



# LARGE BANK

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Comptroller of the Currency  
Administrator of National Banks

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Washington, DC 20219

## PUBLIC DISCLOSURE

August 26, 2013

### COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Union Center National Bank  
Charter Number: 12425

2455 Morris Avenue  
Union, NJ 07083

Office of the Comptroller of the Currency

New York Field Office  
340 Madison Avenue, 4<sup>th</sup> Floor  
New York, NY 10173

**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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## Overall CRA Rating

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

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

Performance Levels	Union Center National Bank Performance Tests		
	Lending Test*	Investment Test	Service Test
Outstanding			
High Satisfactory	X		X
Low Satisfactory		X	
Needs to Improve			
Substantial Noncompliance			

\* The lending test is weighted more heavily than the investment and service tests when arriving at an overall rating.

The major factors that support this rating include:

- The bank’s lending and community development services reflect good responsiveness to the assessment area’s needs.
- The bank’s community development investments reflect adequate responsiveness to the assessment area’s need.
- Union Center National Bank’s lending activity within the Union-Morris- Essex and Bergen Counties assessment areas is good.
- Geographic distribution of lending is good and income distribution of loans is adequate in the Union-Morris-Essex assessment area.
- Community Development lending is good based upon community needs, institutional capacity, and economic conditions within the Union-Morris-Essex and Bergen Counties assessment areas.
- Union Center National Bank has an adequate level of qualified community development investments and grants in both the Union-Morris-Essex and Bergen Counties assessment areas.
- The bank provides a good level of community development services in the Union-Morris-Essex assessment area and an adequate level of community service in the Bergen County assessment area.
- The bank’s delivery systems are reasonably accessible to all portions of the bank’s assessment areas.

## 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 MA/assessment area.

**Census Tract (CT):** 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.

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

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

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

**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 MA/assessment area.

**Median Family Income (MFI):** 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.

**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:** 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) and the Thrift Financial Reporting (TFR) instructions. These loans have original amounts of \$1 million or less and typically are either secured by nonfarm or nonresidential real estate or are classified as commercial and industrial loans.

**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

Union Center National Bank (UCNB) is an intrastate community bank headquartered in Union, New Jersey. Union Center National bank is a wholly owned subsidiary of Center Bancorp, Inc. also located in Union, New Jersey. The bank is comprised of sixteen banking locations; there are twelve within the Newark-Union, NJ-PA Metropolitan Division (MD) and three within the New York-White Plains-Wayne, NJ-NY MD. One branch operates in Princeton, NJ, outside of the bank's assessment area. The banking locations include fifteen full service branches and one limited service branch. Opening a doorway into Bergen County, on July 31, 2012 the bank acquired the assets of Saddle River Valley Bank, adding \$85.6 million in deposits and \$87.2 million in loans and securities to the balance sheet. Since the prior CRA evaluation and subsequent to the acquisition of Saddle River Valley Bank, UCNB has opened three new banking locations during 2012 in Bergen country and closed one location in Union county during 2011. Two of the three new branches are located in upper-income geographies, while one is located in a middle-income geography. The bank's assessment area (AA) includes contiguous sections of Union, Morris and Essex Counties in (MSA #35084) New Jersey as well as the newly established Bergen County AA (MSA #35644). The bank has four subsidiaries, which are Center Advertising, Inc. (in-house advertising for the bank); Center Financial Group, LLC (markets insurance and investment services to customers); UCNB NJ Investment Corp (manages investment securities); and Morris Property Co LLC (manages foreclosed properties). The subsidiaries' activities are limited and do not have an impact on the bank's capacity for community reinvestment.

As of June 30, 2013, UCNB had total assets of \$1.6 billion, comprised of \$893 million in net loans and leases and \$568 million in investments. Net loans comprised 56 percent of total assets, with a loan to deposit ratio of approximately 70 percent. The loan portfolio composition is approximately 79 percent real estate, 20 percent commercial loans, and one percent individual and other loans. Total deposits of \$1.3 billion are comprised of \$758 million in other savings, \$288 million in money market accounts, \$159 million in certificates of deposit, with the remainder in demand deposit (\$53 million) and NOW accounts (\$24 million). Tier One Capital amounts to approximately \$151 million.

Union Center National Bank continues to offer a full range of loan and deposit products and services, including consumer loans, home equity loans, home equity lines, mortgage loans, commercial loans, and commercial real estate loans. The bank's lending focus is primarily commercial and residential real estate related. Beyond lending and deposits, the bank also offers a full range of other services, such as financial instruments, wire transfers, savings bonds, internet and telephone banking, and safe deposit boxes.

The bank continues to face the challenge of limited opportunities in the low- and moderate-income communities. UCNB's Union County, Morris County, and portions of Essex County (MSA #35084) AA census tracts are distributed as 15 low-income (6.58 percent), 39 moderate-income (17.11 percent), 63 middle-income (27.63 percent), and 111 upper-income (48.68 percent). The Bergen County (MSA #35644) AA census tracts are distributed as no low-income, 4 moderate-income (2.23 percent), 42 middle-income (23.46 percent), and 133 upper-income (74.30 percent).

The last CRA evaluation was dated September 20, 2010 which assigned a "Satisfactory" rating.

## Scope of the Evaluation

### Evaluation Period/Products Evaluated

The public evaluation period for our review of home mortgage loans and small business loans covers October 1, 2010 through December 31, 2012. The evaluation period for community development loans, the service test and the investment test is September 20, 2010, which is the date of the last CRA evaluation, to August 26, 2013.

Products evaluated include home mortgage loans, small business credits, home equity loans, and community development loans. Small farm loans were not evaluated, as UCNB did not originate or purchase this type of credit. Personal loans and consumer loans were not evaluated as these are not a primary loan type for the bank.

### Data Integrity

The data relied upon for this analysis was obtained from the Home Mortgage Disclosure Act-Loan Application Registers (HMDA-LARs) and the Community Reinvestment Act-LARs (CRA-LARs). In May 2013, the Office of the Comptroller of the Currency examiners verified the accuracy of the Home Mortgage Disclosure Act (HMDA) data and Community Reinvestment Act (CRA) data. To test the reliability of the HMDA data, we sampled 67 loans found on the bank's HMDA Loan Application Registers (LARs) from July 1, 2010 to March 31, 2013. To test the reliability of CRA data, we sampled 57 Small Business Loans from July 1, 2010 to March 31, 2013.

Reported HMDA and CRA loan data was found to be accurate and reliable. The error rate for the HMDA sample was zero percent and the error rate for the CRA sample was two percent (1.75%). These errors were deemed to be isolated instances and do not represent a systemic concern.

### Selection of Areas for Full-Scope Review

A full scope review was conducted for UCNB AAs of Union County, Morris County, a portion of Essex County (MSA #35084) and Bergen County (MSA #35644). Union-Morris-Essex Counties are comprised of 228 contiguous census tracts, which form part of the Newark-Union, NJ-PA MD. The AA's census tracts are distributed as 15 low-income (6.58 percent), 39 moderate-income (17.11 percent), 63 middle-income (27.63 percent), and 111 upper-income (48.68 percent). Bergen County is comprised of 179 contiguous census tracts, which form part of the New York-White Plains-Wayne, NY-NJ MD. The AA's census tracts are distributed as no low-income, 4 moderate-income (2.23 percent), 42 middle-income (23.46 percent), and 133 upper-income (74.30 percent). Refer to Appendix A for further details on the scope and assessment area.

### Ratings

The bank's overall rating is based primarily on activities in the Newark-Union, NJ-PA MD and the New York-White Plains-Wayne, NJ-NY MD AA.

## Other

As part of our review, a non-profit economic development corporation was contacted to discuss economic conditions, community development opportunities, local financial institution participation and the banking and credit needs of the AA. According to our contact, the greater Union County area continues to experience slower economic recovery than in other states. The local economy evidences higher than regional unemployment, slower improvements in real estate values, and slow small business growth over the last several years. New construction business has continued to grow but at a slow pace. The exception being new construction associated with Hurricane Sandy damage. Furthermore, governments are cutting funding, resulting in fewer community programs. Our contact expressed concern regarding Hurricane Sandy relief and the negative impact, which the surrounding area will suffer if the government does not provide sufficient funding and resources to the victims.

The non-profit economic development corporation indicated there are opportunities for local banks in the area for community development, particularly in the small business arena. They indicated there has been a focus by area banks to participate in larger business loans over small business loans. Our contact raised a concern regarding the area banks reducing funding of micro loans and small business loans in response to the recent financial crisis. CRA officers are not actively seeking area economic development corporations, which could assist in the bank obtaining CRA credit for loans and services.

The SBA is not providing sufficient marketing to the community and area banks. Our contact indicated that most borrowers seeking SBA loans have sought out those programs through internet searches. Potential borrowers are not informed of these various programs and area banks are not referring customers to the SBA programs. The banks are business focused and not focused on assisting business growth.

Our contact indicated the banks are not providing sufficient services to the community in regards to financial literacy. Banks in the area are focused on teaching young people about personal banking. Banks are not providing adequate resources to adults regarding financial literacy. For instance, programs that educate individuals regarding the importance of credit scores, managing funds (business and personal), and pricing of business products. There is a strong demand in this area and the community has not provided sufficient funding for area nonprofits to support these programs.

The non-profit economic development corporation discussed some of the banks that have stood out in the market and how they are being innovative in supporting their community while at the same time indicating there are several community development needs in the AA, which are not being properly addressed.

## **Fair Lending or Other Illegal Credit Practices Review**

We found no evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs.

## Conclusions with Respect to Performance Tests

### LENDING TEST

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

The bank's performance under the lending test is rated "High Satisfactory". Based on full-scope reviews, the bank's performance in the Union-Morris-Essex and Bergen AAs is good.

#### Lending Activity

As of June 30, 2012, the bank is ranked 61st among 231 FDIC-insured institutions in the deposit market (New York-Northern New Jersey-Long Island, NY-NJ-PA MSA) with 0.10 percent of the total market share. JP Morgan Chase dominates the deposit market with market share of 34.53 percent while the second ranking institution, The Bank of New York Mellon, has 7.91 percent of the market share. The next three competitors are Bank of America with a 7.84 percent market share, Citibank with 6.13 percent market share, and HSBC Bank with 5.33 percent market share. Within Union County, UCNB is ranked 7<sup>th</sup> among 209 institutions with 4.56 percent of market share. Wells Fargo, Bank of America, and TD Bank hold the largest market shares in Union county with 32.81 percent, 8.72 percent and 7.72 percent of the market share, respectively. UCNB is ranked 15<sup>th</sup> among 238 institutions in Morris County with a market share of 1.13 percent. HSBC, Wells Fargo, and M&T Bank hold the highest market shares with 15.78 percent, 12.5 percent, and 11.31 percent, respectively.

#### Assessment Area 35084, Union-Morris-Essex:

Union Center National Bank's lending activity within the AA is good. As of 2011, the bank's market share for home purchase loans was 0.11 percent in terms of the number and dollar value of loans (88 out of 314 lenders). The bank's market share for home mortgage refinancing was 0.25 percent in terms of the number of loans and 0.17 in terms of the dollar value (49 out of 391 lenders). The bank's market share for home improvement loans was 0.09 percent in terms of the number of loans and 0.02 by dollar value of loans for the purpose of home improvement (114 out of 119 lenders). The AA's highly competitive market and home loans continue to be dominated by the largest financial institutions and non-banking institutions. UCNB's market share for small business loans was 0.20 percent by number of loans and 0.89 percent by dollar amount of loans (26 out of 103). The top competitors for small business loans continue to include large non-depository credit card lenders with large customer numbers with lower borrowing amounts.

#### Assessment Area 35644, Bergen:

Union Center National Bank's lending activity within the AA is good. UCNB added the Bergen County AA to their CRA profile after the acquisition of Saddle River Valley Bank (SRVB) in mid-2012. As a result, the 2011 peer data for Bergen County is skewed, as it is pre-acquisition and UCNB did not have a significant presence in the area at that time. As of 2011, SRVB's market share for home purchase loans was 0.10 percent in terms of the number of loans and .06 percent in terms of dollar value of loans (98 out of 261 lenders). SRVB's market share for home mortgage refinancing was 0.09 percent in terms of the number of loans and 0.12 in terms of the dollar value (97 out of 345 lenders) and UCNB's market share for home mortgage refinancing was 0.05 percent and 0.08, respectively (138 out of 345 lenders). Neither UCNB

nor SRVB issued any home improvement loans during 2011. UCNB's market share for small business loans was 0.04 percent by number of loans and 0.62 percent by dollar amount of loans and SRVB's market share was 0.01 and 0.07, respectively. UCNB and SRVB were ranked 39th and 67th out of 103 institutions, respectively.

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

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

Refer to Tables 2, 3, 4 and 5 in appendix C for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations and purchases.

#### **Assessment Area 35084, Union-Morris-Essex:**

Geographic distribution is good. The geographic distribution of loans reflects adequate penetration throughout the assessment area. In 2011, there were 88 HMDA reportable home mortgage loans in the Union-Morris-Essex AA. Home purchase loans accounted for 13 of the 88 loans originated in the AA. The bank did not originate any loans in the low-income geographies. This is reasonable given that less than one percent of owner occupied homes are located in low-income geographies, per the 2000 US Census. There were no loans originated in moderate-income geographies. The 2000 US Census data indicates 8.23 percent of owner occupied homes are located in moderate income geographies, however, the bank was unable to penetrate the moderate income geographies. The bank's overall market share base was 0.11 percent.

In 2012, UCNB originated 79 HMDA reportable loans in the Union-Morris-Essex AA, of which six were home purchase loans. All six of the loans were granted to borrowers located in Middle and Upper geographies. This is reasonable given the limited number of loans and the low level of owner occupied homes in low and moderate incomes.

UCNB originated 74 mortgage refinance loans in 2011. There were no refinance loans to borrowers in low-income geographies. This is reasonable given that less than one percent of owner occupied homes are located in low-income geographies. The bank originated 4.05 percent of refinance loans to borrowers in moderate-income geographies, evidencing good penetration given only 8.23 percent of owner occupied homes are located in moderate-income geographies. The bank's market share in moderate-income geographies was 0.32 percent based on the 2000 US Census data, which exceeds their overall market share of 0.25 percent for mortgage refinances. In 2012, UCNB originated 65 home mortgage refinance loans. Similar to 2011, the bank did not originate any refinance loans to borrowers in low-income geographies. The bank originated an adequate amount of refinance loans to moderate-income geographies (6.15 percent) compared to the level of owner occupied homes located in the moderate-income geographies.

A geographical analysis of home improvement and multifamily loans is not meaningful. The bank only originated one home improvement loan in the AA during 2011 and five home improvement loans in 2012, none of which were located in low or moderate income geographies. The minimal volume of home improvement loans is reasonable given the depressed home valuations.

**Assessment Area 35644, Bergen:**

A geographical analysis is not meaningful for the Bergen County AA as there are no low or moderate income census tracts in the Bergen AA. It is also noted that UCNB did not acquire SRVB until late 2012 and the bank did not have a significant presence in the AA prior to the acquisition. The HMDA data indicates UCNB originated only 10 loans in the Bergen AA in 2011 and five in 2012, none of which were to low or moderate-income geographies. SRVB received an “outstanding” CRA evaluation in February 2013.

***Small Loans to Businesses***

Refer to Table 6 in appendix C for the facts and data used to evaluate the geographic distribution of the bank’s origination/purchase of small loans to businesses.

**Assessment Area 35084, Union-Morris-Essex:**

The geographic distribution of small loans to businesses is good. In 2011, UCNB originated 82 small loans to businesses. The bank originated 10.98 percent of loans to moderate-income geographies. Moderate-income geography loans are comparable to the number of businesses (10.61 percent) and the bank’s market share of 0.20 percent. The bank did not grant any small loans to businesses located in low-income geographies. This is reasonable given the low level, 2.19 percent of businesses located in low-income geographies. UCNB originated 20.73 percent of loans to middle income geographies and 68.29 percent to upper income geographies.

In 2012, UCNB granted 88 small loans to businesses in the Union-Morris-Essex AA. There were no small loans to businesses in low-income geographies. However, 7.95 percent of the loans were granted to businesses in moderate-income geographies. The level of loans to moderate-income geographies is satisfactory given only 10.94 percent of businesses are located in moderate-income geographies. The remaining small loans to businesses were originated to middle-income geographies (19.32 percent) and upper income geographies (72.73 percent).

**Assessment Area 35644, Bergen:**

A geographical analysis is not meaningful for the Bergen County AA as there are no low-income census tracts and very limited moderate-income census tracts in the Bergen AA.

***Lending Gap Analysis***

Reports detailing UCNB’s lending activity over the evaluation period for home mortgage loans and small loans to businesses were reviewed to identify gaps in the geographic distribution of loans. No unexplained or conspicuous gaps were identified.

***Inside/Outside Ratio***

An analysis of Union Center’s lending within its AAs at the bank level was performed. A majority of the bank’s lending occurs within the AAs and the inside/outside ratio had a positive effect on the overall lending rating. For 2011, HMDA products, 70.5 percent of total loan originations and purchases during the evaluation period were within the bank’s AA. 9.4 percent

of home purchase lending, 0.7 percent of home improvement lending, and 60.4 percent of home refinancing activity took place within the AAs. For 2012 HMDA products, 73.7 percent of total loan originations during the evaluation period were within the bank's AAs; 5.3 percent of home purchase lending, 4.4 percent of home improvement lending, and 64 percent of home refinancing activity took place within the AAs. For small loans to businesses, 83.64 percent of the loans originated in 2011 and 78.62 percent of loans originated in 2012 were within the bank's AA.

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

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

#### **Assessment Area 35084, Union-Morris-Essex:**

The income distribution of home purchase loans within the AA is adequate. In 2011, UCNB originated only 13 home purchase loans in the AA. The bank did not make any loans to low-income borrowers for home purchases. While the percentage of low-income borrowers within the AA was 16.18 percent, it is reasonable given the high cost of home ownership in the AA. The median housing value of \$239 thousand remains a financial barrier for low-income families. Home purchase loans to moderate-income families account for 7.69 percent of all home purchase loans, which is below the 15.45 percent of moderate-income households within the AA. The market share for home purchases to moderate-income households was 0.05 percent and is reasonable given UCNB's 0.05 percent overall market share for home purchases. UCNB only granted six home purchase loans in 2012, of which 33 percent were to moderate-income borrowers. The remaining home purchase loans were to middle and upper income borrowers.

The income distribution of home improvement loans in the AA is good. UCNB granted a single home improvement loan in the AA during 2011. The home improvement loan was to a low-income borrower. In 2012, the bank made five home improvement loans within the AA, of which 20 percent were to low-income borrowers, 40 percent were to moderate-income borrowers, and the remaining 40 percent were to middle and upper income borrowers.

The income distribution of home mortgage refinance in the AA is adequate. In 2011, the bank originated 10.81 percent of refinance loans to low-income borrowers. This is comparable to the percentage of low-income families. Refinance loans to moderate-income borrowers is reasonable at 18.92 percent. UCNB's market share for low-income borrowers (1.18 percent) and moderate-income borrowers (0.55 percent) exceeded their overall market share of 0.30 percent. In 2012, UCNB originated 6.15 percent of refinance loans to low income borrowers and 10.77 percent of loans to moderate-income borrowers.

#### **Assessment Area 35644, Bergen:**

An income distribution analysis is not meaningful for the Bergen County AA. As previously indicated, there are no low and limited moderate-income census tracts in the Bergen AA. It is also noted that UCNB did not acquire SRVB until late 2012 and the bank did not have a significant presence in the AA prior to the acquisition. The HMDA data indicates UCNB originated only 10 loans in the Bergen AA in 2011 and five in 2012, none of which were to low or moderate-income geographies.

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

Refer to Table 11 in appendix C for the facts and data used to evaluate the borrower distribution of the bank's origination/purchase of small loans to businesses.

#### **Assessment Area 35084, Union-Morris-Essex:**

The income distribution for small loans to businesses is adequate. The percentage of the bank's reportable loans made to businesses with revenues less than \$1 million was 25.61 percent. This is significantly lower than the 67.66 percent of businesses in the AA with less than a million dollars in revenue. The low penetration is reasonable given the continued economic pressures small businesses have experienced along with the high level of large institutions and non-depository credit card companies in the AA. The bank's 0.13 percent market share of lending to businesses with revenues of one million or less is comparable to the bank's 0.20 percent overall market share. In 2012, the bank originated 30.68 percent of business loans to borrowers with less than \$1 million in revenues. The 2012 performance improved from 2011; however, it remains below the total share of businesses with revenues under \$1 million at 71.34 percent.

#### **Assessment Area 35644, Bergen:**

The income distribution for small loans to businesses in the Bergen AA is adequate. In 2011, the percentage of the bank's reportable loans made to businesses with revenues less than \$1 million was 70 percent. This is slightly higher than the 67.77 percent of businesses in the AA with less than a million dollars in revenue. The bank's 0.07 percent market share of lending to businesses with revenues of one million or less is comparable to the bank's 0.04 percent overall market share. In 2012, the bank originated 51.35 percent of business loans to borrowers with less than \$1 million in revenues. The bank's performance is acceptable given that 71.32 percent of total businesses had revenues under \$1 million.

### **Community Development Lending**

Refer to Table 1 Lending Volume in appendix C 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.

CD lending is good based upon community needs, institutional capacity, and economic conditions within the AA. Therefore, it has a positive impact on the bank's overall lending test rating. Union Center National Bank's (UCNB) CD lending has continued to improve since the prior CRA examination. The bank received positive CRA consideration for 11 loans totaling \$10.8 million. While the total CRA consideration is down from the previous CRA examination, the level of CD loans within the assessment area has increased.

Out of the 11 qualified CD loans, four totaling \$7.3 million or 67 percent are within the AA. The remaining seven CD loans totaled \$3.5 million or 33 percent were outside the AA. Positive CRA consideration was given for loans outside the AA as adequate performance was demonstrated within the AA. Additionally, some of these loans served the LMI community development needs in surrounding regional areas to include the AA. Total CD loans as a

percentage of Tier 1 capital was 7.13 percent. CD loans within the AA as a percentage of Tier 1 capital was 4.82 percent and 2.31 percent for CD loans outside of the AA.

## **Product Innovation and Flexibility**

Overall, the bank's products targeted to LMI geographies and individuals as well as small businesses are not considered innovative or notably flexible. The bank created two new products to assist victims of Hurricane Sandy, a HELOC with a reduced introductory rate and a personal loan with a larger loan amount and a reduced interest rate.

UCNB originated five home mortgage loans totaling \$5.3 million during the assessment period. UCNB originated 37 loans to small businesses totaling \$11.2 million. The bank did not originate any of the following in the Bergen AA: community development, small business loans to farms, small business loans secured by real estate, home equity loans, vehicle loans, credit card loans, or other secured loans.

The Bergen AA consists primarily of upper and middle-income households. According to the 2010 US Census data, the Bergen AA consists of 133 upper income tracts (74.3%), 42 middle income tracts (23.46%), 4 moderate income tracts (2.23%), and no low income tracts. The median family income is \$106.5 thousand

UCNB originated 79 home mortgage loans totaling \$20.9 million during the assessment period. UCNB originated 88 loans to small businesses totaling \$11.4 million. Our review indicated the bank granted four community development loans totaling \$7.3 million (in Union-Morris-Essex AA). The bank did not originate any of the following: small business loans to farms, small business loans secured by real estate, home equity loans, vehicle loans, credit card loans, or other secured loans.

The majority of the tracts in the Union-Morris-Essex AA are upper and middle-income tracts. According to the 2010 US Census data, the Union-Morris-Essex AA consists of 11 upper income tracts (48.68%), 63 middle-income tracts (27.63%), 39 moderate-income tracts (17.11%), and 15 low-income tracts (6.58%). The median family income is \$109.5 thousand. The Union-Morris-Essex AA provides the bank with a greater need for community reinvestment opportunities.

## **INVESTMENT TEST**

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

The bank's performance under the investment test is rated "Low Satisfactory." Based on full-scope reviews, the bank's performance in the Union-Morris-Essex and Bergen AAs are adequate. UCNB has an adequate level of qualified community development investments and grants. Responsiveness to credit and community development needs is adequate.

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

The evaluation of the adequacy of the bank's investments considered the number and dollar amount of investments, the level of opportunities in the AA to make community development investments and the extent that the institution met the credit and community development needs of the AA's given the bank's strategy and financial ability. Additional consideration was given to the complexity or innovation displayed in the investments. Preserving affordable housing continues to be one of the primary community development needs within the AAs. By investing in a national community development loan fund the bank assists in meeting this need. The fund consists of mortgage-backed securities, primarily loans to LMI individuals in the bank's AAs. The fund is primarily geared towards aiding low-to moderate-income homebuyers and providing affordable rental units in the targeted AA. Specifically, 6.67 percent of the loans in the fund are targeted toward the bank's Bergen County AA, with the remainder of the loans aiding LMI homebuyers in the Union-Morris-Essex County AA.

**Assessment Area 35084, Union-Morris-Essex:**

UCNB has an adequate level of qualified community development investments in the AA. The level of CD investment opportunities within the AA is good. Opportunities consist of investments in community development financial institutions, regional community loan funds, national community loan funds, local initiative service corporations, and various community development corporations. The bank currently is engaged in only one of the opportunities listed above, a national community loan fund. Although this investment reflects the bank's responsiveness to the needs of the AA, it is not considered innovative or complex given that it is available and routinely invested in by other institutions.

Below is a brief outline of the total dollar amount of CD investments made by UCNB, including pre-evaluation period investments:

New Equity investments: \$1,796,500  
 Continuing Equity Investments: \$3,387,278  
 Grants and Donations: \$18,738  
 Total \$5,202,516

**Summary of Investments**

- A \$1 million investment during 1999 in the Access Capital Community Investment Fund that acquired mortgage-backed securities, primarily consisting of loans to low- and moderate-income borrowers in the bank's assessment area.
- A \$2.4 million investment in Community Capital Management's CRA Qualified Investment Fund, primarily comprised of loans to low- and moderate- income individuals in the AA, as well as two SBA loans located in Union County.
- A \$2 million investment during 2013 in the Access Capital Community Investment Fund that acquired mortgage-backed securities, primarily consisting of loans to low- and moderate-income borrowers in the bank's assessment area.

The bank's donations total approximately \$19 thousand in the Union-Morris-Essex AA. The donations were made to various organizations including but not limited to the Community Food Bank of NJ, County College of Morris Scholarships, and Raphael's Life House. The donations were given to support affordable housing, social services, financial education, child services

and homeless initiatives benefiting primarily low- and moderate-income families and/or individuals throughout the AA. Additional consideration was given to donations, totaling \$2,750, which were made to organizations outside of the bank's AA. These donations helped to revitalize designated disaster areas.

**Assessment Area 35644, Bergen:**

The level of CD investment opportunities within the AA's is limited. The AA's census tracts are distributed as no low-income and four moderate-income (2.23 percent). Opportunities consist of investments in regional community loan funds, national community loan funds, local initiative service corporations, and various community development corporations. The bank currently is engaged in only one of the opportunities listed above, a national community loan fund. Although this investment reflects the bank's responsiveness to the needs of the AA, it is not considered innovative or complex given that it is available and routinely invested in by other institutions.

Below is a brief outline of the total dollar amount of CD investments made by UCNB, including pre-evaluation period investments. The continuing equity investments for the Bergen AA are not relevant because UCNB did not acquire SRVB until 2012 and did not previously have a significant presence in the AA.

New Equity investments: \$203,500

Continuing Equity Investments: \$0

Grants and Donations: \$1,500

Total \$205,000

**Summary of Investments**

- A \$2 million investment during 2013 in the Access Capital Community Investment Fund that acquired mortgage-backed securities, primarily consisting of loans to low- and moderate-income borrowers in the bank's assessment area, of which approximately 7 percent is geared towards the Bergen County AA.

The bank's donations total approximately \$1.5 thousand in the Bergen County AA. The donations were made to various organizations including but not limited to Center for Food Action, Vantage Health System and Women's Rights Information. The donations were given to support affordable housing, social services, financial education, child services and homeless initiatives benefiting primarily low- and moderate-income families and/or individuals throughout the AA. Additional consideration was given to donations, totaling \$2,750, which were made to organizations outside of the bank's AA. These donations helped to revitalize designated disaster areas.

As of June 30, 2013 the overall ratio of qualified investments and donations to Tier One Capital in the AAs was 3.57 percent.

## SERVICE TEST

### Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the Service Test is rated "High Satisfactory". Based on full-scope reviews, the bank's performance in Union-Morris-Essex and Bergen AA is good. Overall, the bank provides a good level of community development services in the Union-Morris-Essex County AA and an adequate level of community development services in the Bergen County AA. The bank's delivery systems are reasonably accessible to all portions of the bank's AA.

### Retail Banking Services

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

#### Assessment Area 35084, Union-Morris-Essex:

Union Center National Bank's service delivery systems are accessible to geographies and individual income levels throughout its AA. There are 16 active branches with 12 of the branches operating within the Newark-Union, NJ-PA AA. A sole branch of the bank operates in Princeton, NJ, outside of the bank's AA. Since the last Performance Evaluation, the bank has closed one branch located in Union County in the middle-income geography. Active branch locations in the AA are mainly located in middle- and upper-income geographies, while two operating branches are located in moderate-income geographies. Union Center National Bank offers full banking services through 11 of the bank's 12 branches, while a remaining branch offers limited walk or drive-up services.

There are no branches operating in the low-income area. The bank's AA contains less than seven percent of low-income census tract. The population is distributed based on the following income levels: 6.09 percent low-income, 15.70 percent moderate-income, 27.84 percent middle-income, and 50.37 percent upper-income. Within the Union-Morris-Essex County AA, Union Center National Bank has two (16.67 percent) branches located in moderate-income geography, five (41.67 percent) branches located in middle-income geographies, and five (41.67 percent) branches located in upper-income geographies.

ATMs are an alternative delivery mechanism and the bank provides 14 ATMs deployed within the bank's 12 branches in the AA. Bi-lingual ATM services are available in these deployed branches. Some branches offer drive-up or walk-up ATMs in addition to an ATM inside the branch. Union Center National Bank offers convenient hours to customers by providing Saturday hours in 11 of its 12 branches. Two of the branches in operation on Saturdays are located in moderate-income geographies and tailored to the needs of the AA. The one remaining branch not available for Saturday hours is the Career Center branch located in Union, NJ.

#### Assessment Area 35644, Bergen:

Union Center National Bank's service delivery systems are accessible to geographies and individual income levels throughout its AA. There are 16 active branches with three of the

branches operating within the AA. A sole branch operates in Princeton, NJ, outside of the bank's AA. Since the last Performance Evaluation, the bank opened three new branches in Bergen County. Two of the three new branches are located in upper-income geographies, while one is located in a middle-income geography. Union Center National Bank offers full banking services in all of the three branches in the AA.

There are no low-income tracks in the bank's AA. The population is distributed based on the following income levels: 2.33 percent moderate-income, 23.45 percent middle-income, and 74.22 percent upper-income. Within the Bergen County AA, Union Center National Bank has one (33.33 percent) branch located in a middle-income geography and two (66.67 percent) branches located in upper-income geographies.

ATMs are an alternative delivery mechanism and the bank provides an ATM deployed in each of the bank's three branches in the AA. Two of the three branches offer convenient Saturday hours.

## **Community Development Services**

### **Assessment Area 35084, Union-Morris-Essex:**

During the evaluation period, UCNB provided a good level of CD services within its AA. A majority of the qualified CD services are performed in the bank's AA; however, positive consideration was given to a community development service performed outside of the bank's AA performed in a designated disaster area.

The bank provides good responsiveness to community needs through CD services. For over twenty years, the bank has maintained a Career Center branch in Union High School operated by high school students through the co-op program. The Career Center branch was first introduced in 1992 partnered with the Union Township Board of Education. At the time of introduction, the Career Center branch was innovative and the first of its kind receiving national recognition. Today, the Career Center branch continues to be in operation throughout the year. The branch is located in the bank's AA and staffed by a full time bank employee and co-op program high school students. Students are trained in the operations of a full service branch and providing quality services to bank customers. Students are taught a variety of financial concepts with potential future employment with the Bank.

In partnership with a local community and professional organizations, Union Center National Bank hosted three First Time Home Buyer Seminars during the evaluation period. These seminars were designed to provide homebuyers the information from professionals to make informed decisions when purchasing a home. Seminars have taken place in the following towns located within the AA: Vauxhall, Madison, and Springfield, NJ. Speakers included a member of bank management, professional realtor, and attorney.

Bank employees are involved in multiple organizations that benefit the community development of the bank AA. A senior bank management member provides technical assistance to a not-for-profit organization that promotes economic development in the AA. One Branch Manager is on the Board of a local business organization with the primary purpose of economic revitalization and development. Another senior bank management

member serves as a Board member and assists in fundraising activities for a nonprofit organization that provides community development services to LMI families.

Employees of Union Center National Bank held two financial literacy seminars for members of the local community during the evaluation period. Attendees of the seminars receive education on credit, budgeting, retirement, and financial planning. During work hours, the bank hosted a service trip to a designated disaster area to provide housing rebuilding assistance alongside Habitat for Humanity. Additionally, the bank financially contributed to the rebuilding needs of the designated community. Lastly, a Senior Officer assisted in the establishment of a financial literacy curriculum with the Continuing Education Department at the local community college. Enrollment is predominantly comprised of LMI individuals.

**Assessment Area 35644, Bergen:**

During the evaluation period, UCNB provided an adequate level of CD services within its AA. Qualified CD services are targeted to LMI individuals and aiding in economic development in the bank's AA.

The bank provides an adequate level of responsiveness of community needs through CD services. A Senior Bank Officer provides technical assistance to a not-for-profit organization that promotes economic development through job expansion and investment in Bergen County. Another Senior Bank Officer provides technical assistance to an organization that provides housing and mental healthcare services to LMI individuals and families in the AA. Lastly, a Senior Executive Manager is an instructor of Macroeconomics and Microeconomics at Bergen County College. The student body of the community college is primarily comprised of LMI individuals according to enrollment information.

## 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”).

<b>Time Period Reviewed</b>	Lending Test (excludes CD Loans): (10/01/10 to 12/31/12) Investment and Service Tests and CD Loans: (9/20/10 to 8/26/13)	
<b>Financial Institution</b>	<b>Products Reviewed</b>	
Union Center National Bank (UCNB) Union, New Jersey	Home mortgage loans, small business credits, home equity loans, and community development loans.	
<b>Affiliate(s)</b>	<b>Affiliate Relationship</b>	<b>Products Reviewed</b>
No affiliate activities were considered for this review		
<b>List of Assessment Areas and Type of Examination</b>		
<b>Assessment Area</b>	<b>Type of Exam</b>	<b>Other Information</b>
Contiguous portions of Newark-Union, NJ-PA MD #35084	Full Scope	The AA is comprised of 228 contiguous census tracks (portions of the Newark-Union, NJ-PA MD) containing 15 low-income (6.58 percent), 39 moderate-income (17.11 percent), 63 middle-income (27.63 percent), and 111 upper-income (48.68 percent).
Contiguous portions of New York-White Plains-Wayne, NJ-NY MD #35644	Full Scope	The AA is comprised of 179 contiguous census tracks (portions of the New York-White Plains-Wayne, NY-NJ MD), containing no low-income, 4 moderate-income (2.23 percent), 42 middle-income (23.46 percent), and 133 upper-income (74.30 percent)

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

### Newark- Union, NJ-PA MD AA

#### UCNB 35084 AA (Union-Morris-Essex)

Demographic Information for Full Scope Area: UCNB 35084 AA (Union-Morris-Essex)						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	228	6.58	17.11	27.63	48.68	0.00
Population by Geography	1,126,201	6.09	15.70	27.84	50.37	0.00
Owner-Occupied Housing by Geography	278,405	1.54	9.12	29.02	60.32	0.00
Business by Geography	109,166	4.61	10.94	26.13	58.32	0.00
Farms by Geography	2,011	1.34	5.82	26.21	66.63	0.00
Family Distribution by Income Level	285,833	17.81	15.27	19.04	47.88	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	94,567	11.96	27.20	31.00	29.84	0.00
Median Family Income		87,598	Median Housing Value		464,354	
HUD Adjusted Median Family Income for 2012		91,900	Unemployment Rate (2010 US Census)		3.59%	
Households Below Poverty Level		6%				

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

Source: 2010 US Census and 2012 HUD updated MFI

### White Plains- Wayne, NJ-NY MD AA

#### UCNB 35644 AA (Bergen)

Demographic Information for Full Scope Area: UCNB 35644 AA (Bergen)						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	179	0.00	2.23	23.46	74.30	0.00
Population by Geography	905,116	0.00	2.33	23.45	74.22	0.00
Owner-Occupied Housing by Geography	225,252	0.00	0.94	16.82	82.23	0.00
Business by Geography	95,166	0.00	2.01	23.55	74.44	0.00
Farms by Geography	1,419	0.00	1.06	16.42	82.52	0.00
Family Distribution by Income Level	237,272	10.91	10.34	15.26	63.48	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	50,421	0.00	4.94	38.01	57.05	0.00
Median Family Income		64,171	Median Housing Value		497,527	
HUD Adjusted Median Family Income for 2012		68,300	Unemployment Rate (2010 US Census)		3.03%	
Households Below Poverty Level		7%				

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

Source: 2010 US Census and 2012 HUD updated MFI

Union Center National Bank's AA includes a portion of the Newark-Union, NJ-PA MD and the New York-White Plains-Wayne, NY-NJ MD. In this area, UCNB's major competitors include but are not limited to Wells Fargo Bank, N.A.; Bank of America, N.A.; Citibank, N.A.; TD Bank, N.A.; and JPMorgan Chase Bank, N.A. As of June 30, 2012, the bank was ranked 61st among

231 FDIC-insured institutions in the deposit market (New York-Northern New Jersey-Long Island, NY-NJ-PA MSA) with 0.10 percent of the total market share. Within Union County, UCNB was ranked 7<sup>th</sup> among 209 institutions with 4.56 percent of market share. Wells Fargo, Bank of America, and TD Bank the hold the largest market shares in Union county with 32.81 percent, 8.72 percent and 7.72 percent of the market share, respectively. UCNB is ranked 15<sup>th</sup> among 238 institutions in Morris County with a market share of 1.13 percent. HSBC, Wells Fargo, and M&T Bank hold the highest market shares with 15.78 percent, 12.5 percent, and 11.31 percent, respectively. As is shown above, the Union-Morris-Essex AA is comprised of 228 contiguous census tracts, which form part of the Newark-Union, NJ-PA MD. The AA's census tracts are distributed as 15 low-income (6.58 percent), 39 moderate-income (17.11 percent), 63 middle-income (27.63 percent), and 111 upper-income (48.68 percent). Bergen County is comprised of 179 contiguous census tracts, which form part of the New York-White Plains-Wayne, NY-NJ MD. The AA's census tracts are distributed as no low-income, 4 moderate-income (2.23 percent), 42 middle-income (23.46 percent), and 133 upper-income (74.30 percent).

As of 2011, the bank's market share in the Union-Morris-Essex AA for home purchase loans was 0.11 percent in terms of the number loans and dollar value of loans (88 out of 314 lenders). The bank's market share for home mortgage refinancing was 0.25 percent in terms of the number of loans and 0.17 in terms of the dollar value (49 out of 391 lenders). The bank's market share for home improvement loans was 0.09 percent in terms of the number of loans and 0.02 by dollar value of loans for the purpose of home improvement (114 out of 119 lenders). UCNB's market share for small business loans was 0.20 percent by number of loans and 0.89 percent by dollar amount of loans (26 out of 103). The 2011 market share data for the Bergen AA is not relevant because UCNB did not acquire SRVB until 2012 and did not previously have a significant presence in the AA.

Economic conditions in the state of New Jersey continue to improve. The unemployment rate for the Newark-Union, NJ-PA MD AA averaged 3.59 percent and 3.03 percent for the New York-White Plains-Wayne, NY-NJ MD AA. However, this is somewhat misleading given the higher unemployment rate in the bank's direct AA. According to the US Bureau of Labor Statistics, all of the counties in the bank's AA improved year over year, however, they still remain above the MSA average. Specifically over the period beginning in July 2012 and ending in July 2013, Essex county unemployment improved from 11.8 percent to 10.3 percent, Morris County improved from 8 percent to 6.6 percent and Union County improved from 10.4 percent to 8.8 percent. Additionally, Bergen country improved from 9.1 percent to 7.6 percent.

Overall, the greater Union County area continues to experience slower economic recovery than in other states. The local economy evidences higher than regional unemployment, slower improvements in real estate values, and slow small business growth over the last several years.

## Appendix C: Tables of Performance Data

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### 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/AA; (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 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: UCNB 35084 & 35644		Evaluation Period: OCTOBER 1, 2010 TO DECEMBER 31, 2012	
Assessment Area (2011):	% 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)				
<b>Full Review:</b>															
UCNB 35084 (UnionMorrisEssex)	89.47	88	20,176	82	11,379	0	0	0	0	170	31,555	100.00			
UCNB 35644 (Bergen)	10.53	10	5,880	10	5,473	0	0	0	0	20	11,353	0.00			

LENDING VOLUME												Geography: UCNB 35084 & 35644		Evaluation Period: OCTOBER 1, 2010 TO DECEMBER 31, 2012	
Assessment Area (2012):	% 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)				
<b>Full Review:</b>															
UCNB 35084 (Union-Morris-Essex)	79.90	79	20,912	88	11,410	0	0	0	0	167	32,322	100.00			
UCNB 35644 (Bergen)	20.10	5	5,330	37	11,199	0	0	0	0	42	16,529	0.00			

\* Loan Data as of December 31, 2012. Rated area refers to either state or multi-state MA rating area.

\*\* The evaluation period for Community Development Loans is from September 20, 2010 to August 26, 2013.

\*\*\* Deposit Data as of August 28, 2013. 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: UCNB 35084 & 35644					Evaluation Period: OCTOBER 1, 2010 TO DECEMBER 31, 2012					Market Share (%) by Geography <sup>†</sup>				
Assessment Area (2011):	Total Home Purchase Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Over all	Low	Mod	Mid	Upp	
	#	% of Total <sup>**</sup>	% Owner Occ Units <sup>***</sup>	% BANK Loans <sup>****</sup>	% Owner Occ Units <sup>***</sup>	% BANK Loans	% Owner Occ Units <sup>***</sup>	% BANK Loans	% Owner Occ Units <sup>***</sup>	% BANK Loans						
<b>Full Review:</b>																
UCNB 35084 (UnionMorrisEssex)	13	100.00	0.67	0.00	8.23	0.00	36.49	23.08	54.62	76.92	0.11	0.00	0.00	0.08	0.16	
UCNB 35644 (Bergen)	0	0.00	0.00	0.00	0.00	0.00	11.51	0.00	88.49	0.00	0.00	0.00	0.00	0.00		

<sup>†</sup> Based on 2011 Peer Mortgage Data (USPR)

<sup>\*\*</sup> 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.

<sup>\*\*\*</sup> 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.

<sup>\*\*\*\*</sup>

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

Geographic Distribution: HOME PURCHASE		Geography: UCNB 35084 & 35644					Evaluation Period: OCTOBER 1, 2010 TO DECEMBER 31, 2012					Market Share (%) by Geography <sup>†</sup>				
Assessment Area (2012):	Total Home Purchase Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Over all	Low	Mod	Mid	Upp	
	#	% of Total <sup>**</sup>	% Owner Occ Units <sup>***</sup>	% BANK Loans <sup>****</sup>	% Owner Occ Units <sup>***</sup>	% BANK Loans	% Owner Occ Units <sup>***</sup>	% BANK Loans	% Owner Occ Units <sup>***</sup>	% BANK Loans						
<b>Full Review:</b>																
UCNB 35084 AA (Union-Morris-Essex)	6	100.00	1.54	0.00	9.12	0.00	29.02	50.00	60.32	50.00	0.00	0.00	0.00	0.00	0.00	
UCNB 35644 AA (Bergen)	0	0.00	0.00	0.00	0.94	0.00	16.82	0.00	82.23	0.00	0.00	0.00	0.00	0.00		

<sup>†</sup> The evaluation period for Optional Product Line(s) is from October 01, 2010 to December 31, 2012.

<sup>\*\*</sup> 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.

<sup>\*\*\*</sup> 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 2010 Census information.

<sup>\*\*\*\*</sup> 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: UCNB 35084 & 35644					Evaluation Period: OCTOBER 1, 2010 TO DECEMBER 31, 2012								
Assessment Area (2011):	Total Home Improvement Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*				
	#	% of Total**	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Overall	Low	Mod	Mid	Upp
<b>Full Review:</b>															
UCNB 35084 (UnionMorrisEssex)	1	100.00	0.67	0.00	8.23	0.00	36.49	0.00	54.62	100.00	0.09	0.00	0.00	0.00	0.16
UCNB 35644 (Bergen)	0	0.00	0.00	0.00	0.00	0.00	11.51	0.00	88.49	0.00	0.00	0.00	0.00	0.00	

\* 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)

Geographic Distribution: HOME IMPROVEMENT		Geography: UCNB 35084 & 35644					Evaluation Period: OCTOBER 1, 2010 TO DECEMBER 31, 2012								
Assessment Area (2012):	Total Home Improvement Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*				
	#	% of Total**	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Overall	Low	Mod	Mid	Upp
<b>Full Review:</b>															
UCNB 35084 AA (Union-Morris-Essex)	5	100.00	1.54	0.00	9.12	0.00	29.02	20.00	60.32	80.00	0.00	0.00	0.00	0.00	0.00
UCNB 35644 AA (Bergen)	0	0.00	0.00	0.00	0.94	0.00	16.82	0.00	82.23	0.00	0.00	0.00	0.00	0.00	

\* The evaluation period for Optional Product Line(s) is from October 01, 2010 to December 31, 2012.

\*\* 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 2010 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: UCNB 35084 & 35644				Evaluation Period: OCTOBER 1, 2010 TO DECEMBER 31, 2012					Market Share (%) by Geography*				
Assessment Area (2011):	Total Home Mortgage Refinance Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies							
	#	% of Total**	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Overall	Low	Mod	Mid	Upp	
<b>Full Review:</b>																
UCNB 35084 (UnionMorrisEssex)	74	88.10	0.67	0.00	8.23	4.05	36.49	45.95	54.62	50.00	0.25	0.00	0.32	0.41	0.19	
UCNB 35644 (Bergen)	10	11.90	0.00	0.00	0.00	0.00	11.51	0.00	88.49	100.00	0.05	0.00	0.00	0.00	0.05	

\* 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)

Geographic Distribution: HOME MORTGAGE REFINANCE			Geography: UCNB 35084 & 35644				Evaluation Period: OCTOBER 1, 2010 TO DECEMBER 31, 2012					Market Share (%) by Geography*				
Assessment Area (2012):	Total Home Mortgage Refinance Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies							
	#	% of Total**	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Overall	Low	Mod	Mid	Upp	
<b>Full Review:</b>																
UCNB 35084 AA (Union-Morris-Essex)	65	92.86	1.54	0.00	9.12	6.15	29.02	32.31	60.32	61.54	0.00	0.00	0.00	0.00	0.00	
UCNB 35644 AA (Bergen)	5	7.14	0.00	0.00	0.94	0.00	16.82	0.00	82.23	100.00	0.00	0.00	0.00	0.00	0.00	

\* The evaluation period for Optional Product Line(s) is from October 01, 2010 to December 31, 2012.

\*\* 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 2010 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: UCNB 35084 & 35644				Evaluation Period: OCTOBER 1, 2010 TO DECEMBER 31, 2012					Market Share (%) by Geography <sup>*</sup>				
Assessment Area (2011):	Total Multifamily Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall	Low	Mod	Mid	Upp
	#	% of Total <sup>**</sup>	% of MF Units <sup>***</sup>	% BANK Loans <sup>****</sup>	% MF Units <sup>***</sup>	% BANK Loans	% MF Units <sup>***</sup>	% BANK Loans	% MF Units <sup>***</sup>	% BANK Loans					
<b>Full Review:</b>															
UCNB 35084 (UnionMorrisEssex)	0	0.00	4.78	0.00	29.38	0.00	40.59	0.00	25.26	0.00	0.00	0.00	0.00	0.00	0.00
UCNB 35644 (Bergen)	0	0.00	0.00	0.00	0.00	0.00	33.31	0.00	66.69	0.00	0.00	0.00	0.00	0.00	0.00

<sup>\*</sup> Based on 2011 Peer Mortgage Data (USPR)

<sup>\*\*</sup> 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.

<sup>\*\*\*</sup> 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.

<sup>\*\*\*\*</sup> Multifamily loan distribution includes Home Purchases, Home Improvement and Refinances.

Geographic Distribution: MULTIFAMILY		Geography: UCNB 35084 & 35644				Evaluation Period: OCTOBER 1, 2010 TO DECEMBER 31, 2012					Market Share (%) by Geography <sup>*</sup>				
Assessment Area (2012):	Total Multifamily Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall	Low	Mod	Mid	Upp
	#	% of Total <sup>**</sup>	% of MF Units <sup>***</sup>	% BANK Loans <sup>****</sup>	% MF Units <sup>***</sup>	% BANK Loans	% MF Units <sup>***</sup>	% BANK Loans	% MF Units <sup>***</sup>	% BANK Loans					
<b>Full Review:</b>															
UCNB 35084 AA (Union-Morris-Essex)	3	100.00	16.17	33.33	19.74	0.00	34.89	33.33	29.21	33.33	0.00	0.00	0.00	0.00	0.00
UCNB 35644 AA (Bergen)	0	0.00	0.00	0.00	3.03	0.00	33.36	0.00	63.61	0.00	0.00	0.00	0.00	0.00	0.00

<sup>\*</sup> The evaluation period for Optional Product Line(s) is from October 01, 2010 to December 31, 2012.

<sup>\*\*</sup> 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.

<sup>\*\*\*</sup> 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 2010 Census information.

<sup>\*\*\*\*</sup> 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: UCNB 35084 & 35644		Evaluation Period: OCTOBER 1, 2010 TO DECEMBER 31, 2012				
Assessment Area (2011):	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	Overall	Low	Mod	Mid	Upp						
<b>Full Review:</b>																					
UCNB 35084 (UnionMorrisEssex)	82	89.13	2.19	0.00	10.61	10.98	36.46	20.73	50.74	68.29	0.20	0.00	0.20	0.14	0.26						
UCNB 35644 (Bergen)	10	10.87	0.00	0.00	0.00	0.00	19.17	30.00	80.83	70.00	0.04	0.00	0.00	0.06	0.03						

\* 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).

Geographic Distribution: SMALL LOANS TO BUSINESSES															Geography: UCNB 35084 & 35644		Evaluation Period: OCTOBER 1, 2010 TO DECEMBER 31, 2012				
Assessment Area (2012):	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	Overall	Low	Mod	Mid	Upp						
<b>Full Review:</b>																					
UCNB 35084 AA (Union-Morris-Essex)	88	70.40	4.61	0.00	10.94	7.95	26.13	19.32	58.32	72.73	0.00	0.00	0.00	0.00	0.00						
UCNB 35644 AA (Bergen)	37	29.60	0.00	0.00	2.01	0.00	23.55	45.95	74.44	54.05	0.00	0.00	0.00	0.00	0.00						

\* The evaluation period for Optional Product Line(s) is from October 01, 2010 to December 31, 2012.

\*\* 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 (2012).

**Table 7. Geographic Distribution of Small Loans to Farms**

Geographic Distribution: SMALL LOANS TO FARMS		Geography: UCNB 35084 & 35644					Evaluation Period: OCTOBER 1, 2010 TO DECEMBER 31, 2012					Market Share (%) by Geography*				
Assessment Area (2011):	Total Small Farm Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall	Low	Mod	Mid	Upp	
	#	% of Total**	% of Farms***	% BANK Loans	% of Farms***	% BANK Loans	% of Farms***	% BANK Loans	% of Farms***	% BANK Loans						
<b>Full Review:</b>																
UCNB 35084 (UnionMorrisEssex)	0	0.00	0.40	0.00	5.24	0.00	34.48	0.00	59.88	0.00	0.00	0.00	0.00	0.00	0.00	
UCNB 35644 (Bergen)	0	0.00	0.00	0.00	0.00	0.00	13.01	0.00	86.99	0.00	0.00	0.00	0.00	0.00	0.00	

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

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

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

Geographic Distribution: SMALL LOANS TO FARMS		Geography: UCNB 35084 & 35644					Evaluation Period: OCTOBER 1, 2010 TO DECEMBER 31, 2012					Market Share (%) by Geography*				
Assessment Area (2012):	Total Small Farm Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall	Low	Mod	Mid	Upp	
	#	% of Total**	% of Farms***	% BANK Loans	% of Farms***	% BANK Loans	% of Farms***	% BANK Loans	% of Farms***	% BANK Loans						
<b>Full Review:</b>																
UCNB 35084 AA (Union-Morris-Essex)	0	0.00	1.34	0.00	5.82	0.00	26.21	0.00	66.63	0.00	0.00	0.00	0.00	0.00	0.00	
UCNB 35644 AA (Bergen)	0	0.00	0.00	0.00	1.06	0.00	16.42	0.00	82.52	0.00	0.00	0.00	0.00	0.00	0.00	

\* The evaluation period for Optional Product Line(s) is from October 01, 2010 to December 31, 2012.

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

\*\*\* Source Data - Dun and Bradstreet (2012).

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

Borrower Distribution: HOME PURCHASE		Geography: UCNB 35084 & 35644					Evaluation Period: OCTOBER 1, 2010 TO DECEMBER 31, 2012					Market Share <sup>*</sup>				
Assessment Area (2011):	Total Home Purchase Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Overall	Low	Mod	Mid	Upp	
	#	% of Total <sup>**</sup>	% Families <sup>*</sup> <sup>**</sup>	% BANK Loans <sup>****</sup>	% Families <sub>1</sub>	% BANK Loans <sup>****</sup>	% Families <sup>***</sup>	% BANK Loans <sup>****</sup>	% Families <sup>***</sup>	% BANK Loans <sup>****</sup>						
<b>Full Review:</b>																
UCNB 35084 (UnionMorrisEssex)	13	100.00	16.18	0.00	15.45	7.69	20.70	30.77	47.67	61.54	0.13	0.00	0.05	0.15	0.16	
UCNB 35644 (Bergen)	0	0.00	9.04	0.00	10.58	0.00	15.72	0.00	64.67	0.00	0.00	0.00	0.00	0.00	0.00	

<sup>\*</sup> Based on 2011 Peer Mortgage Data (USPR)

<sup>\*\*</sup> 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.

<sup>\*\*\*</sup> Percentage of Families is based on the 2000 Census information.

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

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

Borrower Distribution: HOME PURCHASE		Geography: UCNB 35084 & 35644					Evaluation Period: OCTOBER 1, 2010 TO DECEMBER 31, 2012					Market Share <sup>*</sup>				
Assessment Area (2012):	Total Home Purchase Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Overall	Low	Mod	Mid	Upp	
	#	% of Total <sup>**</sup>	% Families <sup>*</sup> <sup>**</sup>	% BANK Loans <sup>****</sup>	% Families <sub>2</sub>	% BANK Loans <sup>****</sup>	% Families <sup>***</sup>	% BANK Loans <sup>****</sup>	% Families <sup>***</sup>	% BANK Loans <sup>****</sup>						
<b>Full Review:</b>																
UCNB 35084 AA (Union-Morris-Essex)	6	100.00	17.81	0.00	15.27	33.33	19.04	16.67	47.88	50.00	0.00	0.00	0.00	0.00	0.00	
UCNB 35644 AA (Bergen)	0	0.00	10.91	0.00	10.34	0.00	15.26	0.00	63.48	0.00	0.00	0.00	0.00	0.00	0.00	

<sup>\*</sup> The evaluation period for Optional Product Line(s) is from October 01, 2010 to December 31, 2012.

<sup>\*\*</sup> 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.

<sup>\*\*\*</sup> Percentage of Families is based on the 2010 Census information.

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

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

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

Borrower Distribution: HOME IMPROVEMENT		Geography: UCNB 35084 & 35644				Evaluation Period: OCTOBER 1, 2010 TO DECEMBER 31, 2012					Market Share <sup>*</sup>				
Assessment Area (2011):	Total Home Improvement Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Overall	Low	Mod	Mid	Upp
	#	% of Total <sup>**</sup>	% Families <sup>**</sup>	% BANK Loans <sup>****</sup>	% Families <sup>3</sup>	% BANK Loans <sup>****</sup>	% Families <sup>***</sup>	% BANK Loans <sup>****</sup>	% Families <sup>***</sup>	% BANK Loans <sup>****</sup>					
<b>Full Review:</b>															
UCNB 35084 (UnionMorrisEssex)	1	100.00	16.18	100.00	15.45	0.00	20.70	0.00	47.67	0.00	0.09	1.69	0.00	0.00	0.00
UCNB 35644 (Bergen)	0	0.00	9.04	0.00	10.58	0.00	15.72	0.00	64.67	0.00	0.00	0.00	0.00	0.00	0.00

<sup>\*</sup> Based on 2011 Peer Mortgage Data (USPR)

<sup>\*\*</sup> 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.

<sup>\*\*\*</sup> Percentage of Families is based on the 2000 Census information.

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

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

Borrower Distribution: HOME IMPROVEMENT		Geography: UCNB 35084 & 35644				Evaluation Period: OCTOBER 1, 2010 TO DECEMBER 31, 2012					Market Share <sup>*</sup>				
Assessment Area (2012):	Total Home Improvement Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Overall	Low	Mod	Mid	Upp
	#	% of Total <sup>**</sup>	% Families <sup>**</sup>	% BANK Loans <sup>****</sup>	% Families <sup>4</sup>	% BANK Loans <sup>****</sup>	% Families <sup>***</sup>	% BANK Loans <sup>****</sup>	% Families <sup>***</sup>	% BANK Loans <sup>****</sup>					
<b>Full Review:</b>															
UCNB 35084 AA (Union-Morris-Essex)	5	100.00	17.81	20.00	15.27	40.00	19.04	20.00	47.88	20.00	0.00	0.00	0.00	0.00	0.00
UCNB 35644 AA (Bergen)	0	0.00	10.91	0.00	10.34	0.00	15.26	0.00	63.48	0.00	0.00	0.00	0.00	0.00	0.00

<sup>\*</sup> The evaluation period for Optional Product Line(s) is from October 01, 2010 to December 31, 2012.

<sup>\*\*</sup> 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.

<sup>\*\*\*</sup> Percentage of Families is based on the 2010 Census information.

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

<sup>4</sup> Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

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

Borrower Distribution: HOME MORTGAGE REFINANCE															Geography: UCNB 35084 & 35644		Evaluation Period: OCTOBER 1, 2010 TO DECEMBER 31, 2012				
Assessment Area (2011):	Total Home Mortgage Refinance Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share <sup>*</sup>										
	#	% of Total <sup>**</sup>	% Families <sup>***</sup>	% BANK Loans <sup>****</sup>	% Families <sup>5</sup>	% BANK Loans <sup>****</sup>	% Families <sup>***</sup>	% BANK Loans <sup>****</sup>	% Families <sup>***</sup>	% BANK Loans <sup>****</sup>	Overall	Low	Mod	Mid	Upp						
<b>Full Review:</b>																					
UCNB 35084 (UnionMorrisEssex)	74	88.10	16.18	10.81	15.45	18.92	20.70	17.57	47.67	52.70	0.30	1.18	0.55	0.24	0.24						
UCNB 35644 (Bergen)	10	11.90	9.04	0.00	10.58	0.00	15.72	20.00	64.67	80.00	0.05	0.00	0.00	0.08	0.05						

<sup>\*</sup> Based on 2011 Peer Mortgage Data (USPR)

<sup>\*\*</sup> 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.

<sup>\*\*\*</sup> Percentage of Families is based on the 2000 Census information.

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

<sup>5</sup> Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

Borrower Distribution: HOME MORTGAGE REFINANCE															Geography: UCNB 35084 & 35644		Evaluation Period: OCTOBER 1, 2010 TO DECEMBER 31, 2012				
Assessment Area (2012):	Total Home Mortgage Refinance Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share <sup>*</sup>										
	#	% of Total <sup>**</sup>	% Families <sup>***</sup>	% BANK Loans <sup>****</sup>	% Families <sup>6</sup>	% BANK Loans <sup>****</sup>	% Families <sup>***</sup>	% BANK Loans <sup>****</sup>	% Families <sup>***</sup>	% BANK Loans <sup>****</sup>	Overall	Low	Mod	Mid	Upp						
<b>Full Review:</b>																					
UCNB 35084 AA (Union-Morris-Essex)	65	92.86	17.81	6.15	15.27	10.77	19.04	35.38	47.88	47.69	0.00	0.00	0.00	0.00	0.00						
UCNB 35644 AA (Bergen)	5	7.14	10.91	0.00	10.34	0.00	15.26	20.00	63.48	80.00	0.00	0.00	0.00	0.00	0.00						

<sup>\*</sup> The evaluation period for Optional Product Line(s) is from October 01, 2010 to December 31, 2012.

<sup>\*\*</sup> 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.

<sup>\*\*\*</sup> Percentage of Families is based on the 2010 Census information.

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

<sup>6</sup> Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

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

Borrower Distribution: SMALL LOANS TO BUSINESSES		Geography: UCNB 35084 & 35644			Evaluation Period: OCTOBER 1, 2010 TO DECEMBER 31, 2012				
Assessment Area (2011):	Total Small Loans to Businesses		Businesses With Revenues of \$1 million or less		Loans by Original Amount Regardless of Business Size			Market Share <sup>*</sup>	
	#	% of Total <sup>**</sup>	% of Businesses <sup>***</sup>	% BANK Loans <sup>****</sup>	\$100,000 or less	>\$100,000 to \$250,000	>\$250,000 to \$1,000,000	All	Rev\$ 1 Million or Less
<b>Full Review:</b>									
UCNB 35084 (UnionMorrisEssex)	82	89.13	67.66	25.61	69.51	12.20	18.29	0.20	0.13
UCNB 35644 (Bergen)	10	10.87	67.77	70.00	20.00	0.00	80.00	0.04	0.07

\* 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 4.35% of small loans to businesses originated and purchased by the bank.

Borrower Distribution: SMALL LOANS TO BUSINESSES		Geography: UCNB 35084 & 35644			Evaluation Period: OCTOBER 1, 2010 TO DECEMBER 31, 2012				
Assessment Area (2012):	Total Small Loans to Businesses		Businesses With Revenues of \$1 million or less		Loans by Original Amount Regardless of Business Size			Market Share <sup>*</sup>	
	#	% of Total <sup>**</sup>	% of Businesses <sup>***</sup>	% BANK Loans <sup>****</sup>	\$100,000 or less	>\$100,000 to \$250,000	>\$250,000 to \$1,000,000	All	Rev\$ 1 Million or Less
<b>Full Review:</b>									
UCNB 35084 AA (Union-Morris-Essex)	88	70.40	71.34	30.68	71.59	14.77	13.64	0.00	0.00
UCNB 35644 AA (Bergen)	37	29.60	71.32	51.35	45.95	13.51	40.54	0.00	0.00

\* The evaluation period for Optional Product Line(s) is from October 01, 2010 to December 31, 2012.

\*\* 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 - 2012).

\*\*\*\* 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 1.60% of small loans to businesses originated and purchased by the bank.

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

Borrower Distribution: SMALL LOANS TO FARMS		Geography: UCNB 35084 & 35644			Evaluation Period: OCTOBER 1, 2010 TO DECEMBER 31, 2012				
Assessment Area (2011):	Total Small Loans to Farms		Farms With Revenues of \$1 million or less		Loans by Original Amount Regardless of Farm Size			Market Share <sup>*</sup>	
	#	% of Total <sup>**</sup>	% of Farms <sup>***</sup>	% BANK Loans <sup>****</sup>	\$100,000 or less	>\$100,000 to \$250,000	>\$250,000 to \$500,000	All	Rev\$ 1 Million or Less
<b>Full Review:</b>									
UCNB 35084 (UnionMorrisEssex)	0	0.00	95.96	0.00	0.00	0.00	0.00	0.00	0.00
UCNB 35644 (Bergen)	0	0.00	96.19	0.00	0.00	0.00	0.00	0.00	0.00

<sup>\*</sup> Based on 2011 Peer Small Business Data -- US and PR

<sup>\*\*</sup> Small loans to farms originated and purchased in the MA/AA as a percentage of all small loans to farms originated and purchased in the rated area.

<sup>\*\*\*</sup> Farms with revenues of \$1 million or less as a percentage of all farms (Source D&B - 2011).

<sup>\*\*\*\*</sup> Small loans to farms with revenues of \$1 million or less as a percentage of all loans reported as small loans to farms. No information was available for 0.00% of small loans to farms originated and purchased by the bank.

Borrower Distribution: SMALL LOANS TO FARMS		Geography: UCNB 35084 & 35644			Evaluation Period: OCTOBER 1, 2010 TO DECEMBER 31, 2012				
Assessment Area (2012):	Total Small Loans to Farms		Farms With Revenues of \$1 million or less		Loans by Original Amount Regardless of Farm Size			Market Share <sup>*</sup>	
	#	% of Total <sup>**</sup>	% of Farms <sup>***</sup>	% BANK Loans <sup>****</sup>	\$100,000 or less	>\$100,000 to \$250,000	>\$250,000 to \$500,000	All	Rev\$ 1 Million or Less
<b>Full Review:</b>									
UCNB 35084 AA (Union-Morris-Essex)	0	0.00	96.17	0.00	0.00	0.00	0.00	0.00	0.00
UCNB 35644 AA (Bergen)	0	0.00	96.62	0.00	0.00	0.00	0.00	0.00	0.00

<sup>\*</sup> The evaluation period for Optional Product Line(s) is from October 01, 2010 to December 31, 2012.

<sup>\*\*</sup> Small loans to farms originated and purchased in the MA/AA as a percentage of all small loans to farms originated and purchased in the rated area.

<sup>\*\*\*</sup> Farms with revenues of \$1 million or less as a percentage of all farms (Source D&B - 2012).

<sup>\*\*\*\*</sup> Small loans to farms with revenues of \$1 million or less as a percentage of all loans reported as small loans to farms. No information was available for 0.00% of small loans to farms originated and purchased by the bank.

**Table 14. Qualified Investments**

QUALIFIED INVESTMENTS		Geography: UCNB 35084 & 35644			Evaluation Period: OCTOBER 1, 2010 TO DECEMBER 31, 2012				
Assessment Area :	Prior Period Investments*		Current Period Investments		Total Investments			Unfunded Commitments**	
	#	\$(000's)	#	\$(000's)	#	\$(000's)	% of Total	#	\$(000's)
<b>Full Review:</b>									
UCNB 35084 (UnionMorrisEssex)	2	3,387,278	18	1,815,238	20	5,202,516	96.21	0	0
UCNB 35644 (Bergen)	0	0	4	205,00 0	4	205,00 0	3.79	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: UCNB 35084 & 35644				Evaluation Period: OCTOBER 1, 2010 TO DECEMBER 31, 2012									
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
<b>Full Review:</b>																	
UCNB 35084 (UnionMorrisEssex)	100.00	12	80.00	0.00	16.67	41.67	41.67	0	1	0	0	-1	0	2.52	16.31	36.23	44.94
UCNB 35644 (Bergen)	0.00	3	20.00	0.00	0.00	33.33	66.67	3	0	0	0	1	2	0.00	0.00	19.70	80.30

Distribution of Branch and ATM Delivery System				Geography: UCNB 35084 & 35644				Evaluation Period: OCTOBER 1, 2010 TO DECEMBER 31, 2012									
MA/Assessment Area:	Deposits	Branches						ATMs						Population			
	% of Total Bank Deposits	# of Bank Branches	% of Total Bank Branches	Location of Branches by Income of Geographies (%)				#of Bank ATMs	% of Total Bank ATMs	Location of ATMs by Income of Geographies				% of Population within Each Geography			
				Low	Mod	Mid	Upp			Low	Mod	Mid	Upp	Low	Mod	Mid	Upp
<b>Full Review:</b>																	
UCNB 35084 (UnionMorrisEssex)	100.00	12	80.00	0	17	42	42	14	82.35	0	3	5	6	2.52	16.31	36.23	44.94
UCNB 35644 (Bergen)	0.00	3	20.00	0	0	33	67	3	17.65	0	0	1	2	0.00	0.00	19.70	80.30