

PUBLIC DISCLOSURE

November 5, 2003

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Peapack-Gladstone Bank
RSSD No. 236706

158 U.S. Highway 206 North
Gladstone, New Jersey 07934

Federal Reserve Bank of New York
33 Liberty Street
New York, New York 10045

NOTE: This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion, or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

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INSTITUTION RATING

INSTITUTION'S CRA RATING: Peapack-Gladstone Bank is rated “**SATISFACTORY.**”

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

PERFORMANCE LEVELS	<u>PEAPACK-GLADSTONE BANK</u>		
	PERFORMANCE TESTS		
	Lending Test	Investment Test	Service Test
Outstanding		X	
High Satisfactory			
Low Satisfactory	X		X
Needs to Improve			
Substantial Noncompliance			

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

The major factors supporting the institution’s rating follow:

- The total number of home purchase, refinance, small business and consumer loans the bank originated in its assessment area showed adequate responsiveness to credit needs.
- The distribution of loans among borrowers of different income levels and businesses of different sizes was good.
- The bank demonstrated an excellent level of responsiveness under the investment test.
- Service delivery systems are reasonably accessible to the bank’s assessment area.

INSTITUTION

DESCRIPTION OF INSTITUTION

Peapack-Gladstone Bank ("Peapack") is a full-service commercial bank headquartered in Gladstone, New Jersey. It is the principal subsidiary of Peapack-Gladstone Financial Corporation, a bank holding company.

Peapack reported \$851 million in assets as of December 31, 2002. Net loans and leases totaled \$405 million, or 48% of the bank's assets. The bank's deposits, located in a network of 17 branches, totaled \$772 million as of December 31, 2002.

Peapack provides financial services to businesses and individuals. The bank's business lines include:

- consumer banking, including residential mortgage lending, small business and consumer lending as well as retail deposit services;
- personal trust and investment services; and
- business services such as business checking, commercial lending, accounts receivable management, and certificates of deposit.

Based on data supplied by the Federal Deposit Insurance Corporation ("FDIC") Market Share Report dated June 30, 2001, Peapack was ranked eighth in deposits among 59 institutions in its assessment area with a 3.35% market share.

Peapack's assessment area has not changed since the bank's previous CRA examination, which was dated October 29, 2001, and also resulted in a "satisfactory" rating. The bank single assessment area is part of CMSA 5602 (New York-Northern New Jersey-Long Island, NY-NJ-CT-PA) and includes the following:

- PMSA 5015 (Middlesex-Somerset-Hunterdon, NJ), consisting of portions of Somerset and Hunterdon Counties;
- PMSA 5640 (Newark, NJ). consisting of portions of Morris, Union and Essex Counties.

Peapack's assessment area is in compliance with the requirements of Section 228.41 of Regulation BB and does not arbitrarily exclude low- and moderate-income ("LMI") geographies. A map of the assessment area appears on page BB20. There are no financial or legal factors that would prevent the bank from fulfilling its responsibilities under CRA.

PERFORMANCE CONTEXT

Demographic and economic information was obtained from publicly available sources including

the U.S. Department of Commerce’s Bureau of the Census (1990), the U.S. Department of Labor, the U.S. Department of Housing and Urban Development (“HUD”), the New Jersey Department of Labor and the New Jersey Realtors Association.

Demographic Characteristics

According to the 1990 Census, the total population of the bank’s assessment area is 452,318 or about 6% of New Jersey’s population. Only 2% of the assessment area population resides in the three moderate-income tracts in Peapack’s assessment area. The assessment area has no low-income tracts.

Income Characteristics

The HUD-estimated median family income was \$79,500 in 2001 and \$84,350 in 2002. These figures represent an average of the combined incomes of the two PMSAs that make up the bank’s assessment area.

Housing Characteristics

Median Home Sales Prices	
Area	2002
Morris County	\$368,000
Somerset County	\$350,000
Essex County	\$309,000

Source: National Association of Realtors

As shown in the chart at left, as of December 2002 the median cost of single-family housing ranges from \$309 thousand in Essex County to \$368 thousand in Morris County. The average price of a single-family home in northern New Jersey in the fourth quarter of 2002 is \$344,900. Without some form of subsidy, these prices are beyond the reach of low-income families as well

as many moderate-income families.

Labor, Employment and Economic Characteristics

Peapack’s assessment area contains 30,955 business establishments, of which 83% had gross annual revenues (“GAR”) less than or equal to \$1 million.

As noted in the chart at right, the 2002 unemployment rate is 5.0% for PMSA 5015 and 6.1% for PMSA 5640 while the state’s jobless rate is 5.8%.

Unemployment Rates	
Area	2002
PMSA 5015 (Middlesex-Somerset-Hunterdon, NJ)	5.0%
PMSA 5640 (Newark, NJ)	6.1%
State of New Jersey	5.8%

Source: Bureau of Labor Statistics

According to the Workforce New Jersey Public Information Network, the number of jobs decreased between 2000 and 2002, with the largest decline in manufacturing. Jobs also declined in trade, transportation and utilities, professional and business services, and information services. However, the service industries, construction, finance, education and health, leisure and hospitality, and government gained jobs.

Exhibit 1 on the following page contains additional demographic details.

EXHIBIT 1								
Assessment Area Demographics								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low-income	0	—	—	—	—	—	9,628	8
Moderate-income	3	3	2,144	2	187	11	14,773	12
Middle-income	20	21	24,772	20	424	25	25,582	21
Upper-income	71	76	97,631	78	1,086	64	74,564	60
Total Assessment Area	94	100	124,547	100	1,697	100	124,547	100
	Housing Units by Tract	Housing Types by Tract						
		Owner-occupied			Rental		Vacant	
		#	%	%	#	%	#	%
Low-income	—	—	—	—	—	—	—	—
Moderate-income	3,434	1,240	1	36	2,038	59	156	5
Middle-income	38,215	22,292	18	58	14,099	37	1,824	5
Upper-income	126,924	103,305	81	81	19,155	15	4,464	4
Total Assessment Area	168,573	126,837	100	75	35,292	21	6,444	4
	Total Businesses by Tract	Businesses by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
	#	%	#	%	#	%	#	%
Low-income	—	—	—	—	—	—	—	—
Moderate-income	692	2	573	2	88	2	31	2
Middle-income	7,187	23	5,989	23	850	23	348	23
Upper-income	23,076	75	19,180	75	2,740	74	1,156	75
Tract not reported	0	—	—	—	—	—	—	—
Total Assessment Area	30,955	100	25,742	100	3,678	100	1,535	100
	Percentage of Total Businesses:			83		12		5

SCOPE OF EXAMINATION

Peapack's single assessment area was reviewed using the Federal Financial Institutions Examination Council's *Interagency CRA Procedures for Large Retail Institutions*. Loan products evaluated include home purchase, refinance, home improvement, home equity, small business and consumer loans. The mortgage loans included in the evaluation were reported under HMDA. The small business loans evaluated were reported under CRA.

The bank also opted to include consumer loans in the bank's CRA assessment and provided data on its home equity and other consumer loans. Multifamily loans were not considered for analysis as Peapack reported only one multifamily loan for the examination period. Examiners verified the integrity of HMDA-reportable, small business and consumer loan data the bank submitted for 2001 and 2002; all were found to have acceptable data integrity.

The evaluation period for HMDA-reportable, small business and consumer loans covers the bank's CRA performance from January 1, 2001, through December 31, 2002. Qualified

investments were reviewed from April 1, 2001, through December 31, 2002. No community development loans were submitted for review.

For evaluation of the geographic distribution of loans, geographies were classified on the basis of the Census Bureau's 1990 income data. Performance was rated based on penetration in moderate-income geographies, as the bank's assessment area has no low-income geographies.

For the evaluation of borrower characteristics, borrower income levels were based on 2001 and 2002 HUD-estimated median family income data. Performance in connection with lending to LMI borrowers was analyzed separately. Overall performance was rated with an emphasis on lending to moderate-income borrowers given the difficulty lending to low-income borrowers as a result of the high cost of housing in the assessment area.

HMDA-reportable and small business loan performance was compared with the aggregate of all lenders in Peapack's assessment area reporting real estate loans under HMDA and small business loans under CRA. For HMDA-reportable and small business lending, 2001 aggregate lending performance was compared with the bank's 2001 and 2002 lending performance.

Only loans inside the assessment area were analyzed with respect to geographic and borrower distribution. Before reaching a conclusion about the bank's overall performance regarding geographic distribution and borrower characteristics in the assessment area, examiners gave greater weight to certain loan products. A product's volume in relation to the total retail lending volume in the assessment area determined the weight of a product's performance in an overall conclusion.

In order to gain an understanding of community credit needs, examiners conducted four interviews with community contacts involved in affordable housing and economic development activities during the examination. Community contacts included representatives of community-based organizations, municipalities and quasi-government agencies.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

LENDING TEST

Peapack's record of meeting the credit needs of its assessment area through its lending activities was adequate. Retail lending activity and geographic distribution showed adequate performance while borrower distribution was good, and community development lending was poor.

The Appendix C tables list the data used to evaluate the bank's lending test performance in its assessment area. Table 1 describes lending activity, Tables 2-6 describe geographic distribution of lending, and Tables 8-11 describe borrower distribution. Table 13 describes both geographic distribution and borrower distribution of consumer loans.

Lending Activity: Peapack's record of meeting the credit needs of its assessment area was adequate for HMDA-reportable, small business and consumer loans. The bank's lending activity declined slightly on an annualized basis since the previous examination. The number of home

purchase, home improvement and consumer loans declined since the previous examination on an annualized basis, while refinance and small business lending increased in a declining interest rate environment.

From 2000 to 2001, the bank's overall HMDA-reportable and small business lending decreased while aggregate lending in the same period increased overall. Specifically, the aggregate's home purchase and home improvement lending declined, but the bank's lending declined more during the same period. Peapack's refinance lending increased, but the aggregate refinance lending increased more during the same period. While the bank's small business lending remained steady, the aggregate lending increased during the same period.

In 2001, Peapack had a 3.35% deposit market share in its assessment area, ranking 8th in the market, while HMDA loan market share was 1.08%, ranking 21st, and its small business loan market share was .30%, ranking 28th in the market.

Assessment Area Concentration: A majority of the bank's loans, 81%, were originated in the bank's assessment area. Specifically, 81% of the bank's HMDA-reportable loans, 79% of the bank's small business loans, and 81% of the bank's consumer loans were all within the assessment area. For details, see Exhibit 2 below.

Geographic Distribution: The distribution of consumer, HMDA-reportable and small business loans in geographies of different income levels was considered adequate. A review of aggregate lending data indicated that significant penetration levels are difficult for all lenders in assessment

EXHIBIT 2								
Lending Inside and Outside the Assessment Area								
January 1, 2001 – December 31, 2002								
	Inside				Outside			
	#	%	\$('000s)	%	#	%	\$('000s)	%
Home Purchase	142	77	50,811	83	42	23	10,535	17
Refinancing	277	82	74,491	88	59	18	10,054	12
Home Improvement	117	82	7,886	84	25	18	1,537	16
Multifamily	1	20	150	21	4	80	549	79
Total HMDA-reportable	537	81	133,338	85	130	19	22,675	15
Small Business	304	79	41,694	70	81	21	17,519	30
Home Equity	397	87	31,334	90	62	14	3,552	10
Motor Vehicle	143	80	1,940	82	35	20	424	18
Other Secured Consumer	152	79	7,807	78	41	21	2,261	22
Other Unsecured Consumer	290	77	1,673	86	87	23	274	14
Total Consumer Loans	982	81	42,754	87	225	19	6,511	13
TOTAL LOANS	1,823	81	\$217,786	82	436	19	\$46,705	18

area LMI census tracts. There are no low-income tracts in the assessment area and only three moderate-income tracts with limited lending opportunities.

Because these moderate-income census tracts contain only 1% of the owner-occupied units, 2% of the families and 2% of the business establishments in the assessment area, lending opportunities are limited. As a result, the bank's level of lending is low with only one small business loan, one refinancing and three consumer loans originated in these census tracts.

Distribution by Borrower Income and Revenue Size of the Business: The overall distribution of loans among borrowers of different income levels and businesses of different sizes was good. The bank's LMI mortgage product enhanced the bank's home purchase loan performance, resulting in 30 loan originations during the examination period. Because of its below-market interest rate, this LMI mortgage product is considered flexible in light of typical loan underwriting standards.

In addition, Peapack's participation in the Northwest New Jersey Community Action Program's Family Loan Program enhanced the bank's consumer lending performance. This innovative and flexible program provides emergency unsecured personal loans to low-income families. Under the program, Peapack originated 12 low-interest loans to assist low-income, limited-asset working families.

Lending to Moderate-income Borrowers

Overall, Peapack's level of lending to moderate-income borrowers was good. The table below summarizes the bank's performance with respect to each product:

Lending to Moderate-Income Borrowers		
Loan Product	Peapack Performance	Aggregate Comparison
Home Purchase	Adequate	Below
Refinancings	Good	Similar
Home Improvement	Excellent	Above
Home Equity	Good	Not available
Other Consumer Loans	Excellent	Not available

Lending to Low-income Borrowers

Overall, Peapack's level of lending to low-income borrowers was good. The table on the following page summarizes the bank's performance with respect to each product:

Lending to Low-Income Borrowers		
Loan Product	Peapack Performance	Aggregate Comparison
Home Purchase	Excellent	Significantly above
Refinancings	Adequate	Above
Home Improvement	Poor	Below
Home Equity	Adequate	Not available
Other Consumer Loans	Excellent	Not available

Lending to Businesses of Different Sizes

The distribution of loans to businesses of different sizes reflected good distribution when compared with the portion of businesses in the assessment area with GAR of \$1 million or less. Peapack's lending to such businesses was significantly above aggregate lending in the assessment area. In addition, 69% of small business loans originated by the bank were for \$100 thousand or less. The average size of loans less than or equal to \$100 thousand was \$42 thousand. Small loan amounts generally reflect the size of the business.

Community Development Lending: The bank's community development lending was poor and needs to improve. Peapack originated no community development loans during the examination period.

Community contacts identified affordable housing as a critical need in this assessment area with high housing costs. The creation of affordable housing, however, depends largely on subsidy programs and partnerships with affordable housing producers, which are few in this assessment area. The lack of ample opportunities for such partnerships during the examination period was considered in evaluating the bank's performance. However, there are potential opportunities for lending to statewide organizations that include the assessment area.

INVESTMENT TEST

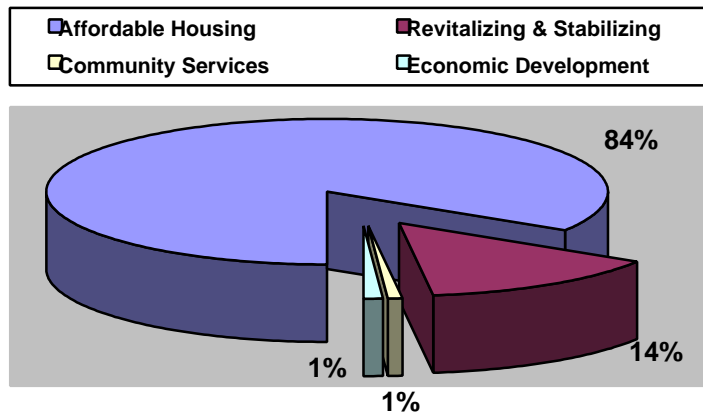
Peapack's performance under the investment test is rated outstanding. The bank demonstrated excellent responsiveness for an institution with few opportunities for such investments during the examination period.

Qualified investments totaled nearly \$1.7 million, compared with \$702 thousand at the previous examination. Of this total, investments initiated during the examination period accounted for \$1.2 million or 71% of qualified investments. For details, see Table 14 on page BB19. Also included in this total is over \$500 thousand in statewide and regional investments.

As depicted in the chart at right, investments were concentrated in affordable housing and revitalizing and stabilizing LMI geographies. A small amount of the investments involved grants in support of community services and economic development.

Mortgage-backed securities in support of affordable housing accounted for 83% of qualified investments.

Qualified Investments



SERVICE TEST

Peapack’s performance under the service test is rated low satisfactory. The bank maintained an adequate level of retail services and a limited level of community development services.

Retail Services: Peapack’s delivery systems are reasonably accessible to essentially all geographies and individuals of various income levels in its assessment area.

Only 2% of the total assessment area population resides in the three moderate-income census tracts. None of the bank branches are located in the three moderate-income tracts of Peapack’s assessment area. Although not in LMI geographies, the addition of two new branches, one in Hunterdon County and one in Somerset County, has somewhat expanded accessibility to the bank’s services. No branches were closed during the examination period. For details, see Table 15 on page BB19.

The bank’s business hours and services do not vary in a way that inconveniences certain portions of the assessment area. Peapack has 17 branches, and 15 of them provide automated teller machines (“ATMs”), Saturday hours, and extended hours one day a week.

Peapack provides no-fee checking accounts to both individuals and businesses. During the examination period, the bank opened 3,244 free personal checking accounts and 1,088 free business checking accounts.

Community Development Services: Peapack provided a limited level of community development services during the examination period.

Bank employees serve on boards and committees of seven local community development organizations. These organizations include the Salvation Army, the Edith Taylor Foundation, Anderson House and Homeless Solutions, which all provide services to the homeless. Other organizations serve local business communities, such as the Califon Area Merchants and Professionals Association, and the Bedminster Merchants Association.

Peapack also hosted a seminar in April 2001 in conjunction with the New Jersey Association of Women Business Owners. The seminar provided local women with information on how to set up a small business.

In addition, Peapack employees participated in the First Time Home Buyers' Seminar and Expo for LMI families in March and April 2002. The Housing Partnership for Morris County organized the March seminar, and the Somerset County Coalition on Affordable Housing organized the one in April. Peapack representatives presented the bank's LMI mortgage program at these events and gave advice on acquiring a mortgage loan.

Peapack was also involved in the Somerset County United Way's Over the Rainbow Program in the summer of 2001. Employees collected and donated \$200 worth of school supplies for low-income children in Somerset County.

COMPLIANCE WITH ANTIDISCRIMINATION LAWS

No credit practices violating the substantive provisions of the antidiscrimination laws and regulations, including the Equal Credit Opportunity Act (Regulation B) and the Fair Housing Act, were identified that would have an impact on Peapack's CRA rating.

CRA APPENDIX A

SCOPE OF EXAMINATION

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

CRA APPENDIX B

GLOSSARY

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

Census tract: A small subdivision of metropolitan and other densely populated counties. Census tract boundaries do not cross county lines; however, they may cross the boundaries of metropolitan statistical areas. Census tracts usually have between 2,500 and 8,000 persons, and their physical size varies widely depending upon population density. Census tracts are designed to be homogeneous with respect to population characteristics, economic status, and living conditions to allow for statistical comparisons.

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

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

Family: Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also include non-relatives living with the family. Families are classified by type as either a married-couple family or other family, which is further classified into "male householder" (a family with a male householder and no wife present) or "female householder" (a family with a female householder and no husband present).

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

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

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

Home mortgage loans: Includes home purchase and home improvement loans as defined in the HMDA regulation. This definition also includes multifamily (five or more families) dwelling loans, loans for the purchase of manufactured homes and refinancings of home improvement and home purchase loans.

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

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

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

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

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

Moderate-income: Individual income that is at least 50% and less than 80% of the area median income, or a median family income that is at least 50% and less than 80%, 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.

Small loan(s) to business(es): A loan included in "loans to small businesses" as defined in the Consolidated Report of Condition and Income ("Call Report") and the Thrift Financial Reporting ("TFR") instructions. These loans have original amounts of \$1 million or less and typically are either secured by nonfarm or nonresidential real estate or are classified as commercial and industrial loans. However, thrift institutions may also exercise the option to report loans secured by nonfarm residential real estate as "small business loans" if the loans are reported on the TFR as nonmortgage, commercial loans.

Upper-income: Individual income that is more than 120% of the area median income, or a median family income that is more than 120%, in the case of a geography.

CRA APPENDIX C

CRA CORE TABLES

Table 1a. Lending Volume

LENDING VOLUME		Geography: CMSA 5602 - NJ						Evaluation Period: JANUARY 1, 2001, TO DECEMBER 31, 2002				
Metropolitan Area/ Assessment Area	% of Rated Area Loans (#) in MA/AA*	Home Mortgage		Small Loans to Businesses		Small Loans to Farms		Community Development Loans**		Total Reported Loans		% of Rated Area Deposits in MA/AA***
		#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$(000's)	
Full Review:												
Assessment Area Total	100	537	133,338	304	41,694	0	0	0	0	841	175,032	100.00

* Loan data as of December 31, 2002. Rated area refers to either the state or multistate metropolitan area rating area.

** The evaluation period for community development loans is January 1, 2001, to December 31, 2002.

*** Deposit data as of December 31, 2002. Rated area refers to either the state, multistate metropolitan area, or institution, as appropriate.

Table 1b. Other Products

LENDING VOLUME		Geography: CMSA 5602 - NJ						Evaluation Period: JANUARY 1, 2001, TO DECEMBER 31, 2002						
Metropolitan Area/ Assessment Area	% of Rated Area Loans (#) in MA/AA*	Total Optional Loans		Small Business Real Estate Secured**		Home Equity**		Motor Vehicle**		Other Unsecured Consumer**		Other Secured Consumer**		% of Rated Area Deposits in MA/AA***
		#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$(000's)	
Full Review:														
Assessment Area Total	100	982	42,754	0	0	397	31,334	143	1,940	290	1,673	152	7,807	100.00

* Loan data as of December 31, 2002. Rated area refers to either the state or multistate metropolitan area rating area.

** The evaluation period for optional product line(s) is from January 1, 2001, to December 31, 2002.

*** Deposit data as of December 31, 2002. Rated area refers to either the state, multistate metropolitan area, or institution, as appropriate.

Table 2. Geographic Distribution of Home Purchase Loans

Geographic Distribution: HOME PURCHASE		Geography: CMSA 5602 - NJ						Evaluation Period: JANUARY 1, 2001, TO DECEMBER 31, 2002						
Metropolitan Area/ Assessment Area	Total Home Purchase Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate HMDA Lending (%) By Tract Income*			
	#	% of Total**	% Owner-Occupied Units***	% Bank Loans	% Owner-Occupied Units***	% Bank Loans	% Owner-Occupied Units***	% Bank Loans	% Owner-Occupied Units***	% Bank Loans	Low	Mod	Mid	Upper
Full Review:														
Assessment Area Total	142	100	0.00	0.00	0.98	0.00	17.58	11.27	81.45	88.73	0.00	0.98	20.23	78.79

* Based on 2001 Peer Mortgage Data: U.S. & PR.

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

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

Table 3. Geographic Distribution of Home Improvement Loans

Geographic Distribution: HOME IMPROVEMENT ("HI")		Geography: CMSA 5602 - NJ						Evaluation Period: JANUARY 1, 2001, TO DECEMBER 31, 2002						
Metropolitan Area/ Assessment Area	Total HI Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate HMDA Lending (%) By Tract Income			
	#	% of Total**	% Owner-Occupied Units***	% Bank Loans	% Owner-Occupied Units***	% Bank Loans	% Owner-Occupied Units***	% Bank Loans	% Owner-Occupied Units***	% Bank Loans	Low	Mod	Mid	Upper
Full Review:														
Assessment Area Total	117	100	0.00	0.00	0.98	0.00	17.58	12.82	81.45	87.18	0.00	1.10	22.98	75.92

* Based on 2001 Peer Mortgage Data: U.S. & PR.

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

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

Table 4a. Geographic Distribution of Home Mortgage Refinance Loans

Geographic Distribution: HOME MORTGAGE REFINANCE		Geography: CMSA 5602 - NJ						Evaluation Period: JANUARY 1, 2001, TO DECEMBER 31, 2002						
Metropolitan Area/ Assessment Area	Total Refinancings		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate HMDA Lending (%) By Tract Income			
	#	% of Total**	% Owner-Occupied Units***	% Bank Loans	% Owner-Occupied Units***	% Bank Loans	% Owner-Occupied Units***	% Bank Loans	% Owner-Occupied Units***	% Bank Loans	Low	Mod	Mid	Upper
Full Review:														
Assessment Area Total	277	100	0.00	0.00	0.98	0.36	17.58	8.30	81.45	91.34	0.00	0.74	20.26	79.00

* Based on 2001 Peer Mortgage Data: U.S. & PR.

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

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

Table 4b. Geographic Distribution of Home Equity Loans

Geographic Distribution: HOME EQUITY LOANS		Geography: CMSA 5602 - NJ					Evaluation Period: JANUARY 1, 2001, TO DECEMBER 31, 2002							
Metropolitan Area/ Assessment Area	Total Home Equity Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate HMDA Lending (%) By Tract Income*			
	#	% of Total**	% Owner-Occupied Units***	% Bank Loans	% Owner-Occupied Units***	% Bank Loans	% Owner-Occupied Units***	% Bank Loans	% Owner-Occupied Units***	% Bank Loans	Low	Mod	Mid	Upper
Full Review:														
Assessment Area Total	397	100	0.00	0.00	0.98	0.00	17.58	7.56	81.45	92.44	N/A	N/A	N/A	N/A

* Based on 2001 Peer Mortgage Data: U.S. & PR.

** Home equity loans originated and purchased in the metropolitan area/assessment area as a percentage of all home equity loans originated and purchased in the rated area.

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

Table 5. Geographic Distribution of Multifamily Loans

Geographic Distribution: MULTIFAMILY ("MF")		Geography: CMSA 5602 - NJ					Evaluation Period: JANUARY 1, 2001, TO DECEMBER 31, 2002							
Metropolitan Area/ Assessment Area	Total MF Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate HMDA Lending (%) By Tract Income*			
	#	% of Total**	% of MF Units***	% Bank Loans	% MF Units***	% Bank Loans	% MF Units***	% Bank Loans	% MF Units***	% Bank Loans	Low	Mod	Mid	Upper
Full Review:														
Assessment Area Total	1	100	0.00	0.00	4.18	0.00	43.67	0.00	52.15	100	0.00	4.17	20.83	75.00

* Based on 2001 Peer Mortgage Data: U.S. & PR.

** Multifamily loans originated and purchased in the metropolitan area/assessment area as a percentage of all multifamily loans originated and purchased in the rated area.

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

Table 6. Geographic Distribution of Small Loans to Businesses

Geographic Distribution: SMALL LOANS TO BUSINESSES ("SB")		Geography: CMSA 5602 - NJ					Evaluation Period: JANUARY 1, 2001, TO DECEMBER 31, 2002							
Metropolitan Area/ Assessment Area	Total SB Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate Lending (%) By Tract Income			
	#	% of Total**	% of Businesses***	% Bank Loans	% of Businesses***	% Bank Loans	% of Businesses***	% Bank Loans	% of Businesses***	% Bank Loans	Low	Mod	Mid	Upper
Full Review:														
Assessment Area Total	304	100	0.00	0.00	2.24	0.33	23.22	20.72	74.55	78.95	0.00	1.00	24.00	75.00

* Based on 2001 Peer Small Business Data: U.S. & PR.

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

*** Source Data - Dun and Bradstreet (2001).

Table 8. Borrower Distribution of Home Purchase Loans

Borrower Distribution: HOME PURCHASE ("HP")		Geography: CMSA 5602 - NJ						Evaluation Period: JANUARY 1, 2001, TO DECEMBER 31, 2002							
Metropolitan Area/ Assessment Area	Total HP Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Aggregate Lending Data*				
	#	% of Total**	% Families**	% Bank Loans****	% Families***	% Bank Loans****	% Families***	% Bank Loans****	% Families***	% Bank Loans****	% Families***	% Bank Loans****	Low	Mod	Mid
Full Review:															
Assessment Area Total	142	100	7.73	10.37	11.86	7.41	20.54	14.81	59.87	67.41	3.39	9.99	20.22	66.39	

* Based on 2001 Peer Mortgage Data: U.S. & PR.

** As a percentage of loans with borrower income information available. No information was available for 4.93% of loans originated and purchased by the bank.

*** Percentage of families is based on 1990 Census information.

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

Table 9. Borrower Distribution of Home Improvement Loans

Borrower Distribution: HOME IMPROVEMENT ("HI")		Geography: CMSA 5602 - NJ						Evaluation Period: JANUARY 1, 2001, TO DECEMBER 31, 2002							
Metropolitan Area/ Assessment Area	Total HI Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Aggregate Lending Data*				
	#	% of Total*	% Families***	% Bank Loans****	% Families***	% Bank Loans****	% Families***	% Bank Loans****	% Families***	% Bank Loans****	% Families***	% Bank Loans****	Low	Mod	Mid
Full Review:															
Assessment Area Total	117	100	7.73	2.70	11.86	16.22	20.54	26.13	59.87	54.95	4.68	12.39	23.12	59.81	

* Based on 2001 Peer Mortgage Data: U.S. & PR.

** As a percentage of loans with borrower income information available. No information was available for 5.13% of loans originated and purchased by the bank.

*** Percentage of families is based on 1990 Census information.

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

Table 10a. Borrower Distribution of Home Mortgage Refinance Loans

Borrower Distribution: HOME MORTGAGE REFINANCE		Geography: CMSA 5602 - NJ						Evaluation Period: JANUARY 1, 2001, TO DECEMBER 31, 2002							
Metropolitan Area/ Assessment Area	Total Refinancings		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Aggregate Lending Data*				
	#	% of Total**	% Families***	% Bank Loans****	% Families***	% Bank Loans****	% Families***	% Bank Loans****	% Families***	% Bank Loans****	% Families***	% Bank Loans****	Low	Mod	Mid
Full Review:															
Assessment Area Total	277	100	7.73	3.40	11.86	10.57	20.54	15.09	59.87	70.94	2.67	10.03	21.66	65.64	

* Based on 2001 Peer Mortgage Data: U.S. & PR.

** As a percentage of loans with borrower income information available. No information was available for 4.33% of loans originated and purchased by the bank.

*** Percentage of families is based on 1990 Census information.

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

Table 10b. Borrower Distribution of Home Equity Loans

Borrower Distribution: HOME EQUITY LOANS				Geography: CMSA 5602 - NJ				Evaluation Period: JANUARY 1, 2001, TO DECEMBER 31, 2002							
Metropolitan Area/ Assessment Area	Total Loans		Low-Income Borrowers		Mod-Income Borrowers		Mid-Income Borrowers		Upper-Income Borrowers		Aggregate Lending Data*				
	#	% of Total**	% Families***	% Bank Loans**	% Families***	% Bank Loans**	% Families***	% Bank Loans**	% Families***	% Bank Loans**	% Families***	% Bank Loans**	Low	Mod	Mid
Full Review:															
Assessment Area Total	397	100	7.73	4.18	11.86	9.40	20.54	18.02	59.87	68.41	N/A	N/A	N/A	N/A	

* Based on 2001 Peer Mortgage Data: U.S. & PR.

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

*** Percentage of families is based on 1990 Census.

Table 11. Borrower Distribution of Small Loans to Businesses

Borrower Distribution: SMALL LOANS TO BUSINESSES				Geography: CMSA 5602 - NJ				Evaluation Period: JANUARY 1, 2001, TO DECEMBER 31, 2002							
Metropolitan Area/ Assessment Area	Total Small Loans to Businesses		Businesses With Revenues of \$1 million or less		Loans by Original Amount Regardless of Business Size			Aggregate Lending Data*							
	#	% of Total**	% of Businesses***	% Bank Loans****	\$100,000 or less	>\$100,000 to \$250,000	>\$250,000 to \$1,000,000	All	Revenues \$1 Million or Less						
Full Review:															
Assessment Area Total	304	100	83.16	57.57	69.41	14.80	15.79	54,442	20,192						

* Based on 2001 Peer Small Business Data: U.S. & PR

** Small loans to businesses originated and purchased in the metropolitan area/assessment area 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 - 2001).

**** 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 11.84% of small loans to businesses originated and purchased by the bank.

Table 13. Geographic and Borrower Distribution of Consumer Loans

Geographic and Borrower Distribution: CONSUMER LOANS				Geography: CMSA 5602 - NJ				Evaluation Period: JANUARY 1, 2001, TO DECEMBER 31, 2002										
Metropolitan Area/ Assessment Area	Geographic Distribution										Borrower Distribution							
	Total Consumer Loans		Low-Income Geographies		Mod-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Low-Income Borrowers		Mod-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers	
	#	% of Total*	% of Households**	% of Bank Loans	% of Hhlds**	% of Bank Loans	% of Hhlds**	% of Bank Loans	% of Hhlds**	% of Bank Loans	% of Hhlds**	% of Bank Loans	% of Hhlds**	% of Bank Loans	% of Hhlds**	% of Bank Loans	% of Hhlds**	% of Bank Loans
Full Review:																		
Assessment Area Total	585	100	0.00	0.00	2.06	0.51	22.30	14.87	75.64	84.62	11.27	24.06	11.61	18.05	16.90	20.55	60.22	37.34

* Consumer loans originated and purchased in the metropolitan area/assessment area as a percentage of all consumer loans originated and purchased in the rated area.

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

Table 14. Qualified Investments

QUALIFIED INVESTMENTS		Geography: CMSA 5602 - NJ				Evaluation Period: JANUARY 1, 2001 TO DECEMBER 31, 2002			
Metropolitan Area/ Assessment Area	Prior Period Investments*		Current Period Investments		Total Investments			Unfunded Commitments**	
	#	\$(000's)	#	\$(000's)	#	\$(000's)	% of Total	#	\$(000's)
Full Review:									
Assessment Area Total	0	0	19	1,166.1	19	1,166.1	69	0	0
Statewide/Regional Total	4	465.7	1	58.5	5	524.2	31	0	0

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

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

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

BRANCH DELIVERY SYSTEM OPENINGS/CLOSINGS		Geography: CMSA 5602 - NJ						Evaluation Period: JANUARY 1, 2001, TO DECEMBER 31, 2002									
Metropolitan Area/ Assessment Area	Deposits	Branches				Branch Openings/Closings				Population							
	% of Rated Area Deposits in AA	# of Bank Branches	% of Rated Area Branches in AA	Location of Branches by Income of Geographies (%)				# of Branch Openings	# of Branch Closings	Net change in Location of Branches (+ or -)				% of Population within Each Geography			
				Low	Mod	Mid	Upper			Low	Mod	Mid	Upper	Low	Mod	Mid	Upper
Full Review:																	
Assessment Area Total	100	17	100	0	0	3	14	2	0	0	0	1	1	0.00	1.94	20.73	77.33

Peapack Gladstone Bank

Assessment Area
January 1, 2001 - December 31, 2002

Legend

- Low Income Tracts
- Moderate Income Tracts
- County
- Assessment Area
- Branch

