

# LARGE BANK

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Comptroller of the Currency  
Administrator of National Banks

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Washington, DC 20219

## Public Disclosure

February 28, 2000

## Community Reinvestment Act Performance Evaluation

Commerce Bank/Central, N.A.  
Charter Number: 23840

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**NOTE:** This evaluation is not, and should not be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion, or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

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## General Information

*The Community Reinvestment Act (CRA) requires each federal financial supervisory agency to use its authority, when examining financial institutions subject to its supervision, to assess the 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. Upon conclusion of such examination, the agency must prepare a written evaluation of the institution's record of meeting the credit needs of its community.*

*This document is an evaluation of the CRA performance of **Commerce Bank/Central, N.A.** prepared by the **Office of the Comptroller of the Currency (OCC)**, the institution's supervisory agency, as of **February 28, 2000**. The agency evaluates performance in assessment area(s), as they are delineated by the institution, rather than individual branches. This assessment area evaluation may include the visits to some, but not necessarily all of the institution's branches. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 25.*

## Definitions and Common Abbreviations

The following terms and abbreviations are used throughout this Performance Evaluation. The definitions are intended to provide the reader with a general understanding of the terms, not a strict legal definition.

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

**Block Numbering Area (BNA)** - Statistical subdivisions of counties in which census tracts have not been established. BNAs have been established by the United States Census Bureau in conjunction with state agencies.

**Census Tract (CT)** - Small, locally defined statistical areas within metropolitan statistical areas. These areas are determined by the United States Census Bureau in an attempt to group homogenous populations. A CT has defined boundaries per ten year census and an average population of 4,000.

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

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

**Full-Scope Review** - Performance under the Lending, Investment and Service Tests is analyzed considering fully understood performance context, quantitative factors (e.g., geographic distribution, borrower distribution, total number and dollar amount of investments, branch distribution) and qualitative factors (e.g., innovation, complexity).

**Geography** - A census tract or a block numbering area delineated by the United States Bureau of the Census in the most recent decennial census.

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

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

**Limited-Scope 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, branch distribution).

**Low-Income** - Income levels that are less than 50% of the median family income.

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

**Metropolitan Statistical Area (MSA)** - Area defined by the Director of the United States Office of Management and Budget. MSAs consist of one or more counties, including large population centers and nearby communities that have a high degree of interaction.

**Middle-Income** - Income levels that are at least 80% and less than 120% of the MFI.

**Moderate-Income** - Income levels that are at least 50% and less than 80% of the MFI.

**Small Business Loans** - Loans with original amounts of \$1 million or less that are: (1) secured by nonfarm nonresidential properties; or (2) commercial and industrial loans to U.S. addresses.

**Small Farm Loans** - Loans with original amounts of \$500 thousand or less that are: (1) secured by farmland; or (2) to finance agricultural production and other loans to farmers.

**Tier 1 Capital** - The total of common shareholders' equity, perpetual preferred shareholders=equity with noncumulative dividends, retained earnings and minority interests in the equity accounts of consolidated subsidiaries.

**Upper-Income** - Income levels that are 120% or more of the MFI.

## Overall CRA Rating

**Institution's CRA Rating:** This institution is rated "**Satisfactory.**"

The following table indicates the performance level of **Commerce Bank/Central N.A.** with respect to the Lending, Investment, and Service Tests:

Performance Levels	Commerce Bank/Central, N.A. Performance Tests		
	Lending Test*	Investment Test	Service Test
Outstanding			
High Satisfactory			X
Low Satisfactory	X	X	
Needs to Improve			
Substantial Noncompliance			

\* The Lending Test is weighted more heavily than the Investment and Service Tests when arriving at an overall rating.

The major factors that support this rating include:

- < A good distribution of all mortgage loan products to borrowers of moderate-income
- < A branch network with extensive hours and services readily accessible by geographies of all income levels
- < A good record of small business loans into moderate-income geographies
- < An adequate record of qualifying investments

## Description of Institution

Commerce Bank/Central ("CB/Central"), an intrastate bank headquartered in Flemington, New Jersey, is a wholly owned subsidiary of Commerce Bancorp, Inc., a \$6.6 billion holding company headquartered in Cherry Hill, New Jersey. Other national banks owned by the holding company include Commerce Bank/Shore, N.A., headquartered in Forked River, NJ; Commerce Bank/Pennsylvania, N.A., headquartered in Philadelphia, PA; and Commerce Bank, N.A., headquartered in Cherry Hill, NJ. The CRA exams for each of these banks were conducted simultaneously, and each bank received credit for all home mortgage loans originated by affiliates in the assessment area of the bank under review. No loans were doubled counted. CB/Central has one operating subsidiary: Central Asset Management - a Delaware investment subsidiary. This subsidiary has no impact on the bank's capacity for community reinvestment.

The formation of CB/Central results from the acquisition of the former Prestige State Bank in January 1999. This acquisition is Commerce Bancorp's entrance into the Hunterdon and Somerset Counties marketplace. CB/Central operates seven full service branch locations. Five of the branches are located in Hunterdon County, with the other two branches located in Somerset County. Each location is equipped with drive-through and automated teller machine facilities. The bank's primary businesses include traditional community bank deposit and credit services along with SBA lending.

As of December 31, 1999 CB/Central had total assets of \$322 million with net loans of \$195 million and investments of \$68 million. The bank's loan mix is represented by residential mortgages of \$7 million (4%), consumer loans of \$68 million (35%), commercial real estate of \$86 million (44%) commercial loans of \$35 million (18%). The balance sheet also reflects Tier 1 capital at \$29.9 million. The bank's loan-to-deposit ratio for fiscal 1999 is 71.88%. As of June 30, 1999, CB/Central had \$288 million in deposits, the majority of which were from Hunterdon County, where it ranked second in deposit market share.

There are no financial, legal or other matters that affect CB/Central's ability to help meet the credit needs of its assessment area.

CB/Central's competitors include area bank's, saving and loans, and other financial institutions. Primary competitors include Summit Bank, First Union, PNC and Fleet.



## Scope of the Evaluation

### Evaluation Period/Products Evaluated

The lending, service and investment tests portions of this evaluation were conducted based upon a review of data from January 1, 1998 through December 31, 1999. Small business loan data were only available for calendar year 1999. Home purchase, home improvement and home refinance loans from the former Prestige State Bank's 1998 Home Mortgage Disclosure Act Loan Application Register were included for analysis. The bank was last reviewed for CRA by the FDIC on November 25, 1997, when it was Prestige State Bank. It was rated "Satisfactory".

The market share and peer lender comparisons contained in the lending test are based on the information contained in the aggregate HMDA and Small Business reports for 1998.

### Data Integrity

The loan data relied upon for this analysis were verified for accuracy. Information from the bank's 1999 HMDA loan application register was reviewed and tested for accuracy by comparing it to loan file data. The bank's CRA small business lending data were also verified for accuracy by comparing submission data to information contained in the loan files. Although some data integrity problems were discovered in the small business loan data, those errors were corrected and the corrected data were used for the purposes of this analysis.

### Selection of Areas for Full-Scope Review

CB/Central has one assessment area that consists of two New Jersey counties in their entirety - Hunterdon and Somerset Counties. Both of these counties are located within MSA 5015. A full scope review was conducted in this assessment area and the CRA rating was based entirely on the bank's performance in these two counties.

### Other

As part of the joint CRA exams at the four affiliated Commerce Banks, several community organizations were contacted to determine area credit needs and identify opportunities for participation and investment by local banks. Contacts included: one community development organization organized to promote neighborhood economic growth through support of small businesses with a service area of all of southern New Jersey and Southeastern Pennsylvania (with the exception of Philadelphia County); one community development organization

headquartered in Philadelphia designed to increase financing opportunities for affordable housing in the City and all of southern and central New Jersey; one community organization serving the City of Trenton, NJ and surrounding areas which develops affordable housing and supports small businesses and neighborhood revitalization; and one New Jersey state-wide agency which acts as funding source to stimulate economic development activity in urban areas. Also considered were the findings of two community contacts conducted in the bank's assessment areas one month prior to the start of the Commerce Bank examinations. These included one Community Development Financial Institution providing funding to small businesses in the City of Camden, New Jersey, and one Philadelphia-based non profit organization operating a small business incubator providing low-income residents with entrepreneurial skills.

Provision of technical support and funding for small and start-up businesses was frequently cited as a pressing community credit need. Support for affordable housing development was also identified as a need. Commerce Bank was specifically cited as being very supportive by four of the six organizations interviewed. It was also noted that small business customers of Commerce have been very pleased with Commerce's expanded weekend hours at all of their branches and feel this sets Commerce apart from the competition in terms of accessibility. None of the organizations contacted had anything negative to say about Commerce Bank.

## **Fair Lending Review**

A review of the bank's home improvement loan product was conducted to test for compliance with the antidiscrimination laws. Home improvement loans were selected for review due to the bank's strong market performance with this product. A comparative file review was performed. The loan files of declined black and Hispanic applicants were compared to the files of approved white applicants in order to determine if the different outcomes were based upon illegal disparate treatment in the credit decisioning process. No evidence of illegal discrimination was found. The bank conducts fair lending training annually and regularly monitors its own performance to ensure compliance with antidiscrimination laws.

## **Conclusions with Respect to Performance Tests**

### **LENDING TEST**

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

The bank's performance under the Lending Test is rated "low satisfactory". Based on the full-scope review of the bank's only assessment area (Hunterdon and Somerset Counties), the bank's performance is adequate.

#### **Lending Activity**

Refer to Table 1 in Appendix C for the facts and data used to evaluate the bank's lending activity.

The bank's record of lending activity in the assessment area is adequate. CB/Central originated a total of 344 loans in the assessment area during the review period. The bank has less than one percent of the market for any home mortgage product. The loan totals include those HMDA reportable loans originated by Prestige State Bank in 1998, and all HMDA reportable loans and small business loans originated by CB/Central in 1999. The first year for which the bank was required to report small business loans was 1999. Although the volume of lending is low, CB/Central's loan to deposit ratio, at 72%, is relatively high. Additionally, Prestige State Bank was a strong small business lender, and all of its 1998 lending activity is not included in this lending analysis as it was not required to report small business loans for that calendar year. The inability to include a substantial portion of the bank's primary loan product for 1998 would limit the usefulness of a comparison to deposit market share as a measurement of lending activity.

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

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

Refer to Tables 2, 3 and 4 in Appendix C for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations and purchases.

The geographic distribution of the bank's home improvement loans is adequate. Its distribution of home refinance and home purchase loans is poor. However, the overall lending test rating was driven more by the bank's record of loans to borrowers of different incomes (discussed below) due to the fact that the assessment area contains no low-income geographies and only seven moderate-income geographies. Furthermore, only 4% of all of the area's owner occupied units are located in moderate-income geographies, limiting the value of a geographic distribution analysis. The bank has less than 1% of the market share of any home mortgage loan product, having originated a total of only 244 home mortgage products in the area during the evaluation period. Of the three home mortgage loan products, the bank's highest overall market rank is in home improvement loans, where it was the sixteenth most active lender. Its geographic distribution of home improvement loans generally matches the demographics of the assessment area, with 3% of its home improvement loans in moderate-income geographies, compared with 4% of the owner occupied units located in those geographies. The bank did not originate any home purchase or refinance loans in moderate-income geographies.

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

Refer to Table 5 in Appendix C for the facts and data used to evaluate the geographic distribution of the bank's origination/purchase of small loans to businesses.

The geographic distribution of the bank's small loans to businesses is good. The bank originated 100 small business loans in the assessment area during 1999. Its geographic distribution of loans closely matches the area's business demographics, with 7% of the bank's small business loans in moderate-income geographies, compared to 8% of the area's businesses which are located in those geographies, and its market share in moderate-income tracts substantially exceeds its overall market share.

***Small Loans to Farms - not applicable***

The assessment area is generally suburban with few farms. The bank did not originate or purchase any farm loans, and community contacts did not reveal any credit needs for agricultural lending.

***Lending Gap Analysis***

A review of lending patterns across the census tracts in the assessment area revealed no unexplained conspicuous gaps in the record of the bank's performance.

***Inside/Outside Ratio***

The bank's record of lending within its assessment area is excellent. Eighty-nine percent of the number of home mortgage loans originated by CB/Central were located within the bank's assessment area - representing 74% of the dollars of home mortgage loans. This analysis included all HMDA reportable loans originated by CB/Central and Prestige State Bank only, and did not include extensions of credit by affiliates. Sixty-two percent of the number and 48% of the dollar amount of small business loans originated by CB/Central were within its assessment area, again excluding affiliate activity.

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

Refer to Tables 7, 8 and 9 in Appendix C for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases.

The distribution of the bank's home purchase, home improvement and refinance loans is good.

The distribution of CB/Central's home mortgage loans by income level of the borrower is particularly strong among moderate-income borrowers, where the bank has significantly outperformed the area's demographics. Only 17% of the area's families are moderate-income, but the bank has originated 30% of its home purchase loans to moderate-income borrowers, 28% of its home improvement loans to moderate-income borrowers and 16% of its home refinance loans to moderate-income borrowers. The bank's record of performance among low-income borrowers is under the area's demographics for each loan product.

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

Refer to Table 10 in Appendix C for the facts and data used to evaluate the borrower distribution of the bank's origination/purchase of small loans to businesses.

The distribution of the banks' small loans to businesses by income level of the borrower is adequate, under-performing the area's demographics, but slightly exceeding the industry average. Seventy four percent of the area's businesses have annual revenues of \$1 million or less. CB/Central originated 59% of its small loans to businesses with annual revenues of \$1 million or less, outperforming the general market record of 54% of all lender's loans. Its market share of loans to businesses with revenues of less than \$1 million matches its overall market share. Furthermore, 62% of the bank's small loans to businesses were for an original loan amount \$100 thousand or less.

### ***Small Loans to Farms - not applicable***

### **Community Development Lending**

Refer to Table 1 in Appendix C for the facts and data used to evaluate the bank's level of community development lending.

CB/Central did not originate any community development loans during the evaluation period. It is noted, however, that bank management is new to this market within the last year, and community contacts have confirmed that the bank is actively seeking local community development lending opportunities.

### **Product Innovation and Flexibility**

In order to be responsive to the identified credit needs of small business borrowers, CB/Central participates in the United States Small Business Association (SBA) and the New Jersey Economic Development Authority (NJEDA) lending programs, and originated 45 loans under these program during the evaluation period totaling over \$12.5 million. As our community contacts confirmed, these specialized loan programs have been useful for small businesses in need of start up capital or operating funds, particularly in core LMI urban areas.

## **INVESTMENT TEST**

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

The bank's performance under the Investment Test is rated "low satisfactory". Based on the full-scope review of the bank's only assessment area (Hunterdon and Somerset Counties), the bank's performance is adequate.

Refer to Table 12 in Appendix C for the facts and data used to evaluate the bank's level of qualified investments.

Qualifying investments made during the evaluation period totaled \$1.6 million. There are no prior investments or unfunded commitments outstanding.

Investments made in response to identified needs for affordable housing assistance and small business development include:

- New Jersey Community Loan Fund - An investment of \$100,000 in this fund which provides technical assistance, including lending programs, to support development of affordable housing, small businesses, and economic development ventures within low-income communities throughout the state.
- New Jersey Housing & Mortgage Finance Agency - The bank purchased a \$1,500,000 bond from this agency which was issued solely for financing of various HUD Section 8 affordable, multi-family rental housing properties throughout the state. This investment benefits a statewide area that includes CB/Central's assessment area.

Also listed in Table 12 are qualifying investments approximating \$9 thousand in grants and donations to organizations that help provide economic development, affordable housing, and community services to low- and moderate- income individuals.

## **SERVICE TEST**

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

The bank's performance under the Service Test is rated "high satisfactory". Based on the full-scope review of the bank's only assessment area (Hunterdon and Somerset Counties), the bank's performance is good.

### **Retail Banking Services**



Refer to Table 13 in Appendix C for the facts and data used to evaluate the distribution of the bank's branch delivery system and branch openings and closings.

Table 13 reflects the distribution of branches compared to the census tracts and population characteristics of assessment area. The current branch network configuration includes one branch office in a moderate-income census tract, two in middle income census tracts and four in upper income census tracts. The assessment area has no low-income census tracts. The distribution of branch offices compares similarly to the income levels of the population within the assessment area.

CB/Central operates seven full service branches within the assessment area. These branches are cloistered in three distinct areas and there are portions of the assessment area with limited access to bank services. As noted previously, these branches were former offices of Prestige State Bank, which was acquired by Commerce Bancorp in January 1999. No branches were closed as a result of this acquisition. Branch hours are extensive and convenient to all bank customers. The weekend branching hours in particular were commented upon positively by community contacts.

Three of the branch offices are located in Flemington, NJ, two branch offices are located in Clinton, NJ, and one office each is located in Raritan and Somerville, NJ. Each branch location is equipped with ATM and drive-through facilities. Remote ATMs are also located in a grocery store in Flemington, NJ and at a rest stop on the NJ Garden State Parkway.

CB/Central offers extended lobby and drive-in hours at all locations to meet the needs and convenience of all customers of the assessment area. All branches are open on Saturday and Sunday.

Traditional banking services are available to consumer and business customers at all branch locations. Deposit services are varied and range from low cost/minimum balance checking accounts for customers desiring basic services to checking accounts for customers over age 50. The bank offers a variety of personal, mortgage, home equity and credit card products, including programs to assist low- and moderate-income borrowers with home ownership and improvement.

### **Community Development Services**

CB/Central provides an adequate level of community development services to organizations and initiatives within the assessment area. These services are provided in the form of technical, financial, and administrative expertise for affordable housing and small business development to organizations within the

bank's assessment area.

The following is a listing of the bank's community development services. The bank has been responsive to needs of affordable housing financing through participation with the Federal Home Loan Bank of New York and its involvement with two affordable housing agencies. In addition, CB/Central has introduced its First Step home purchase program for low- and moderate-income first-time homebuyers into this newly acquired market.

### **Affordable Housing**

- Somerset County Coalition for Affordable Housing - CB/Central is a member of this coalition that provides homebuyer counseling for first-time low- and moderate-income homebuyers. A bank officer has served as a financial instructor for these programs.
- Federal Home Loan Bank of New York/Affordable Housing Awards - CB/Central has sponsored two successful affordable housing grant applications for Somerset County through the Federal Home Loan Bank of New York (FHLBNY). Once the FHLBNY approves the grant request, Commerce Bank/Central assumes responsibility for monitoring construction and oversees and manages the construction phase of each development. The bank disburses FHLBNY funds to pay for construction development. The first project was sponsored on behalf of Volunteers of America/Delaware Valley and involved the acquisition and rehabilitation of rooming house into 15 units of affordable housing for homeless adults with special needs. The second project is sponsored on behalf of Lutheran Social ministries of New Jersey and involves construction of 20 units of very low-income housing.

### **Small Business Development**

- New Jersey Development Authority for Small Businesses, Minorities' and Women's Enterprises - Commerce Bank hosted an eight week course sponsored by the New Jersey Development Authority to provide small business training for this organization. Loan officers from the bank served as instructors and one-on-one mentors for participants in the program.

## Appendix A: Scope of Examination

The following table identifies the time period covered in this evaluation, affiliate activities that were reviewed, and loan products considered.

<b>Time Period Reviewed</b>	Lending Test: January 1, 1998 to December 31, 1999 Investment Test: January 1, 1998 to December 31, 1999 Service Test: January 1, 1998 to December 31, 1999	
<b>Financial Institution</b>	<b>Products Reviewed</b>	
Commerce Bank/Central, N.A. ("CB/Central") Flemington, New Jersey	Home purchase, home improvement, and home refinance loans. Small business and community development loans.	
<b>Affiliate(s)</b>	<b>Affiliate Relationship</b>	<b>Products Reviewed</b>
Commerce Bank, N.A. ("CBNA")	Affiliate	All HMDA reportable loans
Commerce Bank/Shore, N.A. ("CB/Shore")	Affiliate	All HMDA reportable loans
Commerce Bank/Pennsylvania, N.A. ("CB/PA")	Affiliate	All HMDA reportable loans
<b>List of Assessment Areas and Type of Examination</b>		
<b>Assessment Area</b>	<b>Type of Exam</b>	<b>Other Information</b>
Hunterdon and Somerset Counties in the Middlesex/Somerset MSA #5015	Full-Scope	

## **Appendix B: Market Profiles for Full-Scope Areas**

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

Hunterdon and Somerset Counties .....	B-2
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CB/Central's assessment area consists of Hunterdon and Somerset counties in their entirety. These counties are two of the three counties that comprised the Middlesex/Somerset MSA 5015. Middlesex County is the third county of this MSA. The bank's primary marketplace is Hunterdon County, a higher income suburban residential area. It is currently experiencing a high level of growth due to the development of new housing. Somerset County is an older, more fully developed county than Hunterdon County. It is also considered a higher income area. Somerset is the more densely populated of the two counties. The assessment area meets regulatory guidelines and does not arbitrarily exclude any low- or moderate-income (LMI) areas.

Demographic Information for full scope Area ( MSA #5015)						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	N/A % of #
Geographies (CTs)	81	0	9	52	37	2
Population by CTs	348,055	0	7	48	45	0
Owner Occupied Housing by CTs	132,640	0	4	47	48	0
Businesses by CTs	18,883	0	8	52	40	0
Farms by CTs	782	0	3	53	44	0
Family Distribution by Income level	95,890	12	17	26	46	0
Distribution of LMI throughout assessment area	27,229	0	13	58	29	0
Median Family Income	\$55,147	Median Housing Value		\$207,591		
HUD Adj. Median Family Income	\$76,700	Unemployment Rate		3.9%*		
Households below poverty	2.88%					

Note: Percentages may not add to 100% due to rounding.

\* 1999 data from the Bureau of Labor Statistics

The assessment area contains 81 census tracts. There are no low-income tracts, and moderate tracts comprise only 9% of this total. According to 1990 Census data, the assessment area had a population of 348,055 and contained 126,971 households and 95,890 families. The updated median family income is \$76,000.

Total occupied housing units is 95% with owner occupied housing at 73% and rental occupied housing at 22%. Vacant housing is minimal at approximately 5%. The median age of the assessment area's housing stock is 34 years.

The Bank has determined that there is a strong need to support the credit and deposit service needs of small businesses within the assessment area. CB/Central markets a variety of credit products and banking services to increase the efficiencies and competitiveness of small businesses within its assessment area. The bank also has established relationships with local, state and federal entities that support small business development and expansion.

## Appendix C: Tables of Performance Data

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### Content of Standardized Tables

References to the **Abank** include activities of any affiliates that the bank provided for consideration (refer to Appendix A: Scope of the Examination). For purposes of reviewing the Lending Test tables, the following are applicable: purchased loans are treated as originations/purchases; market rank is based on the number of loans originated and purchased by the bank as compared to all other lenders in the MSA/assessment area; and market share is the number of loans originated and purchased by the bank as a percentage of the aggregate number of reportable loans originated and purchased by all lenders in the MSA/assessment area.

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

- Table 1. Lending Volume** - Presents the number and dollar amount of reportable loans originated and purchased by the bank over the evaluation period by MSA/assessment area.
- Table 2. Geographic Distribution of Home Purchase Loans** - Compares the percentage distribution of the number of loans originated and purchased by the bank in low-, moderate-, middle- and upper-income geographies to the percentage distribution of owner-occupied housing units throughout those geographies. The table also presents market rank and market share information based on the most recent aggregate market data available.
- Table 3. Geographic Distribution of Home Improvement Loans** - See Table 2.
- Table 4. Geographic Distribution of Refinance Loans** - See Table 2.
- Table 5. Geographic Distribution of Small Loans to Businesses** - The percentage distribution of the number of small loans (less than or equal to \$1 million) to businesses originated and purchased by the bank in low-, moderate-, middle- and upper-income geographies compared to the percentage distribution of businesses (regardless of revenue size) throughout those geographies. The table also presents market rank and market share information based on the most recent aggregate market data available.
- Table 6. Geographic Distribution of Small Loans to Farms** - The percentage distribution of the number of small loans (less than or equal to \$500,000) to farms originated and purchased by the bank in low-, moderate-, middle- and

upper-income geographies compared to the percentage distribution of farms (regardless of revenue size) throughout those geographies. The table also presents market rank and market share information based on the most recent aggregate market data available.

- Table 7. Borrower Distribution of Home Purchase Loans** - Compares the percentage distribution of the number of loans originated and purchased by the bank to low-, moderate-, middle- and upper-income borrowers to the percentage distribution of families by income level in each MSA/assessment area. The table also presents market rank and market share information based on the most recent aggregate market data available.
- Table 8. Borrower Distribution of Home Improvement Loans** - See Table 7.
- Table 9. Borrower Distribution of Refinance Loans** - See Table 7.
- Table 10. Borrower Distribution of Small Loans to Businesses** - Compares the percentage distribution of the number of small loans (less than or equal to \$1 million) originated and purchased by the bank to businesses with revenues of \$1 million or less to the percentage distribution of businesses with revenues of \$1 million or less. The table also compares the bank's percentage distribution with the percentage of loans originated and purchased by all other small business reporters in the bank's assessment area to businesses with revenues of \$1 million or less and is based on the most recent aggregate market data available. In addition, the table presents the percentage distribution of the number of loans originated and purchased by the bank by loan size, regardless of the revenue size of the business. Market share information is presented based on the most recent aggregate market data available.
- Table 11. Borrower Distribution of Small Loans to Farms** - Compares the percentage distribution of the number of small loans (less than or equal to \$500 thousand) originated and purchased by the bank to farms with revenues of \$1 million or less to the percentage distribution of farms with revenues of \$1 million or less. The table also compares the bank's percentage distribution with the percentage of loans originated and purchased by all other small farm reporters in the bank's assessment area to farms with revenues of \$1 million or less and is based on the most recent aggregate market data available. In addition, the table presents the percentage distribution of the number of loans originated and purchased by the bank by loan size, regardless of the revenue size of the farm. Market share information is presented based on the most recent aggregate market data available.





- Table 12. Qualified Investments** - Presents the number and dollar amount of qualified investments made by the bank in each MSA/assessment area. The table separately presents investments made during prior evaluation periods that are still outstanding and investments made during the current evaluation period. Prior period investments are reflected at their book value as of the end of the evaluation period. Current period investments are reflected at their original investment amount even if that amount is greater than the current book value of the investment. The table also presents the number and dollar amount of unfunded qualified investment commitments. In order to be included, an unfunded commitment must have been reported on schedule RC-L of the Call Reports as an off-balance sheet item.
- Table 13. Distribution of Branch Delivery System and Branch Openings/Closings** - Compares the percentage distribution of the number of the bank's branches in low-, moderate-, middle- and upper-income geographies to the percentage of the population within each geography in each MSA/assessment area. The table also presents data on branch openings and closings in each MSA/assessment area.
- Table 14. Geographic and Borrower Distribution of Consumer Loans (OPTIONAL)** - For geographic distribution, the table compares the percentage distribution of the number of loans originated and purchased by the bank in low-, moderate-, middle- and upper-income geographies to the percentage distribution of the population within each geography. For borrower distribution, the table compares the percentage distribution of the number of loans originated and purchased by the bank to low-, moderate-, middle- and upper-income borrowers to the percentage of households by income level in each MSA/assessment area.

**Table 1. Lending Volume**

LENDING VOLUME													State: New Jersey		Evaluation Period: January 1, 1998 to December 31, 1999	
MSA/Assessment Area:	% of Rated Area Deposits in MSA/assessment area*	Home Mortgage		Small Loans to Businesses		Small Loans to Farms		Community Development		Total Reported Loans		% of Rated Area Loans(#) in MSA/assessment area				
		#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)					
Full-Scope:																
Hunterdon and Somerset Counties	100	244	28228	100	16766	0	0	0	0	344	44994	100				

\* Deposit data as of June 30, 1999.

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

Geographic Distribution: HOME PURCHASE																	State: New Jersey		Evaluation Period: January 1, 1998 to December 31, 1999	
MSA/Assessment Area:	Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall Market Rank*	Market Share by Geography*					Total Home Purchase Loans					
	% Owner Occ Units	% BANK Loans	% Owner Occ Units	% BANK Loans	% Owner Occ Units	% BANK Loans	% Owner Occ Units	% BANK Loans		Overall	Low	Mod	Mid	Upp	#	% of Total**				
Full-Scope:																				
Hunterdon and Somerset Co	0	0	4	0	47	55	48	45	54	0.3	0	0	0.3	0.3	64	100				

(\*) Based on 1998 Aggregate HMDA Data only. Market rank is for all income categories combined.

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

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

Geographic Distribution: HOME IMPROVEMENT					State: New Jersey				Evaluation Period: January 1, 1998 to December 31, 1999							
MSA/Assessment Area:	Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall Market Rank*	Market Share by Geography*					Total Home Improvement Loans	
	% Owner Occ Units	% BANK Loans	% Owner Occ Units	% BankLoans	% Owner Occ Units	% BANK Loans	% Owner Occ Units	% BANK Loans		Overall	Low	Mod	Mid	Upp	#	% of Total**
Full-Scope:																
Hunterdon and Somerset Counties	0	0	4	3	47	52	48	45	16	0.9	0	0	1	0.9	64	100

(\*) Based on 1998 Aggregate HMDA Data only. Market rank is for all income categories combined.

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

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

Geographic Distribution: HOME MORTGAGE REFINANCE					State: New Jersey				Evaluation Period: January 1, 1998 to December 31, 1999							
MSA/Assessment Area:	Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall Market Rank*	Market Share by Geography*					Total Home Mortgage Refinance Loans	
	% Owner Occ Units	% BANK Loans	% Owner Occ Units	% BANK Loans	% Owner Occ Units	% BANK Loans	% Owner Occ Units	% BANK Loans		Overall	Low	Mod	Mid	Upp	#	% of Total**
Full-Scope:																
Hunterdon and Somerset Counties	0	0	4	0	47	51	48	49	36	0.6	0	0	0.7	0.6	116	100

(\*) Based on 1998 Aggregate HMDA Data only. Market rank is for all income categories combined.

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

**Table 5. Geographic Distribution of Small Loans to Businesses**

Geographic Distribution: SMALL LOANS TO BUSINESSES										State: New Jersey		Evaluation Period: January 1, 1998 to December 31, 1999				
MSA/Assessment Area:	Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall Market Rank*	Market Share by Geography*					Total Small Business Loans	
	% of Businesses	% BANK Loans	% of Businesses	% BANK Loans	% of Businesses	% BANK Loans	% of Businesses	% BANK Loans		Overall	Low	Mod	Mid	Upp	#	% of Total**
Full-Scope:																
Hunterdon and Somerset Counties	0	0	8	7	52	57	40	37	24	0.2	0	1.5	.1	.2	100	100

(\*) Based on 1998 Aggregate Small Business Data only. Market rank is for all income categories combined.

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

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

Geographic Distribution: SMALL LOANS TO FARMS										State: New Jersey		Evaluation Period: January 1, 1998 to December 31, 1999				
MSA/Assessment Area:	Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall Market Rank*	Market Share by Geography*					Total Small Farm Loans	
	% of Farms	% BANK Loans	% of Farms	% BANK Loans	% of Farms	% BANK Loans	% of Farms	% BANK Loans		Overall	Low	Mod	Mid	Upp	#	% of Total**
Full-Scope:																
Hunterdon and Somerset Counties	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA

(\*) Based on 1998 Aggregate Small Farm Data only. Market rank is for all income categories combined.

(\*\*) Small loans to farms originated and purchased in the MSA/assessment area as a percentage of all small loans to farms originated and purchased in the rated area.

**Table 7. Borrower Distribution of Home Purchase Loans**

Borrower Distribution: HOME PURCHASE					State: New Jersey				Evaluation Period: January 1, 1998 to December 31, 1999							
MSA/Assessment Area:	Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Overall Market Rank**	Market Share by Borrower Income**					Total Home Purchase Loans	
	% of Families	% BANK Loans*	% of Families	% BANK Loans*	% of Families	% BANK Loans*	% of Families	% BANK Loans*		Overall	Low	Mod	Mid	Upp	#	% of Total***
Full-Scope:																
Hunterdon and Somerset Counties	12	8	17	30	26	27	46	34	54	0.3	0.6	0.5	0.4	0.3	64	100

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

(\*\*) Based on 1998 Aggregate HMDA Data only. Market rank is for all income categories combined.

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

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

Borrower Distribution: HOME IMPROVEMENT					State: New Jersey				Evaluation Period: January 1, 1998 to December 31, 1999							
MSA/Assessment Area:	Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Overall Market Rank*	Market Share by Borrower Income**					Total Home Improvement Loans	
	% of Families	% BANK Loans*	% of Families	% BANK Loans*	% of Families	% BANK Loans*	% of Families	% BANK Loans*		Overall	Low	Mod	Mid	Upp	#	% of Total***
Full-Scope:																
Hunterdon and Somerset Counties	12	5	17	28	26	33	46	34	16	0.9	0	1.3	1.1	1	64	100

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

(\*\*) Based on 1998 Aggregate HMDA Data only. Market rank is for all income categories combined.

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

**Table 9. Borrower Distribution of Home Mortgage Refinance Loans**

Borrower Distribution: HOME MORTGAGE REFINANCE				State: New Jersey				Evaluation Period: January 1, 1998 to December 31, 1999								
MSA/Assessment Area:	Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Overall Market Rank*	Market Share by Borrower Income**					Total Home Mortgage Refinance Loans	
	% of Families	% BANK Loans*	% of Families	% BANK Loans*	% of Families	% BANK Loans*	% of Families	% BANK Loans*		Overall	Low	Mod	Mid	Upp	#	% of Total***
Full-Scope:																
Hunterdon and Somerset Counties	12	7	17	16	26	27	46	48	36	0.6	0.5	0.9	0.7	0.8	116	100

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

(\*\*) Based on 1998 Aggregate HMDA Data only. Market rank is for all income categories combined.

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

**Table 10. Borrower Distribution of Small Loans to Businesses**

Borrower Distribution: SMALL LOANS TO BUSINESSES				State: New Jersey				Evaluation Period: January 1, 1998 to December 31, 1999				
MSA/Assessment Area:	Businesses with Revenues of \$1 million or less			Loans by Original Amount Regardless of Business Size			Market Share****		Total Small Loans to Businesses			
	% of Businesses*	% BANK Loans**	% Market Loans***	\$100,000 or Less	> \$100,000 to \$250,000	> \$250,000 to \$1,000,000	All	Rev \$1 million or less	#	% of Total*****		
Full-Scope:												
Hunterdon and Somerset Counties	74.3	59	55	62	16	22	0.22	0.22	100	100		

(\*) Businesses with revenues of \$1 million or less as a percentage of all businesses.

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

(\*\*\*) The market consists of all other Small Business reporters in the MSA/assessment area and is based on 1998 Aggregate Small Business Data only.

(\*\*\*\*) Based on 1998 Aggregate Small Business Data only.

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

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

Borrower Distribution: SMALL LOANS TO FARMS			State: New Jersey			Evaluation Period: January 1, 1998 to December 31, 1999				
MSA/Assessment Area:	Farms with Revenues of \$1 million or less			Loans by Original Amount Regardless of Farm Size			Market Share****		Total Small Farm Loans	
	% of Farms*	% BANK Loans**	% Market Loans***	\$100,000 or Less	> \$100,000 to \$250,000	> \$250,000 to \$500,000	All	Rev \$1 million or less	#	% of Total*****
Full-Scope:										
Hunterdon and Somerset Counties	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

- (\*) Farms with revenues of \$1 million or less as a percentage of all farms.
- (\*\*) Small loans to farms with revenues of \$1 million or less as a percentage of all loans reported as small loans to farms.
- (\*\*\*) The market consists of all other Small Farm reporters in the MSA/assessment area and is based on 199X Aggregate Small Farm Data only.
- (\*\*\*\*) Based on 199X Aggregate Small Farm Data only.
- (\*\*\*\*\*) Small loans to farms originated and purchased in the MSA/assessment area as a percentage of all small loans to farms originated and purchased in the rated area.

**Table 12. Qualified Investments**

QUALIFIED INVESTMENTS		State: New Jersey		Evaluation Period: January 1, 1998 to December 31, 1999					
MSA/Assessment Areas:	Prior Period Investments*		Current Period Investments		Total Investments			Unfunded Commitments**	
	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	% of Total \$=s	#	\$ (000's)
Full-Scope:									
Hunterdon and Somerset Counties	0	0	5	1609	5	1609	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 reported on the Report of Condition Schedule-L AOff Balance Sheet Items.@



**Table 13. 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, 1998 to December 31, 1999									
MSA/Assessment Area:	Deposits	Branches						Branch Openings/Closings				Population					
	% of Rated Area Deposits in MSA/assessment area	# of BANK Branches	% of Rated Area Branches in MSA/assessment area	Location of Branches by Income of Geographies				# of Branch Closings	# of Branch Openings	Net Change in Location of Branches (+ or -)				% of the Population within Each Geography			
				Low	Mod	Mid	Upp			Low	Mod	Mid	Upp	Low	Mod	Mid	Upp
Full-Scope:																	
Hunterdon and Somerset Counties		7	100	0	14	29	57	0	0	0	0	0	0	0	7	48	45