: US & PR.

\*\* 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 3. Geographic Distribution of Home Improvement Loans**

Geographic Distribution: HOME IMPROVEMENT		Geography: New Jersey					Evaluation Period: JANUARY 1, 2000 TO DECEMBER 31, 2002					Market Share (%) by Geography*				
MA/Assessment Area:	Total Home Improvement Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall	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>																
Atlantic/Cape May	932	14.40	0.75	0.97	13.64	3.54	65.06	68.88	20.55	26.61	18.18	38.46	4.26	19.34	21.02	
Burlington/Camden Gloucester	4,983	77.01	2.47	0.68	6.16	3.15	56.91	52.86	34.45	43.29	29.55	16.44	20.89	27.40	33.94	
<b>Limited Review:</b>																
Cumberland	34	0.53	0.07	0.00	10.48	0.00	71.46	85.29	17.99	14.71	0.85	0.00	0.00	1.27	0.00	
Mercer	138	2.13	3.12	0.72	12.89	5.07	49.99	66.67	34.00	27.54	4.70	0.00	3.33	6.30	3.00	
Middlesex/Somerset/Hunterdon	283	4.37	0.55	0.00	9.24	5.65	63.87	58.66	26.34	35.69	2.53	0.00	1.69	2.21	3.55	
Morris/Union	101	1.56	0.36	0.00	7.47	1.98	45.59	46.53	46.58	51.49	1.44	0.00	0.00	1.30	1.88	

\* Based on 2001 Peer Mortgage Data: US & PR.

\*\* Home improvement loans originated and purchased in the MA/AA as a percentage of all home improvement 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 4. Geographic Distribution of Home Mortgage Refinance Loans**

Geographic Distribution: HOME MORTGAGE REFINANCE		Geography: New Jersey					Evaluation Period: JANUARY 1, 2000 TO DECEMBER 31, 2002					Market Share (%) by Geography*				
MA/Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall	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>																
Atlantic/Cape May	941	16.98	0.75	0.32	13.64	6.38	65.06	69.82	20.55	23.38	2.44	1.25	1.23	2.45	3.00	
Burlington/Camden Gloucester	3,375	60.91	2.47	0.24	6.16	2.22	56.91	42.58	34.45	54.93	3.89	1.60	2.40	3.10	5.02	
<b>Limited Review:</b>																
Cumberland	30	0.54	0.07	3.33	10.48	3.33	71.46	63.33	17.99	30.00	0.31	0.00	0.00	0.34	0.36	
Mercer	157	2.83	3.12	0.00	12.89	4.46	49.99	43.95	34.00	51.59	0.55	0.00	0.21	0.61	0.55	
Middlesex/Somerset/Hunterdon	652	11.77	0.55	0.61	9.24	7.36	63.87	58.13	26.34	33.90	0.62	1.06	0.87	0.56	0.66	
Morris/Union	386	6.97	0.36	0.00	7.47	2.07	45.59	39.64	46.58	58.29	0.42	0.00	0.06	0.43	0.46	

\* Based on 2001 Peer Mortgage Data: US & PR.

\*\* 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, 2000 TO DECEMBER 31, 2002					Market Share (%) by Geography*				
MA/Assessment Area:	Total Multifamily Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall	Low	Mod	Mid	Upp	
	#	% of Total**	% of MF Units***	% BANK Loans	% MF Units***	% BANK Loans	% MF Units***	% BANK Loans	% MF Units***	% BANK Loans						
<b>Full Review:</b>																
Atlantic/Cape May	4	20.00	7.76	0.00	30.42	50.00	51.16	50.00	10.66	0.00	0.00	0.00				
Burlington/Camden Gloucester	11	55.00	5.64	0.00	10.18	0.00	60.38	90.91	23.80	9.09	4.00	0.00	0.00	6.25	0.00	
<b>Limited Review:</b>																
Cumberland	2	10.00	0.27	0.00	28.21	0.00	52.34	50.00	19.17	50.00						
Mercer	1	5.00	8.36	0.00	15.48	0.00	52.82	100.00	23.34	0.00		0.00	0.00	0.00	0.00	
Middlesex/Somerset/Hunterdon	1	5.00	3.11	0.00	22.62	0.00	64.52	100.00	9.75	0.00	0.00	0.00	0.00	0.00	0.00	
Morris/Union	1	5.00	4.47	0.00	29.71	0.00	46.94	0.00	18.88	100.00	0.00	0.00	0.00	0.00	0.00	

\* Based on 2001 Peer Mortgage Data: US & PR.

\*\* 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, 2000 TO DECEMBER 31, 2002															
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	Overall	Low	Mod	Mid	Upp
<b>Full Review:</b>															
Atlantic/Cape May	602	13.67	0.88	0.50	17.33	8.32	62.68	60.57	19.01	30.62	2.92	1.56	1.73	2.83	5.11
Burlington/Camden Gloucester	2,377	53.97	2.58	1.49	5.57	4.98	50.75	43.57	40.24	49.96	4.13	4.54	4.28	3.51	5.37
<b>Limited Review:</b>															
Cumberland	35	0.79	7.02	0.00	15.29	20.00	60.82	54.29	16.88	25.71	0.40	0.00	0.73	0.41	0.40
Mercer	208	4.72	7.45	3.85	10.04	7.69	44.58	53.37	37.92	35.10	0.94	0.72	1.62	1.22	0.66
Middlesex/Somerset/Hunterdon	798	18.12	2.39	1.00	9.71	9.52	62.17	57.89	25.69	31.58	0.93	0.20	1.01	0.92	1.20
Morris/Union	384	8.72	1.14	0.00	9.84	6.25	46.58	45.83	42.44	47.92	0.50	0.00	0.31	0.60	0.51

\* Based on 2001 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 (2002).

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

Borrower Distribution: HOME PURCHASE		Geography: New Jersey					Evaluation Period: JANUARY 1, 2000 TO DECEMBER 31, 2002					Market Share*				
MA/Assessment Area:	Total Home Purchase Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Overall	Low	Mod	Mid	Upp	
	#	% of Total**	% Families***	% BANK Loans****	% Families***	% BANK Loans****	% Families***	% BANK Loans****	% Families***	% BANK Loans****						
<b>Full Review:</b>																
Atlantic/Cape May	796	19.02	18.11	3.71	19.24	12.92	24.17	19.57	38.48	63.81	2.42	2.42	2.47	2.29	2.45	
Burlington/Camden Gloucester	2,427	58.01	16.13	10.20	17.00	21.19	25.23	25.80	41.64	42.80	3.95	4.33	3.36	3.61	4.48	
<b>Limited Review:</b>																
Cumberland	96	2.29	21.12	4.17	17.29	16.67	22.82	12.50	38.77	66.67	2.10	0.92	1.15	0.62	4.63	
Mercer	150	3.59	18.87	15.54	18.20	17.57	24.03	22.97	38.90	43.92	0.97	1.40	0.83	0.99	0.91	
Middlesex/Somerset/Hunterdon	499	11.93	15.60	12.58	19.79	24.34	27.19	32.86	37.42	30.22	0.76	1.17	0.67	0.85	0.62	
Morris/Union	216	5.16	14.70	2.80	16.58	14.49	24.26	34.11	44.46	48.60	0.50	0.35	0.32	0.68	0.48	

\* Based on 2001 Peer Mortgage Data: US & PR.

\*\* As a percentage of loans with borrower income information available. No information was available for 0.96% 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 9. Borrower Distribution of Home Improvement Loans**

Borrower Distribution: HOME IMPROVEMENT		Geography: New Jersey					Evaluation Period: JANUARY 1, 2000 TO DECEMBER 31, 2002					Market Share*				
MA/Assessment Area:	Total Home Improvement Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Overall	Low	Mod	Mid	Upp	
	#	% of Total**	% Families***	% BANK Loans****	% Families***	% BANK Loans****	% Families***	% BANK Loans****	% Families***	% BANK Loans****						
<b>Full Review:</b>																
Atlantic/Cape May	932	14.40	18.11	6.67	19.24	15.91	24.17	27.10	38.48	50.32	19.16	21.62	18.35	19.48	19.05	
Burlington/Camden Gloucester	4,983	77.01	16.13	7.39	17.00	17.99	25.23	28.10	46.52	46.53	30.58	30.79	30.97	30.77	30.28	
<b>Limited Review:</b>																
Cumberland	34	0.53	21.12	2.94	17.29	32.35	22.82	20.59	38.77	44.12	0.93	0.00	0.00	0.75	1.69	
Mercer	138	2.13	18.87	5.84	18.20	19.71	24.03	29.93	38.90	44.52	4.91	1.20	5.23	6.02	4.85	
Middlesex/Somerset/Hunterdon	283	4.37	15.60	11.07	19.79	25.00	27.19	31.43	37.42	32.50	2.58	3.85	2.14	2.61	2.53	
Morris/Union	101	1.56	14.70	5.00	16.58	8.00	24.26	30.00	44.46	57.00	1.49	0.56	0.55	1.06	2.28	

\* Based on 2001 Peer Mortgage Data: US & PR.

\*\* As a percentage of loans with borrower income information available. No information was available for 0.56% of loans originated and purchased by BANK.

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

\*\*\*\* Home improvement loans originated and purchased in the MA/AA as a percentage of all home improvement 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, 2000 TO DECEMBER 31, 2002				
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****	% Families***	% BANK Loans****	Overall	Low	Mod	Mid	Upp							
<b>Full Review:</b>																								
Atlantic/Cape May	941	16.98	18.11	2.67	19.24	11.21	24.17	23.48	38.48	62.65	3.18	2.85	3.51	2.89	3.25									
Burlington/Camden Gloucester	3,375	60.91	16.13	5.52	17.00	15.46	25.23	26.06	41.64	52.96	5.23	5.50	4.51	4.92	5.61									
<b>Limited Review:</b>																								
Cumberland	30	0.54	21.12	13.33	17.29	3.33	22.82	20.00	38.77	63.33	0.41	0.00	0.00	0.40	0.62									
Mercer	157	2.83	18.87	4.49	18.20	14.74	24.03	26.92	38.90	53.85	0.72	0.22	0.91	0.87	0.65									
Middlesex/Somerset/Hunterdon	652	11.77	15.60	10.23	19.79	19.69	27.19	32.25	37.42	37.83	0.78	0.84	0.69	0.77	0.84									
Morris/Union	386	6.97	14.70	3.42	16.58	16.58	24.26	32.37	44.46	47.63	0.55	0.92	0.68	0.57	0.47									

\* Based on 2001 Peer Mortgage Data: US & PR.

\*\* As a percentage of loans with borrower income information available. No information was available for 1.12% 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, 2000 TO DECEMBER 31, 2002				
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>									
Atlantic/Cape May	602	13.67	80.09	66.61	66.28	17.77	15.95	2.92	4.95
Burlington/Camden Gloucester	2,377	53.97	79.52	61.30	68.32	18.30	13.38	4.13	7.26
<b>Limited Review:</b>									
Cumberland	35	0.79	80.87	62.86	57.14	20.00	22.86	0.40	0.63
Mercer	208	4.72	79.47	65.38	57.21	22.60	20.19	0.94	1.52
Middlesex/Somerset/Hunterdon	798	18.12	76.62	59.90	57.39	18.92	23.68	0.93	1.54
Morris/Union	384	8.72	78.82	61.72	58.59	19.01	22.40	0.50	0.64

\* Based on 2001 Peer Small Business Data: US&amp;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&amp;B - 2002).

\*\*\*\* 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 0.50% of small loans to businesses originated and purchased by the bank.

Table 14. Qualified Investments

QUALIFIED INVESTMENTS									
Geography: New Jersey									
Evaluation Period: JANUARY 1, 2000 TO MARCH 31, 2003									
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>									
Atlantic/Cape May	2	127	0	0	2	127	0.66	0	0
Burlington/Camden Gloucester	4	2,194	48	2,025	52	4,219	21.98	2	3,357
<b>Limited Review:</b>									
Cumberland	0	0	1	40	1	40	0.21	0	0
Mercer	0	0	4	52	4	52	0.27	0	0
Middlesex/Somerset/Hunterdon	0	0	4	7	4	7	0.04	0	0
Morris/Union	0	0	2	5	2	5	0.03	0	0
Statewide/Regional	2	6,396	16	8,344	18	14,740	76.81	2	3,003

\* '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, 2000 TO MARCH 31, 2003									
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>																	
Atlantic/Cape May	12.36	11	12	0.00	9.09	63.64	27.27	2	0	0	0	1	1	3.24	16.36	63.56	16.83
Burlington/Camden Gloucester	62.98	42	45	4.76	7.14	42.86	45.24	6	0	0	0	3	3	5.33	8.93	54.80	30.88
<b>Limited Review:</b>																	
Cumberland	0.25	1	1	0.00	0.00	100.00	0.00	1	0	0	0	1	0	0.40	17.22	65.83	16.55
Mercer	4.47	7	7	14.29	14.29	28.57	42.85	4	0	1	0	1	2	6.87	15.87	43.89	32.69
Middlesex/Somerset/Hunterdon	11.98	18	19	5.56	11.11	55.56	27.77	11	0	1	1	8	1	1.53	14.13	61.52	22.48
Morris/Union	7.96	15	16	0.00	0.00	66.67	33.33	15	0	0	0	10	5	1.31	15.27	44.23	39.15

**Table 1. Lending Volume**

LENDING VOLUME												
Geography: NEW YORK												
Evaluation Period: JANUARY 1, 2002 TO DECEMBER 31, 2002												
MA/Assessment Area (2002):	% 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>												
Manhattan	100.00	66	19,408	52	10,260	0	0	1	500	119	30,168	100.00

**Table2. Geographic Distribution of Home Purchase Loans**

Geographic Distribution: HOME PURCHASE															
Geography: NEW YORK															
Evaluation Period: JANUARY 1, 2002 TO DECEMBER 31, 2002															
MA/Assessment Area:	Total Home Purchase 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	Overall	Low	Mod	Mid	Upp
<b>Full Review:</b>															
Manhattan	54	100.00	2.01	0.00	7.68	3.70	7.11	9.26	83.18	87.04	0.03	0.00	0.00	0.00	0.04

\* Loan Data as of December 31, 2002. Rated area refers to either the state or multi-state MA rating area.

\*\* The evaluation period for Community Development Loans is From September 11, 2001 to March 31, 2003.

\*\*\* Deposit Data as of June 30, 2002. Rated Area refers to either the state, multi-state MA, or institution, as appropriate.

\* Based on 2001 Peer Mortgage Data: US & PR.

\*\* 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 3. Geographic Distribution of Home Improvement Loans**

Geographic Distribution: HOME IMPROVEMENT		Geography: NEW YORK				Evaluation Period: JANUARY 1, 2002 TO DECEMBER 31, 2002					Market Share (%) by Geography*				
MA/Assessment Area:	Total Home Improvement Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall	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>															
Manhattan	3	100.00	2.01	0.00	7.68	0.00	7.11	33.33	83.18	66.67	0.00	0.00	0.00	0.00	0.00

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

Geographic Distribution: HOME MORTGAGE REFINANCE		Geography: NEW YORK				Evaluation Period: JANUARY 1, 2002 TO DECEMBER 31, 2002					Market Share (%) by Geography*				
MA/Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall	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>															
Manhattan	8	100.00	2.01	0.00	7.68	37.50	7.11	12.50	83.18	50.00	0.00	0.00	0.00	0.00	0.00

\* Based on 2001 Peer Mortgage Data: US & PR.

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

\* Based on 2001 Peer Mortgage Data: US & PR.

\*\* 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 YORK					Evaluation Period: JANUARY 1, 2002 TO DECEMBER 31, 2002									
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	Overall	Low	Mod	Mid	Upp	
<b>Full Review:</b>																
Manhattan	1	100.00	13.93	0.00	19.61	0.00	8.89	100.00	57.50	0.00	0.00	0.00	0.00	0.00	0.00	

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

Geographic Distribution: SMALL LOANS TO BUSINESSES		Geography: NEW YORK					Evaluation Period: JANUARY 1, 2002 TO DECEMBER 31, 2002									
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	Overall	Low	Mod	Mid	Upp	
<b>Full Review:</b>																
Manhattan	52	100.00	5.86	5.88	17.15	13.73	8.19	5.88	64.82	74.51	0.02	0.00	0.02	0.00	0.02	

\* Based on 2001 Peer Mortgage Data: US & PR.

\*\* 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.

\* Based on 2001 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 (2002).

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

Borrower Distribution: HOME PURCHASE		Geography: NEW YORK					Evaluation Period: JANUARY 1, 2002 TO DECEMBER 31, 2002									
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****	Overall	Low	Mod	Mid	Upp	
<b>Full Review:</b>																
Manhattan	54	100.00	28.80	0.00	13.84	3.70	14.33	12.96	43.02	83.33	0.04	0.00	0.00	0.00	0.05	

**Table 9. Borrower Distribution of Home Improvement Loans**

Borrower Distribution: HOME IMPROVEMENT		Geography: NEW YORK					Evaluation Period: JANUARY 1, 2002 TO DECEMBER 31, 2002									
MA/Assessment Area:	Total Home Improvement 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****	Overall	Low	Mod	Mid	Upp	
<b>Full Review:</b>																
Manhattan	3	100.00	28.80	33.33	13.84	0.00	14.33	0.00	43.02	66.67	0.00	0.00	0.00	0.00	0.00	

\* Based on 2001 Peer Mortgage Data: US & PR.

\*\* As a percentage of loans with borrower income information available. No information was available for 0.00% 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.

\* Based on 2001 Peer Mortgage Data: US & PR.

\*\* As a percentage of loans with borrower income information available. No information was available for 0.00% of loans originated and purchased by BANK.

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

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

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

Borrower Distribution: HOME MORTGAGE REFINANCE															Geography: NEW YORK					Evaluation Period: JANUARY 1, 2002 TO DECEMBER 31, 2002				
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****	% Families***	% BANK Loans****	Overall	Low	Mod	Mid	Upp							
<b>Full Review:</b>																								
Manhattan	8	100.00	28.80	0.00	13.84	12.50	14.33	25.00	43.02	62.50	0.00	0.00	0.00	0.00	0.00	0.00								

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

Borrower Distribution: SMALL LOANS TO BUSINESSES										Geography: NEW YORK			Evaluation Period: JANUARY 1, 2002 TO DECEMBER 31, 2002			
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>																
Manhattan	52	100.00	64.76	48.08	53.85	21.15	25.00	0.02	0.02							

\* Based on 2001 Peer Mortgage Data: US & PR.

\*\* As a percentage of loans with borrower income information available. No information was available for 0.00% 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.

\* Based on 2001 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 - 2002).

\*\*\*\* 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 0.00% of small loans to businesses originated and purchased by the bank.

**Table 14. Qualified Investments**

QUALIFIED INVESTMENTS									
Geography: NEW YORK									
Evaluation Period: SEPTEMBER 11, 2001 TO MARCH 31, 2003									
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>									
Manhattan	0	0	0	0	0	0	0.00	0	0
Statewide/ Regional	0	0	1	787	1	787	46.10	1	713
Regional- Out of Assessment Area	0	0	1	920	1	920	53.90	0	0

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

DISTRIBUTION OF BRANCH DELIVERY SYSTEM AND BRANCH OPENINGS/CLOSINGS																	
Geography: NEW YORK																	
Evaluation Period: SEPTEMBER 11, 2001 TO MARCH 31, 2003																	
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>																	
Manhattan	100.00	11	100	0.00	0.00	0.00	100.00	11	0	0	0	0	11	20.23	24.11	8.42	46.77

\*The eight branches located in Long Island and Rockland County are not included in this table.

\*\* Population does not add to 100%. Remainder represents population located in NA designated tracts.

\* '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.