

# **PUBLIC DISCLOSURE**

October 31, 2005

## **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

Peapack-Gladstone Bank  
RSSD No. 236706

158 U.S. Highway 206 North  
Gladstone, New Jersey 07934

Federal Reserve Bank of New York  
33 Liberty Street  
New York, New York 10045

**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, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion, or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

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## INSTITUTION RATING

**INSTITUTION'S CRA RATING:** Peapack-Gladstone Bank is rated “**SATISFACTORY.**”

*The following table indicates the performance level of the institution with respect to the lending, investment and service tests:*

| PERFORMANCE LEVELS        | PERFORMANCE TESTS |                 |              |
|---------------------------|-------------------|-----------------|--------------|
|                           | Lending Test      | Investment Test | Service Test |
| Outstanding               |                   |                 |              |
| High Satisfactory         |                   | <b>X</b>        |              |
| Low Satisfactory          | <b>X</b>          |                 | <b>X</b>     |
| Needs to Improve          |                   |                 |              |
| Substantial Noncompliance |                   |                 |              |

\* The lending test is weighted more heavily than the investment and service tests in determining the overall rating.

The major factors supporting the institution’s rating follow:

- The volume and dollar amount of lending activity demonstrated adequate responsiveness to credit needs in the bank’s assessment area.
- The overall distribution of loans across geographies of different income levels was adequate.
- The distribution of loans among borrowers of different income levels and businesses of different sizes was good.
- The bank had an adequate level of community development lending.
- The bank made a significant level of qualified community development investments and grants.
- Delivery systems were reasonably accessible to essentially all portions of the assessment area.

## INSTITUTION

### DESCRIPTION OF INSTITUTION

Peapack-Gladstone Bank (“Peapack”) is a full-service commercial bank headquartered in Gladstone, New Jersey. It is the principal subsidiary of Peapack-Gladstone Financial Corporation, a bank holding company.

Peapack reported \$1.1 billion in assets as of December 31, 2004. Net loans and leases totaled \$566 million, or 51% of the bank’s assets. The bank’s deposits, located in a network of 19 branches, totaled \$940 million as of December 31, 2004.

Peapack provides financial services to businesses and individuals. The bank’s business lines include:

- consumer banking, including residential mortgage lending, small business and consumer lending as well as retail deposit services;
- personal trust and investment services; and
- business services such as business checking, commercial lending, accounts receivable management, and certificates of deposit.

Based on data supplied by the Federal Deposit Insurance Corporation (“FDIC”) Market Share Report dated June 30, 2004, Peapack was ranked 12th in deposits among 70 institutions in its assessment area counties with a 1.69% market share.

The bank’s single assessment area (based on 2004 Office of Management and Budget definitions) is part of MSA 35620 (New York-Northern New Jersey-Long Island, NY-NJ-PA) and includes the following:

- MD 20764 (Edison, NJ), includes portions of Somerset County in New Jersey.
- MD 35084 (Newark-Union, NJ-PA), includes portions of Morris, Union and Essex and Hunterdon Counties in New Jersey.

Peapack’s assessment area is in compliance with the requirements of Section 228.41 of Regulation BB and does not arbitrarily exclude low- and moderate-income (“LMI”) geographies. A map of the assessment area appears on page BB21. There are no financial or legal factors that would prevent the bank from fulfilling its responsibilities under CRA. The bank’s previous CRA examination, which was dated November 5, 2003, resulted in a “satisfactory” rating.

### PERFORMANCE CONTEXT

Demographic and economic information was obtained from publicly available sources including the U.S. Department of Commerce’s Bureau of the Census (2000), the U.S. Department of

Labor, the U.S. Department of Housing and Urban Development (“HUD”), the New Jersey Department of Labor and the New Jersey Realtors Association.

Demographic Characteristics

According to the 2000 Census, the total population of the bank’s assessment area is 513,102 or about 6% of New Jersey’s population. Only 2% of the assessment area population resides in the four moderate-income tracts in Peapack’s assessment area. The assessment area has no low-income tracts.

Income Characteristics

The 2004 HUD-estimated median family income was \$82,800 for MD 20764 and \$81,000 for MD 35080.

Housing Characteristics

| Median Home Sales Prices |           |
|--------------------------|-----------|
| Area                     | 2004      |
| MD 20764                 | \$328,000 |
| MD 35084                 | \$375,000 |

Source: New Jersey Association of Realtors

As shown in the chart at left, as of December 2004 the median cost of single-family housing within the assessment area is high. In MD 20764 housing costs are almost 8 times the income of a low-income family and 5 times the income of a moderate-income family. In MD 35064 housing costs are greater than 9 times the income of a low-income family and almost 6 times the income of a

moderate-income family. Without some form of subsidy, these housing prices are beyond the reach of low-income families as well as many moderate-income families. A community contact noted that in 2004, New Jersey ranked the 3<sup>rd</sup> most expensive state in terms of housing affordability.

Labor, Employment and Economic Characteristics

Peapack’s assessment area contains 28,537 business establishments, of which 84% had gross annual revenues (“GAR”) less than or equal to \$1 million.

| Unemployment Rates               |      |
|----------------------------------|------|
| Area                             | 2004 |
| Middlesex-Somerset-Hunterdon, NJ | 3.0% |
| State of New Jersey              | 3.9% |

Source: Bureau of Labor Statistics

As noted in the chart at right, the 2004 unemployment rate for the Middlesex-Somerset-Hunterdon, NJ area was low in comparison with the state’s jobless rate and decreased from the area’s 4.3% rate in 2003. It is also one of the lowest in the United States.

Exhibit 1 on the following page contains additional demographic details.

| <b>EXHIBIT 1</b>                    |  |   |                                 |                         |  |                             |                                  |              |
|-------------------------------------|--|---|---------------------------------|-------------------------|--|-----------------------------|----------------------------------|--------------|
| <b>Assessment Area Demographics</b> |  |   |                                 |                         |  |                             |                                  |              |
| <b>Income Categories</b>            | <b>Tract Distribution</b>              |   | <b>Families by Tract Income</b> |                         | <b>Families &lt; Poverty Level as % of Families by Tract</b> |                             | <b>Families by Family Income</b> |              |
|                                     | <b>#</b>                               | <b>%</b>                                      | <b>#</b>                        | <b>%</b>                | <b>#</b>   | <b>%</b>                    | <b>#</b>                         | <b>%</b>     |
| Low-income                          | 0                                      | —   | —                               | —                       | —  | —                           | 11,628                           | 8.4          |
| Moderate-income                     | 4                                      | 3.8   | 2,974                           | 2.1                     | 283  | 9.5                         | 15,130                           | 10.9         |
| Middle-income                       | 15                                     | 14.3  | 15,509                          | 11.2                    | 437  | 2.8                         | 23,937                           | 17.2         |
| Upper-income                        | 86                                     | 81.9  | 120,539                         | 86.7                    | 1,772  | 1.5                         | 88,327                           | 63.5         |
| <b>Total Assessment Area</b>        | <b>105</b>                             | <b>100.0</b>                                  | <b>139,022</b>                  | <b>100.0</b>            | <b>2,492</b>   | <b>1.8</b>                  | <b>139,022</b>                   | <b>100.0</b> |
|                                     | <b>Housing Units by Tract</b>          | <b>Housing Types by Tract</b>                 |                                 |                         |  |                             |                                  |              |
|                                     |  | <b>Owner-occupied</b>                         |                                 |                         | <b>Rental</b>  |                             | <b>Vacant</b>                    |              |
|                                     |  | <b>#</b>                                      | <b>%</b>                        | <b>%</b>                | <b>#</b>   | <b>%</b>                    | <b>#</b>                         | <b>%</b>     |
| Low-income                          | —                                      | —   | —                               | —                       | —  | —                           | —                                | —            |
| Moderate-income                     | 4,685                                  | 1,586   | 1.1                             | 33.9                    | 2,956  | 63.1                        | 143                              | 3.1          |
| Middle-income                       | 25,795                                 | 13,688  | 9.2                             | 53.1                    | 11,312   | 43.9                        | 795                              | 3.1          |
| Upper-income                        | 160,250                                | 134,198                                       | 89.8                            | 83.7                    | 22,275   | 13.9                        | 3,777                            | 2.4          |
| <b>Total Assessment Area</b>        | <b>190,730</b>                         | <b>149,472</b>                                | <b>100.0</b>                    | <b>78.4</b>             | <b>36,543</b>  | <b>19.2</b>                 | <b>4,715</b>                     | <b>2.5</b>   |
|                                     | <b>Total Businesses by Tract</b>       | <b>Businesses by Tract &amp; Revenue Size</b> |                                 |                         |  |                             |                                  |              |
|                                     |  | <b>Less Than or = \$1 Million</b>             |                                 | <b>Over \$1 Million</b> |  | <b>Revenue Not Reported</b> |                                  |              |
|                                     |  | <b>#</b>                                      | <b>%</b>                        | <b>#</b>                | <b>%</b>   | <b>#</b>                    | <b>%</b>                         | <b>#</b>     |
| Low-income                          | —                                      | —   | —                               | —                       | —  | —                           | —                                | —            |
| Moderate-income                     | 722                                    | 2.5   | 561                             | 2.3                     | 123  | 3.4                         | 38                               | 3.9          |
| Middle-income                       | 3,675                                  | 12.9  | 3,068                           | 12.8                    | 464  | 12.8                        | 143                              | 14.7         |
| Upper-income                        | 24,140                                 | 84.6  | 20,295                          | 84.8                    | 3,052  | 83.9                        | 793                              | 81.4         |
| Tract not reported                  | 0                                      | —   | —                               | —                       | —  | —                           | —                                | —            |
| <b>Total Assessment Area</b>        | <b>28,537</b>                          | <b>100.0</b>                                  | <b>23,924</b>                   | <b>100.0</b>            | <b>3,639</b>   | <b>100.0</b>                | <b>974</b>                       | <b>100.0</b> |
|                                     | <b>Percentage of Total Businesses:</b> |   |                                 | <b>83.8</b>             |  | <b>12.8</b>                 |                                  | <b>3.4</b>   |

## SCOPE OF EXAMINATION

Peapack’s assessment area was reviewed using the Federal Financial Institutions Examination Council’s *Interagency CRA Procedures for Large Retail Institutions*. Loan products evaluated include home purchase, refinance, home improvement, home equity, small business and consumer loans. The mortgage loans included in the evaluation were reported under HMDA. The small business loans evaluated were reported under CRA.

The bank also opted to include consumer loans in the bank’s CRA assessment and provided data on its home equity and other consumer loans. Multifamily loans were not considered for analysis as Peapack reported only one multifamily loan for the examination period. Examiners verified the integrity of HMDA-reportable, small business and consumer loan data the bank submitted for 2003 and 2004; all were found to have acceptable data integrity.

The evaluation period for HMDA-reportable, small business, home equity and other consumer loans covers the bank’s CRA performance from January 1, 2003, through December 31, 2004.

Community development loans, investments and services were reviewed under the same time period.

Because of changes in CRA and HMDA reporting requirements, a separate analysis of 2003 and 2004 data was conducted for the evaluation of geographic and borrower distribution. In accordance with the reporting requirements, 2003 loans were reported and evaluated using the metropolitan area definitions issued by the Office of Management and Budget (“OMB”) in effect through December 31, 2003. Loans originated during 2004 were reported and analyzed using the new OMB metropolitan area definitions which became effective January 1, 2004.

The analysis focused on 2004 lending performance since it reflects the most current reporting requirements and was the most recent year that aggregate HMDA and small business data were available. Only loans in Peapack’s assessment area were included in the analysis of geographic and borrower distribution.

For evaluation of the geographic distribution of loans, geographies were classified on the basis of the Census Bureau’s 2000 income data. Performance was rated based on penetration in moderate-income (MI) geographies, as the bank’s assessment area has no low-income geographies. For HMDA-related loans, the proportion of HMDA-related loan originations in MI geographies was compared with the proportion of owner occupied units located in MI and non-MI geographies. For small business loans, the analysis compared the proportion of loan originations with the proportion of businesses located in MI and non-MI geographies as reported by Dun and Bradstreet Data.

To analyze the borrower characteristics of HMDA-related loans, the proportion of originations to LMI borrowers was compared with the proportion of LMI families in the assessment area. Income estimates from the U.S. Department of Housing and Urban Development (“HUD”) were used to categorize borrower income. HUD-adjusted median family income figures for 2003 were used to categorize borrower income levels for 2003 loans and 2004 HUD-adjusted median family income data were used to categorize borrower income levels for 2004 loans.

For small business loans, the proportion of loans to borrowers with gross annual revenues (“GAR”) of \$1 million or less was compared with the proportion of such businesses as reported by Dun and Bradstreet. An analysis of the dollar amount of small business loans was also conducted, focusing on credit extensions under \$100,000, which are seen as especially responsive to the needs of smaller businesses.

HMDA-related and small business loan performance was also compared with the aggregate of all lenders in Peapack’s assessment area subject to HMDA and/or CRA small business loan reporting. For both HMDA-related and small business lending, 2004 lending patterns were compared with the 2004 aggregate and 2003 lending patterns were compared with the 2003 aggregate.

Before reaching a conclusion about the bank’s overall performance regarding geographic distribution and borrower characteristics in the assessment area, examiners gave greater weight to certain loan products. A product’s volume in relation to the total retail lending volume in the assessment area determined the weight of a product’s performance in an overall conclusion.

In order to gain an understanding of community credit needs, examiners reviewed interviews with community members involved in affordable housing and economic development activities during the examination. Community contacts included representatives of housing and community development organizations.

## CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

### LENDING TEST

Peapack's performance under the lending test is rated low satisfactory. Retail lending activity, geographic distribution and community development lending showed adequate performance while borrower distribution performance was good.

The Appendix C tables list the data used to evaluate the bank's lending test performance in its assessment area. Tables 1 describes lending activity, Tables 2-6 describe geographic distribution of lending, and Tables 8-12 describe borrower distribution. Table 13 describes both geographic distribution and borrower distribution of consumer loans.

**Lending Activity:** Peapack's record of meeting the credit needs of its assessment area was adequate for HMDA-reportable, small business, home equity and consumer loans.

| EXHIBIT 2                                      |            |           |                  |           |            |           |                 |           |
|--|------------|-----------|------------------|-----------|------------|-----------|-----------------|-----------|
| Lending Inside and Outside the Assessment Area |            |           |                  |           |            |           |                 |           |
| January 1, 2004 – December 31, 2004            |            |           |                  |           |            |           |                 |           |
|  | Inside     |           |                  |           | Outside    |           |                 |           |
|  | #          | %         | \$( '000s)       | %         | #          | %         | \$( '000s)      | %         |
| Home Purchase                                  | 128        | 45        | 44,989           | 48        | 158        | 55        | 49,079          | 52        |
| Refinancing                                    | 84         | 69        | 22,727           | 68        | 37         | 31        | 10,899          | 32        |
| Home Improvement                               | 52         | 76        | 5,873            | 84        | 16         | 24        | 1,110           | 16        |
| <b>Total HMDA-reportable</b>                   | <b>264</b> | <b>56</b> | <b>73,589</b>    | <b>55</b> | <b>211</b> | <b>44</b> | <b>61,088</b>   | <b>45</b> |
| <b>Small Business</b>                          | <b>187</b> | <b>81</b> | <b>26,625</b>    | <b>75</b> | <b>44</b>  | <b>19</b> | <b>9,088</b>    | <b>25</b> |
| <b>Home Equity</b>                             | <b>130</b> | <b>82</b> | <b>12,390</b>    | <b>87</b> | <b>29</b>  | <b>18</b> | <b>1,817</b>    | <b>13</b> |
| <b>Consumer Loans</b>                          | <b>171</b> | <b>81</b> | <b>3,111</b>     | <b>70</b> | <b>40</b>  | <b>19</b> | <b>1,362</b>    | <b>30</b> |
| <b>TOTAL LOANS</b>                             | <b>752</b> | <b>70</b> | <b>\$115,715</b> | <b>61</b> | <b>324</b> | <b>30</b> | <b>\$73,355</b> | <b>39</b> |

**Assessment Area Concentration:** A somewhat small majority of the bank's overall lending (dollar and number volume) was originated within the assessment area in 2004 and lending within the assessment area reflects a declining trend between 2003 and 2004. Assessment area lending was particularly low for the HMDA-reportable loans. In particular, the majority of the home purchase originations was not originated in the bank's assessment area in 2004 and needs to increase. Exhibit 2 above summarizes the bank's 2004 lending activity inside and outside of the assessment area.



The bank's overall HMDA-related and small business loan volume declined slightly from 2003 to 2004 but its decline was significantly less than the market aggregate's overall decline during the same time period. Peapack had 1.69% of the deposit market share in the combined Counties of Essex, Hunterdon, Morris, Somerset, and Union as of June 30, 2004 with \$878 million in deposits. In deposit market share, the bank was ranked 12 out of 70 banks operating in those counties. In comparison, the bank was ranked 29<sup>th</sup> in 2004 for total HMDA originations and 18<sup>th</sup> in 2004 for total small business originations. In addition the HMDA reportable loan volume as a percent of the aggregate HMDA reportable loans was 0.75% and the bank's Small Business reportable loan volume as a percent of the aggregate was .87%.

**Geographic Distribution:** The distribution of loans in geographies of different income levels was considered adequate in relation to the small number of moderate-income tracts, the limited opportunities for loan originations within these tracts, the bank's size and competition in the assessment area. A review of maps detailing the geographic distribution of loans revealed that loans were generally well dispersed throughout the entire assessment area with no significant lending gaps.

There are no low-income census tracts and only 4 moderate-income census tracts in Peapack's 2004 assessment area containing only 1% or 1,586 of the owner-occupied housing units and 2.5% or 722 of business establishments in the assessment area.

In 2004, Peapack made only 1 home purchase and 2 small business loans in the moderate-income census tracts. Refinance, home improvement, home equity and consumer loans were not originated in the moderate-income tracts in 2004. In 2003, Peapack made only 3 small business, 2 home improvement and 4 consumer loans in the moderate-income census tracts. Refinance, home purchase, and home equity loans were not originated in the moderate-income tracts in 2003.

A review of aggregate lending data indicated that significant penetration levels are difficult for all lenders in assessment area. The market aggregate (120 HMDA reporters) originated only 135 home purchase, 221 refinance, 46 home improvement loans, and 509 (33 CRA reporters) small business loans were originated in the moderate-income census tracts in 2004. Market aggregate lending patterns were similar in 2003.

**Distribution by Borrower Income and Revenue Size of the Business:** The overall distribution of loans among borrowers of different income levels and businesses of different sizes was good. Lending to moderate-income borrowers was excellent while lending to low-income borrowers and businesses of different sizes was adequate.

#### *Lending to Moderate-income Borrowers*

Overall, Peapack's level of lending to moderate-income borrowers was excellent. Compared to 10.9% of families in the assessment area with moderate-incomes, the following table below summarizes the bank's performance with respect to each product.

| <b>Lending to Moderate-Income Borrowers<br/>2004</b> |                            |                             |                                |
|--|----------------------------|-----------------------------|--------------------------------|
| <b>Loan Product</b>                                  | <b>Peapack Performance</b> | <b>Aggregate Comparison</b> | <b>% Moderate-Income Loans</b> |
| Home Purchase  | Excellent                  | Significantly Above         | 15.0%                          |
| Refinancings   | Excellent                  | Significantly Above         | 16.5%                          |
| Home Improvement                                     | Good                       | Slightly Below              | 10.4%                          |
| Home Equity  | Good                       | Not available               | 8.1%                           |
| Consumer Loans                                       | Excellent                  | Not available               | 15.5%                          |

*Lending to Low-income Borrowers*

Overall, Peapack’s level of lending to low-income borrowers was adequate considering that high housing costs make homeownership unaffordable to most low-income borrowers in the assessment area. The performance of the market aggregate supported the difficulties of penetrating the low-income borrower market. Compared to 8.4% of low-income families in the assessment area, the table on the following page summarizes the bank’s performance with respect to each product.

| <b>Lending to Low-Income Borrowers<br/>2004</b> |                            |                             |                           |
|---|----------------------------|-----------------------------|---------------------------|
| <b>Loan Product</b>                             | <b>Peapack Performance</b> | <b>Aggregate Comparison</b> | <b>% Low-Income Loans</b> |
| Home Purchase                                   | Adequate                   | Above                       | 3.3%                      |
| Refinancings                                    | Adequate                   | Significantly Above         | 3.8%                      |
| Home Improvement                                | Poor                       | Below                       | 2.1%                      |
| Home Equity                                     | Adequate                   | Not available               | 3.3%                      |
| Consumer Loans                                  | Excellent                  | Not available               | 21.1%                     |

Lending to Businesses of Different Sizes

The distribution of loans to businesses of different sizes was adequate when considering the proportion of loans to borrowers with gross annual revenues (“GAR”) of \$1 million or less as well as the proportion of loans extended in the amount of \$100 thousand or less.

Compared to 84% of the businesses in the bank’s assessment area with GAR of \$1 million or less, the bank extended 49% of its business loans to these small businesses. The bank’s percentage exceeded the 33% reported by the market aggregate. In addition, 64% of bank loans were in the amount of \$100 thousand or less as compared with 94% of market aggregate loans. Small loan amounts generally reflect the size of the business. The average size of these loans was \$41,748, an amount that would typically meet the credit needs of smaller businesses.

**Community Development Lending:** Peapack’s community development lending was adequate representing 3 community development loans totaling nearly \$5.6 million. Bank lending increased substantially from the last examination in terms of dollar volume when there were no community development loans. Bank lending was generally comparable with the community development lending volume of similarly-situated peer institutions in the assessment area.

Two loans totaling \$4.6 million, or 82% of the community development dollars were for affordable housing targeted to LMI individuals. Community contacts identified affordable housing as a critical need in this assessment area with high housing costs, making these loans especially responsive. Community development lending opportunities exist in the assessment area although they are somewhat limited.

Examples of community development loans included:

- A construction loan to finance a 60 unit affordable rental housing development.
- A term loan to finance a 20 unit affordable rental housing development.
- A line of credit to an organization providing community development services to troubled adolescent children that have been neglected, abused or abandoned.

## **INVESTMENT TEST**

Peapack's performance under the investment test is rated high satisfactory. The bank demonstrated good responsiveness for an institution with limited opportunities for such investments during the examination period.

Qualified investments totaled over \$3.4 million, compared with \$1.7 million at the previous examination. For details, see Table 14 on page BB20. The bank's qualified investment volume was generally comparable with the volume of similarly-situated peer institutions in the assessment area. Of the \$3.4 million total, investments initiated during the examination period accounted for \$2.2 million or 67% of qualified investments.

Qualified investments were concentrated in affordable housing representing \$3.1 million or 94% of the total. Mortgage-backed securities targeting low- or moderate-income individuals and census tracts comprised these affordable housing investments. Affordable housing and credit availability targeted to LMI individuals and in LMI areas are important needs in the assessment area as noted by community contacts. The remaining dollars included a small amount of the investments and grants in support of community services, economic development and revitalization and stabilization projects. The qualified investments were responsive to community credit needs but not innovative or complex in nature.

## **SERVICE TEST**

Peapack's performance under the service test is rated low satisfactory. The bank maintained an adequate level of retail and community development services.

**Retail Services:** Peapack's delivery systems are reasonably accessible to essentially all geographies and individuals of various income levels in its assessment area.

A map review of branch locations disclosed that branch locations are fairly well distributed geographically in the assessment area. For details, see Table 15 on page BB20. All of the bank's branches are located in upper-income census tracts with 1 branch or 5% of the total branches adjacent to both a moderate- and middle-income census tract providing some accessibility to branch services in those areas. There are only 4 moderate-income census tracts in the assessment area and only 2% of the assessment area population resides in these 4 tracts.

Two branches are also adjacent to middle-income census tracts. Three of the bank's branches that were previously in middle-income census tracts are now in upper-income census tracts as a result of the changes in the 2000 census data and the new 2004 OMB MSA definitions.

Branch changes did not adversely affect the accessibility of the bank's delivery systems. In 2004 Peapack added 1 new branch in Morris County and 1 new branch in Hunterdon County. These two new branches were located in upper-income census tracts. The branch services do not vary in a way that inconveniences moderate-income geographies and/or LMI individuals. All branch offices provide similar products and services. Hours do not vary in a way that inconveniences portions of the assessment area. At 18 of the 19 branches, extended and/or Saturday hours are available at least one day a week.

Alternative delivery systems did not materially impact the accessibility of bank systems for LMI individuals or geographies. Peapack has ATMs at 18 of its 19 branch locations and there are no off-site ATMs. Peapack also offers internet and telephone banking services. Neither is targeted to LMI customers.

**Community Development Services:** The bank provides an adequate level of community services in the assessment area. Peapack participated in 9 residential mortgage and/or small business educational fairs targeted to first time homebuyers. Bank staff members participated in 7 community development organizations on an on-going basis. These organizations provide community development services targeted to LMI individuals. The bank also rents one housing unit above its former office in the Township of Tewksbury to a LMI individual.

#### **FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW**

No evidence of discriminatory or other illegal credit practices, including the Equal Credit Opportunity Act and the Fair Housing Act, was identified as being inconsistent with helping to meet community credit needs.

## CRA APPENDIX A

### GLOSSARY

**Aggregate lending:** The number of loans originated and purchased by all reporting lenders in specified income categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the metropolitan area/assessment area.

**Census tract:** A small, relatively permanent statistical subdivision of a county or statistically equivalent entity delineated for data presentation purposes by a local group of census data users or the geographic staff of a regional census center in accordance with Census Bureau guidelines. Designed to be relatively homogeneous units with respect to population characteristics, economic status, and living conditions at the time they are established, census tracts generally contain between 1,000 and 8,000 people, with an optimum size of 4,000 people. Census tract boundaries are delineated with the intention of being stable over many decades, so they generally follow relatively permanent visible features. However, they may follow governmental unit boundaries and other invisible features in some instances; the boundary of a state or county (or statistically equivalent entity) is always a census tract boundary.

**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.

Effective September 1, 2005, the Board of Governors of the Federal Reserve System, Office of the Comptroller of the Currency, and the Federal Deposit Insurance Corporation have adopted the following additional language as part of the revitalize or stabilize definition of community development. Activities that revitalize or stabilize-

- (i) Low-or moderate-income geographies;
- (ii) Designated disaster areas; or
- (iii) Distressed or underserved nonmetropolitan middle-income geographies designated by the Board, Federal Deposit Insurance Corporation, and Office of the Comptroller of the Currency, based on-
  - a. Rates of poverty, unemployment, and population loss; or
  - b. Population size, density, and dispersion. Activities that revitalize and stabilize geographies designated based on population size, density, and dispersion if they help to meet essential community needs, including needs of low- and moderate-income individuals.

**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:** A family is a group of two or more people related by birth, marriage, or adoption and residing together; all such people (including related subfamily members) are considered as members of one family.

**Geography:** A census tract delineated by the United States Bureau of the Census in the most recent decennial census.

**Home Mortgage Disclosure Act (“HMDA”):** The statute that requires certain mortgage lenders that do business or have banking offices in a metropolitan statistical area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and income of applicants, the amount of loan requested, and the disposition of the application (e.g., approved, denied, and withdrawn).

**Home mortgage loans:** Includes home purchase and home improvement loans as defined in the HMDA regulation. This definition also includes multifamily (five or more families) dwelling loans, loans for the purchase of manufactured homes, and refinancings of home improvement and home purchase loans.

**Household:** A household consists of all the people who occupy a housing unit. A household includes the related family members and all the unrelated people, if any, such as lodgers, foster children, wards, or employees who share the housing unit. A person living alone in a housing unit, or a group of unrelated people sharing a housing unit such as partners or roomers, is also counted as a household. The count of households excludes group quarters.

**Low-income:** Individual income that is less than 50% of the area median income, or a median family income that is less than 50%, in the case of a geography.

**Metropolitan Statistical Area (“MSA”):** A geographic entity defined by the federal Office of Management and Budget for use by federal statistical agencies, based on the concept of a core area with a large population nucleus, plus adjacent communities having a high degree of economic and social integration with that core.

**Metropolitan Division:** A county or group of counties within a **Metropolitan Statistical Area** that contains a population of at least 2.5 million and represents an employment center(s) associated through commuting ties.

**Middle-income:** Individual income that is at least 80% and less than 120% of the area median income, or a median family income that is at least 80% and less than 120%, in the case of a geography.

**Moderate-income:** Individual income that is at least 50% and less than 80% of the area median income, or a median family income that is at least 50% and less than 80%, in the case of a geography.

**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.

**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.

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



**CRA APPENDIX B**

**CRA CORE TABLES**

**Table 1a. Lending Volume**

| LENDING VOLUME                        |   | Geography: MSA 35620 |            |                              |            |                      |            | Evaluation Period: JANUARY 1, 2004, TO DECEMBER 31, 2004 |            |                         |           |  |
|---------------------------------------|---|----------------------|------------|------------------------------|------------|----------------------|------------|--|------------|-------------------------|-----------|--|
| Metropolitan Area/<br>Assessment Area | % of<br>Rated<br>Area<br>Loans (#)<br>in MA/AA* | Home Mortgage        |            | Small Loans to<br>Businesses |            | Small Loans to Farms |            | Community<br>Development<br>Loans**                      |            | Total Reported<br>Loans |           | % of Rated Area<br>Deposits in<br>MA/AA*** |
|                                       |   | #                    | \$ (000's) | #                            | \$ (000's) | #                    | \$ (000's) | #  | \$ (000's) | #                       | \$(000's) |  |
| <b>Full Review:</b>                   |   |                      |            |                              |            |                      |            |  |            |                         |           |  |
| Assessment Area Total                 | 100   | 264                  | 73,589     | 187                          | 26,625     | 0                    | 0          | 3  | 5,656      | 454                     | 105,870   | 100.00                                     |

\* Rated area refers to MSA.

\*\* The evaluation period for community development loans is January 1, 2003, to December 31, 2004.

\*\*\* Rated area refers to the MSA.

**Table 1b. Other Products**

| LENDING VOLUME                        |   | Geography: MSA 35620    |            |  |            |             |            | Evaluation Period: JANUARY 1, 2004, TO DECEMBER 31, 2004 |            |                                |            |                           |           |  |
|---------------------------------------|---|-------------------------|------------|--|------------|-------------|------------|--|------------|--------------------------------|------------|---------------------------|-----------|--|
| Metropolitan Area/<br>Assessment Area | % of<br>Rated<br>Area<br>Loans (#)<br>in MA/AA* | Total Optional<br>Loans |            | Small Business<br>Real Estate<br>Secured |            | Home Equity |            | Motor Vehicle  |            | Other<br>Unsecured<br>Consumer |            | Other Secured<br>Consumer |           | % of Rated Area<br>Deposits in<br>MA/AA*** |
|                                       |   | #                       | \$ (000's) | #  | \$ (000's) | #           | \$ (000's) | #  | \$ (000's) | #                              | \$ (000's) | #                         | \$(000's) |  |
| <b>Full Review:</b>                   |   |                         |            |  |            |             |            |  |            |                                |            |                           |           |  |
| Assessment Area Total                 | 100   | 301                     | 15,501     | 0  | 0          | 130         | 12,390     | 30   | 445        | 106                            | 348        | 35                        | 2,318     | 100.00                                     |

\* Rated area refers to MSA.

\*\*\* Rated area refers to the MSA.

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

| Geographic Distribution: HOME PURCHASE |                           | Geography: MSA 35620 |                           |              |                             |              | Evaluation Period: JANUARY 1, 2004, TO DECEMBER 31, 2004 |              |                           |              |  |      |       |       |
|--|---------------------------|----------------------|---------------------------|--------------|-----------------------------|--------------|--|--------------|---------------------------|--------------|--|------|-------|-------|
| Metropolitan Area/<br>Assessment Area  | Total Home Purchase Loans |                      | Low-Income Geographies    |              | Moderate-Income Geographies |              | Middle-Income Geographies                                |              | Upper-Income Geographies  |              | Aggregate HMDA Lending (%)<br>By Tract Income* |      |       |       |
|  | #                         | % of Total**         | % Owner-Occupied Units*** | % Bank Loans | % Owner-Occupied Units***   | % Bank Loans | % Owner-Occupied Units***                                | % Bank Loans | % Owner-Occupied Units*** | % Bank Loans | Low  | Mod  | Mid   | Upper |
| <b>Full Review:</b>                    |                           |                      |                           |              |                             |              |  |              |                           |              |  |      |       |       |
| Assessment Area Total                  | 128                       | 100                  | 0.00                      | 0.00         | 1.06                        | 0.78         | 9.16   | 6.25         | 89.78                     | 92.97        | 0.00   | 1.12 | 10.88 | 88.00 |

\* Based on 2004 Peer Mortgage Data

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

\*\*\* Percentage of owner-occupied units is number of owner-occupied housing units in a particular geography divided by number of owner-occupied housing units in the area based on 2000 Census.

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

| Geographic Distribution: HOME IMPROVEMENT ("HI") |                | Geography: MSA 35620 |                           |              |                             |                           | Evaluation Period: JANUARY 1, 2004, TO DECEMBER 31, 2004 |                           |                          |                           |   |      |       |       |
|--|----------------|----------------------|---------------------------|--------------|-----------------------------|---------------------------|--|---------------------------|--------------------------|---------------------------|---|------|-------|-------|
| Metropolitan Area/<br>Assessment Area            | Total HI Loans |                      | Low-Income Geographies    |              | Moderate-Income Geographies |                           | Middle-Income Geographies                                |                           | Upper-Income Geographies |                           | Aggregate HMDA Lending (%)<br>By Tract Income |      |       |       |
|  | #              | % of Total**         | % Owner-Occupied Units*** | % Bank Loans | % Bank Loans                | % Owner-Occupied Units*** | % Bank Loans   | % Owner-Occupied Units*** | % Bank Loans             | % Owner-Occupied Units*** | Low   | Mod  | Mid   | Upper |
| <b>Full Review:</b>                              |                |                      |                           |              |                             |                           |  |                           |                          |                           |   |      |       |       |
| Assessment Area Total                            | 52             | 100                  | 0.00                      | 0.00         | 0.00                        | 1.06                      | 3.85   | 9.16                      | 96.15                    | 89.78                     | 0.00  | 2.08 | 11.67 | 86.25 |

\* Based on 2004 Peer Mortgage Data

\*\* Home improvement loans originated and purchased in the metropolitan area/assessment area 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 2000 Census.

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

| Geographic Distribution: HOME MORTGAGE REFINANCE |                    | Geography: MSA 35620 |                           |              |                             |              | Evaluation Period: JANUARY 1, 2004, TO DECEMBER 31, 2004 |              |                           |              |   |      |       |       |
|--|--------------------|----------------------|---------------------------|--------------|-----------------------------|--------------|--|--------------|---------------------------|--------------|---|------|-------|-------|
| Metropolitan Area/<br>Assessment Area            | Total Refinancings |                      | Low-Income Geographies    |              | Moderate-Income Geographies |              | Middle-Income Geographies                                |              | Upper-Income Geographies  |              | Aggregate HMDA Lending (%)<br>By Tract Income |      |       |       |
|  | #                  | % of Total**         | % Owner-Occupied Units*** | % Bank Loans | % Owner-Occupied Units***   | % Bank Loans | % Owner-Occupied Units***                                | % Bank Loans | % Owner-Occupied Units*** | % Bank Loans | Low   | Mod  | Mid   | Upper |
| <b>Full Review:</b>                              |                    |                      |                           |              |                             |              |  |              |                           |              |   |      |       |       |
| Assessment Area Total                            | 84                 | 100                  | 0.00                      | 0.00         | 1.06                        | 0.00         | 9.16   | 3.57         | 89.78                     | 96.43        | 0.00  | 1.66 | 11.22 | 87.11 |

\* Based on 2004 Peer Mortgage Data

\*\* Home mortgage refinance loans originated and purchased in the metropolitan area/assessment area 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 2000 Census.

**Table 5. Geographic Distribution of Home Equity Loans**

| Geographic Distribution: HOME EQUITY LOANS |                         | Geography: MSA 35620 |                           |              |                             |              | Evaluation Period: JANUARY 1, 2004, TO DECEMBER 31, 2004 |              |                           |              |  |     |     |       |
|--|-------------------------|----------------------|---------------------------|--------------|-----------------------------|--------------|--|--------------|---------------------------|--------------|--|-----|-----|-------|
| Metropolitan Area/<br>Assessment Area      | Total Home Equity Loans |                      | Low-Income Geographies    |              | Moderate-Income Geographies |              | Middle-Income Geographies                                |              | Upper-Income Geographies  |              | Aggregate HMDA Lending (%)<br>By Tract Income* |     |     |       |
|  | #                       | % of Total**         | % Owner-Occupied Units*** | % Bank Loans | % Owner-Occupied Units***   | % Bank Loans | % Owner-Occupied Units***                                | % Bank Loans | % Owner-Occupied Units*** | % Bank Loans | Low  | Mod | Mid | Upper |
| <b>Full Review:</b>                        |                         |                      |                           |              |                             |              |  |              |                           |              |  |     |     |       |
| Assessment Area Total                      | 130                     | 100                  | 0.00                      | 0.00         | 1.06                        | 0.00         | 9.16   | 0.77         | 89.78                     | 99.23        | N/A  | N/A | N/A | N/A   |

\* Not Available

\*\* Home equity loans originated and purchased in the metropolitan area/assessment area as a percentage of all home equity loans originated and purchased in the rated area.

\*\*\* Percentage of owner-occupied units is 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.

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

| Geographic Distribution: SMALL LOANS TO BUSINESSES ("SB") |                | Geography: MSA 35620 |                        |              |                             |              | Evaluation Period: JANUARY 1, 2004, TO DECEMBER 31, 2004 |              |                          |              |  |      |       |       |
|---|----------------|----------------------|------------------------|--------------|-----------------------------|--------------|--|--------------|--------------------------|--------------|--|------|-------|-------|
| Metropolitan Area/<br>Assessment Area                     | Total SB Loans |                      | Low-Income Geographies |              | Moderate-Income Geographies |              | Middle-Income Geographies                                |              | Upper-Income Geographies |              | Aggregate Lending (%)<br>By Tract Income |      |       |       |
|   | #              | % of Total**         | % of Businesses***     | % Bank Loans | % of Businesses***          | % Bank Loans | % of Businesses***                                       | % Bank Loans | % of Businesses***       | % Bank Loans | Low                                      | Mod  | Mid   | Upper |
| <b>Full Review:</b>                                       |                |                      |                        |              |                             |              |  |              |                          |              |  |      |       |       |
| Assessment Area Total                                     | 187            | 100                  | 0.00                   | 0.00         | 2.53                        | 1.07         | 12.88  | 6.42         | 84.59                    | 92.51        | 0.00                                     | 2.38 | 12.80 | 84.82 |

\* Based on 2004 Peer Small Business Data.

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

\*\*\* Source Data - Dun and Bradstreet (2004).

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

| Borrower Distribution: HOME PURCHASE ("HP") |                | Geography: MSA 35620 |                      |                  |                           | Evaluation Period: JANUARY 1, 2004, TO DECEMBER 31, 2004 |                         |                  |                        |                  |                         |      |       |       |
|---|----------------|----------------------|----------------------|------------------|---------------------------|--|-------------------------|------------------|------------------------|------------------|-------------------------|------|-------|-------|
| Metropolitan Area/<br>Assessment Area       | Total HP Loans |                      | Low-Income Borrowers |                  | Moderate-Income Borrowers |  | Middle-Income Borrowers |                  | Upper-Income Borrowers |                  | Aggregate Lending Data* |      |       |       |
|   | #              | % of Total**         | % Families**         | % Bank Loans**** | % Families***             | % Bank Loans****   | % Families***           | % Bank Loans**** | % Families***          | % Bank Loans**** | Low                     | Mod  | Mid   | Upper |
| <b>Full Review:</b>                         |                |                      |                      |                  |                           |  |                         |                  |                        |                  |                         |      |       |       |
| Assessment Area Total                       | 120            | 100                  | 8.36                 | 3.33             | 10.88                     | 15.00  | 17.22                   | 25.00            | 63.53                  | 56.67            | 2.28                    | 7.60 | 18.56 | 54.02 |

\* Based on 2004 Peer Mortgage Data

\*\* As a percentage of loans with borrower income information available.

\*\*\* Percentage of families is based on 2000 Census information.

\*\*\*\* Home purchase loans originated and purchased in the metropolitan area/assessment area 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 ("HI") |                | Geography: MSA 35620 |                      |                  |                           | Evaluation Period: JANUARY 1, 2004, TO DECEMBER 31, 2004 |                         |                  |                        |                  |                         |       |       |       |
|--|----------------|----------------------|----------------------|------------------|---------------------------|--|-------------------------|------------------|------------------------|------------------|-------------------------|-------|-------|-------|
| Metropolitan Area/<br>Assessment Area          | Total HI Loans |                      | Low-Income Borrowers |                  | Moderate-Income Borrowers |  | Middle-Income Borrowers |                  | Upper-Income Borrowers |                  | Aggregate Lending Data* |       |       |       |
|  | #              | % of Total*          | % Families***        | % Bank Loans**** | % Families***             | % Bank Loans****   | % Families***           | % Bank Loans**** | % Families***          | % Bank Loans**** | Low                     | Mod   | Mid   | Upper |
| <b>Full Review:</b>                            |                |                      |                      |                  |                           |  |                         |                  |                        |                  |                         |       |       |       |
| Assessment Area Total                          | 48             | 100                  | 8.36                 | 2.08             | 10.88                     | 10.42  | 17.22                   | 22.92            | 63.53                  | 64.58            | 3.99                    | 11.88 | 24.33 | 56.42 |

\* Based on 2004 Peer Mortgage Data

\*\* As a percentage of loans with borrower income information available.

\*\*\* Percentage of families is based on 2000 Census information.

\*\*\*\* Home improvement loans originated and purchased in the metropolitan area/assessment area 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: MSA 35620 |                      |                  |                           | Evaluation Period: JANUARY 1, 2004, TO DECEMBER 31, 2004 |                         |                  |                        |                  |                         |      |       |       |
|--|--------------------|----------------------|----------------------|------------------|---------------------------|--|-------------------------|------------------|------------------------|------------------|-------------------------|------|-------|-------|
| Metropolitan Area/<br>Assessment Area          | Total Refinancings |                      | Low-Income Borrowers |                  | Moderate-Income Borrowers |  | Middle-Income Borrowers |                  | Upper-Income Borrowers |                  | Aggregate Lending Data* |      |       |       |
|  | #                  | % of Total**         | % Families***        | % Bank Loans**** | % Families***             | % Bank Loans****   | % Families***           | % Bank Loans**** | % Families***          | % Bank Loans**** | Low                     | Mod  | Mid   | Upper |
| <b>Full Review:</b>                            |                    |                      |                      |                  |                           |  |                         |                  |                        |                  |                         |      |       |       |
| Assessment Area Total                          | 79                 | 100                  | 8.36                 | 3.80             | 10.88                     | 16.46  | 17.22                   | 17.72            | 63.53                  | 62.03            | 2.45                    | 9.41 | 19.70 | 48.49 |

\* Based on 2004 Peer Mortgage Data

\*\* As a percentage of loans with borrower income information available

\*\*\* Percentage of families is based on 2000 Census information.

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

**Table 11. Borrower Distribution of Home Equity Loans**

| Borrower Distribution: HOME EQUITY LOANS |             |              |                      | Geography: MSA 35620 |                      |                |                      | Evaluation Period: JANUARY 1, 2004, TO DECEMBER 31, 2004 |                        |                |                         |                |     |     |     |       |
|--|-------------|--------------|----------------------|----------------------|----------------------|----------------|----------------------|--|------------------------|----------------|-------------------------|----------------|-----|-----|-----|-------|
| Metropolitan Area/<br>Assessment Area    | Total Loans |              | Low-Income Borrowers |                      | Mod-Income Borrowers |                | Mid-Income Borrowers |  | Upper-Income Borrowers |                | Aggregate Lending Data* |                |     |     |     |       |
|  | #           | % of Total** | % Families***        | % Bank Loans**       | % Families***        | % Bank Loans** | % Families***        | % Bank Loans**   | % Families***          | % Bank Loans** | % Families***           | % Bank Loans** | Low | Mod | Mid | Upper |
| <b>Full Review:</b>                      |             |              |                      |                      |                      |                |                      |  |                        |                |                         |                |     |     |     |       |
| Assessment Area Total                    | 123         | 100          | 8.36                 | 3.25                 | 10.88                | 8.13           | 17.22                | 20.33  | 63.53                  | 68.29          | N/A                     | N/A            | N/A | N/A |     |       |

\* Not Available

\*\* As a percentage of loans with borrower income information available.

\*\*\* Percentage of families is based on 2000 Census.

**Table 12. Borrower Distribution of Small Loans to Businesses**

| Borrower Distribution: SMALL LOANS TO BUSINESSES |                                 |              |   | Geography: MSA 35620 |  |                         |                           | Evaluation Period: JANUARY 1, 2004 TO DECEMBER 31, 2004 |                              |  |  |  |  |  |  |
|--|---------------------------------|--------------|---|----------------------|--|-------------------------|---------------------------|---|------------------------------|--|--|--|--|--|--|
| Metropolitan Area/<br>Assessment Area            | Total Small Loans to Businesses |              | Businesses With Revenues of \$1 million or less |                      | Loans by Original Amount Regardless of Business Size |                         |                           | Aggregate Lending Data*                                 |                              |  |  |  |  |  |  |
|  | #                               | % of Total** | % of Businesses***                              | % Bank Loans****     | \$100,000 or less                                    | >\$100,000 to \$250,000 | >\$250,000 to \$1,000,000 | All   | Revenues \$1 Million or Less |  |  |  |  |  |  |
| <b>Full Review:</b>                              |                                 |              |   |                      |  |                         |                           |   |                              |  |  |  |  |  |  |
| Assessment Area Total                            | 187                             | 100          | 83.84   | 49.20                | 63.64  | 19.79                   | 16.58                     | 21,557  | 7,183                        |  |  |  |  |  |  |

\*Based on 2004 Peer Small Business Data

\*\* Small loans to businesses originated and purchased in the metropolitan area/assessment area 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 - 2004).

\*\*\*\* Small loans to businesses with revenues of \$1 million or less as a percentage of all loans reported as small loans to businesses.

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

| Geographic and Borrower Distribution: CONSUMER LOANS |                         |             |                        | Geography: MSA 35620 |                        |                 |                           | Evaluation Period: JANUARY 1, 2004, TO DECEMBER 31, 2004 |                          |                 |                       |                    |                      |                    |                         |                    |                        |                    |
|--|-------------------------|-------------|------------------------|----------------------|------------------------|-----------------|---------------------------|--|--------------------------|-----------------|-----------------------|--------------------|----------------------|--------------------|-------------------------|--------------------|------------------------|--------------------|
| Metropolitan Area/<br>Assessment Area                | Geographic Distribution |             |                        |                      |                        |                 |                           |  |                          |                 | Borrower Distribution |                    |                      |                    |                         |                    |                        |                    |
|  | Total Consumer Loans    |             | Low-Income Geographies |                      | Mod-Income Geographies |                 | Middle-Income Geographies |  | Upper-Income Geographies |                 | Low-Income Borrowers  |                    | Mod-Income Borrowers |                    | Middle-Income Borrowers |                    | Upper-Income Borrowers |                    |
|  | #                       | % of Total* | % of Households**      | % of Bank Loans      | % of Hhlds**           | % of Bank Loans | % of Hhlds**              | % of Bank Loans  | % of Hhlds**             | % of Bank Loans | % of Hhlds**          | % of Bank Loans*** | % of Hhlds**         | % of Bank Loans*** | % of Hhlds**            | % of Bank Loans*** | % of Hhlds**           | % of Bank Loans*** |
| <b>Full Review:</b>                                  |                         |             |                        |                      |                        |                 |                           |  |                          |                 |                       |                    |                      |                    |                         |                    |                        |                    |
| Assessment Area Total                                | 171                     | 100         | 0.00                   | 0.00                 | 2.44                   | 0.00            | 13.45                     | 3.51   | 84.10                    | 96.49           | 11.71                 | 21.14              | 10.99                | 15.45              | 15.48                   | 17.07              | 61.81                  | 46.34              |

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

\*\* Percentage of households is based on 2000 Census Information.

\*\*\*As a percentage of loans with borrower income information available.

**Table 14. Qualified Investments**

| QUALIFIED INVESTMENTS                 |                           | Geography: MSA 35620 |                            |           |                   | Evaluation Period: JANUARY 1, 2003 TO DECEMBER 31, 2004 |            |                        |           |
|---------------------------------------|---------------------------|----------------------|----------------------------|-----------|-------------------|---|------------|------------------------|-----------|
| Metropolitan Area/<br>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>                   |                           |                      |                            |           |                   |   |            |                        |           |
| Assessment Area Total                 | 4                         | 1,195                | 30                         | 2,192     | 34                | 3,387   | 100        | 0                      | 0         |

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

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

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

| BRANCH DELIVERY SYSTEM OPENINGS/CLOSINGS |                                | Geography: MSA 35620 |                                |   |     |     |       | Evaluation Period: JANUARY 1, 2004, TO DECEMBER 31, 2004 |                      |   |     |            |       |                                       |      |       |       |
|--|--------------------------------|----------------------|--------------------------------|---|-----|-----|-------|--|----------------------|---|-----|------------|-------|---------------------------------------|------|-------|-------|
| Metropolitan Area/<br>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 | Upper |  |                      | Low   | Mod | Mid        | Upper | Low                                   | Mod  | Mid   | Upper |
| <b>Full Review:</b>                      |                                |                      |                                |   |     |     |       |  |                      |   |     |            |       |                                       |      |       |       |
| Assessment Area Total                    | 100                            | 19                   | 100                            | 0   | 0   | 0   | 19    | 2  | 0                    | 0   | 0   | 0          | 2     | 0.00                                  | 2.42 | 12.31 | 85.27 |

# Peapack-Gladstone Bank

## Assessment Area

January 1, 2004 - December 31, 2004

