

# **PUBLIC DISCLOSURE**

October 22, 2001

## **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

**Interchange Bank  
RSSD Number 3506**

**Park 80 West/Plaza Two  
Saddle Brook, NJ 07663**

**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.

## TABLE OF CONTENTS

Institution Rating	
Institution's CRA Rating .....	BB1
Table of Performance Test Ratings.....	BB1
Summary of Major Factors Supporting Rating.....	BB1
Institution	
Description of Institution .....	BB2
Scope of Examination .....	BB4
Conclusions With Respect to Performance Tests .....	BB5
Exhibits	
Exhibit 1 -- Assessment Area Demographics .....	BB4
Exhibit 2 -- Lending Inside and Outside the Assessment Area .....	BB6
Appendices	
CRA Appendix A: Scope of Examination .....	BB10
CRA Appendix B: Glossary.....	BB10
CRA Appendix C: Core CRA Tables .....	BB13
CRA Appendix D: Map of Assessment Area .....	BB18

## INSTITUTION RATING

**INSTITUTION'S CRA RATING:** Interchange Bank is rated "SATISFACTORY."

The following table indicates the performance level of the bank with respect to the lending, investment and service tests.

PERFORMANCE LEVELS	INTERCHANGE BANK		
	PERFORMANCE TESTS		
	Lending Test*	Investment Test	Service Test
Outstanding		X	
High Satisfactory	X		X
Low Satisfactory			
Needs to Improve			
Substantial Noncompliance			

The major factors supporting the rating follow:

- The bank had an excellent level of qualified investments, totaling \$4.8 million.
- The bank's level of community development loans was excellent, totaling \$8.5 million.
- The geographic distribution of loans was excellent and the distribution of loans among borrowers of different income levels and businesses of different sizes was good.
- The bank's service delivery systems were accessible to essentially all geographies and individuals of different income levels in its assessment area.

---

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

## INSTITUTION

### DESCRIPTION OF INSTITUTION

Headquartered in Saddle Brook, New Jersey, Interchange Bank ("Interchange") is a state-chartered banking corporation and member of the Federal Reserve System. Interchange is a full-service, retail-oriented bank and a subsidiary of Interchange Financial Services Corporation, a bank holding company. As of December 31, 2000, the bank had total assets of \$770 million, net loans and leases of \$555 million, and total deposits of \$669 million.

As of the examination date, October 22, 2001, Interchange operated 17 full-service branches in Bergen County offering a full line of deposit and loan products and services to consumers and small to medium-sized businesses. The market area is highly competitive with branches of numerous local, regional and multinational banks operating in the bank's assessment area. Primary competitors include First Union, Fleet Bank, PNC and Commerce Bank.

Interchange's assessment area consists of Bergen County, New Jersey, a portion of the Primary Metropolitan Statistical Area ("PMSA") 0875 (Bergen-Passaic, NJ). It has not changed since the previous examination and is in compliance with the requirements of Section 228.41 of Regulation BB, and does not arbitrarily exclude any low- and moderate-income ("LMI") geographies.

Interchange's previous CRA examination was conducted as of June 1, 1999, at which time the bank received an overall rating of "satisfactory." There are no financial or legal factors that would prevent the bank from fulfilling its responsibilities under the CRA.

Based on data reported to the Federal Deposit Insurance Corporation ("FDIC") for FDIC-insured institutions operating in Bergen County as of June 30, 2001, Interchange is ranked 12<sup>th</sup> out of 48 banks for deposit market share with 2.57 percent of deposits. The bank is ranked 26<sup>th</sup> of 36 banks with a 1.09 percent share of loans reported in 2000 under the Home Mortgage Disclosure Act ("HMDA"). Interchange is also ranked 26<sup>th</sup> with a 1.07 percent market share for small business loans reported in 2000 after the top five small business lenders were removed from consideration. These lenders -- American Express Centurion Bank, GE Capital Financial, Capital One, Advanta and Universal -- are credit card lenders which dominate the small business loan market.

Demographic and economic information relevant to the bank's performance context is discussed below. Information was obtained from publicly available sources including the U.S. Department of Commerce's Bureau of the Census (1990 and 2000), the U.S. Department of Labor, and the U.S. Department of Housing and Urban Development ("HUD"). For assessment area details, see Exhibit 1 on page BB4.

## PERFORMANCE CONTEXT

### Demographic Characteristics

The bank's assessment area includes all of Bergen County, one of New Jersey's most densely populated areas. According to the 1990 Census, the county's population totals 825,380 or about 11 percent of the state's total population. The 2000 Census indicates that the county's population grew about 7 percent to 884,188, but that figure now represents only about 9 percent of the state population and reflects the stronger population growth in the southern part of the state. The Bergen County population is evenly distributed throughout the county with only two large cities, Hackensack and Englewood.

### Income Characteristics

Bergen County is one of New Jersey's most affluent areas. According to the 1990 Census, the county has a median family income of \$57,760 compared with the state median of \$47,589. Based on 1999 HUD estimates, median family income for PMSA 0875 (Bergen-Passaic, NJ) was \$69,500 and increased to \$72,600 in 2000. In the 1990 Census, 72 thousand or 32 percent of families were considered LMI. Only 3 percent of the population had income below the poverty level, with the highest concentrations of this group found in 9 of the county's 70 municipalities. Interchange maintains a branch in Garfield, one of the nine towns with a high concentration of poverty-level residents. Of the census tracts in Bergen County used in the analysis, only 14 percent are considered LMI, limiting opportunities for lending in such communities.

### Housing Characteristics

In 1990, the median cost of housing in Bergen County was \$226 thousand. Prices in the area have increased significantly over the years, and, according to the New Jersey Association of Realtors, the average sale price in 2000 of a single-family home is \$327 thousand. When compared with the income levels discussed above, it is apparent that homeownership is out of reach for most LMI families without some form of financial assistance. Community contacts noted that affordable housing was a primary need in the county. They stated that high land costs make it difficult for affordable housing builders to operate in Bergen County.

### Labor, Employment and Economic Characteristics

Employment opportunities are generally concentrated in the services sector as the economy in the area overall made the transition from manufacturing. During 2000, employment in the services industry grew by 15 thousand and accounted for most of the new jobs in the region. As of December 2000, the unemployment rate for PMSA 0875 (Bergen-Passaic, NJ) is 3.4 percent, slightly lower than the state jobless rate of 3.5 percent.

EXHIBIT 1									
Assessment Area Demographics									
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income		
	#	%	#	%	#	%	#	%	
Low-income	3	2	27	0	0	0	33,467	15	
Moderate-income	21	12	25,098	11	1,360	22	38,737	17	
Middle-income	93	53	123,562	54	3,712	60	53,678	24	
Upper-income	58	33	78,332	35	1,087	18	101,137	45	
<b>Total Assessment Area</b>	<b>175</b>	<b>100</b>	<b>227,019</b>	<b>100</b>	<b>6,159</b>	<b>100</b>	<b>227,019</b>	<b>100</b>	
	Housing Units by Tract	Housing Types by Tract							
		Owner-occupied		Rental		Vacant			
		#	%	#	%	#	%	#	%
Low-income	33	30	0		3	0	0	0	
Moderate-income	41,132	16,059	8		22,595	23	2,478	16	
Middle-income	185,497	112,083	54		63,764	64	9,650	61	
Upper-income	98,127	81,630	39		12,688	13	3,809	24	
<b>Total Assessment Area</b>		<b>209,802</b>	<b>100</b>		<b>99,050</b>	<b>100</b>	<b>15,937</b>	<b>100</b>	
	Total Businesses By Tract		Businesses by Tract & Revenue Size						
			Less Than or = \$1 Mil		Over \$1 Million		Revenue Not Reported		
	#	%	#	%	#	%	#	%	
Low-income	1	0	1	0	0	0	0	0	
Moderate-income	6,726	13	5,399	13	989	16	338	13	
Middle-income	26,410	52	21,825	52	3,295	52	1,290	50	
Upper-income	17,843	35	14,870	35	2,036	32	937	37	
Tract not reported	3	0	3	0	0	0	0	0	
<b>TOTALS</b>	<b>50,983</b>	<b>100</b>	<b>42,098</b>	<b>100</b>	<b>6,320</b>	<b>100</b>	<b>2,565</b>	<b>100</b>	

**SCOPE OF EXAMINATION**

A full review of Interchange's performance was conducted using the Federal Financial Institutions Examination Council's *Interagency Procedures and Guidelines for Large Retail Institutions*. HMDA-related, small business and consumer loans were analyzed for the period of January 1, 1999, through December 31, 2000. Community development loans and qualified investments were analyzed for the period of January 1, 1999, through June 30, 2001.

Lending products analyzed include home purchase loans and refinancings of such loans ("refinancings"), home improvement loans and small business loans. Consumer loans, which include home equity, motor vehicle, unsecured and credit card loans were also analyzed. Multifamily loans were not included in the loan analysis because of the low volume of such loans.

Because of the limited number of LMI geographies in the bank's assessment area, primary emphasis was placed on the bank's performance relative to borrower distribution when reaching a conclusion about the bank's performance under the lending test.

For the evaluation of the geographic distribution of loans, geographies were classified on the basis of the Census Bureau's 1990 Census. The distribution of loans to borrowers of different income levels was determined based on HUD estimated median family income data for 1999 and 2000, as applicable.

HMDA-related and small business lending performance was compared with the 2000 aggregate data of all HMDA and small business reporters in Interchange's assessment area. The 2000 aggregate data was the latest available data during the examination period.

During this examination, examiners made two community contacts. One contact was with an affordable housing organization, and the other with an organization that provides services for LMI individuals.

## **CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS**

### **LENDING TEST**

Interchange's record of meeting the credit needs of its assessment area through its lending performance is rated "high satisfactory." Retail lending volume exhibited good responsiveness to assessment area credit needs. Geographic distribution reflected excellent penetration throughout the bank's assessment area and the overall distribution of loans among individuals of different income levels and businesses of different sizes was good. The bank had an excellent level of community development lending.

The information used to evaluate the bank's performance can be found in the Core Tables in Appendix C. Core Tables 1, 1A and 1B describe lending activity, Tables 2 through 7 describe geographic distribution of lending, and Tables 8 through 12 borrower characteristics.

**Lending Activity:** Lending activity reflected good responsiveness to credit needs. During the examination period, the bank originated 2,259 HMDA-related, small business and consumer loans totaling approximately \$175 million. Most of those loans (74 percent by number and 69 percent by dollar amount) were originated in the bank's assessment area. (For details, see Exhibit 2 on page BB6.) Approximately 48 percent of the loans were HMDA-related, 10 percent were small business, and 42 percent were consumer loans.

EXHIBIT 2								
Lending Inside and Outside the Assessment Area								
	Inside				Outside			
	#	%	\$(000's)	%	#	%	\$(000's)	%
Home Purchase	100	65	16,996	66	55	35	8,814	34
Refinancings	309	67	30,615	65	152	33	16,764	35
Home Improvement	397	83	19,390	85	82	17	3,531	15
Multifamily	4	40	1,281	29	6	60	3,211	71
<b>Total HMDA-related</b>	<b>810</b>	<b>73</b>	<b>68,282</b>	<b>68</b>	<b>295</b>	<b>27</b>	<b>32,320</b>	<b>32</b>
<b>Total small business</b>	<b>159</b>	<b>71</b>	<b>24,396</b>	<b>62</b>	<b>65</b>	<b>29</b>	<b>15,221</b>	<b>38</b>
<b>Total consumer</b>	<b>712</b>	<b>77</b>	<b>27,690</b>	<b>80</b>	<b>218</b>	<b>23</b>	<b>7,120</b>	<b>20</b>
<b>TOTAL LOANS</b>	<b>1,681</b>	<b>74</b>	<b>120,368</b>	<b>69</b>	<b>578</b>	<b>26</b>	<b>54,661</b>	<b>31</b>

**Geographic Distribution of Lending:** Overall the geographic distribution of assessment area HMDA-related, small business and consumer loans was excellent, based on performance in the moderate-income census tracts of the bank's assessment area. Low-income census tracts contain less than 1 percent of the owner-occupied housing units and businesses in Bergen County.

HMDA-related Products

When compared with the level of owner-occupied housing units, the geographic distribution of HMDA-related products was excellent. Performance in home purchase and refinancing loans was excellent while performance in home improvement lending was good. For all HMDA-related products, the level of the bank's lending in moderate-income geographies exceeded that of the aggregate.

Small Business Loans

The distribution of small business loans reflected excellent penetration in the moderate-income geographies of the Interchange assessment area when compared with the level of small businesses located in such geographies. The bank's performance exceeded the aggregate of small business reporters in moderate-income census tracts.

Consumer Loans

The level of consumer loans in moderate-income geographies was good when compared with the level of households in those geographies.

**Borrower Characteristics:** The overall distribution of assessment area loans among borrowers of different income levels and businesses of different sizes was good given the significant gap between income levels and housing costs in the assessment area. Conclusions for HMDA-related lending were based principally on lending to moderate-income families because the ratio of



housing cost to income generally makes homeownership unavailable to most low-income families.

*Lending to Moderate-income Borrowers*

Lending to moderate-income borrowers was good for all HMDA-related loan products (home purchase, refinance and home improvement) and consumer loans considering the level of moderate-income families or households, as applicable, in the assessment area. For HMDA-related loans, the bank's performance exceeded that of the aggregate. As housing costs are approximately four times the maximum income of moderate-income borrowers (\$58,080) in the assessment area, it is difficult for many moderate-income borrowers to qualify for homeownership, thus limiting opportunities for housing-related lending.

*Lending to Low-income Borrowers*

Lending to low-income borrowers was adequate for all HMDA-related and consumer loans when compared with the level of low-income families or households, as applicable. For HMDA-related loans, Interchange's level of lending to low-income borrowers exceeded that of the aggregate of all HMDA reporters. Given that low-income borrowers' annual earnings are \$36,300 at most, which is seven times the sale price of a single-family home in the assessment area, it is evident that homeownership is generally not an option for low-income families or individuals.

*Lending to Small Businesses of Different Sizes*

The bank's record of lending to businesses of different sizes was good based on the number of small business loans in amounts of \$100 thousand or less (66 percent) and the level of lending to businesses with gross annual revenues ("GAR") of \$1 million or less (46 percent). Interchange's level of loans to businesses with GAR of \$1 million or less exceeded that of the aggregate of all small business loan reporters.

**Community Development Lending:** Interchange's community development lending performance was excellent, totaling \$8.5 million and representing an increase of 136 percent from the previous examination. Of the total number of loans, \$300 thousand assisted community development efforts in the bank's assessment area. Given the bank's size and the limited opportunities available in the assessment area, this amount was considered adequate. The remaining community development lending was outside the assessment area in the city of Paterson (Passaic County), which is predominantly LMI and has extensive affordable housing needs. Paterson is approximately four miles outside the bank's assessment area.

Almost evenly divided between affordable housing and community services, community development lending activity included:

- A \$4.1 million first mortgage for a building located in a moderate-income geography that provides 34 affordable rental units as well as space for a hospital that will provide for clinical services to LMI persons.

- A \$170 thousand mortgage on an apartment building in a moderate-income geography of the bank's assessment area providing eight units of affordable housing.
- A \$128.5 thousand term loan to a social service agency for renovations to a day care center serving LMI clients.

## **INVESTMENT TEST**

The bank's performance under the investment test is rated "outstanding." For details, see Table 14.

Interchange's level of qualified investments (including grants of \$22 thousand) was significant, totaling \$4.8 million, an increase of 29 percent from the previous examination. Approximately \$1.5 million or 32 percent of the investments supported affordable housing, responding to a primary need in the bank's assessment area, according to community contacts. These investments included mortgage-backed securities of \$1.1 million and a bond anticipation note for the purchase of land to build senior citizen housing in an LMI community. The remaining \$3.3 million or 68 percent of the investments were related to revitalization and stabilization. These investments were bond anticipation notes to support the redevelopment of the downtown area of an LMI community in the bank's assessment area.

## **SERVICE TEST**

Interchange's performance under the service test is rated "high satisfactory" based on good accessibility of retail banking services and a relatively high level of community development services. For data regarding the distribution of the bank's branches in its assessment area, see Table 15 on page BB17.

### **Retail Services**

Interchange's branch network is accessible to essentially all portions of the bank's assessment area. As of the examination date, October 22, 2001, the bank operated 17 branches in its assessment area. One of the branches (or 6 percent) was located in an LMI geography. In addition, the branch in Lodi, located in the only middle-income census tract in the municipality, serves all the moderate-income census tracts included in the municipality. And a branch in Little Ferry serves residents of Moonachie, a moderate-income municipality a mile north of the Interchange branch location. Within the bank's assessment area, no families reside in low-income census tracts, and approximately 12 percent of families reside in moderate-income census tracts.

A network of 18 24-hour automated teller machines ("ATMs") offers an alternative system of delivering bank services in the assessment area. Except for the Lodi branch, all branches are

equipped with at least one ATM. The bank has two off-site ATMs, one of which is less than a mile from the Lodi branch. Other alternative delivery systems include a 24-hour loan access line, a Bank-Line Phone Center providing customer service activities and information, and an Internet Web site.

Interchange's business hours do not vary in a way that inconveniences certain portions of its assessment area, particularly LMI geographies and individuals. All branches are full-service and offer the same variety of commercial and retail loan and deposit products and services. The bank made extended evening or early morning hours available at all of its branches, and Saturday hours were available at all but the main office in Saddle Brook.

Branch openings and closings did not adversely affect the accessibility of delivery systems. Interchange opened two branches, one in a middle-income census tract and one in an upper-income census tract. No branches were closed.

### **Community Development Services**

Interchange provided a good level of community development services, including seminars and technical assistance, to various nonprofit organizations in the bank's assessment area. During the examination period, Interchange sponsored or participated in 16 seminars focusing on homeownership, small business lending, reverse mortgages and welfare-to-work programs. In addition, officers and directors serve as trustees, directors, committee members and financial advisors for a number of organizations in the bank's assessment area. Some of the organizations receiving this technical assistance are the Bergen County Small Business Economic Development Program, the Bergen County Division of Community Development's "American Dream Program," and the Children's Aid and Family Services' "Ways to Work Program."

Since the previous examination, the bank began offering the Electronic Transfer Account ("ETA") to allow individuals who receive federal benefit payments the advantage of direct deposit at a reasonable cost.

### **COMPLIANCE WITH FAIR LENDING LAWS**

No credit practices were identified that violated the substantive provisions of the anti-discrimination laws and regulations, including the Equal Credit Opportunity Act (Regulation B), the Fair Housing Act, and all relevant agency regulations pertaining to nondiscriminatory treatment of credit applicants.

## CRA APPENDIX A

### SCOPE OF EXAMINATION

Details concerning the scope of examination are found on page BB4.

## CRA APPENDIX B

### 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.

*[no reference in report—delete?]* **Block numbering area (“BNA”):** A statistical subdivision of a county for grouping and numbering blocks in nonmetropolitan counties where local census statistical area committees have not established census tracts. A BNA does not cross county lines.

**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 on population density. Census tracts are designed to be homogeneous with respect to population characteristics, economic status and living conditions to allow for statistical comparisons.

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

**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 review:** Performance under the lending, investment and service tests is analyzed considering performance context, quantitative factors (e.g., geographic distribution, borrower distribution, and total number and dollar amount of investments), and qualitative factors (e.g., innovativeness, complexity and responsiveness).

**Geography:** A census tract or a block numbering area delineated by the U.S. Bureau of the Census in the most recent decennial census.

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

**Home mortgage loans:** 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.

**Limited review:** Performance under the lending, investment and service tests is analyzed using only quantitative factors (e.g., geographic distribution, borrower distribution, total number and dollar amount of investments, and branch distribution).

**Market share:** The number of loans originated and purchased by the institution as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the metropolitan area/assessment area.

**Metropolitan area (“MA”):** Any primary metropolitan statistical area (“PMSA”), metropolitan statistical area (“MSA”), or consolidated metropolitan statistical area (“CMSA”), as defined by the Office of Management and Budget, with a population of 250 thousand or more, and any other area designated as such by the appropriate federal financial supervisory agency.

**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.

**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

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

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

**Owner-occupied units:** Includes units occupied by the owner or co-owner, even if the unit has not been fully paid for or is mortgaged.

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

**Rated area:** A rated area is a state or 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.

**Small loan(s) to farm(s):** A loan included in "loans to small farms" as defined in the instructions for preparation of the Call Report. These loans have original amounts of \$500 thousand or less and are either secured by farmland, or are classified as loans to finance agricultural production and other loans to farmers.

**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.

CRA APPENDIX C

FFIEC INTERAGENCY CORE CRA PUBLIC EVALUATION TABLES

Table 1. Lending Volume

LENDING VOLUME		State: NEW JERSEY										Evaluation Period: JANUARY 1, 1999, to DECEMBER 31, 2000	
Metropolitan Statistical Area/ Assessment Area	% of Rated Area Loans (#) in MSA/AA*	Home Mortgage		Small Loans to Businesses		Small Loans to Farms		Community Development Loans**		Total Reported Loans		% of Rated Area Deposits in MSA/AA***	
		#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)		
MSA 0875	100.00	810	68,282	159	24,396	0	0	2	299	971	92,977	100	
Outside Assessment Area								3	8,215				

\* Loan data as of December 31, 2000. Rated area refers to either the state or multistate MSA rating area.

\*\* The evaluation period for community development loans is January 1, 1999, to June 30, 2001.

\*\*\* Deposit data as of June 30, 2001. Rated area refers to either the state, multistate MSA.

Table 1A. Other Products

LENDING VOLUME		State: NEW JERSEY										Evaluation Period: JANUARY 1, 1999, to DECEMBER 31, 2000	
Metropolitan Statistical Area/ Assessment Area	% of Rated Area Loans (#) in MSA/AA*	Home Equity*		Motor Vehicle*		Credit Card*		Other Unsecured Consumer Loans*		Total Consumer Loans		% of Rated Area Deposits in MSA/AA***	
		#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)		
MSA 0875	100	464	24,886	191	2,467	18	32	18	80	691	27,465	100	

\* Loan data as of December 31, 2000. Rated area refers to either the state or multistate MSA rating area.

\*\* The evaluation period for optional product line(s) is January 1, 1999, to December 31, 2000.

\*\*\* Deposit data as of June 30, 2001. Rated area refers to either the state, multistate MSA or institution, as appropriate.

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

Geographic Distribution: HOME PURCHASE		State: NEW JERSEY										Evaluation Period: JANUARY 1, 1999, to DECEMBER 31, 2000		
Metropolitan Statistical Area/ Assessment Area	Total Home Purchase Loans		Low-income Geographies		Moderate-income Geographies		Middle-income Geographies		Upper-income Geographies		Aggregate HMDA Lending (%) 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
MSA 0875	100	100	0.02	0.00	7.65	10.00	53.42	47.00	38.91	43.00	0.10	7.10	52.80	40.00

\* Based on 2000 aggregate HMDA data only.

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

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

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

Geographic Distribution: HOME IMPROVEMENT		State: NEW JERSEY										Evaluation Period: JANUARY 1, 1999, to DECEMBER 31, 2000		
Metropolitan Statistical Area/ Assessment Area	Total Home Improvement Loans		Low-income Geographies		Moderate-income Geographies		Middle-income Geographies		Upper-income Geographies		Aggregate HMDA Lending (%) 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
MSA 0875	397	100	0.02	0.00	7.65	6.55	53.42	45.34	38.91	48.11	0.00	5.80	49.70	44.50

\* Based on 2000 aggregate HMDA data only.

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

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

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

Geographic Distribution: HOME MORTGAGE REFINANCE		State: NEW JERSEY										Evaluation Period: JANUARY 1, 1999, to DECEMBER 31, 2000		
Metropolitan Statistical Area/ Assessment Area	Total Home Mortgage Refinance Loans		Low-income Geographies		Moderate-income Geographies		Middle-income Geographies		Upper-income Geographies		Aggregate HMDA Lending (%) 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
MSA 0875	309	100	0.02	0.00	7.65	7.77	53.42	46.93	38.91	45.31	0.10	7.60	53.80	38.60

\* Based on 2000 aggregate HMDA data only.

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

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



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

Geographic Distribution: MULTIFAMILY		State: NEW JERSEY						Evaluation Period: JANUARY 1, 1999, TO DECEMBER 31, 2000					
Metropolitan Statistical Area/Assessment Area	#	Total Multifamily ("MF") Loans		Low-income Geographies		Moderate-income Geographies		Middle-income Geographies		Upper-income Geographies		Aggregate HMDA Lending (%) by Tract Income*	
		% of Total**	% of MF Units***	% Bank Loans	% MF Units***	% Bank Loans	% MF Units***	% Bank Loans	% MF Units***	Low	Mod	Mid	Upper
MSA 0875	4	100.00	0.00	0.00	50.00	28.49	71.51	0.00	0.00	0.00	20.70	63.80	15.50

\* Based on 2000 aggregate HMDA data only.  
 \*\* Multifamily loans originated and purchased in the MSA/AA as a percentage of all multifamily loans originated and purchased in the rated area.  
 \*\*\* Percentage of multifamily units is the number of multifamily housing units in a particular geography divided by number of multifamily housing units in the area based on 1990 Census information.

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

Geographic Distribution: SMALL LOANS TO BUSINESSES		State: NEW JERSEY						Evaluation Period: JANUARY 1, 1999, TO DECEMBER 31, 2000						
Metropolitan Statistical Area/Assessment Area	#	Total Small Business Loans		Low-income Geographies		Moderate-income Geographies		Middle-income Geographies		Upper-income Geographies		Aggregate Lending (%) by Tract Income*		
		% of Total**	% of MF Units***	% Bank Loans	% of Businesses***	% Bank Loans	% of Businesses***	% Bank Loans	% of Businesses***	Low	Mod	Mid	Upper	
MSA 0875	159	100	0.03	0.00	13.39	20.75	50.31	52.15	34.43	28.93	0.00	12.00	50.00	38.00

\* Based on 2000 aggregate small business data only.  
 \*\* Small loans to businesses originated and purchased in the MSA/AA as a percentage of all small loans to businesses originated and purchased in the rated area.  
 \*\*\* Source of data: Dun and Bradstreet.

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

Borrower Distribution: HOME PURCHASE		State: NEW JERSEY						Evaluation Period: JANUARY 1, 1999, TO DECEMBER 31, 2000						
Metropolitan Statistical Area/Assessment Area	#	Total Home Purchase Loans		Low-income Borrowers		Moderate-income Borrowers		Middle-income Borrowers		Upper-income Borrowers		Aggregate Lending Data*		
		% of Total**	% of MF Units***	% Bank Loans	% of Families***	% Bank Loans	% of Families***	% Bank Loans	% of Families***	Low	Mod	Mid	Upper	
MSA 0875	100	100	14.74	5.38	17.06	15.05	27.96	23.65	44.55	51.61	3.28	13.49	27.84	55.39

\* Based on 2000 aggregate HMDA data only.  
 \*\* As a percentage of loans with borrower income information available.  
 \*\*\* Percentage of families is based on 1990 Census information.  
 \*\*\*\* Home purchase loans originated and purchased in the MSA/AA as a percentage of all home purchase loans originated and purchased in the rated area.

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

Borrower Distribution: HOME IMPROVEMENT		State: NEW JERSEY										Evaluation Period: JANUARY 1, 1999, TO DECEMBER 31, 2000		
Metropolitan Statistical Area/Assessment Area	Total Home Improvement Loans		Low-income Borrowers		Moderate-income Borrowers		Middle-income Borrowers		Upper-income Borrowers		Aggregate Lending Data*			
	#	% of Total**	% of Families***	% Bank Loans****	% of Families***	% Bank Loans****	% of Families***	% Bank Loans****	% of Families***	% Bank Loans****	Low	Mod	Mid	Upper
MSA 0875	395	100	14.74	6.08	17.06	16.46	23.65	31.14	44.55	46.33	5.82	12.81	29.24	52.13

\* Based on 2000 aggregate data only.  
 \*\* As a percentage of loans with borrower income information available.  
 \*\*\* Percentage of families is based on 1990 Census information.  
 \*\*\*\* Home purchase loans originated and purchased in the MSA/AA as a percentage of all home purchase loans originated and purchased in the rated area.

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

Borrower Distribution: HOME MORTGAGE REFINANCE		State: NEW JERSEY										Evaluation Period: JANUARY 1, 1999, TO DECEMBER 31, 2000		
Metropolitan Statistical Area/Assessment Area	Total Home Mortgage Refinance Loans		Low-income Borrowers		Moderate-income Borrowers		Middle-income Borrowers		Upper-income Borrowers		Aggregate Lending Data*			
	#	% of Total**	% of Families***	% Bank Loans****	% of Families***	% Bank Loans****	% of Families***	% Bank Loans****	% of Families***	% Bank Loans****	Low	Mod	Mid	Upper
MSA 0875	291	100	14.74	6.87	17.06	16.84	23.65	25.77	44.55	50.52	5.67	15.34	29.20	49.79

\* Based on 2000 aggregate data only.  
 \*\* As a percentage of loans with borrower income information available.  
 \*\*\* Percentage of families is based on 1990 Census information.  
 \*\*\*\* Home mortgage refinance loans originated and purchased in the MSA/AA as a percentage of all home mortgage refinance loans originated and purchased in the rated area.

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

Borrower Distribution: SMALL LOANS TO BUSINESSES		State: NEW JERSEY										Evaluation Period: JANUARY 1, 1999, TO DECEMBER 31, 2000		
Metropolitan Statistical Area/Assessment Area	Total Small Loans to Businesses		Businesses With Revenues of \$1 Million or less		Businesses with revenues of \$1 million or less as a percentage of all businesses (Source D&B - 2000).		Loans by Original Amount Regardless of Business Size		Aggregate Lending Data*					
	#	% of Total**	% of Businesses***	% Bank Loans****	% of Businesses***	% Bank Loans****	> \$100,000 or less	> \$250,000 to \$1 Million	All	Revenues \$1 Million or Less				
MSA 0875	159	100	82.97	44.65	103	30	26	21,155	7,982					

\* Based on 2000 aggregate small business data only.  
 \*\* Small loans to businesses originated and purchased in the MSA/AA as a percentage of all small loans to businesses originated and purchased in the rated area.  
 \*\*\* Businesses with revenues of \$1 million or less as a percentage of all businesses (Source D&B - 2000).  
 \*\*\*\* 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\*\*\***

Metropolitan Statistical Area/ Assessment Area		State: NEW JERSEY																
		Geographic Distribution					Borrower Distribution											
		Total Consumer Loans	Low-income Geographies	Moderate-income Geographies	Middle-income Geographies	Upper-income Geographies	Low-income Borrowers	Moderate-income Borrowers	Middle-income Borrowers	Upper-income Borrowers	% of Total*							
#	% of House-holds**	% of Bank Loans	% of House-holds**	% of Bank Loans	% of House-holds**	% of Bank Loans	% of House-holds**	% of Bank Loans	% of Bank Loans	% of House-holds**	% of Bank Loans	% of House-holds**	% of Bank Loans	% of House-holds**	% of Bank Loans			
MSA 0875	691	100	19.87	0.0	15.07	11.6	20.32	47.1	44.73	41.31	19.87	16.35	15.07	19.10	20.32	25.62	44.73	38.93

\* Consumer loans originated and purchased in the MSA/AA as a percentage of all consumer loans originated and purchased in the rated area.  
 \*\* Percentage of households is based on 1990 Census information.  
 \*\*\* This information is reported at the option of the institution.

**Table 14. Qualified Investments**

Metropolitan Statistical Area/ Assessment Area		State: NEW JERSEY									
		Current Period Investments					Total Investments				
Prior Period Investments*		Current Period Investments		Total Investments		Unfunded Commitments**					
#	\$(000's)	#	\$(000's)	#	\$(000's)	#	\$(000's)	% of Total	#	\$(000's)	
MSA 0875	1	1,060	4	3,694	5	4,754	100	0	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**

State: NEW JERSEY																	
Metropolitan Statistical Area/ Assessment Area		Branches					Branch Openings/Closings										
		Deposits		Location of Branches by Income of Geographies (%)			Net change in Location of Branches (+ or -)			Population							
		% of Rated Area Deposits in AA	# of Bank Branches in AA	% of Rated Area Branches in AA	Low	Mid	Upper	# of Branch Openings	# of Branch Closings	Low	Mid	Upper	% of Population Within Each Geography				
MSA 08975	100	17	100	0	1	9	7	0	2	0	+1	0	+1	0	11.7	54.9	33.4

## TABLE OF CONTENTS

Institution Rating	
Institution's CRA Rating .....	BB1
Table of Performance Test Ratings.....	BB1
Summary of Major Factors Supporting Rating.....	BB1
Institution	
Description of Institution .....	BB2
Scope of Examination .....	BB4
Conclusions With Respect to Performance Tests .....	BB5
Exhibits	
Exhibit 1 -- Assessment Area Demographics .....	BB4
Exhibit 2 -- Lending Inside and Outside the Assessment Area .....	BB6
Appendices	
CRA Appendix A: Scope of Examination .....	BB10
CRA Appendix B: Glossary.....	BB10
CRA Appendix C: Core CRA Tables .....	BB13
CRA Appendix D: Map of Assessment Area .....	BB18

## INSTITUTION RATING

***INSTITUTION'S CRA RATING:*** Interchange Bank is rated "SATISFACTORY."

The following table indicates the performance level of the bank with respect to the lending, investment and service tests.

PERFORMANCE LEVELS	INTERCHANGE BANK		
	PERFORMANCE TESTS		
	Lending Test*	Investment Test	Service Test
Outstanding		X	
High Satisfactory	X		X
Low Satisfactory			
Needs to Improve			
Substantial Noncompliance			

The major factors supporting the rating follow:

- The bank had an excellent level of qualified investments, totaling \$4.8 million.
- The bank's level of community development loans was excellent, totaling \$8.5 million.
- The geographic distribution of loans was excellent and the distribution of loans among borrowers of different income levels and businesses of different sizes was good.
- The bank's service delivery systems were accessible to essentially all geographies and individuals of different income levels in its assessment area.

---

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

## INSTITUTION

### DESCRIPTION OF INSTITUTION

Headquartered in Saddle Brook, New Jersey, Interchange Bank ("Interchange") is a state-chartered banking corporation and member of the Federal Reserve System. Interchange is a full-service, retail-oriented bank and a subsidiary of Interchange Financial Services Corporation, a bank holding company. As of December 31, 2000, the bank had total assets of \$770 million, net loans and leases of \$555 million, and total deposits of \$669 million.

As of the examination date, October 22, 2001, Interchange operated 17 full-service branches in Bergen County offering a full line of deposit and loan products and services to consumers and small to medium-sized businesses. The market area is highly competitive with branches of numerous local, regional and multinational banks operating in the bank's assessment area. Primary competitors include First Union, Fleet Bank, PNC and Commerce Bank.

Interchange's assessment area consists of Bergen County, New Jersey, a portion of the Primary Metropolitan Statistical Area ("PMSA") 0875 (Bergen-Passaic, NJ). It has not changed since the previous examination and is in compliance with the requirements of Section 228.41 of Regulation BB, and does not arbitrarily exclude any low- and moderate-income ("LMI") geographies.

Interchange's previous CRA examination was conducted as of June 1, 1999, at which time the bank received an overall rating of "satisfactory." There are no financial or legal factors that would prevent the bank from fulfilling its responsibilities under the CRA.

Based on data reported to the Federal Deposit Insurance Corporation ("FDIC") for FDIC-insured institutions operating in Bergen County as of June 30, 2001, Interchange is ranked 12<sup>th</sup> out of 48 banks for deposit market share with 2.57 percent of deposits. The bank is ranked 26<sup>th</sup> of 36 banks with a 1.09 percent share of loans reported in 2000 under the Home Mortgage Disclosure Act ("HMDA"). Interchange is also ranked 26<sup>th</sup> with a 1.07 percent market share for small business loans reported in 2000 after the top five small business lenders were removed from consideration. These lenders -- American Express Centurion Bank, GE Capital Financial, Capital One, Advanta and Universal -- are credit card lenders which dominate the small business loan market.

Demographic and economic information relevant to the bank's performance context is discussed below. Information was obtained from publicly available sources including the U.S. Department of Commerce's Bureau of the Census (1990 and 2000), the U.S. Department of Labor, and the U.S. Department of Housing and Urban Development ("HUD"). For assessment area details, see Exhibit 1 on page BB4.

## PERFORMANCE CONTEXT

### Demographic Characteristics

The bank's assessment area includes all of Bergen County, one of New Jersey's most densely populated areas. According to the 1990 Census, the county's population totals 825,380 or about 11 percent of the state's total population. The 2000 Census indicates that the county's population grew about 7 percent to 884,188, but that figure now represents only about 9 percent of the state population and reflects the stronger population growth in the southern part of the state. The Bergen County population is evenly distributed throughout the county with only two large cities, Hackensack and Englewood.

### Income Characteristics

Bergen County is one of New Jersey's most affluent areas. According to the 1990 Census, the county has a median family income of \$57,760 compared with the state median of \$47,589. Based on 1999 HUD estimates, median family income for PMSA 0875 (Bergen-Passaic, NJ) was \$69,500 and increased to \$72,600 in 2000. In the 1990 Census, 72 thousand or 32 percent of families were considered LMI. Only 3 percent of the population had income below the poverty level, with the highest concentrations of this group found in 9 of the county's 70 municipalities. Interchange maintains a branch in Garfield, one of the nine towns with a high concentration of poverty-level residents. Of the census tracts in Bergen County used in the analysis, only 14 percent are considered LMI, limiting opportunities for lending in such communities.

### Housing Characteristics

In 1990, the median cost of housing in Bergen County was \$226 thousand. Prices in the area have increased significantly over the years, and, according to the New Jersey Association of Realtors, the average sale price in 2000 of a single-family home is \$327 thousand. When compared with the income levels discussed above, it is apparent that homeownership is out of reach for most LMI families without some form of financial assistance. Community contacts noted that affordable housing was a primary need in the county. They stated that high land costs make it difficult for affordable housing builders to operate in Bergen County.

### Labor, Employment and Economic Characteristics

Employment opportunities are generally concentrated in the services sector as the economy in the area overall made the transition from manufacturing. During 2000, employment in the services industry grew by 15 thousand and accounted for most of the new jobs in the region. As of December 2000, the unemployment rate for PMSA 0875 (Bergen-Passaic, NJ) is 3.4 percent, slightly lower than the state jobless rate of 3.5 percent.

EXHIBIT 1								
Assessment Area Demographics								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low-income	3	2	27	0	0	0	33,467	15
Moderate-income	21	12	25,098	11	1,360	22	38,737	17
Middle-income	93	53	123,562	54	3,712	60	53,678	24
Upper-income	58	33	78,332	35	1,087	18	101,137	45
<b>Total Assessment Area</b>	<b>175</b>	<b>100</b>	<b>227,019</b>	<b>100</b>	<b>6,159</b>	<b>100</b>	<b>227,019</b>	<b>100</b>
	Housing Units by Tract	Housing Types by Tract						
		Owner-occupied		Rental		Vacant		
		#	%	#	%	#	%	
Low-income	33	30	0		3	0	0	0
Moderate-income	41,132	16,059	8		22,595	23	2,478	16
Middle-income	185,497	112,083	54		63,764	64	9,650	61
Upper-income	98,127	81,630	39		12,688	13	3,809	24
<b>Total Assessment Area</b>		<b>209,802</b>	<b>100</b>		<b>99,050</b>	<b>100</b>	<b>15,937</b>	<b>100</b>
	Total Businesses By Tract	Businesses by Tract & Revenue Size						
		Less Than or = \$1 Mil		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	
Low-income	1	0	1	0	0	0	0	0
Moderate-income	6,726	13	5,399	13	989	16	338	13
Middle-income	26,410	52	21,825	52	3,295	52	1,290	50
Upper-income	17,843	35	14,870	35	2,036	32	937	37
Tract not reported	3	0	3	0	0	0	0	0
<b>TOTALS</b>	<b>50,983</b>	<b>100</b>	<b>42,098</b>	<b>100</b>	<b>6,320</b>	<b>100</b>	<b>2,565</b>	<b>100</b>

### SCOPE OF EXAMINATION

A full review of Interchange's performance was conducted using the Federal Financial Institutions Examination Council's *Interagency Procedures and Guidelines for Large Retail Institutions*. HMDA-related, small business and consumer loans were analyzed for the period of January 1, 1999, through December 31, 2000. Community development loans and qualified investments were analyzed for the period of January 1, 1999, through June 30, 2001.

Lending products analyzed include home purchase loans and refinancings of such loans ("refinancings"), home improvement loans and small business loans. Consumer loans, which include home equity, motor vehicle, unsecured and credit card loans were also analyzed. Multifamily loans were not included in the loan analysis because of the low volume of such loans.



Because of the limited number of LMI geographies in the bank's assessment area, primary emphasis was placed on the bank's performance relative to borrower distribution when reaching a conclusion about the bank's performance under the lending test.

For the evaluation of the geographic distribution of loans, geographies were classified on the basis of the Census Bureau's 1990 Census. The distribution of loans to borrowers of different income levels was determined based on HUD estimated median family income data for 1999 and 2000, as applicable.

HMDA-related and small business lending performance was compared with the 2000 aggregate data of all HMDA and small business reporters in Interchange's assessment area. The 2000 aggregate data was the latest available data during the examination period.

During this examination, examiners made two community contacts. One contact was with an affordable housing organization, and the other with an organization that provides services for LMI individuals.

## **CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS**

### **LENDING TEST**

Interchange's record of meeting the credit needs of its assessment area through its lending performance is rated "high satisfactory." Retail lending volume exhibited good responsiveness to assessment area credit needs. Geographic distribution reflected excellent penetration throughout the bank's assessment area and the overall distribution of loans among individuals of different income levels and businesses of different sizes was good. The bank had an excellent level of community development lending.

The information used to evaluate the bank's performance can be found in the Core Tables in Appendix C. Core Tables 1, 1A and 1B describe lending activity, Tables 2 through 7 describe geographic distribution of lending, and Tables 8 through 12 borrower characteristics.

**Lending Activity:** Lending activity reflected good responsiveness to credit needs. During the examination period, the bank originated 2,259 HMDA-related, small business and consumer loans totaling approximately \$175 million. Most of those loans (74 percent by number and 69 percent by dollar amount) were originated in the bank's assessment area. (For details, see Exhibit 2 on page BB6.) Approximately 48 percent of the loans were HMDA-related, 10 percent were small business, and 42 percent were consumer loans.

EXHIBIT 2								
Lending Inside and Outside the Assessment Area								
	Inside				Outside			
	#	%	\$(000's)	%	#	%	\$(000's)	%
Home Purchase	100	65	16,996	66	55	35	8,814	34
Refinancings	309	67	30,615	65	152	33	16,764	35
Home Improvement	397	83	19,390	85	82	17	3,531	15
Multifamily	4	40	1,281	29	6	60	3,211	71
<b>Total HMDA-related</b>	<b>810</b>	<b>73</b>	<b>68,282</b>	<b>68</b>	<b>295</b>	<b>27</b>	<b>32,320</b>	<b>32</b>
<b>Total small business</b>	<b>159</b>	<b>71</b>	<b>24,396</b>	<b>62</b>	<b>65</b>	<b>29</b>	<b>15,221</b>	<b>38</b>
<b>Total consumer</b>	<b>712</b>	<b>77</b>	<b>27,690</b>	<b>80</b>	<b>218</b>	<b>23</b>	<b>7,120</b>	<b>20</b>
<b>TOTAL LOANS</b>	<b>1,681</b>	<b>74</b>	<b>120,368</b>	<b>69</b>	<b>578</b>	<b>26</b>	<b>54,661</b>	<b>31</b>

**Geographic Distribution of Lending:** Overall the geographic distribution of assessment area HMDA-related, small business and consumer loans was excellent, based on performance in the moderate-income census tracts of the bank's assessment area. Low-income census tracts contain less than 1 percent of the owner-occupied housing units and businesses in Bergen County.

HMDA-related Products

When compared with the level of owner-occupied housing units, the geographic distribution of HMDA-related products was excellent. Performance in home purchase and refinancing loans was excellent while performance in home improvement lending was good. For all HMDA-related products, the level of the bank's lending in moderate-income geographies exceeded that of the aggregate.

Small Business Loans

The distribution of small business loans reflected excellent penetration in the moderate-income geographies of the Interchange assessment area when compared with the level of small businesses located in such geographies. The bank's performance exceeded the aggregate of small business reporters in moderate-income census tracts.

Consumer Loans

The level of consumer loans in moderate-income geographies was good when compared with the level of households in those geographies.

**Borrower Characteristics:** The overall distribution of assessment area loans among borrowers of different income levels and businesses of different sizes was good given the significant gap between income levels and housing costs in the assessment area. Conclusions for HMDA-related lending were based principally on lending to moderate-income families because the ratio of

housing cost to income generally makes homeownership unavailable to most low-income families.

*Lending to Moderate-income Borrowers*

Lending to moderate-income borrowers was good for all HMDA-related loan products (home purchase, refinance and home improvement) and consumer loans considering the level of moderate-income families or households, as applicable, in the assessment area. For HMDA-related loans, the bank's performance exceeded that of the aggregate. As housing costs are approximately four times the maximum income of moderate-income borrowers (\$58,080) in the assessment area, it is difficult for many moderate-income borrowers to qualify for homeownership, thus limiting opportunities for housing-related lending.

*Lending to Low-income Borrowers*

Lending to low-income borrowers was adequate for all HMDA-related and consumer loans when compared with the level of low-income families or households, as applicable. For HMDA-related loans, Interchange's level of lending to low-income borrowers exceeded that of the aggregate of all HMDA reporters. Given that low-income borrowers' annual earnings are \$36,300 at most, which is seven times the sale price of a single-family home in the assessment area, it is evident that homeownership is generally not an option for low-income families or individuals.

*Lending to Small Businesses of Different Sizes*

The bank's record of lending to businesses of different sizes was good based on the number of small business loans in amounts of \$100 thousand or less (66 percent) and the level of lending to businesses with gross annual revenues ("GAR") of \$1 million or less (46 percent). Interchange's level of loans to businesses with GAR of \$1 million or less exceeded that of the aggregate of all small business loan reporters.

**Community Development Lending:** Interchange's community development lending performance was excellent, totaling \$8.5 million and representing an increase of 136 percent from the previous examination. Of the total number of loans, \$300 thousand assisted community development efforts in the bank's assessment area. Given the bank's size and the limited opportunities available in the assessment area, this amount was considered adequate. The remaining community development lending was outside the assessment area in the city of Paterson (Passaic County), which is predominantly LMI and has extensive affordable housing needs. Paterson is approximately four miles outside the bank's assessment area.

Almost evenly divided between affordable housing and community services, community development lending activity included:

- A \$4.1 million first mortgage for a building located in a moderate-income geography that provides 34 affordable rental units as well as space for a hospital that will provide for clinical services to LMI persons.

- A \$170 thousand mortgage on an apartment building in a moderate-income geography of the bank's assessment area providing eight units of affordable housing.
- A \$128.5 thousand term loan to a social service agency for renovations to a day care center serving LMI clients.

## **INVESTMENT TEST**

The bank's performance under the investment test is rated "outstanding." For details, see Table 14.

Interchange's level of qualified investments (including grants of \$22 thousand) was significant, totaling \$4.8 million, an increase of 29 percent from the previous examination. Approximately \$1.5 million or 32 percent of the investments supported affordable housing, responding to a primary need in the bank's assessment area, according to community contacts. These investments included mortgage-backed securities of \$1.1 million and a bond anticipation note for the purchase of land to build senior citizen housing in an LMI community. The remaining \$3.3 million or 68 percent of the investments were related to revitalization and stabilization. These investments were bond anticipation notes to support the redevelopment of the downtown area of an LMI community in the bank's assessment area.

## **SERVICE TEST**

Interchange's performance under the service test is rated "high satisfactory" based on good accessibility of retail banking services and a relatively high level of community development services. For data regarding the distribution of the bank's branches in its assessment area, see Table 15 on page BB17.

### **Retail Services**

Interchange's branch network is accessible to essentially all portions of the bank's assessment area. As of the examination date, October 22, 2001, the bank operated 17 branches in its assessment area. One of the branches (or 6 percent) was located in an LMI geography. In addition, the branch in Lodi, located in the only middle-income census tract in the municipality, serves all the moderate-income census tracts included in the municipality. And a branch in Little Ferry serves residents of Moonachie, a moderate-income municipality a mile north of the Interchange branch location. Within the bank's assessment area, no families reside in low-income census tracts, and approximately 12 percent of families reside in moderate-income census tracts.

A network of 18 24-hour automated teller machines ("ATMs") offers an alternative system of delivering bank services in the assessment area. Except for the Lodi branch, all branches are

equipped with at least one ATM. The bank has two off-site ATMs, one of which is less than a mile from the Lodi branch. Other alternative delivery systems include a 24-hour loan access line, a Bank-Line Phone Center providing customer service activities and information, and an Internet Web site.

Interchange's business hours do not vary in a way that inconveniences certain portions of its assessment area, particularly LMI geographies and individuals. All branches are full-service and offer the same variety of commercial and retail loan and deposit products and services. The bank made extended evening or early morning hours available at all of its branches, and Saturday hours were available at all but the main office in Saddle Brook.

Branch openings and closings did not adversely affect the accessibility of delivery systems. Interchange opened two branches, one in a middle-income census tract and one in an upper-income census tract. No branches were closed.

### **Community Development Services**

Interchange provided a good level of community development services, including seminars and technical assistance, to various nonprofit organizations in the bank's assessment area. During the examination period, Interchange sponsored or participated in 16 seminars focusing on homeownership, small business lending, reverse mortgages and welfare-to-work programs. In addition, officers and directors serve as trustees, directors, committee members and financial advisors for a number of organizations in the bank's assessment area. Some of the organizations receiving this technical assistance are the Bergen County Small Business Economic Development Program, the Bergen County Division of Community Development's "American Dream Program," and the Children's Aid and Family Services' "Ways to Work Program."

Since the previous examination, the bank began offering the Electronic Transfer Account ("ETA") to allow individuals who receive federal benefit payments the advantage of direct deposit at a reasonable cost.

### **COMPLIANCE WITH FAIR LENDING LAWS**

No credit practices were identified that violated the substantive provisions of the anti-discrimination laws and regulations, including the Equal Credit Opportunity Act (Regulation B), the Fair Housing Act, and all relevant agency regulations pertaining to nondiscriminatory treatment of credit applicants.

## CRA APPENDIX A

### SCOPE OF EXAMINATION

Details concerning the scope of examination are found on page BB4.

## CRA APPENDIX B

### 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.

*[no reference in report—delete?]* **Block numbering area (“BNA”):** A statistical subdivision of a county for grouping and numbering blocks in nonmetropolitan counties where local census statistical area committees have not established census tracts. A BNA does not cross county lines.

**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 on population density. Census tracts are designed to be homogeneous with respect to population characteristics, economic status and living conditions to allow for statistical comparisons.

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

**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 review:** Performance under the lending, investment and service tests is analyzed considering performance context, quantitative factors (e.g., geographic distribution, borrower distribution, and total number and dollar amount of investments), and qualitative factors (e.g., innovativeness, complexity and responsiveness).

**Geography:** A census tract or a block numbering area delineated by the U.S. Bureau of the Census in the most recent decennial census.

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

**Home mortgage loans:** 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.

**Limited review:** Performance under the lending, investment and service tests is analyzed using only quantitative factors (e.g., geographic distribution, borrower distribution, total number and dollar amount of investments, and branch distribution).

**Market share:** The number of loans originated and purchased by the institution as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the metropolitan area/assessment area.

**Metropolitan area (“MA”):** Any primary metropolitan statistical area (“PMSA”), metropolitan statistical area (“MSA”), or consolidated metropolitan statistical area (“CMSA”), as defined by the Office of Management and Budget, with a population of 250 thousand or more, and any other area designated as such by the appropriate federal financial supervisory agency.

**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.

**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

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

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

**Owner-occupied units:** Includes units occupied by the owner or co-owner, even if the unit has not been fully paid for or is mortgaged.

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

**Rated area:** A rated area is a state or 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.

**Small loan(s) to farm(s):** A loan included in "loans to small farms" as defined in the instructions for preparation of the Call Report. These loans have original amounts of \$500 thousand or less and are either secured by farmland, or are classified as loans to finance agricultural production and other loans to farmers.

**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.



CRA APPENDIX C

FFIEC INTERAGENCY CORE CRA PUBLIC EVALUATION TABLES

Table 1. Lending Volume

LENDING VOLUME		State: NEW JERSEY				Evaluation Period: JANUARY 1, 1999, to DECEMBER 31, 2000						
Metropolitan Statistical Area/ Assessment Area	% of Rated Area Loans (#) in MSA/AA*	Home Mortgage		Small Loans to Businesses		Small Loans to Farms		Community Development Loans**		Total Reported Loans \$(000's)	% of Rated Area Deposits in MSA/AA***	
		#	\$(000's)	#	\$(000's)	#	\$(000's)	#	\$(000's)			
MSA 0875	100.00	810	68,282	159	24,396	0	0	2	299	971	92,977	100
Outside Assessment Area								3	8,215			

\* Loan data as of December 31, 2000. Rated area refers to either the state or multistate MSA rating area.

\*\* The evaluation period for community development loans is January 1, 1999, to June 30, 2001.

\*\*\* Deposit data as of June 30, 2001. Rated area refers to either the state, multistate MSA.

Table 1A. Other Products

LENDING VOLUME		State: NEW JERSEY				Evaluation Period: JANUARY 1, 1999, to DECEMBER 31, 2000						
Metropolitan Statistical Area/ Assessment Area	% of Rated Area Loans (#) in MSA/AA*	Home Equity*		Motor Vehicle*		Credit Card*		Other Unsecured Consumer Loans*		Total Consumer Loans #	% of Rated Area Deposits in MSA/AA***	
		#	\$(000's)	#	\$(000's)	#	\$(000's)	#	\$(000's)			
MSA 0875	100	464	24,886	191	2,467	18	32	18	80	691	27,465	100

\* Loan data as of December 31, 2000. Rated area refers to either the state or multistate MSA rating area.

\*\* The evaluation period for optional product line(s) is January 1, 1999, to December 31, 2000.

\*\*\* Deposit data as of June 30, 2001. Rated area refers to either the state, multistate MSA or institution, as appropriate.

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

Geographic Distribution: HOME PURCHASE		State: NEW JERSEY										Evaluation Period: JANUARY 1, 1999, to DECEMBER 31, 2000			
Metropolitan Statistical Area/ Assessment Area	Total Home Purchase Loans		Low-income Geographies		Moderate-income Geographies		Middle-income Geographies		Upper-income Geographies		Aggregate HMDA Lending (%) 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	
MSA 0875	100	100	0.02	0.00	7.65	10.00	53.42	47.00	38.91	43.00	0.10	7.10	52.80	40.00	

\* Based on 2000 aggregate HMDA data only.

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

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

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

Geographic Distribution: HOME IMPROVEMENT		State: NEW JERSEY										Evaluation Period: JANUARY 1, 1999, to DECEMBER 31, 2000			
Metropolitan Statistical Area/ Assessment Area	Total Home Improvement Loans		Low-income Geographies		Moderate-income Geographies		Middle-income Geographies		Upper-income Geographies		Aggregate HMDA Lending (%) 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	
MSA 0875	397	100	0.02	0.00	7.65	6.55	53.42	45.34	38.91	48.11	0.00	5.80	49.70	44.50	

\* Based on 2000 aggregate HMDA data only.

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

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

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

Geographic Distribution: HOME MORTGAGE REFINANCE		State: NEW JERSEY										Evaluation Period: JANUARY 1, 1999, to DECEMBER 31, 2000			
Metropolitan Statistical Area/ Assessment Area	Total Home Mortgage Refinance Loans		Low-income Geographies		Moderate-income Geographies		Middle-income Geographies		Upper-income Geographies		Aggregate HMDA Lending (%) 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	
MSA 0875	309	100	0.02	0.00	7.65	7.77	53.42	46.93	38.91	45.31	0.10	7.60	53.80	38.60	

\* Based on 2000 aggregate HMDA data only.

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

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

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

Geographic Distribution: MULTIFAMILY		State: NEW JERSEY										Evaluation Period: JANUARY 1, 1999, to DECEMBER 31, 2000		
Metropolitan Statistical Area/Assessment Area	Total Multifamily ("MF") Loans		Low-income Geographies		Moderate-income Geographies		Middle-income Geographies		Upper-income Geographies		Aggregate HMDA Lending (%) by Tract Income*			
	#	% of Total**	% of MF Units***	% Bank Loans	% MF Units***	% Bank Loans	% MF Units***	% Bank Loans	% MF Units***	% Bank Loans	Low	Mod	Mid	Upper
MSA 0875	4	100.00	0.00	0.00	50.00	28.49	71.51	50.00	0.00	0.00	0.00	20.70	63.80	15.50

\* Based on 2000 aggregate HMDA data only.  
 \*\* Multifamily loans originated and purchased in the MSA/AA as a percentage of all multifamily loans originated and purchased in the rated area.  
 \*\*\* Percentage of multifamily units is the number of multifamily housing units in a particular geography divided by number of multifamily housing units in the area based on 1990 Census information.

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

Geographic Distribution: SMALL LOANS TO BUSINESSES		State: NEW JERSEY										Evaluation Period: JANUARY 1, 1999, to DECEMBER 31, 2000		
Metropolitan Statistical Area/Assessment Area	Total Small Business Loans		Low-income Geographies		Moderate-income Geographies		Middle-income Geographies		Upper-income Geographies		Aggregate Lending (%) 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
MSA 0875	159	100	0.03	0.00	13.39	20.75	52.15	50.31	28.93	34.43	0.00	12.00	50.00	38.00

\* Based on 2000 aggregate small business data only.  
 \*\* Small loans to businesses originated and purchased in the MSA/AA as a percentage of all small loans to businesses originated and purchased in the rated area.  
 \*\*\* Source of data: Dun and Bradstreet.

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

Borrower Distribution: HOME PURCHASE		State: NEW JERSEY										Evaluation Period: JANUARY 1, 1999, to DECEMBER 31, 2000		
Metropolitan Statistical Area/Assessment Area	Total Home Purchase Loans		Low-income Borrowers		Moderate-income Borrowers		Middle-income Borrowers		Upper-income Borrowers		Aggregate Lending Data*			
	#	% of Total**	% of Families***	% Bank Loans****	% of Families***	% Bank Loans****	% of Families***	% Bank Loans****	% of Families***	% Bank Loans****	Low	Mod	Mid	Upper
MSA 0875	100	100	14.74	5.38	17.06	15.05	23.65	27.96	44.55	51.61	3.28	13.49	27.84	55.39

\* Based on 2000 aggregate HMDA data only.  
 \*\* As a percentage of loans with borrower income information available.  
 \*\*\* Percentage of families is based on 1990 Census information.  
 \*\*\*\* Home purchase loans originated and purchased in the MSA/AA as a percentage of all home purchase loans originated and purchased in the rated area.

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

Borrower Distribution: HOME IMPROVEMENT		State: NEW JERSEY						Evaluation Period: JANUARY 1, 1999, TO DECEMBER 31, 2000						
Metropolitan Statistical Area/ Assessment Area	Total Home Improvement 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****	% Families***	Low	Mid	Upper
MSA 0875	395	100	14.74	6.08	17.06	16.46	23.65	31.14	44.55	46.33	5.82	12.81	29.24	52.13

\* Based on 2000 aggregate data only.  
 \*\* As a percentage of loans with borrower income information available.  
 \*\*\* Percentage of families is based on 1990 Census information.  
 \*\*\*\* Home purchase loans originated and purchased in the MSA/AA as a percentage of all home purchase loans originated and purchased in the rated area.

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

Borrower Distribution: HOME MORTGAGE REFINANCE		State: NEW JERSEY						Evaluation Period: JANUARY 1, 1999, TO DECEMBER 31, 2000						
Metropolitan Statistical Area/ Assessment Area	Total Home Mortgage Refinance 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	Mid	Upper	
MSA 0875	291	100	14.74	6.87	17.06	16.84	23.65	25.77	44.55	50.52	5.67	15.34	29.20	49.79

\* Based on 2000 aggregate data only.  
 \*\* As a percentage of loans with borrower income information available.  
 \*\*\* Percentage of families is based on 1990 Census information.  
 \*\*\*\* Home mortgage refinance loans originated and purchased in the MSA/AA as a percentage of all home mortgage refinance loans originated and purchased in the rated area.

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

Borrower Distribution: SMALL LOANS TO BUSINESSES		State: NEW JERSEY						Evaluation Period: JANUARY 1, 1999, TO DECEMBER 31, 2000					
Metropolitan Statistical Area/ Assessment Area	Total Small Loans to Businesses		Businesses With Revenues of \$1 Million or less		Businesses 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 Million	All	Revenues \$1 Million or Less				
MSA 0875	159	100	82.97	44.65	103	30	26	21,155	7,982				

\* Based on 2000 aggregate small business data only.  
 \*\* Small loans to businesses originated and purchased in the MSA/AA as a percentage of all small loans to businesses originated and purchased in the rated area.  
 \*\*\* Businesses with revenues of \$1 million or less as a percentage of all businesses (Source D&B - 2000).  
 \*\*\*\* 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\*\*\***

Metropolitan Statistical Area/ Assessment Area		Geographic Distribution										Borrower Distribution							
		Total Consumer Loans		Low-income Geographies		Moderate-income Geographies		Middle-income Geographies		Upper-income Geographies		Low-income Borrowers		Moderate-income Borrowers		Middle-income Borrowers		Upper-income Borrowers	
		#	% of Total*	% of Households**	% of Bank Loans**	% of Households**	% of Bank Loans**	% of Households**	% of Bank Loans**	% of Households**	% of Bank Loans**	% of Households**	% of Bank Loans**	% of Households**	% of Bank Loans**	% of Households**	% of Bank Loans**	% of Households**	% of Bank Loans**
Full Review:		691	100	19.87	0.0	15.07	11.6	20.32	47.1	44.73	41.31	19.87	16.35	15.07	19.10	20.32	25.62	44.73	38.93
MSA 0875		691	100	19.87	0.0	15.07	11.6	20.32	47.1	44.73	41.31	19.87	16.35	15.07	19.10	20.32	25.62	44.73	38.93

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

\*\* Percentage of households is based on 1990 Census Information.

\*\*\* This information is reported at the option of the institution.

**Table 14. Qualified Investments**

QUALIFIED INVESTMENTS		State: NEW JERSEY				Evaluation Period: JANUARY 1, 1999, to DECEMBER 31, 2000			
Metropolitan Statistical Area/ Assessment Area	Prior Period Investments*		Current Period Investments		Total Investments		Unfunded Commitments**		
	#	\$(000's)	#	\$(000's)	#	\$(000's)	% of Total	#	\$(000's)
Full Review:	1	1,060	4	3,694	5	4,754	100	0	0
MSA 0875	1	1,060	4	3,694	5	4,754	100	0	0

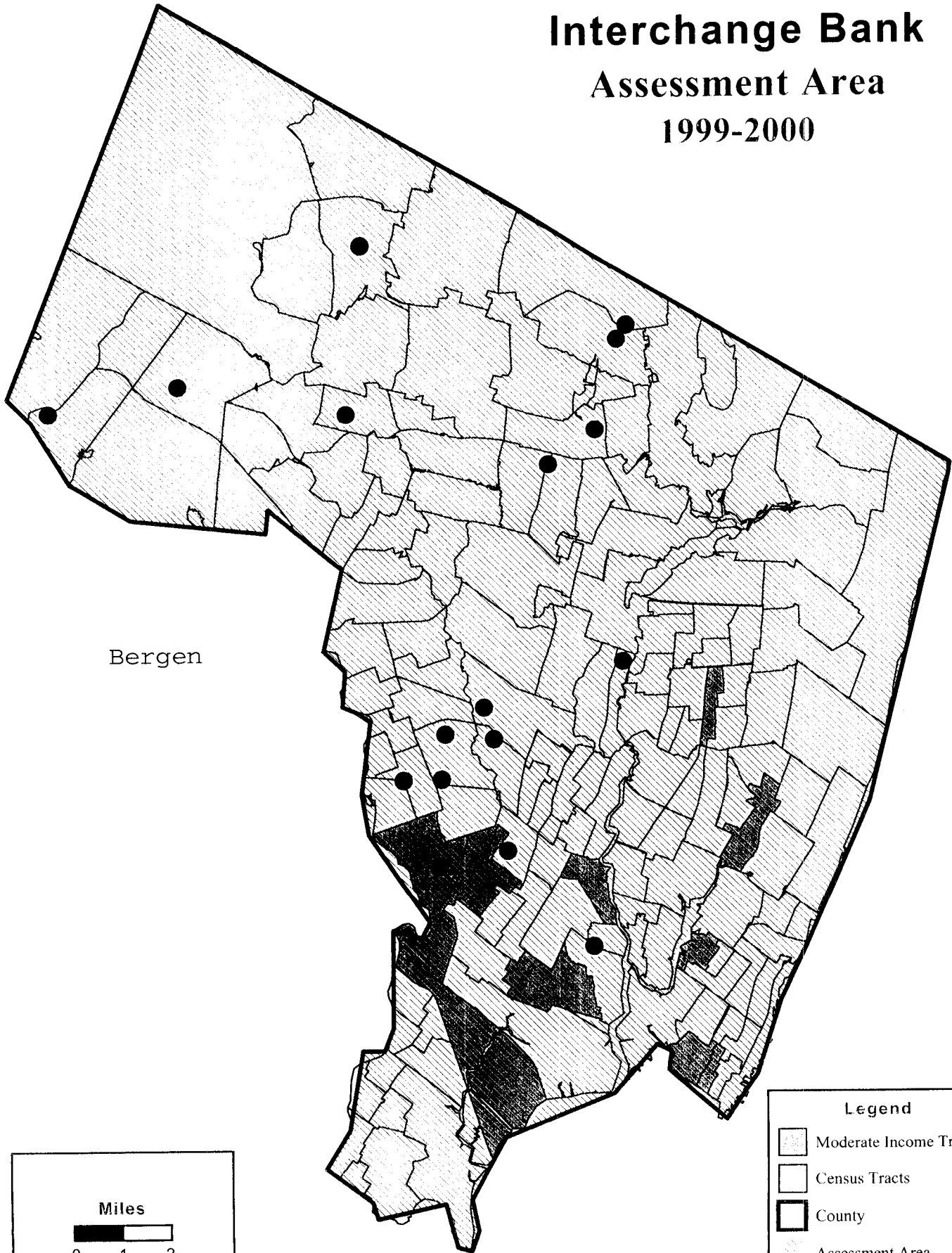
\* "Prior Period Investments" means investments made in a previous evaluation period that are outstanding as of the examination date.

\*\* "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**

DISTRIBUTION OF BRANCH DELIVERY SYSTEM AND BRANCH OPENINGS/CLOSINGS										State: NEW JERSEY				Evaluation Period: JANUARY 1, 1999, to DECEMBER 31, 2000			
Metropolitan Statistical Area/ 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	Upper	Low			Mod	Upper	Low	Mod	Upper				
Full Review:	100	17	100	0	1	9	7	0	2	0	0	+1	+1	0	11.7	54.9	33.4
MSA 08975	100	17	100	0	1	9	7	0	2	0	0	+1	+1	0	11.7	54.9	33.4

# Interchange Bank Assessment Area 1999-2000



Bergen

