

PUBLIC DISCLOSURE

February 6, 2006

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**Community Bank of Bergen County
RSSD No. 275509**

**125 West Pleasant Avenue
Maywood, New Jersey 07607**

FEDERAL RESERVE BANK OF NEW YORK

**33 LIBERTY STREET
NEW YORK, N.Y. 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'S CRA RATING: Community Bank of Bergen County ("CBBC") is rated "SATISFACTORY."

Major factors supporting the rating are:

- The bank's loan-to-deposit ratio was reasonable.
- A majority of loans were made in the assessment area.
- The distribution of loans to borrowers of different income levels and to businesses of different sizes was reasonable.
- The geographic distribution of loans in the assessment area was reasonable.

DESCRIPTION OF INSTITUTION

CBBC was established in 1928 and is a full-service, retail-orientated financial institution headquartered in the borough of Maywood in Bergen County, New Jersey. The bank operates three full-service branches, all in central Bergen County, which include the Maywood branch and branches in Rochelle Park and Fair Lawn. CBBC is not owned by a holding company nor is it affiliated with any other financial institution.

CBBC offers a variety of deposit and loan products to both consumers and businesses. As of September 30, 2005, the bank's total assets were \$239 million, with total deposits of \$210 million and gross total loans of \$153 million. Real-estate loans were the largest loan concentration (\$148 million or 97%), of which 73% were secured by residential real estate. Consumer loans totaled \$3 million (2% of all loans), and commercial and industrial loans totaled \$2 million (1% of all loans).

There are no financial or legal impediments preventing the bank from servicing the credit needs of its assessment area. CBBC received a satisfactory rating at the prior CRA examination, dated January 7, 2002, conducted by the Federal Reserve Bank of New York.

DESCRIPTION OF THE BANK'S ASSESSMENT AREA

CBBC's assessment area is located in central Bergen County, New Jersey, which is part of the New York-Wayne-White Plains, NY-NJ Metropolitan Division (MD 35644). The assessment area is mostly suburban and includes the boroughs of Paramus, Lodi, and Maywood; the townships of Rochelle Park, Saddle Brook, Fair Lawn and Elmwood Park, and the cities of Garfield and Hackensack. The assessment area is in compliance with the requirements of Section 228.41 of Regulation BB.

A map illustrating CBBC's assessment area is on page BB10.

SCOPE OF EXAMINATION

CBBC was examined using the FFIEC small bank examination procedures. For the performance levels related to lending, borrower income and geographic distribution, a sample of 330 loans originated between January 1, 2004, and September 30, 2005, was analyzed. The sample includes 140 consumer loans, 133 loans reported under the Home Mortgage Disclosure Act ("HMDA"), and 57 small business loans. Since there were no low-or moderate-income (LMI) geographies, the evaluation of the geographic distribution of loan originations consisted of map reviews detailing the distribution of HMDA-related, consumer, and small business loans. The assessment area described above is based on the new OMB definitions.

PERFORMANCE CONTEXT

The following demographic and economic information was obtained from publicly available sources that include the U.S. Department of Commerce's Bureau of Census, 2000, the U.S. Department of Labor ("DOL"), the National Association of Realtors, and the Federal Reserve Bank of New York Bergen-Passaic District Profile-October 2004.

Demographic Characteristics

Bergen County is a growing area. According to the 2000 Census, the county's total population has increased over 7% since the 1990 Census, to almost 900 thousand. Bergen is one of New Jersey's most densely populated counties as it represents approximately 11% of the state's total population. It is characterized as a mix of urban and dense suburban. The largest cities in the county are Fort Lee and Hackensack.

Bergen County has a large senior citizen population. The 2000 Census reports that 15% of the county is 65 or older, as compared to 13% in the State. An older population is more likely to rely on fixed incomes and less likely to need home purchase mortgages. This was confirmed by community contacts who noted that there is a substantial senior presence in the county, some with limited means.

Income Characteristics

Bergen County is also one of New Jersey's most affluent areas and is ranked 25th nationally for adjusted gross income according to 2003 Federal tax returns. HUD reports a 2005 estimated median family income ("MFI") of \$57,650 for MD 35644, a modest increase from \$57,000 for 2004. According to community contacts, while Bergen County is, overall, affluent, there are sufficient numbers of low and moderate-income people distributed throughout the county.

As shown in Exhibit 1 on page BB4, there are no LMI tracts in Bergen County using 2004 census data. Due to reporting changes by the federal Office of Management and Budget ("OMB") in 2004, the bank's assessment area went from having 10 moderate-income tracts and no low-income tracts at the last CRA examination to having no LMI tracts in 2004. These classification changes do not reflect a true increase of the tracts' income levels.

Housing Characteristics

Housing costs are expensive in Bergen County as well as the overall metropolitan division. The National Association of Realtors reports the median sales price of existing single family homes for the New York – Wayne – White Plains Metropolitan Division at \$497 thousand for 2005 up 14% from nearly \$437 thousand in 2004. These costs are prohibitively expensive for families in the LMI range and reflect an affordable housing need in the assessment area. In addition, community contacts noted that the high appreciation of housing hampers Bergen County renters' efforts to save sufficient funds for closing costs and a down payment.

Rents are also high in Bergen County. The 2000 Census reports that Bergen County had a median gross monthly rent of \$872, compared to \$751 for New Jersey. Community contacts noted that current rents are approximately \$1,200 a month and are difficult for LMI borrowers to afford.

Housing in Bergen County tends to be old. The 2000 Census reports that 61% of housing stock in Bergen County was built before 1960, indicating a need for home improvement loans.

Labor, Employment and Economic Characteristics

Unemployment in the Bergen County assessment area is low in comparison with the state but is slightly increasing as shown in the table to the right. Most employment is in the service sector.

U.S. DEPARTMENT OF LABOR ANNUAL UNEMPLOYMENT RATES		
Area	2005	2004
Bergen County	3.6%	3.2%
State of New Jersey	4.4%	3.9%

EXHIBIT 1								
Assessment Area Demographics								
2004 Census Data								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low-income	0	0.0	0	0.0	0	0.0	6,045	11.7
Moderate-income	0	0.0	0	0.0	0	0.0	6,970	13.5
Middle-income	17	45.9	22,566	43.7	1,457	6.5	9,789	19.0
Upper-income	20	54.1	29,025	56.3	691	2.4	28,787	55.8
Total Assessment Area	37	100.0	51,591	100.0	2,148	4.2	51,591	100.0
	Housing Units by Tract	Housing Types by Tract						
		Owner-occupied			Rental		Vacant	
		#	%	%	#	%	#	%
Low-income	0	0	0.0	0.0	0	0.0	0	0.0
Moderate-income	0	0	0.0	0.0	0	0.0	0	0.0
Middle-income	37,471	13,487	31.1	36.0	22,520	60.1	1,464	3.9
Upper-income	41,586	29,861	68.9	71.8	10,833	26.0	892	2.1
Total Assessment Area	79,057	43,348	100.0	54.8	33,353	42.2	2,356	3.0
	Total Businesses by Tract	Businesses by Tract & Revenue Size						
		Less Than or = \$1 Million			Over \$1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low-income	0	0.0	0	0.0	0	0.0	0	0.0
Moderate-income	0	0.0	0	0.0	0	0.0	0	0.0
Middle-income	4,832	46.1	3,924	45.8	735	47.5	173	46.8
Upper-income	5,656	53.9	4,648	54.2	811	52.5	197	53.2
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
Total Assessment Area	10,488	100.0	8,572	100.0	1,546	100.0	370	100.0
	Percentage of Total Businesses:			81.7		14.7		3.5

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

CBBC's overall satisfactory CRA rating is based on an assessment of the bank's core performance criteria discussed below.

Loan-to-deposit Ratio

CBBC's loan-to-deposit ratio was reasonable given the bank's size, financial condition, and the credit needs of its assessment area. The bank's average loan-to-deposit ratio for the seven most recent quarters ending September 30, 2005, was 70%, based on information contained in its Consolidated Report of Condition and Income. This ratio was below the national peer average of 81% for similarly sized banks, and was also slightly below the average ratio of 74% for five similarly sized banks located in the assessment area during the same time period.

Lending in Assessment Area

CBBC originated a small majority of its loans, 63%, in its assessment area. Specifically, 60% of its HMDA-related loans, 67% of its consumer loans, and 61% of its commercial loans were made within the assessment area.

Lending to Borrowers of Different Incomes and to Businesses of Different Sizes

Overall, the bank's record of lending to borrowers of different income levels, including LMI individuals, and businesses of different sizes was satisfactory given the demographics of the bank's assessment area. Exhibit 2 depicts lending distribution in each loan category.

EXHIBIT 2			
Distribution of Loans in Assessment Area			
by Income Level of Borrower			
January 1, 2004 – September 30, 2005			
	HMDA-RELATED	CONSUMER	TOTAL
LOW-INCOME: Less than 50% of Median Income			
Number	6	17	23
Percentage	8%	18%	13%
Amount (\$)	\$473,000	\$227,000	\$700,000
Percentage	5%	5%	5%
MODERATE-INCOME: At least 50% & less than 80% of Median Income			
Number	7	14	21
Percentage	9%	15%	12%
Amount (\$)	\$304,000	\$746,000	\$1,050,000
Percentage	3%	17%	7%
MIDDLE-INCOME: At least 80% & less than 120% of Median Income			
Number	11	17	28
Percentage	14%	18%	16%
Amount (\$)	\$1,521,000	\$640,000	\$2,161,000
Percentage	15%	15%	15%
UPPER-INCOME: 120% or more of Median Income			
Number	56	46	102
Percentage	70%	49%	59%
Amount (\$)	\$7,515,000	\$2,756,000	\$10,271,000
Percentage	77%	63%	72%

HMDA-related Loans

As detailed in Exhibit 2, the distribution of HMDA-related lending to borrowers of different income levels was reasonable. The proportion of lending to LMI families was adequate and was less than the proportion of families that are LMI in the assessment area. LMI families comprise 12% and 14% of families in the assessment area, respectively. The bank's performance was reflective of the housing affordability issues noted in the performance context section of this evaluation.

Consumer Loans

Consumer lending distribution was excellent and exceeded the proportion of LMI families in the assessment area. Low- and moderate- income households account for 17% and 13% of households in the assessment area, respectively. For details, see Exhibit 2 on the prior page.

Small Business Loans

Lending to businesses with gross annual revenues (GAR) of \$1 million or less was excellent. As shown in Exhibit 3, CBBC extended 100% of its loans to businesses with GAR of \$1 million or less. In comparison, 82% of businesses in the assessment area have GAR of \$1 million or less.

EXHIBIT 3					
Distribution of Loans in Assessment Area					
by Size of Business					
January 1, 2004 – September 30, 2005					
SMALL BUSINESS LENDING SUMMARY					
Number of loans to businesses	Number of loans to <u>small</u> businesses*	% of loans to <u>small</u> businesses	\$ Amount of loans to businesses	\$ Amount of loans to <u>small</u> businesses*	% of \$ amount of loans to <u>small</u> businesses*
35	35	100%	\$5,331,000	\$5,331,000	100%

Geographic Distribution of Loans

Overall, CBBC’s geographic distribution of loans was reasonable given the demographics of the bank’s assessment area. Because there are no LMI geographies in Bergen County according to the 2004 OMB definitions, a review of maps detailing the geographic distribution of loans revealed that loans were generally well dispersed throughout the assessment area.

Response to Complaints

CBBC received no complaints relating to the bank’s CRA performance and no complaints have been filed with the Federal Reserve Bank of New York since the previous examination.

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.

* Businesses with gross annual revenues of \$1 million or less.

CRA APPENDIX A

GLOSSARY

Census tract: 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.

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 householder and no wife present) or 'female householder' (a family with a female householder and no husband present).

Full-scope review: Performance is analyzed considering performance context, quantitative factors and qualitative factors.

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

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

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.

Metropolitan area (MA): A metropolitan statistical area (MSA) or a metropolitan division (MD) as defined by the Office of Management and Budget. A MSA is a core area containing at least one urbanized area of 50,000 or more inhabitants, together with adjacent communities having a high degree of economic and social integration with that core. A MD is a division of a MSA based on specific criteria including commuting patterns. Only a MSA that has a population of at least 2.5 million may be divided into MDs.

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.

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.

Rated area: A rated area is a state or multistate metropolitan area. For an institution with domestic branches in only one state, the institution's CRA rating would be the state rating. If an institution maintains domestic branches in more than one state, the institution will receive a rating for each state in which those branches are located. If an institution maintains domestic branches in two or more states within a multistate metropolitan area, the institution will receive a rating for the multistate metropolitan area.

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 percent of the area median income, or a median family income that is more than 120 percent, in the case of a geography.

Community Bank of Bergen County

Assessment Area

2004 - 2005

Legend

- 2000 Census Tracts
- Counties
- Assessment Area
- Branch

Bergen

