



LARGE BANK

Comptroller of the Currency
Administrator of National Banks

Washington, DC 20219

PUBLIC DISCLOSURE

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COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Valley National Bank
Charter Number: 15790

1455 Valley Road
Wayne, NJ 07470

Office of the Comptroller of the Currency

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NOTE: This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. This evaluation is not, and should not be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion, or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

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General Information and Overall CRA Rating

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 (LMI) neighborhoods, consistent with the 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 **Valley National Bank (Valley or bank)** issued by the OCC, the institution’s supervisory agency, for the evaluation period ending June 3, 2013. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 25.

Institution’s CRA Rating: This institution is rated “**Satisfactory.**”

The following table indicates the performance level of **Valley National Bank** with respect to the Lending, Investment, and Service Tests:

<i>Performance Levels</i>	<i>Valley National Bank Performance Tests</i>		
	<i>Lending Test*</i>	<i>Investment Test</i>	<i>Service Test</i>
<i>Outstanding</i>			
<i>High Satisfactory</i>	X		X
<i>Low Satisfactory</i>		X	
<i>Needs to Improve</i>			
<i>Substantial Noncompliance</i>			

* 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:

- An overall excellent lending activity and lending in the bank’ assessment areas (AA) helped to mitigate overall poor geographic distribution and borrower income distribution of home mortgage and small business loans;
- An overall excellent level of Community Development (CD) lending. In the full-scope AAs, the level of CD lending had a significantly positive impact on the Lending Test in two areas and a neutral impact in the remaining area. This overall excellent level helped to elevate the overall Lending Test to the High Satisfactory rating.
- An adequate level of qualified investments, which are responsive to AA credit and community needs. Overall, investments were not found to be innovative or complex.
- A branch distribution system that is accessible to individuals living in low- and moderate-

income geographies, after considering the additional access of branches located near low- and moderate-income geographies.

- An adequate level of CD services, which are responsive to AA needs.

Definitions and Common Abbreviations

The following terms and abbreviations are used throughout this performance evaluation, including the CRA tables. The definitions are intended to provide the reader with a general understanding of the terms, not a strict legal definition.

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

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

Census Tract (CT) – 2000 Census: 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 areas. Census tracts usually have between 2,500 and 8,000 persons, and their physical size varies widely depending upon population density. Census tracts are designed to be homogeneous with respect to population characteristics, economic status, and living conditions to allow for statistical comparisons.

Census Tract (CT) – 2010 Census: Small, relatively permanent statistical subdivisions of a county delineated by local participants as part of the U.S. Census Bureau's Participant Statistical Areas Program. The primary purpose of CTs is to provide a stable set of geographic units for the presentation of decennial census data. CTs generally have between 1,500 and 8,000 people, with an optimum size of 4,000 people.

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

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

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

dispersion if they help to meet essential community needs, including needs of low- and moderate-income individuals.

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

Consumer Loan(s): A loan(s) to one or more individuals for household, family, or other personal expenditures. A consumer loan does not include a home mortgage, small business, or small farm loan. This definition includes the following categories: motor vehicle loans, credit card loans, home equity loans, other secured consumer loans, and other unsecured consumer loans.

Family: Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also include non-relatives living with the family. Families are classified by type as either a married-couple family or other family, which is further classified into 'male householder' (a family with a male 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 delineated by the United States Bureau of the Census in the most recent decennial census.

Home Mortgage Disclosure Act (HMDA): The statute that requires certain mortgage lenders that do business or have banking offices in a metropolitan statistical area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of applications, the amount of loan requested, and the disposition of the application (e.g., approved, denied, and withdrawn). Beginning in 2004, the reports also include additional data on loan pricing, the lien status of the collateral, any requests for preapproval and loans for manufactured housing.

Home Mortgage Loans: Such loans include home purchase, home improvement and refinancings, as defined in the HMDA regulation. These include loans for multifamily (five or more families) dwellings, manufactured housing and one-to-four family dwellings other than manufactured housing.

Household: Includes all persons occupying a housing unit. Persons not living in households are classified as living in group quarters. In 100 percent tabulations, the count of households always equals the count of occupied housing units.

Limited Review: Performance under the Lending, Investment, and Service Tests is analyzed using only quantitative factors (e.g., geographic distribution, borrower distribution, total number and dollar amount of investments, and branch distribution).

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

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

Median Family Income (MFI) – 2000 Census: The median income determined by the U.S. Census Bureau every ten years and used to determine the income level category of geographies. Also, the median income determined by the Department of Housing and Urban Development annually that is used to determine the income level category of individuals. For any given area, the median is the point at which half of the families have income above it and half below it.

Median Family Income (MFI) – 2010 Census: The median income derived from the United States Census Bureau's American Community Survey data every 5 years and used to determine the income level category of geographies. Also, it is the median income determined by the Federal Financial Institutions Examination Council (FFIEC) annually that is used to determine the income level of individuals within a geography. For any given geography, the median is the point at which half of the families have income above it and half below it.

Metropolitan Area (MA): Any metropolitan statistical area or metropolitan division, as defined by the Office of Management and Budget and any other area designated as such by the appropriate federal financial supervisory agency.

Metropolitan Division: As defined by Office of Management and Budget, a county or group of counties within a Metropolitan Statistical Area that contains a population of at least 2.5 million. A Metropolitan Division consists of one or more counties that represent an employment center or centers, plus adjacent counties associated with the main county or counties through commuting ties.

Metropolitan Statistical Area (MSA): An area, defined by the Office of Management and Budget, as having at least one urbanized area that has a population of at least 50,000. The Metropolitan Statistical Area comprises the central county or counties, plus adjacent outlying counties having a high degree of social and economic integration with the central county as measured through commuting.

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

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

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

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

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

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

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

Small Loan(s) to Business(es): A loan included in 'loans to small businesses' as defined in the Consolidated Report of Condition and Income (Call Report). 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.

Small Loan(s) to Farm(s): A loan included in 'loans to small farms' as defined in the instructions for preparation of the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$500,000 or less and are either secured by farmland, or are classified as loans to finance agricultural production and other loans to farmers.

Tier One Capital: The total of common shareholders' equity, perpetual preferred shareholders' equity with non-cumulative dividends, retained earnings and minority interests in the equity accounts of consolidated subsidiaries.

Upper-Income: Individual income that is at least 120 percent of the area median income, or a median family income that is at least 120 percent, in the case of a geography.

Description of Institution

Valley National Bank is a full-service commercial bank headquartered in Wayne, New Jersey. The bank is a wholly-owned subsidiary of Valley National Bancorp, a one-bank holding company headquartered in Wayne, New Jersey. As of March 31, 2013, Valley National Bancorp had approximately \$16.0 billion in total assets. Valley has two affiliates and 19 subsidiaries who perform a variety of services, including but not limited to: loan, capital, asset management, title, real estate, and community development services. Valley expanded its presence in the state of New York by acquiring Manhattan-based Liberty Pointe Bank and Park Avenue Bank in March 2010, and also merged with State Bank of Long Island in January 2012, which added Nassau County and part of Suffolk County to the bank's AAs.

According to the June 30, 2011 and June 30, 2012 FDIC Deposit Market Share Reports, Valley had total deposits of \$9.8 and \$11.0 billion, respectively. As of March 31, 2013, Valley had total assets of \$16.0 billion, total loans of \$10.9 billion, and Tier One capital of \$1.2 billion. Approximately 72.0 percent of the bank's loan portfolio was comprised of real estate loans, of which the predominant portion (50.0 percent) was secured by commercial real estate. One-to-four family residential real estate loans comprised 39.3 percent, and multifamily loans comprised 10.6 percent of the portfolio. Commercial loans accounted for 16.3 percent of the total loan portfolio.

Valley is an interstate bank that operates 210 branches and 248 deposit-taking ATMs throughout New Jersey and New York. Although the bank's business strategy is not limited to any one business endeavor, the bank has a focus on retail banking with an emphasis on mortgage lending. Valley offers a wide range of banking products and services, including lending, investment, trust, and insurance products for individuals and businesses, as well as cash management products and services to small and medium size commercial enterprises and local governments.

There are no known legal, financial, or other factors impeding the bank's ability to help meet credit needs in its communities. The bank received a Satisfactory rating in its previous CRA examination dated July 13, 2009.

Scope of the Evaluation

Evaluation Period/Products Evaluated

We reviewed home mortgage and small business loans from January 1, 2009 through December 31, 2012. The mortgage loans reviewed were home purchase, home improvement, and home refinance loans. Multifamily loans were a primary loan product only in the New York MD. We also considered multifamily loans meeting the CD definition as part of the evaluation of CD lending. The bank did not originate any small farm loans during the evaluation period; therefore, they were not evaluated. Primary loan products for this review are products in which the bank originated at least 20 loans within the AA during the evaluation period. We reviewed CD loans, investments, and services for the period July 1, 2009 through June 3, 2013.

Performance tables one through 12 in Appendix D includes only data covered by the 2000 Census, namely 2009 through 2011. Data covered by the 2010 Census, namely 2012, was

analyzed in the same manner as 2009 through 2011 data and is discussed in the applicable narrative sections of the evaluation.

Data Integrity

Prior to this CRA evaluation, we performed two data integrity examinations to ensure the accuracy of the bank's publicly filed information on home mortgage loans and small loans to businesses. The data we reviewed was collected and reported by the bank over the evaluation period. The testing indicated no substantive inaccuracies in the data. Therefore, we concluded that the home mortgage loans and small loans to businesses data could be relied upon for this examination. Additionally, CD loans, investments, and services made or rendered during the evaluation period were reviewed to determine their eligibility for consideration. We included in this examination all activities found to meet the definition of CD. Finally, we reviewed the appropriateness of the bank's processes for collecting and reporting home mortgage, small business, and small farm loan data. We found no substantive deficiencies in these processes.

Selection of Areas for Full-Scope Review

In each state and multistate metropolitan area where the bank has an office, an AA within that state/multistate metropolitan area was selected for full-scope review. Refer to the "Scope" section under each State and Multistate Metropolitan Area Rating section (as applicable) for details regarding how the areas were selected.

We performed full-scope reviews for three of the bank's AAs, including the New York-Wayne-White Plains, NY-NJ MD (New York MD); the Newark-Union, NJ-PA MD (Newark MD); and the Allentown-Bethlehem -Easton, PA-NJ MSA (Allentown MSA). These areas contained the bank's largest percentage of deposits and loans. Combined, these areas accounted for 94.3 and 84.1 percent of total bank deposits as of June 30, 2011 and June 30, 2012, respectively. For total reportable loans, these areas accounted for 91.8 and 88.8 percent as of December 31, 2011 and December 31, 2012, respectively.

Ratings

Valley's overall CRA rating is a blend of its performance under the Lending, Investment, and Service Tests. Under each of those tests, performance in the full-scope AAs carried the most weight. Within the full-scope areas, the bank's performance in the New York MD carried the greatest weight, as it has the largest percentage of deposits.

Additionally, when evaluating the bank's performance under the Lending Test, we placed a higher value on the bank's distribution of home mortgage loans than the distribution of small business loans. Within the home mortgage loan category, greater weight was placed on home refinance loans and home purchase, with home improvement loans receiving substantially less weight. We placed emphasis on home loans due to it being the bank's primary loan product and based on the affordable housing credit needs in all AAs. Secondary emphasis was placed on small business loan performance due to the identified community credit need in all AAs. In total number of loans originated and purchased during the evaluation period, home mortgage lending accounted for 68.5 percent and small business lending accounted for 31.5 percent.

Inside/Outside Ratio

This ratio is a bank-wide calculation and is not calculated by individual AA. Analysis is limited to bank originations and purchases and does not include any affiliate data. For the evaluation period, a substantial majority of all loan products was made inside the bank's AAs (90.7 percent). The percentages in numbers of loans made inside the AAs by loan type for the combined four-year period are as follows: small loans to businesses (96.9 percent); home improvement loans (95.9 percent); home refinance loans (88.4 percent); and home purchase loans (78.4 percent).

Fair Lending or Other Illegal Credit Practices Review

Pursuant to 12 C.F.R. 25.28(c), or 12 C.F.R. 195.28(c), in determining a national bank's (bank) or Federal savings association's (FSA) CRA rating, respectively, the OCC considers evidence of discriminatory or other illegal credit practices in any geography by the bank or FSA, or in any assessment area by an affiliate whose loans have been considered as part of the bank's or FSA's lending performance.

The OCC did not identify evidence of discriminatory or other illegal credit practices with respect to this institution.

Further, section 1025 of the Dodd–Frank Wall Street Reform and Consumer Protection Act (Pub. L. 111-203) assigns to the Consumer Financial Protection Bureau (CFPB) exclusive examination authority, and primary enforcement authority, to ensure compliance by banks and FSAs with Federal consumer financial laws, if the bank or FSA has more than \$10 billion in assets. The CFPB has not provided the OCC with any information about, or other evidence of, discriminatory or other illegal credit practices relative to this institution with respect to the Federal consumer financial laws.

Multistate Metropolitan Area Rating

New York-Newark-Edison (NY-NJ-PA) Multistate MSA

CRA rating for the New York-Newark-Edison (NY-NJ-PA)¹: Satisfactory

The Lending Test is rated: High Satisfactory

The Investment Test is rated: Low Satisfactory

The Service Test is rated: High Satisfactory

The major factors that support this rating include:

- An excellent level of home mortgage and small business loans;
- A poor distribution of home mortgage and small business loans to geographies of different income levels;
- A poor distribution of home mortgage loans to borrowers of different income levels, and poor distribution of loans to businesses of different income levels;
- A significantly positive level of CD loans that were responsive to community needs. This performance elevated otherwise adequate Lending Test performance to good;
- An adequate level of community development investments that were responsive to community needs;
- A branch distribution system that is accessible to individuals living in all income geographies in the AA, after considering the additional access by branches located near low- and moderate-income geographies. Bank employees provided an adequate level of services.

Description of Institution's Operations in the New York-Newark-Edison, NY-NJ-PA Multistate MSA

Valley has four AAs within the New York-Newark-Edison multistate MSA (New York MMSA). They included the New York-White Plains-Wayne MD (New York MD); the Newark-Union MD (Newark MD) and Edison-New Brunswick MD (Edison MD) in New Jersey; and the Nassau-Suffolk MD (Nassau MD) in New York. The New York MD is comprised of Bergen, Hudson, and Passaic Counties in NJ, and Kings, New York, and Queens Counties in NY. The Newark MD consists of Essex, Morris, Sussex, and Union counties. The Edison MD consists of Middlesex, Monmouth, and Somerset counties. The Nassau MD consists of Nassau county and the western portion of Suffolk county. Valley has 207 branches within the MMSA, representing 98.6 percent of the bank's total branch network. As of June 30, 2012, the bank ranked 16th in total deposits with a 0.93 percent market share. Total deposits in the MMSA as

¹ This rating reflects performance within the multistate metropolitan area. The statewide evaluations do not reflect performance in the parts of those states contained within the multistate metropolitan area.

of June 30, 2012 were \$10.9 billion. Major deposit competitors include JPMorgan Chase Bank, N.A., The Bank of New York Mellon, Bank of America, N.A., Citibank, N.A., and HSBC, N.A.

Based on deposits, the New York MMSA was the largest rating area and accounted for approximately 99.1 percent of the bank's total deposits.

Refer to the market profiles for the New York MD and Newark MD in Appendix C for detailed demographics and other performance context information for assessment areas that received full-scope reviews.

Scope of Evaluation in New York-Newark-Edison MMSA

In the New York MMSA, we performed full-scope reviews on the New York MD and the Newark MD. Limited-scope reviews were performed for the Nassau MD and the Edison MD. The New York AA was chosen as a full-scope area because it contained 58.8 percent of rating area deposits and 52.7 percent of rating area branches. The Newark AA was chosen as a full-scope area because it contained 24.4 percent of rating area deposits and 28.5 percent of rating area branches. For the Newark and Edison MDs, the bank did not originate or purchase a sufficient number of multifamily loans to perform a meaningful analysis. In the Nassau MD, the bank did not originate or purchase a sufficient number of home purchase, home improvement, or multifamily loans to perform a meaningful analysis.

In evaluating the bank's performance, we considered the significant affordability barriers that exist in the New York City metropolitan housing market. In the New York and Newark MDs, the 2010 census median housing values were over \$500 thousand and \$400 thousand, respectively. According to Housing and Urban Development (HUD) updated median family incomes, the average income of low- and moderate-income families is between \$32 thousand and \$51 thousand in the New York MD and \$44 thousand and \$70 thousand in the Newark MD. Additionally, the AAs have high poverty rates and high rental housing unit levels. All of these factors make it difficult for low- or moderate-income families to afford a home in these AAs.

LENDING TEST

The bank's performance under the Lending Test in the New York MMSA is rated "High Satisfactory." Based on full-scope reviews, the bank's performance in the New York MD is good and the performance in the Newark-Union MD is good. Performance in the limited-scope AAs did not impact the bank's Lending Test rating in the New York MMSA. Performance context considerations factored into our conclusion include strong competition from several nationwide lenders in the bank's AAs, the high cost of housing, prevalence of available rental housing, weak economic conditions, the high poverty levels of the MSAs, unemployment rates, and other economic factors. In performing our analysis, greater weight was placed on the comparison of Valley's rankings to similarly situated institutions. Additionally, greater weight was placed on the bank's home mortgage lending, specifically home refinance lending. Secondary weight was given to the bank's small loans to business lending.

Lending Activity

The bank's overall lending activity in the New York MMSA is excellent. Performance context considerations factored into our conclusion include strong competition from several nationwide lenders and greater weight on the comparisons of Valley to similarly situated institutions.

Refer to Table 1 - Lending Volume and Other Products in the New York MMSA section of Appendix D for the facts and data used to evaluate the bank's lending activity.

New York MD

Lending activity in the New York MD is excellent.

As of June 30, 2011, Valley had a deposit market share of .8 percent and ranked 13th among 156 depository institutions in the AA. According to 2011 peer data, Valley ranked 6th in home refinance lending with a 2.4 percent market share. The bank ranked 58th in home purchase lending with a .2 percent market share, and 15th in home improvement lending with a 1.4 percent market share. For all home mortgage products, the bank faced strong competition from 167 (home improvement), 428 (home purchase), and 498 (home refinance) lenders in the AA. Additionally, the top five lenders have total market shares of 42.7 percent (home improvement), 53.3 percent (home purchase), and 56.2 percent (home refinance). For multifamily loans, Valley ranked 8th with a 2.5 percent market share. For small loans to businesses, Valley ranked 12th among 213 lenders with a .7 percent market share. Five large national credit card lenders dominated the market, with 81.5 percent of the total market share.

Newark MD

Lending activity in the Newark MD is excellent.

As of June 30, 2011, Valley had a deposit market share of 4.2 percent and ranked 9th among 56 depository institutions in the AA. According to 2011 peer data, Valley ranked 6th in home refinance lending with a 3.9 percent market share. The bank ranked 40th in home purchase lending with a .4 percent market share, and 13th in home improvement lending with a 2.1 percent market share. For all home mortgage products, the bank faced strong competition from 138 (home improvement), 339 (home purchase), and 426 (home refinance) lenders in the AA. Additionally, the top five lenders have total market shares of 38.0 percent (home improvement), 47.4 percent (home purchase), and 54.2 percent (home refinance). For small loans to businesses, Valley ranked 9th among 111 lenders with a 1.8 percent market share. Five large national credit card lenders dominated the market, with 72.5 percent of the total market share.

Distribution of Loans by Income Level of Geography

Overall, the bank's geographic distribution of loans is poor. As noted previously, more weight was placed on the bank's home mortgage loan performance, specifically home refinance loans, with secondary consideration given to small loans to businesses. Additionally, greater weight was given to the bank's performance in 2009 through 2011 than to its performance in 2012. When conducting our evaluation, consideration was given to the relatively low level of

owner-occupied units and high level of rental units in the full-scope AAs, particularly the New York MD. All of the stated conclusions include the impact of the performance context information stated above.

Home Mortgage Loans

Overall, the geographic distribution of home mortgage loans is poor.

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

New York MD

The overall geographic distribution of home mortgage loans in the New York MD is poor.

The overall geographic distribution of home purchase loans is poor. The bank's geographic distribution of home purchase loans during 2009 through 2011 was poor. Even when considering the impact from the performance context factors described above, the percentage of loans in both low- and moderate-income geographies was well below the percentage of owner-occupied units in these geographies. With an overall market share of 0.22 percent, an analysis of lending in low- and moderate-income geographies by market share was not meaningful. The bank's performance in 2012 was not inconsistent with performance noted in 2009 through 2011.

The overall geographic distribution of home improvement loans is poor. The bank's geographic distribution of home improvement loans during 2009 through 2011 was poor. The percentage of loans in both low- and moderate-income geographies was well below the percentage of owner-occupied units in these geographies, even when considering the performance context factors. The market share of home improvement loans in both low- and moderate-income geographies was significantly below the bank's overall market share and reflected very poor performance. The bank's performance in 2012 was not inconsistent with performance noted in 2009 through 2011.

The overall geographic distribution of home refinance loans is poor. The bank's geographic distribution of home refinance loans during 2009 through 2011 was poor. Even when considering the performance context factors, the percentage of loans in both low- and moderate-income geographies was significantly below the percentage of owner-occupied units in these geographies. The bank's market share in both low- and moderate-income geographies was well below its overall market share and reflected very poor performance. The bank's performance in 2012 was not inconsistent with the performance noted in 2009 through 2011.

The overall geographic distribution of multifamily loans is poor. The bank's geographic distribution of multifamily loans during 2009 through 2011 was poor. The percentage of loans in both low- and moderate-income geographies was well below the percentage of multifamily units in these geographies. The bank's market share in both low- and moderate-income geographies was well below its overall market share and reflected very poor performance.

The bank's performance in 2012 was not inconsistent with the performance noted in 2009 through 2011.

Newark MD

The overall geographic distribution of home mortgage loans in the Newark MD is poor.

The overall geographic distribution of home purchase loans is poor. The bank's geographic distribution of home purchase loans during 2009 through 2011 was poor. The percentage of loans in both low- and moderate-income geographies was well below the percentage of owner-occupied units in these geographies, even after considering the performance context factors. With an overall market share of 0.39 percent, an analysis of lending in low- and moderate-income geographies was not meaningful. The bank's performance in 2012 was stronger than its performance in 2009 through 2011 and was considered adequate.

The overall geographic distribution of home improvement loans is poor. The bank's geographic distribution of home improvement loans during 2009 through 2011 was poor. Even when considering performance context factors, the percentage of loans in both low- and moderate-income geographies was well below the percentage of owner-occupied units in these geographies. The market share of home improvement loans in low-income geographies was significantly below the bank's overall market share and reflected very poor performance. The market share of home improvement loans in moderate-income geographies was below the bank's overall market share and reflected adequate performance. The bank's performance in 2012 was not inconsistent with performance noted in 2009 through 2011.

The overall geographic distribution of home refinance loans is poor. The bank's geographic distribution of home refinance loans during 2009 through 2011 was poor. Even when considering the performance context factors, the percentage of loans in both low- and moderate-income geographies was well below the percentage of owner-occupied units in these geographies. The bank's market share in both low- and moderate-income geographies was well below its overall market share and reflected very poor performance. The bank's performance in 2012 was not inconsistent with the performance noted in 2009 through 2011.

Small Loans to Businesses

Overall, the geographic distribution of small loans to businesses is poor.

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

New York MD

The overall geographic distribution of the bank's small loans to businesses is very poor. The bank's geographic distribution of small loans to businesses during 2009 through 2011 was very poor. The percentage of loans in both low- and moderate-income geographies was significantly below the percentage of small businesses in these geographies. With an overall market share of 0.69 percent, an analysis of lending in low- and moderate-income geographies

was not meaningful. The bank's performance in 2012 was not inconsistent with the performance noted in 2009 through 2011.

Newark MD

The overall geographic distribution of the bank's small loans to businesses is poor. The bank's geographic distribution of small loans to businesses during 2009 through 2011 was poor. The percentage of loans in both low- and moderate-income geographies was well below the percentage of small businesses in these geographies. The market share of small loans to businesses in low-income geographies was below the bank's overall market share and reflected adequate performance. The market share of small loans to businesses in moderate-income geographies was well below the bank's overall market share and reflected poor performance. The bank's performance in 2012 was not inconsistent with the performance noted in 2009 through 2011.

Lending Gap Analysis

We reviewed summary reports and maps and analyzed Valley's home mortgage and small business lending activity over the evaluation period to identify any gaps in the geographic distribution of loans. We did not identify any unexplained conspicuous gaps. All of the bank's AAs consist of whole geographies, meet the requirements of the CRA regulation, and do not arbitrarily exclude any low- or moderate-income areas.

Distribution of Loans by Income Level of the Borrower

Overall, the bank's distribution of loans to individuals of different income levels or businesses of different sizes is poor. As noted previously, more weight was placed on the bank's home mortgage loan performance, specifically home refinance loans, with secondary consideration given to small loans to businesses. Additionally, greater weight was given to the bank's performance in 2009 through 2011 than to its performance in 2012. When conducting our evaluation, consideration was given to the high median housing prices, high percentage of families below the poverty level, and relatively low median family incomes in the AAs.

Home Mortgage Loans

The overall borrower distribution of home mortgage lending is poor.

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

New York MD

The overall distribution of home mortgage loans in the New York MD is poor.

The overall distribution of home purchase loans is poor. The bank's borrower distribution of home purchase loans from 2009 through 2011 was poor. Even when considering performance context factors, the portion of loans to low- and moderate-income borrowers was significantly

lower than the percentage of such families. With an overall market share of 0.69 percent, an analysis of lending in low- and moderate-income geographies was not meaningful. The bank's performance in 2012 was not inconsistent with the performance noted in 2009 through 2011.

The overall distribution of home improvement loans is poor. The bank's borrower distribution of home improvement loans from 2009 through 2011 was poor. The portion of loans to low-income borrowers was well below the percentage of such families. The portion of loans to moderate-income borrowers was below the percentage of such families. The market share of home improvement loans to low-income borrowers was significantly below the bank's overall market share and reflected very poor performance. The market share of home improvement loans to moderate-income borrowers was below the bank's overall market share and reflected adequate performance. The bank's performance in 2012 not inconsistent with the performance noted in 2009 through 2011 and was considered poor.

The overall distribution of home refinance loans is poor. The bank's borrower distribution on home refinance loans from 2009 through 2011 was poor. Even when considering the performance context factors, the portion of loans to low- and moderate-income borrowers was significantly lower than the percentage of such families. The market share of home refinance loans to low-income borrowers was significantly below the bank's overall market share and reflected very poor performance. The market share of home refinance loans to moderate-income borrowers was below the bank's overall market share and reflected adequate performance. The bank's performance in 2012 was not inconsistent with the performance noted in 2009 through 2011.

Newark MD

The overall distribution of home mortgage loans in the Newark MD is adequate.

The overall distribution of home purchase loans is good. The bank's borrower distribution of home purchase loans from 2009 through 2011 was good. The portion of loans to low-income borrowers was significantly lower than the percentage of such families. The portion of loans to moderate-income families exceeded the percentage of such families and is considered excellent. With an overall market share of .41 percent, an analysis of lending in low- and moderate-income geographies was not meaningful. The bank's performance in 2012 was not inconsistent with the performance noted in 2009 through 2011 and was considered good.

The overall borrower distribution of home improvement loans is good. The bank's borrower distribution of home improvement loans from 2009 through 2011 was excellent. The portion of loans to low-income borrowers was near to the percentage of such families. The portion of loans to moderate-income families exceeded the percentage of such families. The market share of home improvement loans to both low- and moderate-income borrowers exceeded the bank's overall market share and reflected excellent performance. The bank's performance in 2012 was weaker than the performance noted in 2009 through 2011 and was considered poor. This performance had a negative impact on the bank's overall home improvement conclusion.

The overall borrower distribution of home refinance loans is adequate. The bank's borrower distribution of home refinance loans from 2009 through 2011 was adequate. The portion of loans to low-income borrowers was significantly below the percentage of low-income families.

The portion of loans to moderate-income borrowers was below the percentage of moderate-income families. The bank's market share to low-income borrowers was significantly below the bank's overall market share reflecting poor performance. The bank's market share to moderate-income borrowers exceeded the bank's overall market share reflecting excellent performance. The bank's performance in 2012 was not inconsistent with the performance noted in 2009 through 2011.

Small Loans to Businesses

The overall borrower distribution of small loans to businesses is poor.

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

New York MD

Overall, the distribution of small loans to businesses of different sizes is poor. The bank's borrower distribution of small loans to businesses from 2009 through 2011 was poor. The percentage of small loans to businesses (businesses with gross annual revenue of \$1 million or less) was significantly below the percentage of small businesses. With an overall market share of 0.69 percent, an analysis of lending to businesses with revenue of \$1 million or less was not meaningful. The bank's performance in 2012 was not inconsistent with the performance noted in 2009 through 2011.

Newark MD

Overall, the distribution of small loans to businesses of different sizes is adequate. The bank's borrower distribution of small loans to businesses from 2009 through 2011 was adequate. The percentage of small loans to businesses (businesses with gross annual revenue of \$1 million or less) was well below the percentage of small businesses. The bank's market share to businesses with revenue of \$1 million or less exceeded its overall market share, reflecting excellent performance. The bank's performance in 2012 was weaker than the performance noted in 2009 through 2011 and was considered poor.

Community Development Lending

Valley's level of CD lending had a significantly positive impact on its overall lending performance in the New York MMSA.

Refer to Table 1 Lending Volume in the New York MMSA section of Appendix D for the facts and data used to evaluate the bank's level of community development lending. This table includes all CD loans, including multifamily loans that also qualify as CD loans. In addition, Table 5 includes geographic lending data on all multi-family loans, including those that also qualify as CD loans. Table 5 does not separately list CD loans, however.

New York MD

CD lending had a significantly positive impact on lending performance in the New York MD. Valley reported 46 loans totaling \$92.8 million during the evaluation period. The volume represents 12.9 percent of allocated Tier One capital. By dollar volume, 58.0 percent of CD loans supported economic development activities; 24.0 percent provided revitalization and stabilization activities to LMI areas; 16.0 percent provided affordable housing to LMI residents; and 2.0 percent provided CD services to LMI individuals. The most notable CD loan was an \$8.5 million loan to construct a 200-unit apartment complex with rents affordable for LMI residents.

Newark MD

CD lending had a significantly positive impact on lending performance in the Newark MD. Valley reported 21 loans totaling \$73.9 million during the evaluation period. This volume represented 24.8 percent of allocated Tier One capital. By dollar volume, 45.7 percent provided affordable housing for LMI residents, and 29.8 percent provided economic development activities; 22.5 percent provided revitalization and stabilization activities to LMI areas; and 2.0 percent provided CD services to LMI individuals. The most notable CD loan was an \$8 million loan to construct a multifamily dwelling for homeless and disabled veterans.

Product Innovation and Flexibility

Valley's product flexibility had a neutral impact on its Lending Test conclusions. Valley offers several flexible lending programs and products that are geared to making home ownership affordable. The bank has, however, originated a somewhat limited volume of these loans during the evaluation period. Loans originated under these programs are included in the bank's home mortgage loans and analyzed under other portions of the Lending Test. The products and programs are listed below:

Valley offered FHA loans from March 2011 to May 2012. FHA loans allowed borrowers a minimum down payment of 3.5 percent, rate/term refinance of 97.75 percent loan-to-value (LTV), and cash-out refinance of 85.0 percent LTV with a maximum cash out of \$50 thousand. The bank processed 63 applications and closed seven loans totaling \$1.6 million.

Valley offers several one-fee mortgage products which combine the closing costs and other fees for home mortgage loans into a package for \$99, \$499, \$899, \$1,899, and \$1,999. The \$99 product was offered from January through June 2009. These bundled costs are at a discount to the conventional costs of home purchase and refinance transactions. Together, the bank made 18,426 loans totaling \$3.9 billion during the evaluation period.

"My Community" 90.0 percent LTV loans are 30 year fixed-rate (4.75 percent), fixed payment loans for purchase, and for rate and term refinance of one- and two-family homes. Income limits which vary by county apply, and the bank requires mortgage insurance for LTVs above 80.0 percent. Homebuyer counseling is also required for applicants who purchase two-family dwellings. Applicants must have good credit histories but the bank will consider non-traditional credit. The bank made one loan for \$352 thousand during the evaluation period.

“New Jersey Housing Community Homebuyer” loans are below-market (4.5 percent) 30-year fixed interest rate mortgage products available to income qualified first-time homebuyers to purchase existing single- and two-family owner-occupied homes. Buyers are required to have a 3.0 percent down payment. In some instances, up to 4.0 percent of the loan may be available to qualified applicants for closing cost assistance depending on where the home is located. Prospective homebuyers are also required to take homebuyer education counseling. No loans were made for this product during the evaluation period.

“Valley Family Assistance” loans were made available in response to Hurricane Sandy and are available to the bank’s current loan customers who have an immediate need for cash to cover emergency needs. The bank provides fast loan decisions and expedited availability of loan proceeds. Loans are 18-months with a low interest rate of 3.5 percent. Seven applications were received and five loans were made for \$13 thousand during the evaluation period.

Conclusions for Areas Receiving Limited-Scope Reviews

Based on limited-scope reviews, the bank’s performance under the Lending Test in the Edison MD is not inconsistent with the bank’s overall “High Satisfactory” performance under the Lending Test in New York MMSA. In the Nassau MD, the bank’s performance was weaker than the bank’s overall performance in the MMSA, due to neutral CD lending. This performance did not affect the bank’s MMSA rating. Refer to Tables 1 through 13 in the New York MMSA section of Appendix D for the facts and data that support these conclusions.

INVESTMENT TEST

The bank’s performance under the Investment Test is rated “Low Satisfactory.” Based on full-scope reviews, the bank’s performance in the New York MMSA is adequate. The bank’s poor performance in the New York MD was offset by the excellent performance in the Newark MD. Performance in the limited-scope AAs did not impact the bank’s Investment Test rating in the New York MMSA.

Conclusions for Areas Receiving Full-Scope Reviews

Refer to Table 14 in Appendix D for the facts and data used to evaluate the bank’s level of qualified investments.

New York MD

Overall, the bank’s Investment Test performance in the New York MD is poor. During the evaluation period, Valley originated two investments totaling \$3.3 million and held six investments from the prior period with a total book value of \$6.6 million in the AA. These prior period investments continue to provide benefit to the AA. In total the investments represented approximately 1.4 percent of allocated Tier One capital for the AA. Taken into consideration in our evaluation is the very significant competition from many large New York-based financial institutions for CD investments in the AA.

Valley exhibited a low level of complexity and was not innovative in its qualified investments. A substantial majority of the investments were associated with affordable housing for low- and

moderate-income individuals, which showed excellent responsiveness to the main identified need in the area. In terms of total dollar amount, 64.8 percent of the bank's investments and grants were made to organizations focused on activities that promote affordable housing, followed by 34.2 percent in investments focused on activities that promote economic development, and one percent on revitalization and stabilization. An example of a significant investment made in the AA was a \$3.2 million investment in a low income housing tax credit.

Newark MD

Overall, the bank's Investment Test performance in the Newark MD is excellent. During the evaluation period, Valley originated five investments totaling \$14.1 million in the AA. The bank holds six investments from prior periods with a total book value of \$30.4 million. In total this represented approximately 14.9 percent of allocated Tier One capital for the AA. The volume of investments made and the overall responsiveness to identified needs exhibited excellent performance.

The bank's responsiveness to the CD needs in the AA is excellent. In terms of total dollar amount, 69.9 percent of investments focused on activities that promote affordable housing, which is a significant need in the area. The remaining investments and grants were made to organizations focused on community services and economic development. A significant current period investment made in the AA was an \$8.0 million New Markets Tax Credit.

Conclusions for Area Receiving Limited-Scope Reviews

Based on limited-scope reviews, the bank's overall performance in the Nassau MD and Edison MD are stronger than the bank's overall "Low Satisfactory" Investment Test performance in the MMSA and are considered excellent and good, respectively. These performance differences were due to the level of investments. Refer to Table 14 in Appendix D for the facts and data that support these conclusions.

SERVICE TEST

Conclusions for Areas Receiving Full-Scope Reviews

Valley's performance under the Service Test is rated "High Satisfactory." Based on full-scope reviews, the bank's performance in the New York MMSA is good. In the New York MD, the bank's performance is good, and in the Newark-Union MD it is adequate. Performance in the limited-scope AAs did not impact the bank's Service Test rating in the New York MMSA.

Retail Banking Services

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

New York MD

Valley's branch distribution in the New York MD is good after considering branches near-to low- and moderate-income geographies. The bank's actual branch distribution in 2009 through

2011 was adequate. Branches were reasonably accessible to geographies and individuals of different income levels in the AA. Branches in low- and moderate-income CTs were reasonably accessible to geographies and individuals of different income levels. However, accessibility in both low- and moderate-income tracts improved significantly after considering the additional access to banking services provided by near-to branches. Near-to branches are those located in middle- or upper-income geographies that are within one half mile of a low- or moderate-income geography. The bank's branch distribution performance in 2012 was not inconsistent with the performance noted from 2009 through 2011.

Branch openings and closings have improved the accessibility of the bank's delivery systems since the previous CRA evaluation. The bank opened one branch in a low-income CT, one branch in a moderate-income CT, four branches in middle-income CTs, and two branches in upper-income CTs since the previous evaluation. During the evaluation period, the bank closed two branches in middle-income CTs, four in upper-income CTs, and one in a non-income CT. These closures were primarily due to consolidation with the bank's other branches in the area.

Valley's hours and services offered through the New York MD were good. Branch services and hours did not vary in a way that would inconvenience portions of the AA, particularly LMI individuals.

Management complements its traditional service delivery methods with certain alternative delivery processes, such as: online banking, which includes bill pay; mobile banking; automated teller machines; bank by mail; and 24-hour telephone banking. No significant weight was placed on these alternative delivery systems, as the bank did not maintain metrics to determine their effectiveness in helping to meet the credit needs of low- and moderate-income geographies or low- and moderate-income individuals.

Newark MD

Valley's branch distribution in the Newark-Union MD is adequate. The bank's branch distribution in 2009 through 2011 was adequate. Branches were reasonably accessible to geographies and individuals of different income levels in the AA. Branches in low- and moderate-income CTs were reasonably accessible to geographies and individuals of different income levels. The bank's branch distribution performance in 2012 was not inconsistent with the performance noted from 2009 through 2011.

Branch openings and closings generally have not adversely affected the accessibility of the bank's delivery systems since the previous CRA evaluation. The bank opened one branch in an upper-income CT, and closed one branch in a moderate-income and two branches in upper-income tracts since the previous evaluation. These closures were due to consolidations with other bank branches in the area.

Valley's hours and services offered through the Newark MD were good. Branch services and hours did not vary in a way that would inconvenience portions of the AA, particularly LMI individuals.

Management complements its traditional service delivery methods with certain alternative delivery processes, such as: online banking, which includes bill pay; mobile banking; automated teller machines; bank by mail; and 24-hour telephone banking. No significant weight was placed on these alternative delivery systems, as the bank did not maintain metrics to determine their effectiveness in helping to meet the credit needs of low- and moderate-income geographies or low- and moderate-income individuals.

Community Development Services

Valley employees in the New York MD and Newark MD provided an adequate level of community development services. Bank employees participated in a variety of organizations and partnerships, some in leadership roles, that benefited LMI individuals, promoted economic development, and provided affordable housing. They also provided technical assistance on financial and banking related matters to community groups, low- and moderate-income persons and families, and small businesses.

New York MD

In the New York MD, 15 Valley employees provided their expertise to 16 different community development organizations. Examples of Valley's community development services are listed below.

The bank provides free servicing for the residential mortgage loans originated by the local affiliates of a nationwide nonprofit housing organization that builds and finances new homes for low-income families. The mortgage servicing helps the organization's local chapter offer affordable home mortgage loans to its constituents. In addition, bank employees, through their professional expertise, provided other administrative and technical assistance to the organization including graphic design services, demographic research and board presentations, and public relations assistance.

Bank employees provided financial literacy classes for low- and moderate-income students, for which considerable resources in the form of employees and time were utilized. Bank employees held workshops on basic financial education, made presentations using the FDIC's Money Smart Financial Education modules, provided lectures on budgeting and sound checking account management practices, and provided a financial education curriculum to teachers.

Bank employees provided technical and financial guidance to a community development organization that aims to alleviate the conditions of hunger, homelessness, unemployment, poverty, and illiteracy in low- and moderate-income families and individuals.

Newark MD

In the Newark MD, bank employees provided a limited level of community development services. Nine Valley employees provided their expertise to nine different community organizations. Seven of the nine employees served as board members and/or members of various committees. Bank employees served on the boards for local affordable housing organizations that assist developmentally handicapped adults, provide temporary and

permanent homes for homeless families, and construct housing for low- and moderate-income individuals.

Conclusions for Areas Receiving Limited-Scope Reviews

Based on limited-scope reviews, the bank's performance under the Service Test in the Edison MD and Nassau MD is weaker than the bank's overall "High Satisfactory" performance under the Service Test in the New York MMSA and is considered adequate. This performance was due to weaker branch distribution. This weaker performance did not affect the New York MMSA rating. Refer to Table 15 in Appendix D for the facts and data that support these conclusions.

State Rating

State of New Jersey

CRA Rating for New Jersey:	Needs to Improve
The lending test is rated:	<u>Low Satisfactory</u>
The investment test is rated:	<u>Substantial Non-Compliance</u>
The service test is rated:	<u>Low Satisfactory</u>

The major factors that support this rating include:

- A good level of home refinance and small business loans.
- An adequate distribution of home refinance loans to borrowers of different income levels, and adequate distribution of loans to businesses of different revenue sizes.
- CD lending had a neutral impact on the Lending Test.
- A very poor level of investments. No CD investments were made in the AA during the evaluation period.
- A branch distribution system that is reasonably accessible to individuals living in all income geographies in the AA.

Description of Institution's Operations in New Jersey

Valley has one AA within the state of New Jersey. This AA is comprised of Warren County which is part of the Allentown-Bethlehem-Easton MSA (Allentown AA). Valley had three branches within the AA, representing 1.4 percent of the bank's total branch network.

As of June 30, 2012, the bank ranked eighth in total statewide deposits with a 6.8 percent market share. Valley's deposits in the Allentown AA totaled \$102.4 million. Deposit competitors include PNC Bank, N.A., Hudson City Savings Bank, Fulton Bank of New Jersey, Wells Fargo Bank, N.A., and Bank of America, N.A. Based on deposits, New Jersey was the smallest rating area and accounted for approximately 0.9 percent of total bank deposits.

Refer to the market profiles for the state of New Jersey in Appendix C for detailed demographics and other performance context information for assessment areas that received full-scope reviews.

Scope of Evaluation in New Jersey

For the state of New Jersey, we performed a full-scope review of the Allentown AA. Because this AA is the only one located in New Jersey and outside of the New York MMSA, it received a full-scope review. The performance test ratings for the state of New Jersey are based solely

on the bank's performance in the Allentown AA. A geographic distribution analysis for this AA was not meaningful due to there being no low- or moderate-income CTs. Additionally, the bank did not originate a sufficient number of home purchase, home improvement, or multifamily loans during the evaluation period to perform a borrower income distribution analysis.

LENDING TEST

Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the Lending Test in the Allentown MSA is rated "Low Satisfactory." Based on a full-scope review, the bank's performance in the Allentown MSA is adequate.

Lending Activity

The bank's overall lending activity in the Allentown MSA is good. This is primarily based on competition from several nationwide and regional lenders in the bank's AA and weak economic conditions during the evaluation period. In performing our analysis, greater weight was placed on the comparison of Valley's rankings to similarly situated institutions. Additionally, greater weight was placed on the bank's home refinance lending. Secondary weight was given to the bank's small loans to businesses lending.

Refer to Table 1 - Lending Volume and Other Products in the Allentown MSA section of Appendix D for the facts and data used to evaluate the bank's lending activity.

As of June 30, 2011, Valley had a deposit market share of 9.3 percent and ranked 5th among 10 depository institutions in the AA. According to 2011 peer data, Valley ranked 7th in home refinance lending with a 4.4 percent market share. The bank ranked 51st in home purchase lending with a .2 percent market share, and 5th in home improvement lending with a 7.8 percent market share. For all home mortgage products, the top five lenders have total market shares of 60.0 percent (home improvement), 51.2 percent (home purchase), and 53.9 percent (home refinance). For small loans to businesses, Valley ranked 14th among 46 lenders with a .7 percent market share. Five large national credit card lenders dominated the market, with 66.7 percent of the total market share.

Distribution of Loans by Income Level of Geography

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

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

Because the Allentown AA does not have any low- or moderate-income CTs, a geographic distribution analysis of home mortgage or small business loans is not meaningful.

Lending Gap Analysis

We reviewed summary reports and maps and analyzed Valley's home mortgage and small business lending activity over the evaluation period to identify any gaps in the geographic distribution of loans. We did not identify any unexplained conspicuous gaps. The bank's AA consists of whole geographies and meets the requirements of the CRA regulation.

Distribution of Loans by Income Level of the Borrower

Overall, the bank's distribution of loans to individuals of different income levels or businesses of different sizes is adequate. As noted previously, more weight was placed on the bank's home refinance loans, with secondary consideration given to small loans to businesses. During the evaluation period, the bank did not originate or purchase a sufficient number of home purchase or home improvement loans to perform an analysis. Additionally, greater weight was given to the bank's performance in 2009 through 2011 than to its performance in 2012. When conducting our evaluation, consideration was given to the high median housing prices

Home Mortgage Loans

The overall borrower distribution of home mortgage lending is adequate.

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

The overall borrower distribution of home refinance loans is adequate, due to the negative impact of 2012 loan performance. The bank's borrower distribution of home refinance loans from 2009 through 2011 was good. The portion of loans to low-income borrowers was well below the percentage of low-income families. This was partially offset by the excellent performance for moderate-income borrowers. The portion of loans to moderate-income borrowers exceeded the percentage of moderate-income families. The bank's market share to low-income borrowers was significantly below the bank's overall market share reflecting poor performance. The bank's market share to moderate-income borrowers exceeded the bank's overall market share reflecting excellent performance. The bank's performance in 2012 was weaker than performance noted in 2009 through 2011 and was considered poor.

Small Loans to Businesses

The overall borrower distribution of small loans to businesses is adequate.

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

Overall, the distribution of small loans to businesses of different sizes is adequate. The bank's borrower distribution of small loans to businesses from 2009 through 2011 was adequate. The percentage of small loans to businesses (businesses with gross annual revenue of \$1 million or less) was well below the percentage of small businesses. The bank's market share to businesses with revenue of \$1 million or less exceeded its overall market share, reflecting excellent performance. The bank's performance in 2012 was weaker than the performance noted in 2009 through 2011 and was considered poor.

Community Development (CD) Lending

Valley's level of CD lending had a neutral impact on its overall lending performance in the Allentown MSA. The bank originated no CD loans during the evaluation period.

Refer to Table 1 - Lending Volume in the Allentown MSA section of Appendix D for the facts and data used to evaluate the bank's level of community development lending. This table includes all CD loans, including multifamily loans that also qualify as CD loans. In addition, Table 5 includes geographic lending data on all multi-family loans, including those that also qualify as CD loans. Table 5 does not separately list CD loans, however.

Product Innovation and Flexibility

Valley's product flexibility had a neutral impact on its Lending Test conclusions. Valley offers several flexible lending programs and products that are geared to making home ownership affordable. Loans originated under these programs are included in the bank's home mortgage loans and analyzed under other portions of the Lending Test. The products and programs are: FHA loans, one-fee mortgage products, "My Community" 90% LTV loans, "New Jersey Housing Community Homebuyer" loans, and "Valley Family Assistance" loans. Please see the product innovation and flexibility section in the New York MMSA section for additional details on these products.

INVESTMENT TEST

The bank's performance under the Investment Test is rated "Substantial Non-Compliance." Based on a full-scope review, the bank's performance in the Allentown MSA is very poor.

Conclusions for Areas Receiving Full-Scope Reviews

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

Overall, the bank's Investment Test performance in the Allentown MSA is very poor. During the evaluation period, Valley did not originate any investments in the AA.

The bank's responsiveness to the CD needs in the AA is very poor even when considering the area is mostly rural and suburban, there are no low- or moderate-income census tracts, and there are limited investment opportunities for financial institutions.

We did consider investments in the larger statewide area that have a potential to benefit the AA. The bank had one investment from a prior period with a book value of \$42 thousand in this statewide area.

SERVICE TEST

Conclusions for Areas Receiving Full-Scope Reviews

Valley's performance under the Service Test is rated "Low Satisfactory." Based on a full-scope review, the bank's performance in the Allentown MSA is adequate.

Retail Banking Services

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

Valley's branch distribution in the Allentown MSA is adequate. The bank's branch distribution in 2009 through 2011 was adequate. There are no low- or moderate-income CTs in the AAs; however, branches are reasonably accessible to individuals of different income levels. The bank's branch distribution performance in 2012 was not inconsistent with its performance in 2009 through 2011.

Branch openings and closings have not affected the overall accessibility of the bank's delivery systems. There were no branch openings or closings during the evaluation period. Branch services and hours did not vary in a way that would inconvenience portions of the AA, particularly LMI individuals.

Management complements its traditional service delivery methods with certain alternative delivery processes, such as: online banking, which includes bill pay; mobile banking; automated teller machines; bank by mail; and 24-hour telephone banking. No significant weight was placed on these alternative delivery systems, as the bank did not maintain metrics to determine their effectiveness in helping to meet the credit needs of low- and moderate-income geographies or low- and moderate-income individuals.

Community Development Services

Valley employees in the Allentown MSA provided a very poor level of community development services. One bank employee participated in a money management program for low- and moderate-income individuals at a local senior citizens center. While this one community service activity did meet the needs of the community, the level of activity in the AA was very poor.

Appendix A: Scope of Examination

The following table identifies the time period covered in this evaluation, affiliate activities that were reviewed, and loan products considered. The table also reflects the metropolitan and nonmetropolitan areas that received comprehensive examination review (designated by the term “full-scope”) and those that received a less comprehensive review (designated by the term “limited-scope”).

Time Period Reviewed	Lending Test (excludes CD Loans): 1/1/2009 to 12/31/2012 Investment and Service Tests and CD Loans: 7/1/2009 to 6/3/2013	
Financial Institution	Products Reviewed	
Valley National Bank	Home Purchase, Home Improvement, and Home Refinance loans; Multi Family loans; Small Business loans; Community Development loans, investments, and services	
Affiliate(s)	Affiliate Relationship	Products Reviewed
Valley Investments, Inc.	Subsidiary	CD Investments
List of Assessment Areas and Type of Examination		
Assessment Area	Type of Exam	Other Information
New York-Newark-Edison MMSA New York-White Plains-Wayne MD	Full-Scope	New York, Kings, Queens Counties, NY Hudson, Bergen, Passaic Counties, NJ Essex, Morris, Sussex, Union Counties, NJ Middlesex, Monmouth, Somerset Counties, NJ Nassau and Suffolk Counties, NY
Newark-Union MD	Full-Scope	
Edison-New Brunswick MD	Limited Scope	
Nassau-Suffolk MD	Limited Scope	
New Jersey Allentown-Bethlehem-Easton MSA	Full-Scope	Warren County

Appendix B: Summary of Multistate Metropolitan Area and State Ratings

RATINGS		VALLEY NATIONAL BANK		
Overall Bank:	Lending Test Rating*	Investment Test Rating	Service Test Rating	Overall Bank/State/ Multistate Rating
Valley National Bank	High Satisfactory	Low Satisfactory	High Satisfactory	Satisfactory
Multistate Metropolitan Area or State:				
New York-Newark-Edison MMSA	High Satisfactory	Low Satisfactory	High Satisfactory	Satisfactory
New Jersey	Low Satisfactory	Substantial Non-Compliance	Low Satisfactory	Needs to Improve

(*) The Lending Test is weighted more heavily than the Investment and Service Tests in the overall rating.

Appendix C: Market Profiles for Full-Scope Areas

New York-White Plains-Wayne MD

Demographic Information for Full-Scope Area: New York-White Plains-Wayne MD 2000 Census Data						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	2,158	9.22	27.15	31.97	29.56	2.09
Population by Geography	8,214,042	9.65	29.28	29.65	31.37	0.04
Owner-Occupied Housing by Geography	1,105,945	1.71	14.25	31.06	52.98	0.00
Business by Geography	840,684	5.58	20.03	23.83	49.34	1.22
Farms by Geography	4,326	2.54	11.21	20.85	64.98	0.42
Family Distribution by Income Level	1,939,467	26.11	16.00	17.20	40.69	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	816,679	17.06	40.48	28.41	14.06	0.00
Median Family Income HUD Adjusted Median Family Income for 2011 Households Below Poverty Level		49,461 67,400 16%	Median Housing Value Unemployment Rate (2000 US Census)	247,119 3.94%		

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

Source: 2000 US Census and 2011 HUD updated MFI

Demographic Information for Full-Scope Area: New York-White Plains-Wayne MD 2010 Census Data						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	2,163	8.88	25.34	31.07	32.27	2.45
Population by Geography	8,361,903	10.18	27.81	28.16	33.79	0.07
Owner-Occupied Housing by Geography	1,189,434	2.53	14.68	29.90	52.89	0.00
Business by Geography	796,599	6.28	18.12	23.39	49.26	2.95
Farms by Geography	4,415	2.72	10.87	21.25	64.12	1.04
Family Distribution by Income Level	1,904,486	25.69	15.91	16.60	41.81	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	792,180	18.09	39.22	27.51	15.17	0.00
Median Family Income HUD Adjusted Median Family Income for 2012 Households Below Poverty Level		64,171 68,300 15%	Median Housing Value Unemployment Rate (2010 US Census)	540,397 4.19%		

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

Source: 2010 US Census and 2012 HUD updated MFI

This AA within the New York-Newark-Edison MMSA consists of Bergen, Hudson and Passaic counties in New Jersey, and Kings, New York, and Queens counties in New York. All counties are contiguous. As of June 30, 2011 and June 30, 2012, the bank had \$6.5 and \$6.4 billion, respectively, in deposits in this AA. This represents 67.0 and 59.3 percent, respectively, of the bank's total deposits in the MMSA. As of June 30, 2012, there are 148 FDIC insured financial institutions in the AA with 2,314 offices. Valley's main competitors include JPMorgan Chase, NA, the Bank of New York Mellon, HSBC Bank USA, NA, Citibank, NA, and Bank of America, NA. Valley operates 110 branches and 142 deposit-taking ATMs in this AA.

Based on the 2010 census, the population of the AA was 8,361,903. Since 2000, the AA has seen a slight population growth of approximately 2 percent. The 2011 and 2012 HUD adjusted median family incomes for the AA are \$67,400 and \$68,300, respectively. According to 2000 census data, approximately 26.0 percent of families were low-income, earning a median annual income of less than \$24,731. With the 2010 census data, the percent of low-income families was relatively unchanged at just over 25.0 percent. Similar changes were evidenced for moderate-income families, with the percent of families remaining at approximately 16.0 percent from the 2000 to 2010 census. 2000 census data showed approximately 14.8 percent of all families had incomes below the poverty level, and 5.7 percent of households received public assistance. Within low- and moderate-income CTs, the percent of families below the poverty level was high at 40.1 and 22.6 percent, respectively. In the 2010 census, the percent of families below the poverty level decreased slightly in total and within low- and moderate-income CTs, to 13.2, 36.5, and 19.9 percent, respectively. As demonstrated in the demographic tables for 2000 and 2010 on the previous page, there is not a significant difference in the demographic data for these census years other than a very significant increase in median housing values, which more than doubled between 2000 and 2010. According to the 2010 census, the median price of housing in the New York MD is \$540,397. Due to the high prices, home ownership is very difficult for most low- and many moderate-income families.

Employment and Economic Factors

According to the Bureau of Labor Statistics, as of April 2013, the unemployment rate for the AA was 7.7 percent. The statewide unemployment rate for New York was 7.8 percent and for New Jersey was 8.7 percent. The AA is primarily urban with most of the population residing in larger cities. Anchored by Wall Street, in lower Manhattan, the AA is one of the world's premier financial centers and is home to the New York Stock Exchange and NASDAQ. The AA includes high concentrations of service sector firms in fields such as law, accountancy, banking, and management consultancy. According to the Bureau of Labor Statistics labor force data, leading industries are state and local government, restaurants, and hospitals. Major employers in this AA are Metropolitan Transportation Authority, New York City Health and Hospitals Corporation, JPMorgan Chase and Company, and Citigroup Incorporated.

Housing

Based on 2000 census data, over one million of all housing units, or 34.5 percent, are owner occupied, with 61.3 percent being occupied rental units. Within low- and moderate-income CTs, the percent of occupied rental units is high at 86.6 and 76.5 percent, respectively. The 2010 census saw a slight decrease in occupied rental units, both in total (56.7 percent) and in low- (82.1 percent) and moderate-income (71.5 percent) areas. According to the National Association of Realtors, the median housing price in the AA was \$432,800 as of March 31, 2013. This median price is significantly higher than the 2000 census median housing value of \$247,119 but below that of the 2010 census. Both the high number of rental units and median housing values make originating home loans in both LMI areas and to LMI families difficult. According to the industry's largest mortgage database, Core Logic's Loan Performance Servicing database, the March 2013 foreclosure rate in this AA was 5.5 percent, which is above the national foreclosure rate of 2.9 percent.

Community Contact

In conjunction with this evaluation, we contacted a community organization serving low- and moderate-income New Yorkers. The contact acknowledged that while the highly competitive market in New York City makes finding CRA opportunities difficult, especially for smaller banking institutions, the contact also stated opportunities are actually endless. According to the contact, some of the most pressing financial needs and opportunities for financial institutions in this AA are investments, grants, and loans as follows:

- Rehabilitate and green aging housing stock.
- Maintain New York City Housing Authority.
- Support the nonprofit neighborhood-based community development corporations and community organizations that build and maintain thousands of units of affordable housing and provide services to tenants and nearby residents to stabilize and revitalize their neighborhoods.
- Provide funding through community development financial institutions that lend and syndicate tax credits.
- Acquire and build affordable housing.

The contact also recommended banks with distressed multifamily loans implement programs to provide preservation purchasers with the first opportunity to acquire these distressed properties, and sponsor internship programs to develop future leaders in the community development field. Other recently performed community contacts were also considered as part of this evaluation. These contacts echoed the financial and community development needs of the above organization.

Newark-Union MD

Demographic Information for Full-Scope Area: Newark-Union MD 2000 Census Data						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	457	17.07	24.07	29.10	29.76	0.00
Population by Geography	1,930,552	11.89	23.40	31.13	33.57	0.00
Owner-Occupied Housing by Geography	415,186	3.43	13.22	36.34	47.00	0.00
Business by Geography	183,203	9.59	17.25	32.47	40.69	0.00
Farms by Geography	3,020	1.49	8.01	40.93	49.57	0.00
Family Distribution by Income Level	493,432	22.88	16.85	20.20	40.07	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	196,061	21.44	34.43	27.90	16.23	0.00
Median Family Income HUD Adjusted Median Family Income for 2011 Households Below Poverty Level		68,424 90,600 10%	Median Housing Value Unemployment Rate (2000 US Census)	203,170 3.13%		

(*) The NA category consists of geographies that have not been assigned an income classification.
Source: 2000 US Census and 2011 HUD updated MFI

Demographic Information for Full-Scope Area: Newark-Union MD 2010 Census Data						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	459	17.43	24.40	25.49	32.24	0.44
Population by Geography	1,962,009	13.86	22.72	25.94	37.24	0.24
Owner-Occupied Housing by Geography	428,800	4.20	13.65	31.43	50.72	0.00
Business by Geography	170,935	10.45	16.77	26.14	46.34	0.30
Farms by Geography	3,038	2.73	7.70	35.65	53.92	0.00
Family Distribution by Income Level	485,201	23.53	16.69	19.23	40.55	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	195,128	23.74	33.38	24.38	18.48	0.01
Median Family Income HUD Adjusted Median Family Income for 2012 Households Below Poverty Level		87,598 91,900 10%	Median Housing Value Unemployment Rate (2010 US Census)	406,140 4.36%		

(*) The NA category consists of geographies that have not been assigned an income classification.
Source: 2010 US Census and 2012 HUD updated MFI

The Newark-Union MD consists of Essex, Morris, Sussex, and Union Counties and is part of the New York-Newark-Edison, NY-NJ-PA MMSA. As of June 30, 2011 and June 30, 2012, the bank had \$2.6 and \$2.7 billion, respectively, in deposits in this AA. This represents 26.8 and 24.6 percent, respectively, of the bank's total deposits in the MMSA. As of June 30, 2012, there are 58 FDIC insured financial institutions in the AA with 778 offices. Valley's main competitors include Wells Fargo Bank, NA, New York Community Bank, Bank of America, NA, and TD Bank, NA. Valley operates 59 branches and 59 deposit taking ATMs in this MD.

The AA has had weak population growth from the 2000 to 2010 census. As shown in the tables above, total population grew by only 1.6 percent. According to 2000 census data, 22.9 percent of the families in the AA were low-income, earning a median annual income of \$34,212 or less, and 16.9 percent of families were moderate-income. With the 2010 census, the percent of low- and moderate-income families was relatively unchanged. 2000 census data

showed approximately 7.6 percent of all families had incomes below the poverty level, and 3.9 percent of households received public assistance. Within low- and moderate-income CTs, the percentage of families below the poverty level was high at 30.3 and 12.9 percent, respectively. For 2010 census, the percent of families below the poverty level decreased slightly in total and within low- and moderate-income CTs, to 7.2, 25.2, and 11.9 percent, respectively.

Throughout the evaluation period, personal bankruptcies have significantly increased from 7,389 in 2009 to 9,727 in 2012 in Newark according to the Moody's Analytics report dated January 2013.

Employment and Economic Factors

Unemployment has increased in the region due to the current economic recession and financial crisis of 2008. According to the Bureau of Labor Statistics, as of April 2013, the unemployment rate for the AA totaled 8.2 percent which is a moderate increase from 7.7 percent as of January 2009. The statewide unemployment rate was 8.7 percent as of April 2013, which is a significant increase from 7.4 percent as of January 2009.

The AA's economy has shown some recovery, with professional service businesses expanding payrolls and Port of Newark activity bumping up demand for transportation workers. The main industries in the AA are education, health, government, professional business services, and retail businesses. Major employers in the area include the Newark International Airport, Verizon Communications, University of Medicine/Dentistry, Merck & Co. Inc., and New Jersey Transit.

Housing

Based on 2000 census, over 415 thousand of all housing units, or 57.3 percent, are owner occupied, with 38.0 percent being occupied rental units. Within low- and moderate-income CTs, the percent of occupied rental units is 73.0 and 61.8 percent, respectively. The 2010 census saw a decrease in occupied rental units, both in total (35.2 percent) and in low- (67.1 percent) and moderate-income (55.9 percent) areas. According to the 2010 census, the average median housing price for the MD totaled \$406,140, which is double the median value in the 2000 census. The 2010 census median housing value in low-income CTs totaled \$290,571 which is a significant increase from \$120,469 at the 2000 census. The 2010 census median housing value in moderate-income CTs totaled \$295,806 which is a significant increase from \$137,893 at the 2000 census. According to the National Association of Realtors, the median home price was \$344,400 for the first quarter of 2013. Both the high number of rental units and median housing values make originating home loans in both low- and moderate-income areas and to low- and moderate-income families difficult.

While the issuance of single-family housing permits has only slightly increased during the evaluation period, multifamily permits have significantly increased from 1,187 in 2009 to 2,372 in 2012. Permit issuance for multifamily housing is growing five times faster than for single-family housing according to Moody's Analytics. Single-family homebuilding will be slower to take off, despite the metro area's dwindling excess supply of homes. Still, the housing market is in much better shape than that in much of the U.S. This is partly because the AA had a milder house price correction, with a peak-to-trough decline of only 21%, compared with 34% nationwide.

A large inventory of foreclosed homes will slow the AA's housing recovery. The number of foreclosed homes in the metro area is nearly 50% higher than the national average and increasing. Although excess inventories grew only 10% nationwide in 2012, they rose 50% in the MD. This is primarily a result of New Jersey's judicial foreclosure process, which slows foreclosure proceedings in the state. New Jersey has the nation's second longest foreclosure time line, behind New York.

Community Contacts

In conjunction with this evaluation we contacted a community organization to identify community needs. The contact is a statewide, private, nonprofit economic development corporation dedicated to boosting local economies and strengthening communities through business development and job creation. The organization is a Community Development Financial Institution (CDFI) and SBA lender. According to the contact, some of the most pressing financial needs and opportunities for financial institutions in the AA are as follows:

- Lend to small businesses;
- Develop products to assist small businesses affected by local conditions;
- Provide grants; and
- Teach modules in the financial education program.

Allentown-Bethlehem-Easton, PA-NJ MSA

Demographic Information for Full-Scope Area: Allentown-Bethlehem-Easton MSA 2000 Census Data						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	13	0.00	0.00	30.77	69.23	0.00
Population by Geography	65,746	0.00	0.00	27.73	72.27	0.00
Owner-Occupied Housing by Geography	18,132	0.00	0.00	21.52	78.48	0.00
Business by Geography	6,323	0.00	0.00	25.65	74.35	0.00
Farms by Geography	328	0.00	0.00	8.84	91.16	0.00
Family Distribution by Income Level	17,680	9.32	12.42	21.92	56.34	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	3,844	0.00	0.00	32.86	67.14	0.00
Median Family Income HUD Adjusted Median Family Income for 2011 Households Below Poverty Level		53,852 72,300 4%	Median Housing Value Unemployment Rate (2000 US Census)	167,227 2.01%		

(*) The NA category consists of geographies that have not been assigned an income classification.
Source: 2000 US Census and 2011 HUD updated MFI

Demographic Information for Full-Scope Area: Allentown-Bethlehem-Easton MSA 2010 Census Data						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	13	0.00	0.00	38.46	61.54	0.00
Population by Geography	68,465	0.00	0.00	31.65	68.35	0.00
Owner-Occupied Housing by Geography	20,401	0.00	0.00	29.35	70.65	0.00
Business by Geography	6,050	0.00	0.00	32.56	67.44	0.00
Farms by Geography	338	0.00	0.00	18.34	81.66	0.00
Family Distribution by Income Level	18,946	11.84	12.56	20.29	55.32	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	4,622	0.00	0.00	41.41	58.59	0.00
Median Family Income HUD Adjusted Median Family Income for 2012 Households Below Poverty Level		68,935 73,300 5%	Median Housing Value Unemployment Rate (2010 US Census)	324,787 3.42%		

(*) The NA category consists of geographies that have not been assigned an income classification.
Source: 2010 US Census and 2012 HUD updated MFI

This AA consists of 13 middle- and upper-income tracts in Warren County, New Jersey which is part of the Allentown-Bethlehem-Easton, PA-NJ MSA. As of June 30, 2011 and June 30, 2012, the bank had \$139 thousand and \$102 thousand, respectively, in deposits in this AA. As of June 30, 2012, there are 11 FDIC insured financial institutions in the AA with 24 offices. Valley's main competitors include: PNC Bank, N.A., Hudson City Savings Bank, Fulton Bank of New Jersey, Wells Fargo Bank, N.A., and Bank of America, N.A. Valley operates three branches in this AA.

The population of the AA was 65,746 in 2000 and 68,465 in 2010, showing an increase of 2,719, or 4.1 percent. Based on the 2000 Census, median family income in the AA was \$53,852. By the time of the 2010 census, the median family income increased significantly to \$68,935. In terms of the distribution of families by income, at 2010, we note that 11.8 percent were reported as low-income, which was an increase from 9.3 percent in the 2000 census.

The percent of moderate-income families reported in 2010 was 12.6 percent, which was a modest increase from 12.4 percent in the 2000 census. 2000 census data showed approximately 2.3 percent of all families had incomes below the poverty level, and 1.7 percent of households received public assistance. The total of families below the poverty level increased 34.3 percent in the 2010 census to 3.5 percent. As of 2012, there are 4,923 businesses with revenues equal to or less than one million dollars located in the AA.

Employment and Economic Factors

As of April 2013, the Bureau of Labor Statistics reports Warren County's unemployment rate at 7.0 percent, which is below both the state average of 8.7 percent and the national average of 7.5 percent. The unemployment rate significantly increased since our prior evaluation. Although the poverty rate remains low in the AA, it increased as the U.S. Census Bureau calculated that rate for families at 5.0 percent in 2010, compared to 4.0 percent in 2000. The key industries in Warren County are services, retail trade, and construction. Materfoods USA, Inc. is headquartered in Hackettstown, NJ and produces about half of the M&Ms candies sold in North America; they are one of the largest employers in the county.

Housing

Based on 2000 census, there are approximately 26 thousand housing units in the AA, with 69.6 percent being owner occupied and 25.4 percent occupied rental units. Total housing units increased 8.8 percent in the 2010 census, with owner occupied seeing a slight increase and occupied rental units a slight decrease. Based on the 2000 Census at the MSA level, the median housing value in the AA was \$167,227. Per the 2010 census, despite the nationwide slump in housing, the median housing value in the AA had increased to \$324,787. As stated by the National Association of Realtors, median housing sales prices, however, have decreased from \$230,500 at the prior evaluation to \$162,700 at March 2013.

The Allentown MSA has a 6.9 percent foreclosure rate, as reported by foreclosure-response.org. This is relatively high, ranking 66th out of 366 metropolitan areas within the United States.

Community Contacts

In conjunction with this evaluation, we contacted a community organization regarding community and credit needs in the area. This organization is a community development financial institution providing loans, counseling and business training programs to low- and moderate-income individuals and small businesses. Lending programs for businesses in smaller cities and funding for existing businesses to grow were cited as community credit needs. It was also noted that technical assistance for start-up businesses would be beneficial in launching new businesses.

Appendix D: Tables of Performance Data

Content of Standardized Tables

References to the “bank” include activities of any affiliates that the bank provided for consideration (refer to Appendix A: Scope of the Examination). For purposes of reviewing the lending test tables, the following are applicable: (1) purchased loans are treated as originations/purchases and market share is the number of loans originated and purchased by the bank as a percentage of the aggregate number of reportable loans originated and purchased by all lenders in the MA/assessment area; (2) Partially geocoded loans (loans where no census tract is provided) cannot be broken down by income geographies and, therefore, are only reflected in the Total Loans in Core Tables 2 through 7 and part of Table 13; and (3) Partially geocoded loans are included in the Total Loans and % Bank Loans Column in Core Tables 8 through 12 and part of Table 13. Tables without data are not included in this PE.

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

- Table 1. Lending Volume** - Presents the number and dollar amount of reportable loans originated and purchased by the bank over the evaluation period by MA/assessment area. Community development loans to statewide or regional entities or made outside the bank’s assessment area may receive positive CRA consideration. See Interagency Q&As __.12 (i) - 5 and - 6 for guidance on when a bank may receive positive CRA consideration for such loans. Refer to the CRA section of the Compliance Policy intranet page for guidance on table placement.
- Table 1. Other Products** - Presents the number and dollar amount of any unreported category of loans originated and purchased by the bank over the evaluation period by MA/assessment area. Examples include consumer loans or other data that a bank may provide, at its option, concerning its lending performance. This is a two-page table that lists specific categories.
- Table 2. Geographic Distribution of Home Purchase Loans** - Compares the percentage distribution of the number of loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of owner-occupied housing units throughout those geographies. The table also presents market share information based on the most recent aggregate market data available.
- Table 3. Geographic Distribution of Home Improvement Loans** - See Table 2.
- Table 4. Geographic Distribution of Home Mortgage Refinance Loans** - See Table 2.
- Table 5. Geographic Distribution of Multifamily Loans** - Compares the percentage distribution of the number of multifamily loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage

distribution of multifamily housing units throughout those geographies. The table also presents market share information based on the most recent aggregate market data available.

- Table 6. Geographic Distribution of Small Loans to Businesses** - The percentage distribution of the number of small loans (less than or equal to \$1 million) to businesses originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies compared to the percentage distribution of businesses (regardless of revenue size) throughout those geographies. The table also presents market share information based on the most recent aggregate market data available. Because small business data are not available for geographic areas smaller than counties, it may be necessary to use geographic areas larger than the bank's assessment area.
- Table 7. Geographic Distribution of Small Loans to Farms** - The percentage distribution of the number of small loans (less than or equal to \$500,000) to farms originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies compared to the percentage distribution of farms (regardless of revenue size) throughout those geographies. The table also presents market share information based on the most recent aggregate market data available. Because small farm data are not available for geographic areas smaller than counties, it may be necessary to use geographic areas larger than the bank's assessment area.
- Table 8. Borrower Distribution of Home Purchase Loans** - Compares the percentage distribution of the number of loans originated and purchased by the bank to low-, moderate-, middle-, and upper-income borrowers to the percentage distribution of families by income level in each MA/assessment area. The table also presents market share information based on the most recent aggregate market data available.
- Table 9. Borrower Distribution of Home Improvement Loans** - See Table 8.
- Table 10. Borrower Distribution of Refinance Loans** - See Table 8.
- Table 11. Borrower Distribution of Small Loans to Businesses** - Compares the percentage distribution of the number of small loans (less than or equal to \$1 million) originated and purchased by the bank to businesses with revenues of \$1 million or less to the percentage distribution of businesses with revenues of \$1 million or less. In addition, the table presents the percentage distribution of the number of loans originated and purchased by the bank by loan size, regardless of the revenue size of the business. Market share information is presented based on the most recent aggregate market data available.
- Table 12. Borrower Distribution of Small Loans to Farms** - Compares the percentage distribution of the number of small loans (less than or equal to \$500,000) originated and purchased by the bank to farms with revenues of \$1 million or less to the percentage distribution of farms with revenues of \$1 million or less. In addition, the

table presents the percentage distribution of the number of loans originated and purchased by the bank by loan size, regardless of the revenue size of the farm. Market share information is presented based on the most recent aggregate market data available.

Table 13. Geographic and Borrower Distribution of Consumer Loans (OPTIONAL) - For geographic distribution, the table compares the percentage distribution of the number of loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of households within each geography. For borrower distribution, the table compares the percentage distribution of the number of loans originated and purchased by the bank to low-, moderate-, middle-, and upper-income borrowers to the percentage of households by income level in each MA/assessment area.

Table 14. Qualified Investments - Presents the number and dollar amount of qualified investments made by the bank in each MA/AA. The table separately presents investments made during prior evaluation periods that are still outstanding and investments made during the current evaluation period. Prior-period investments are reflected at their book value as of the end of the evaluation period. Current period investments are reflected at their original investment amount even if that amount is greater than the current book value of the investment. The table also presents the number and dollar amount of unfunded qualified investment commitments. In order to be included, an unfunded commitment must be legally binding and tracked and recorded by the bank's financial reporting system.

A bank may receive positive consideration for qualified investments in statewide/regional entities or made outside of the bank's assessment area. See Interagency Q&As __.12 (i) - 5 and - 6 for guidance on when a bank may receive positive CRA consideration for such investments. Refer to the CRA section of the Compliance Policy intranet page for guidance on table placement.

Table 15. Distribution of Branch Delivery System and Branch Openings/Closings - Compares the percentage distribution of the number of the bank's branches in low-, moderate-, middle-, and upper-income geographies to the percentage of the population within each geography in each MA/AA. The table also presents data on branch openings and closings in each MA/AA.

Table 1. Lending Volume

LENDING VOLUME		Geography: NEW YORK MMSA						Evaluation Period: JANUARY 1, 2009 TO DECEMBER 31, 2011				
Assessment Area:	% of Rated Area Loans (#) in MA/AA [*]	Home Mortgage		Small Loans to Businesses		Small Loans to Farms		Community Development Loans ^{**}		Total Reported Loans		% of Rated Area Deposits in MA/AA ^{***}
		#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	
Full Review:												
New York-White Plains-Wayne MD	46.54	4,508	1,190,084	3,687	740,141	0	0	46	92,800	8,241	2,023,025	66.97
Newark-Union MD	34.62	4,131	875,997	1,964	306,398	0	0	21	73,850	6,116	1,256,245	27.22
Limited Review:												
Edison-New Brunswick MD	18.84	2,562	521,932	755	125,903	0	0	10	34,814	3,327	682,649	5.81
Nassau-Suffolk MD	0.00	0	0	0	0	0	0	7	6,601	7	6,601	0.00

^{*} Loan Data as of December 31, 2011. Rated area refers to either state or multi-state MA rating area.

^{**} The evaluation period for Community Development Loans is from July 01, 2009 to June 03, 2013.

^{***} Deposit Data as of June 30, 2011. Rated Area refers to either the state, multi-state MA, or institution, as appropriate.

Table 2. Geographic Distribution of Home Purchase Loans

Geographic Distribution: HOME PURCHASE			Geography: NEW YORK MMSA				Evaluation Period: JANUARY 1, 2009 TO DECEMBER 31, 2011					Market Share (%) by Geography*				
Assessment Area:	Total Home Purchase Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall	Low	Mod	Mid	Upp	
	#	% of Total**	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans****						
Full Review:																
New York-White Plains-Wayne MD	256	48.30	1.71	0.39	14.25	5.47	31.06	16.41	52.98	77.73	0.22	0.07	0.10	0.11	0.34	
Newark-Union MD	172	32.45	3.43	0.58	13.22	3.49	36.34	31.40	47.00	64.53	0.39	0.08	0.04	0.32	0.60	
Limited Review:																
Edison-New Brunswick MD	102	19.25	0.61	1.96	9.86	9.80	48.38	42.16	41.16	46.08	0.26	0.00	0.18	0.21	0.34	

* Based on 2011 Peer Mortgage Data (USPR)

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

*** Percentage of Owner Occupied Units is the number of owner occupied units in a particular geography divided by the number of owner occupied housing units in the area based on 2000 Census information.

**** Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

Table 3. Geographic Distribution of Home Improvement Loans

Geographic Distribution: HOME IMPROVEMENT			Geography: NEW YORK MMSA				Evaluation Period: JANUARY 1, 2009 TO DECEMBER 31, 2011					Market Share (%) by Geography [*]				
Assessment Area:	Total Home Improvement Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall	Low	Mod	Mid	Upp	
	#	% of Total ^{**}	% Owner Occ ^{***} Units	% BANK ^{****} Loans	% Owner Occ ^{***} Units	% BANK ^{****} Loans	% Owner Occ ^{***} Units	% BANK ^{****} Loans	% Owner Occ ^{***} Units	% BANK ^{****} Loans						
Full Review:																
New York-White Plains-Wayne MD	117	49.37	1.71	0.85	14.25	3.42	31.06	14.53	52.98	81.20	1.41	0.00	0.28	0.66	1.96	
Newark-Union MD	93	39.24	3.43	1.08	13.22	6.45	36.34	48.39	47.00	44.09	2.08	0.00	1.59	2.57	1.85	
Limited Review:																
Edison-New Brunswick MD	27	11.39	0.61	0.00	9.86	7.41	48.38	55.56	41.16	37.04	0.58	0.00	0.69	0.57	0.57	

^{*} Based on 2011 Peer Mortgage Data (USPR)

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

^{***} Percentage of Owner Occupied Units is the number of owner occupied units in a particular geography divided by the number of owner occupied housing units in the area based on 2000 Census information.

^{****} Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

Table 4. Geographic Distribution of Home Mortgage Refinance Loans

Geographic Distribution: HOME MORTGAGE REFINANCE			Geography: NEW YORK MMSA				Evaluation Period: JANUARY 1, 2009 TO DECEMBER 31, 2011					Market Share (%) by Geography*				
Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall	Low	Mod	Mid	Upp	
	#	% of Total**	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans****						
Full Review:																
New York-White Plains-Wayne MD	4,047	39.17	1.71	0.05	14.25	1.19	31.06	10.21	52.98	88.56	2.36	0.11	0.42	1.19	3.02	
Newark-Union MD	3,857	37.33	3.43	0.21	13.22	2.90	36.34	35.62	47.00	61.27	3.91	0.17	1.65	4.27	4.03	
Limited Review:																
Edison-New Brunswick MD	2,429	23.51	0.61	0.16	9.86	4.78	48.38	39.98	41.16	55.08	2.31	0.52	1.87	2.25	2.42	

* Based on 2011 Peer Mortgage Data (USPR)

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

*** Percentage of Owner Occupied Units is the number of owner occupied units in a particular geography divided by the number of owner occupied housing units in the area based on 2000 Census information.

**** Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

Table 5. Geographic Distribution of Multifamily Loans

Geographic Distribution: MULTIFAMILY		Geography: NEW YORK MMSA						Evaluation Period: JANUARY 1, 2009 TO DECEMBER 31, 2011							
Assessment Area:	Total Multifamily Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*				
	#	% of Total**	% MF Units***	% BANK Loans****	% MF Units***	% BANK Loans****	% MF Units***	% BANK Loans****	% MF Units***	% BANK Loans****	Overall	Low	Mod	Mid	Upp
Full Review:															
New York-White Plains-Wayne MD	80	86.02	12.84	1.25	29.40	17.50	22.57	16.25	35.19	65.00	2.40	0.00	0.65	1.77	5.35
Newark-Union MD	9	9.68	25.82	22.22	34.14	55.56	25.60	22.22	14.44	0.00	2.07	2.78	2.88	0.00	0.00
Limited Review:															
Edison-New Brunswick MD	4	4.30	7.04	0.00	22.64	25.00	53.51	50.00	16.81	25.00	5.48	0.00	10.00	5.00	12.50

* Based on 2011 Peer Mortgage Data (USPR)

** Multi-family loans originated and purchased in the MA/AA as a percentage of all multi-family loans originated and purchased in the rated area.

*** Percentage of Multi Family Units is the number of multi family units in a particular geography divided by the number of multifamily housing units in the area based on 2000 Census information.

**** Multifamily loan distribution includes Home Purchases, Home Improvement and Refinances.

Table 6. Geographic Distribution of Small Loans to Businesses

Geographic Distribution: SMALL LOANS TO BUSINESSES												Geography: NEW YORK MMSA		Evaluation Period: JANUARY 1, 2009 TO DECEMBER 31, 2011		
Assessment Area:	Total Small Business Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography					
	#	% of Total**	% of Businesses***	% BANK Loans	% of Businesses***	% BANK Loans	% of Businesses***	% BANK Loans	% of Businesses***	% BANK Loans	% of Businesses***	% BANK Loans	Overall	Low	Mod	Mid
Full Review:																
New York-White Plains-Wayne MD	3,652	57.32	5.58	0.99	20.03	6.65	23.83	19.66	49.34	72.70	0.69	0.14	0.26	0.59	0.92	
Newark-Union MD	1,964	30.83	9.59	3.92	17.25	9.42	32.47	35.08	40.69	51.58	1.76	1.45	1.20	1.96	1.85	
Limited Review:																
Edison-New Brunswick MD	755	11.85	2.33	0.40	11.52	12.72	45.24	41.46	40.78	45.43	0.67	0.15	1.19	0.59	0.67	

* Based on 2011 Peer Small Business Data -- US and PR

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

*** Source Data - Dun and Bradstreet (2011).

Table 8. Borrower Distribution of Home Purchase Loans

Borrower Distribution: HOME PURCHASE		Geography: NEW YORK MMSA								Evaluation Period: JANUARY 1, 2009 TO DECEMBER 31, 2011					
Assessment Area:	Total Home Purchase Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share				
	#	% of Total**	% Families***	% BANK Loans****	% Families***	% BANK Loans****	% Families***	% BANK Loans****	% Families***	% BANK Loans****	Overall	Low	Mod	Mid	Upp
Full Review:															
New York-White Plains-Wayne MD	256	48.30	26.11	0.81	16.00	8.91	17.20	18.22	40.69	72.06	0.23	0.26	0.27	0.16	0.25
Newark-Union MD	172	32.45	22.88	4.85	16.85	18.18	20.20	24.24	40.07	52.73	0.41	0.23	0.30	0.34	0.53
Limited Review:															
Edison-New Brunswick MD	102	19.25	16.84	9.80	16.90	17.65	22.34	16.67	43.91	55.88	0.29	0.46	0.10	0.09	0.50

* Based on 2011 Peer Mortgage Data (USPR)

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

*** Percentage of Families is based on the 2000 Census information.

**** As a percentage of loans with borrower income information available. No information was available for 3.0% of loans originated and purchased by bank.

Table 9. Borrower Distribution of Home Improvement Loans

Borrower Distribution: HOME IMPROVEMENT		Geography: NEW YORK MMSA				Evaluation Period: JANUARY 1, 2009 TO DECEMBER 31, 2011					Market Share				
Assessment Area:	Total Home Improvement Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Overall	Low	Mod	Mid	Upp
	#	% of Total**	% Families***	% BANK Loans****	% Families***	% BANK Loans****	% Families***	% BANK Loans****	% Families***	% BANK Loans****					
Full Review:															
New York-White Plains-Wayne MD	117	49.37	26.11	0.86	16.00	12.07	17.20	27.59	40.69	59.48	1.48	0.00	1.03	2.04	1.47
Newark-Union MD	93	39.24	22.88	12.90	16.85	22.58	20.20	34.41	40.07	30.11	2.21	2.52	3.75	3.33	1.09
Limited Review:															
Edison-New Brunswick MD	27	11.39	16.84	3.70	16.90	33.33	22.34	29.63	43.91	33.33	0.61	0.00	0.88	0.43	0.73

* Based on 2011 Peer Mortgage Data (USPR)

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

*** Percentage of Families is based on the 2000 Census information.

**** As a percentage of loans with borrower income information available. No information was available for 0.4% of loans originated and purchased by bank.

Table 10. Borrower Distribution of Home Mortgage Refinance Loans

Borrower Distribution: HOME MORTGAGE REFINANCE		Geography: NEW YORK MMSA				Evaluation Period: JANUARY 1, 2009 TO DECEMBER 31, 2011					Market Share				
Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Overall	Low	Mod	Mid	Upp
	#	% of Total**	% Families***	% BANK****	% Families***	% BANK****	% Families***	% BANK****	% Families***	% BANK****					
Full Review:															
New York-White Plains-Wayne MD	4,052	39.20	26.11	0.27	16.00	5.05	17.20	17.40	40.69	77.28	2.70	0.38	2.15	2.82	2.77
Newark-Union MD	3,857	37.31	22.88	2.67	16.85	13.07	20.20	26.68	40.07	57.59	4.58	2.35	4.80	5.60	4.30
Limited Review:															
Edison-New Brunswick MD	2,429	23.50	16.84	3.89	16.90	16.74	22.34	29.27	43.91	50.10	2.71	2.31	2.88	2.99	2.56

* Based on 2011 Peer Mortgage Data (USPR)

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

*** Percentage of Families is based on the 2000 Census information.

**** As a percentage of loans with borrower income information available. No information was available for 0.7% of loans originated and purchased by bank.

Table 11. Borrower Distribution of Small Loans to Businesses

Borrower Distribution: SMALL LOANS TO BUSINESSES		Geography: NEW YORK MMSA			Evaluation Period: JANUARY 1, 2009 TO DECEMBER 31, 2011				
Assessment Area:	Total Small Loans to Businesses		Businesses With Revenues of \$1 million or less		Loans by Original Amount Regardless of Business Size			Market Share [*]	
	#	% of Total ^{**}	% of Businesses ^{***}	% BANK Loans ^{****}	\$100,000 or less	>\$100,000 to \$250,000	>\$250,000 to \$1,000,000	All	Rev\$ 1 Million or Less
Full Review:									
New York-White Plains-Wayne MD	3,687	57.56	65.12	29.59	61.51	14.02	24.46	0.69	1.09
Newark-Union MD	1,964	30.66	68.05	27.44	69.65	12.02	18.33	1.76	2.76
Limited Review:									
Edison-New Brunswick MD	755	11.79	67.90	33.91	65.83	13.25	20.93	0.67	0.76

^{*} Based on 2011 Peer Small Business Data -- US and PR

^{**} Small loans to businesses originated and purchased in the MA/AA as a percentage of all small loans to businesses originated and purchased in the rated area.

^{***} Businesses with revenues of \$1 million or less as a percentage of all businesses (Source D&B - 2011).

^{****} Small loans to businesses with revenues of \$1 million or less as a percentage of all loans reported as small loans to businesses. No information was available for 33.83% of small loans to businesses originated and purchased by the bank.

Table 14. Qualified Investments

QUALIFIED INVESTMENTS		Geography: NEW YORK MMSA				Evaluation Period: JULY 1, 2009 TO JUNE 3, 2013				
Assessment Area:	Prior Period Investments*		Current Period Investments		Total Investments			Unfunded Commitments**		
	#	\$(000's)	#	\$(000's)	#	\$(000's)	% of Total	#	\$(000's)	
Full Review:										
New York-White Plains-Wayne MD	6	6,644	2	3,301	8	9,945	15.64	0	0	
Newark-Union MD	6	30,403	5	14,101	11	44,504	69.98	0	0	
Limited Review:										
Edison-New Brunswick MD	1	956	1	2,613	2	3,569	5.61	0	0	
Nassau-Suffolk MD	0	0	1	5,575	1	5,575	8.77	0	0	

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

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

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

DISTRIBUTION OF BRANCH DELIVERY SYSTEM AND BRANCH OPENINGS/CLOSINGS																	
Geography: NEW YORK MMSA Evaluation Period: JULY 1, 2009 TO DECEMBER 31, 2011																	
MA/Assessment Area:	Deposits	Branches						Branch Openings/Closings						Population			
	% of Rated Area Deposits in AA	# of BANK Branches	% of Rated Area Branches in AA	Location of Branches by Income of Geographies (%)				# of Branch Openings	# of Branch Closings	Net change in Location of Branches (+ or -)				% of Population within Each Geography			
				Low	Mod	Mid	Upp			Low	Mod	Mid	Upp	Low	Mod	Mid	Upp
Full Review:																	
New York-White Plains-Wayne MD	66.97	108	55.67	2.78	8.33	25.00	63.89	8	6	+1	+1	+2	-2	9.65	29.28	29.65	31.37
Newark-Union MD	27.22	60	30.93	1.67	11.67	45.00	41.67	1	3	0	-1	0	-1	11.89	23.40	31.13	33.57
Limited Review:																	
Edison-New Brunswick MD	5.81	26	13.40	0.00	19.23	50.00	30.77	3	2	0	0	+2	-1	2.36	14.76	47.82	34.87

Table 1. Lending Volume

LENDING VOLUME		Geography: NEW JERSEY						Evaluation Period: JANUARY 1, 2009 TO DECEMBER 31, 2011				
Assessment Area:	% of Rated Area Loans (#) in MA/AA	Home Mortgage		Small Loans to Businesses		Small Loans to Farms		Community Development Loans **		Total Reported Loans		% of Rated Area Deposits in MA/AA ***
		#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$(000's)	
Full Review:												
Allentown-Bethlehem-Easton MSA	100.00	182	27,028	64	2,821	0	0	0	0	246	29,849	100.00

* Loan Data as of December 31, 2011. Rated area refers to either state or multi-state MA rating area.
 ** The evaluation period for Community Development Loans is from July 01, 2009 to June 03, 2013.
 *** Deposit Data as of June 30, 2011. Rated Area refers to either the state, multi-state MA, or institution, as appropriate.

Table 2. Geographic Distribution of Home Purchase Loans

Geographic Distribution: HOME PURCHASE			Geography: NEW JERSEY				Evaluation Period: JANUARY 1, 2009 TO DECEMBER 31, 2011					Market Share (%) by Geography*				
Assessment Area:	Total Home Purchase Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall	Low	Mod	Mid	Upp	
	#	% of Total**	% Owner Occ*** Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans****						
Full Review:																
Allentown-Bethlehem-Easton MSA	8	100.00	0.00	0.00	0.00	0.00	21.52	12.50	78.48	87.50	0.16	0.00	0.00	0.00	0.21	

* Based on 2011 Peer Mortgage Data (USPR)

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

*** Percentage of Owner Occupied Units is the number of owner occupied units in a particular geography divided by the number of owner occupied housing units in the area based on 2000 Census information.

**** Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

Table 3. Geographic Distribution of Home Improvement Loans

Geographic Distribution: HOME IMPROVEMENT			Geography: NEW JERSEY				Evaluation Period: JANUARY 1, 2009 TO DECEMBER 31, 2011					Market Share (%) by Geography*				
Assessment Area:	Total Home Improvement Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall	Low	Mod	Mid	Upp	
	#	% of Total**	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans****						
Full Review:																
Allentown-Bethlehem-Easton MSA	14	100.00	0.00	0.00	0.00	0.00	21.52	7.14	78.48	92.86	7.78	0.00	0.00	5.56	8.33	

* Based on 2011 Peer Mortgage Data (USPR)

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

*** Percentage of Owner Occupied Units is the number of owner occupied units in a particular geography divided by the number of owner occupied housing units in the area based on 2000 Census information.

**** Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

Table 4. Geographic Distribution of Home Mortgage Refinance Loans

Geographic Distribution: HOME MORTGAGE REFINANCE			Geography: NEW JERSEY				Evaluation Period: JANUARY 1, 2009 TO DECEMBER 31, 2011					Market Share (%) by Geography*				
Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall	Low	Mod	Mid	Upp	
	#	% of Total**	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans****						
Full Review:																
Allentown-Bethlehem-Easton MSA	160	100.00	0.00	0.00	0.00	0.00	21.52	15.63	78.48	84.38	4.37	0.00	0.00	4.76	4.28	

* Based on 2011 Peer Mortgage Data (USPR)

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

*** Percentage of Owner Occupied Units is the number of owner occupied units in a particular geography divided by the number of owner occupied housing units in the area based on 2000 Census information.

**** Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

Table 5. Geographic Distribution of Multifamily Loans

Geographic Distribution: MULTIFAMILY		Geography: NEW JERSEY						Evaluation Period: JANUARY 1, 2009 TO DECEMBER 31, 2011							
Assessment Area:	Total Multifamily Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*				
	#	% of Total**	% MF Units***	% BANK Loans****	% MF Units***	% BANK Loans****	% MF Units***	% BANK Loans****	% MF Units***	% BANK Loans****	Overall	Low	Mod	Mid	Upp
Full Review:															
Allentown-Bethlehem-Easton MSA	0	0.00	0.00	0.00	0.00	0.00	59.40	0.00	40.60	0.00	0.00	0.00	0.00	0.00	0.00

* Based on 2011 Peer Mortgage Data (USPR)

** Multi-family loans originated and purchased in the MA/AA as a percentage of all multi-family loans originated and purchased in the rated area.

*** Percentage of Multi Family Units is the number of multi family units in a particular geography divided by the number of multifamily housing units in the area based on 2000 Census information.

**** Multifamily loan distribution includes Home Purchases, Home Improvement and Refinances.

Table 6. Geographic Distribution of Small Loans to Businesses

Geographic Distribution: SMALL LOANS TO BUSINESSES			Geography: NEW JERSEY				Evaluation Period: JANUARY 1, 2009 TO DECEMBER 31, 2011					Market Share (%) by Geography				
Assessment Area:	Total Small Business Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall	Low	Mod	Mid	Upp	
	#	% of Total**	% of Businesses***	% BANK Loans	% of Businesses***	% BANK Loans	% of Businesses***	% BANK Loans	% of Businesses***	% BANK Loans						
Full Review:																
Allentown-Bethlehem-Easton MSA	64	100.00	0.00	0.00	0.00	0.00	25.65	15.63	74.35	84.38	1.19	0.00	0.00	0.78	1.43	

* Based on 2011 Peer Small Business Data -- US and PR

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

*** Source Data - Dun and Bradstreet (2011).

Table 8. Borrower Distribution of Home Purchase Loans

Borrower Distribution: HOME PURCHASE		Geography: NEW JERSEY						Evaluation Period: JANUARY 1, 2009 TO DECEMBER 31, 2011							
Assessment Area:	Total Home Purchase Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share				
	#	% of Total**	% Families***	% BANK Loans****	% Families***	% BANK Loans****	% Families***	% BANK Loans****	% Families***	% BANK Loans****	Overall	Low	Mod	Mid	Upp
Full Review:															
Allentown-Bethlehem-Easton MSA	8	100.00	9.32	0.00	12.42	12.50	21.92	12.50	56.34	75.00	0.17	0.00	0.00	0.00	0.35

* Based on 2011 Peer Mortgage Data (USPR)

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

*** Percentage of Families is based on the 2000 Census information.

**** As a percentage of loans with borrower income information available. No information was available for 0.0% of loans originated and purchased by bank.

Table 9. Borrower Distribution of Home Improvement Loans

Borrower Distribution: HOME IMPROVEMENT			Geography: NEW JERSEY				Evaluation Period: JANUARY 1, 2009 TO DECEMBER 31, 2011					Market Share				
Assessment Area:	Total Home Improvement Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Overall	Low	Mod	Mid	Upp	
	#	% of Total**	% Families***	% BANK Loans****	% Families***	% BANK Loans****	% Families***	% BANK Loans****	% Families***	% BANK Loans****						
Full Review:																
Allentown-Bethlehem-Easton MSA	14	100.00	9.32	21.43	12.42	7.14	21.92	7.14	56.34	64.29	8.24	66.67	0.00	0.00	10.87	

* Based on 2011 Peer Mortgage Data (USPR)

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

*** Percentage of Families is based on the 2000 Census information.

**** As a percentage of loans with borrower income information available. No information was available for 0.0% of loans originated and purchased by bank.

Table 10. Borrower Distribution of Home Mortgage Refinance Loans

Borrower Distribution: HOME MORTGAGE REFINANCE			Geography: NEW JERSEY				Evaluation Period: JANUARY 1, 2009 TO DECEMBER 31, 2011					Market Share				
Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Overall	Low	Mod	Mid	Upp	
	#	% of Total**	% Families***	% BANK Loans****	% Families***	% BANK Loans****	% Families***	% BANK Loans****	% Families***	% BANK Loans****						
Full Review:																
Allentown-Bethlehem-Easton MSA	160	100.00	9.32	1.88	12.42	14.37	21.92	23.75	56.34	60.00	5.24	0.00	6.04	4.35	5.73	

* Based on 2011 Peer Mortgage Data (USPR)

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

*** Percentage of Families is based on the 2000 Census information.

**** As a percentage of loans with borrower income information available. No information was available for 0.0% of loans originated and purchased by bank.

Table 11. Borrower Distribution of Small Loans to Businesses

Borrower Distribution: SMALL LOANS TO BUSINESSES		Geography: NEW JERSEY			Evaluation Period: JANUARY 1, 2009 TO DECEMBER 31, 2011				
Assessment Area:	Total Small Loans to Businesses		Businesses With Revenues of \$1 million or less		Loans by Original Amount Regardless of Business Size			Market Share [*]	
	#	% of Total ^{**}	% of Businesses ^{***}	% BANK Loans ^{****}	\$100,000 or less	>\$100,000 to \$250,000	>\$250,000 to \$1,000,000	All	Rev\$ 1 Million or Less
Full Review:									
Allentown-Bethlehem-Easton MSA	64	100.00	71.79	20.31	93.75	1.56	4.69	1.19	2.06

^{*} Based on 2011 Peer Small Business Data -- US and PR

^{**} Small loans to businesses originated and purchased in the MA/AA as a percentage of all small loans to businesses originated and purchased in the rated area.

^{***} Businesses with revenues of \$1 million or less as a percentage of all businesses (Source D&B - 2011).

^{****} Small loans to businesses with revenues of \$1 million or less as a percentage of all loans reported as small loans to businesses. No information was available for 71.88% of small loans to businesses originated and purchased by the bank.

Table 14. Qualified Investments

QUALIFIED INVESTMENTS		Geography: NEW JERSEY				Evaluation Period: JULY 1, 2009 TO JUNE 3, 2013			
Assessment Area:	Prior Period Investments*		Current Period Investments		Total Investments			Unfunded Commitments**	
	#	\$(000's)	#	\$(000's)	#	\$(000's)	% of Total	#	\$(000's)
Full Review:									
Allentown-Bethlehem-Easton MSA	0	0	0	0	0	0	0.00	0	0
NJ Statewide	1	42	0	0	1	42	100.00	0	0

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

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

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

DISTRIBUTION OF BRANCH DELIVERY SYSTEM AND BRANCH OPENINGS/CLOSINGS Geography: NEW JERSEY Evaluation Period: JULY 1, 2009 TO DECEMBER 31, 2011																	
MA/Assessment Area:	Deposits	Branches						Branch Openings/Closings						Population			
	% of Rated Area Deposits in AA	# of BANK Branches	% of Rated Area Branches in AA	Location of Branches by Income of Geographies (%)				# of Branch Openings	# of Branch Closings	Net change in Location of Branches (+ or -)				% of Population within Each Geography			
				Low	Mod	Mid	Upp			Low	Mod	Mid	Upp	Low	Mod	Mid	Upp
Full Review:																	
Allentown-Bethlehem-Easton MSA	100.00	3	100.00	0.00	0.00	33.33	66.67	0	0	0	0	0	0	0.00	0.00	27.73	72.27