

PUBLIC DISCLOSURE

April 8, 2013

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**Amboy Bank
RSSD No. 9807**

**3890 U.S. Hwy 9
Old Bridge, New Jersey 08857**

**FEDERAL RESERVE BANK OF NEW YORK
33 LIBERTY STREET
NEW YORK, NEW YORK 10045**

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

TABLE OF CONTENTS

Institution Rating	
Institution's CRA Rating.....	BB1
Institution	
Description of Institution	BB2
Description of Assessment Area	BB2
Scope of Examination	BB3
Performance Context.....	BB4
Conclusions With Respect to Performance Tests	BB7
Fair Lending or Other Illegal Credit Practices Review.....	BB17
Exhibits	
Exhibit I: Assessment Area Demographics.....	BB6
Exhibit II: Lending Inside and Outside Assessment Area	BB8
Exhibit III: Loan Distribution Table	BB12
Exhibit IV: Summary of Community Development Lending	BB13
Exhibit V: Summary of Qualified Investments.....	BB14
Exhibit VI: Summary of Community Development Services.....	BB16
CRA Appendices	
CRA Appendix A: Glossary.....	BB18
CRA Appendix B: Assessment Area Map	BB21

INSTITUTION RATING

Amboy Bank (“Amboy”) is rated “Satisfactory.” The following table indicates the performance level of the institution with respect to the lending, investment and service tests:

PERFORMANCE LEVELS	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 in determining the overall rating.

The major factors supporting the institution’s rating follow:

- Amboy made a high level of community development loans.
- A substantial majority of loans are made in Amboy’s assessment area.
- The distribution of borrowers reflects good penetration among borrowers of different income levels and businesses of different sizes.
- The geographic distribution of loans reflects adequate penetration throughout the assessment area.
- Lending activity levels reflect adequate responsiveness to assessment area credit needs.
- Amboy made an adequate level of qualified community development investments and grants.
- Amboy provides a relatively high level of community development services to its assessment area.

DESCRIPTION OF INSTITUTION

Amboy Bank (“Amboy”), headquartered in Old Bridge, NJ, is a full-service commercial bank with 22 branches. The bank is a wholly-owned subsidiary of Amboy Bancorporation, also headquartered in Old Bridge, NJ. As of March 31, 2013, Amboy had total assets of \$2.2 billion with \$1.3 billion in net loans and leases. Of the total loans, \$395 million consisted of construction and land development loans and \$494 million consisted of 1-4 family residential real estate loans. The remainder includes loans secured by multi-family properties and non-residential properties.

The bank offers a wide range of consumer-related services including retail deposit products, small business loans, residential construction loans, first- and second-lien mortgage loans, and reverse mortgage loans. Since the prior CRA evaluation, in March 2011, Amboy sold three of its branch locations, specifically; two branches were sold in Somerset County and one branch in Mercer County.

Amboy operates in a competitive banking market. Competitors include large federal banks, local community and state chartered banks, credit unions, mortgage companies and non-bank financial institutions. The deposit market is dominated by large financial institutions such as Wells Fargo Bank, PNC Bank, TD Bank, and Bank of America. These top four banks control 47.5% of the deposit market share.

Amboy has no financial or legal impediments that would prevent it from fulfilling its responsibilities under CRA. The bank’s previous CRA examination, dated March 21, 2011, resulted in a “Satisfactory” rating.

DESCRIPTION OF ASSESSMENT AREA

Amboy has one assessment area, which is part of MSA 35620 (New York-Northern New Jersey-Long Island, NY-NJ-PA). The entire assessment area is contained within MD 20764 (Edison-New Brunswick, NJ), which includes all of Middlesex and Monmouth counties in New Jersey. As a result of the sale of three bank branch offices located in Mercer and Somerset Counties, the bank adjusted the assessment area since the last examination to no longer include three census tracts in Mercer County or a portion of MD 20764, which included Somerset County.

Changes to the assessment area also resulted from a change in demographics resulting from the release of the 2010 Census data. To illustrate, based on the 2000 Census, Amboy’s assessment area consisted of 318 census tracts, 12 of which were low-income, 51 of which were moderate-income, and 253 of which were middle- and upper-income. There were two tracts in the assessment area with an “unknown” income designation. Under the 2010 Census, Amboy’s assessment area still consists of 318 census tracts, of which now 21 are low-income, 45 are moderate-income, and 251 are middle- and upper-income. There is now only one tract in the assessment area with an “unknown” income designation.

Amboy'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. Additional assessment area data can be found in Exhibit I. See Appendix B for a map of the assessment area.

SCOPE OF EXAMINATION

Amboy's CRA performance was evaluated using the Federal Financial Institutions Examination Council's ("FFIEC") CRA Interagency Examination Procedures for Large Retail Institutions. Amboy's Home Mortgage Disclosure Act ("HMDA") related, consumer (home equity) and small business lending was evaluated from January 1, 2011 through December 31, 2012, while its community development activities were evaluated from January 1, 2011 through March 31, 2013, in accordance with FFIEC examination procedures.

Products

Examiners evaluated home purchase, refinance, consumer (home equity) and CRA-reportable small business loans during this examination. In addition, community development loans, investments, and services were reviewed. Amboy made a minimal number of home improvement, small farm, and multifamily loans, in line with its business strategy. Due to their insignificant volumes these products were excluded from the analysis of Amboy's lending performance.

The real estate-related mortgage loans considered in the evaluation were reported under the HMDA and the small business loans were reported under the CRA. Examiners verified the integrity of the bank's HMDA-related, CRA-reportable small business and consumer loan data provided by the bank for the reporting years 2011 and 2012.

Lending Analysis

The borrower and geographic loan distribution analyses were based on loan activity in Amboy's assessment area. Amboy's performance in 2011 was compared to 2000 Census demographic data, while its performance in 2012 was compared to 2010 Census demographic data.

To evaluate the geographic distribution of HMDA-related lending, the proportion of loan originations was compared to the proportion of owner-occupied housing units located in LMI geographies. To evaluate consumer loans, the proportion of Amboy's loan originations was compared to the proportion of households located in LMI geographies. For small business loans, the analysis compared the proportion of Amboy's loan originations to the proportion of businesses located in LMI geographies.

To evaluate the borrower characteristics of HMDA-related lending, the proportion of originations to LMI borrowers was compared to the proportion of LMI families residing in the assessment area. Income estimates from the U.S. Department of Housing and Urban

Development (“HUD”) were used to categorize borrower income. To evaluate consumer loans, the proportion of Amboy’s loan originations was compared to the proportion of LMI households in the assessment area. For small business lending, Amboy’s proportion of loans to businesses with gross annual revenues (“GAR”) of \$1 million or less, based on Dun and Bradstreet (“D&B”) data, was compared to the proportion of all such businesses located in the assessment area. The size of the small business loans was also used as a proxy to identify to lending to businesses with GAR of \$1 million or less.

Borrower and geographic distribution analyses were based on Amboy’s 2011 performance compared to the performance data for the aggregate of all loan reporters in the assessment area. The 2011 aggregate data is the most recent aggregate data publicly available. In addition, aggregate lending data is not available for consumer loans and therefore no aggregate comparison could be made for that loan category. The bank’s performance in 2012 was compared to 2011 performance for consistency.

Deriving Overall Conclusions

Before reaching a conclusion about the overall performance regarding geographic distribution and borrower characteristics in the assessment area, examiners weighted loan products by the total retail lending volume in order to determine the influence of performance on the overall conclusion. Peer data was also used for the analysis of community development loans and qualified investments. Local peer banks were selected based on their amounts of assets, deposits and branches and their presence within Amboy’s assessment area.

Examiners also conducted interviews with representatives of three community development organizations in order to gain an understanding of local credit needs.

PERFORMANCE CONTEXT

The following demographic and economic information was obtained from publicly available sources that include U.S. Department of Commerce’s Bureau of the Census (2000 Census and 2010 Census), the U.S. Department of Labor, the U.S. Department of Housing and Urban Development (“HUD”), the New Jersey Department of Labor, D&B, and the New Jersey Realtors Association.

Demographic Characteristics

According to the 2010 Census, the total population of Amboy’s assessment area is 1,440,238. The assessment area has 509,911 households, of which 71% are families. Approximately six percent of the population resides in low-income geographies, while 14% reside in moderate-income geographies, and 80% reside in middle- and upper-income geographies.

Income Characteristics

According to 2010 Census data, 19% of families in the assessment area are low-income, 17% of families are moderate-income and 5% of families live below the poverty level. The assessment area is a high-income area with a significant majority of census tracts and families in the middle- and upper-income categories. HUD estimated that the median family income level for the assessment area was \$95,300 in 2011 and \$96,600 in 2012, compared to the State of New Jersey's median family incomes in 2011 and 2012 of \$88,200 and \$89,400, respectively.

Housing Characteristics

According to the 2010 Census, there are 362,185 owner-occupied housing units in the assessment area, of which 2% are located in low-income geographies and 11% are located in moderate-income geographies.

Housing costs are relatively expensive in the assessment area, although prices have declined due to the nationwide housing crisis. The National Association of Realtors reports the 2012 median sales price of a single family home in MD 20764 was \$298,200. Housing costs are very expensive for LMI families, with the median housing costs ranging from about four to six times the median family income of a low-income borrower and about three to four times the income of a moderate-income borrower. Community contacts indicated that the provision of affordable housing for the LMI population in the assessment area is a critical need.

Labor, Employment and Economic Characteristics

According to the 2012 D&B data, there are 88,724 businesses operating within the assessment area. Less than 5% are located in low-income areas and 11% are located in moderate-income areas. The majority of businesses, 84%, are in middle and upper income areas. Of the total number of businesses in the assessment area, 89% are small businesses with gross annual revenue ("GAR") of \$1 million or less.

According to data from the Bureau of Labor Statistics, unemployment rates have decreased slightly in the assessment area since the prior examination. This decrease can be attributed to the slow national economic recovery. In 2012, the average annual unemployment rate for MD 20764 was 8.8% compared to the State of New Jersey's 2012 unemployment rate of 9.5%. At the end of the prior examination, the unemployment rate was 8.9% for MD 20764. The largest sector providing employment in the assessment area is the trade, transportation, and utilities sector, which accounts for approximately one third of the assessment area's employment opportunities.

Meetings with community contacts identified the availability of affordable housing, programs for prospective homeowners and mortgage counseling as important community development needs. In addition, the availability of education relating to reverse mortgages was identified as an important need due to the large senior citizen population in the area. Housing programs are

particularly critical given the assessment area's high housing costs coupled with its high unemployment rate.

Exhibit I 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	21	6.6	16,443	4.5	3,883	23.6	69,190	19.1
Moderate-income	45	14.2	47,157	13	4,322	9.2	60,926	16.9
Middle-income	164	51.6	188,031	52	6,625	3.5	80,384	22.2
Upper-income	87	27.4	109,904	30.4	2,197	2	151,043	41.8
Unknown-income	1	0.3	8	0	0	0	0	0
Total Assessment Area	318	100.0	361,543	100.0	17,027	4.7	361,543	100.0
	Housing Units by Tract	Housing Types by Tract						
		Owner-Occupied		Rental		Vacant		
		#	%	%	#	%	#	%
Low-income	32,312	7,272	2	22.5	21,166	65.5	3,874	12
Moderate-income	84,179	38,124	10.5	45.3	38,319	45.5	7,736	9.2
Middle-income	283,905	193,984	53.6	68.3	71,116	25	18,805	6.6
Upper-income	148,464	122,805	33.9	82.7	17,117	11.5	8,542	5.8
Unknown-income	139	0	0	0	8	5.8	131	94.2
Total Assessment Area	548,999	362,185	100.0	66.0	147,726	26.9	39,088	7.1
	Total Businesses by Tract	Businesses by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	
Low-income	4,304	4.9	3,704	4.7	319	4.9	281	8
Moderate-income	9,917	11.2	8,532	10.8	876	13.5	509	14.5
Middle-income	44,532	50.2	39,623	50.3	3,155	48.7	1,754	50
Upper-income	29,970	33.8	26,880	34.1	2,126	32.8	964	27.5
Unknown-income	1	0	1	0	0	0	0	0
Total Assessment Area	88,724	100.0	78,740	100.0	6,476	100.0	3,508	100.0
	Percentage of Total Businesses:			88.7		7.3		4.0

Based on 2010 ACS data and 2012 D&B information according to 2010 ACS Boundaries.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

LENDING TEST

Amboy's performance under the lending test is rated high satisfactory. Amboy's lending activity and geographic distribution were adequate, borrower distribution was good, and the bank made a high level of community development loans.

Lending Activity

As detailed in the table below, Amboy originated 652 home purchase, refinance, consumer home equity, and small business loans in its assessment area, totaling \$120 million, reflecting adequate responsiveness to assessment area credit needs.

Summary of Assessment Area Lending Activity				
January 1, 2011 - December 31, 2012				
Loan Type	#	%	\$(000s)	%
Home Purchase	113	17.3%	32,385	27.0%
Refinancing	113	17.3%	30,292	25.3%
Total HMDA related	226	34.7%	62,677	52.2%
Home Equity	167	25.6%	12,905	10.8%
Total Consumer related	167	25.6%	12,905	10.8%
Total Small Bus. related	259	39.7%	44,383	37.0%
TOTAL LOANS	652	100%	119,965	100%

Overall, Amboy's lending volume declined since the prior examination. The number of HMDA-related, consumer and small business loan originations made during this examination period declined 39% on an annualized basis from the combined number of loans made during the last examination period, when the bank reported 1,596 loans over a three-year period (2008, 2009, and 2010). Notably, Amboy's home purchase lending declined by 31% since the prior examination, and is indicative of the reduced lending opportunities in the examination period's economic climate. The aggregate experienced a smaller decrease in lending of 18% on an annualized basis during the same period.

In terms of deposit market share, Amboy had 4% of the deposit market share in the combined counties of Middlesex and Monmouth as of June 30, 2012, with \$1.8 billion in deposits. In terms of deposits, the bank ranked 10th out of 52 banks operating in these counties.

Among five similarly-situated peer banks, Amboy's overall lending activity market share was comparable. Among the peer banks, Amboy ranked 2nd in terms of small business lending, 3rd in home purchase lending and 5th for refinance lending in terms of market share. In addition, Amboy ranked 3rd in deposit market share among its peers.

Assessment Area Concentration

A substantial majority of Amboy’s total lending, by both number and dollar volume, was originated within the assessment area. Amboy extended 77% of its total loans to individuals residing and businesses operating in the assessment area. In particular, 68% of HMDA loans and 81% of small business loans, by number, were made in Amboy’s assessment area. Lending within the assessment area decreased slightly since the prior examination when 82% of Amboy’s total loans were made inside the assessment area. See Exhibit II below for additional details relating to Amboy’s 2011-2012 lending activity inside and outside of the assessment area.

Exhibit II								
Lending Inside and Outside the Assessment Area								
January 1, 2011 - December 31, 2012								
Loan Types	Inside				Outside			
	#	%	\$(000s)	%	#	%	\$(000s)	%
Home Purchase	113	58.5	32,385	69.0	80	41.5	14,520	31.0
Refinancing	113	80.1	30,292	83.8	28	19.9	5,855	16.2
Total HMDA related	226	67.7	62,677	75.5	108	32.3	20,375	24.5
Home Equity	167	83.9	12,905	83.9	32	16.1	2,480	16.1
Total Consumer related	167	83.9	12,905	83.9	32	16.1	2,480	16.1
Small Business	259	81.4	44,383	74.8	59	18.6	14,949	25.2
Total Small Business related	259	81.4	44,383	74.8	59	18.6	14,949	25.2
TOTAL LOANS	652	76.6	119,965	76.0	199	23.4	37,804	24.0

Geographic Distribution of Loans

Amboy’s overall geographic distribution of loans reflects adequate penetration throughout the assessment area. This lending performance is based on the bank’s adequate lending penetration in low-income geographies and good lending penetration in moderate-income geographies. The table on the following page summarizes lending performance in LMI census tracts.

Low-Income Geographies

In 2011, Amboy made only one or 1.6% of its home purchase and no refinance or consumer loans in low-income geographies, exceeding the aggregate’s performance of 1.3% for home purchase loans, and significantly below the aggregate’s performance of 0.5% for refinance loans. The bank’s weak HMDA-related and home equity lending reflects the limited opportunity for HMDA-related and home equity lending in low-income geographies as reflected in the demographics of the assessment area. Based on the 2000 Census, only 0.8% of the available owner-occupied housing units were located within low-income geographies (in the 2010 Census, this changed to 2%). The aggregate performance further reflects the limited opportunity for HMDA-related and home equity lending in low-income geographies.

MD 20764 (Edison-New Brunswick, NJ)				
Product	Low-income Tracts		Moderate-income Tracts	
	Amboy Performance	2011 Aggregate Comparison	Amboy Performance	2011 Aggregate Comparison
Home Purchase	Adequate	Slightly Above	Excellent	Significantly Above
Refinance	Poor	Significantly Below	Excellent	Significantly Above
Consumer – Home Equity	Poor	N/A	Adequate	N/A
Small Business	Adequate	Slightly Below	Adequate	Slightly Below

Amboy originated 1.6% of its small business loans in low-income geographies, slightly below the aggregate’s performance of 1.8%. Amboy’s small business performance in low-income geographies was below the demographics of the assessment area, where, based on 2011 D&B data 2.8% of small businesses operate (in the 2012 D&B data, this changed to 4.7%).

Amboy’s overall lending in 2012 was comparable to 2011.

Moderate-Income Geographies

In 2011, Amboy made 25% of its home purchase, 12% of its refinance and 7% of its consumer loans in moderate-income geographies, exceeding the aggregate’s performance of 10% for home purchase loans and 7% for refinance loans. The bank’s home purchase and refinance loan performance also compares favorably to the demographics of the assessment area, which indicate that 11% of the available owner-occupied housing units are located within moderate-income geographies. Amboy’s consumer loan performance in moderate-income geographies was adequate when compared to the demographic of 16% of households in moderate-income geographies.

Amboy originated 8% of its small business loans in moderate-income geographies, slightly below the aggregate’s performance of 10%. Amboy’s small business performance in moderate-income geographies was below the demographics of the assessment area, where based on both the 2011 and 2012 D&B data, 11% of small businesses operate in moderate-income geographies.

With the exception of small business lending in moderate-income geographies, Amboy’s performance in moderate income census tracts for all products in 2012 was comparable to 2011. Small business lending in 2012 exceeded performance in 2011.

Distribution by Borrower Income and Revenue Size of the Business:

Amboy’s distribution of borrowers in the assessment area reflects, given the product lines offered, good penetration among customers of different income levels and businesses of different sizes. Overall, lending to low- and moderate-income borrowers and small businesses was good, as indicated in the chart below:

MD 20764 (Edison-New Brunswick, N.J)				
Product	Low-income Borrowers		Moderate-income Borrowers	
	Amboy Performance	2011 Aggregate Comparison	Amboy Performance	2011 Aggregate Comparison
Home Purchase	Poor	Below	Adequate	Significantly Below
Refinance	Excellent	Significantly Above	Adequate	Slightly Below
Consumer – Home Equity	Adequate	N/A	Excellent	N/A
	Lending to Businesses with GAR <= \$1 million		2011 Aggregate Comparison	
Small Business	Good		Significantly Above	

Low-income Borrowers

Amboy’s HMDA lending performance in lending to low-income borrowers was good overall when compared to the 2000 Census demographic of 18% of families (in the 2010 Census, this changed to 19%) in the assessment area which are low-income and the performance of the aggregate. In 2011, the bank made 5% of its home purchase loans and 29% of its refinance loans to low-income borrowers. Amboy’s performance for home purchase was below the aggregate while its performance for refinance loans was significantly above the aggregate. The aggregate made 6% of its home purchase loans and 4% of its refinance loans to low-income borrowers. Amboy’s distribution of consumer loans to low-income borrowers was adequate. The bank made 14% of its consumer loans to low-income borrowers compared to the demographic of 21% of low-income households.

HMDA and consumer lending to low-income borrowers in 2012 was comparable.

Moderate-income Borrowers

Amboy’s HMDA lending performance to moderate-income borrowers was adequate, overall when compared to the 2000 and 2010 Census demographic, which both indicated that 17% of families in the assessment area are of moderate-income, and the performance of the aggregate. In 2011, the bank made 11% of its home purchase loans and 12% of its refinance loans to moderate-income borrowers. Amboy’s performance for home purchase was significantly below

the aggregate, while its performance for refinance loans was slightly below. The aggregate made 23% of its home purchase and 14% of its refinance loans to moderate-income borrowers. Amboy's distribution of consumer loans to moderate-income borrowers was excellent. The bank made 25% of its consumer loans to moderate-income borrowers compared to the demographic of 16% of moderate-income households.

Amboy's HMDA lending to moderate-income borrowers in 2012 exceeded 2011 lending performance while consumer lending was comparable.

2011 Consumer Loan Distribution Table MD 20764 (Edison-New Brunswick, NJ)								
	Home Equity Loans							
	By Tract Income				By Borrower Income			
	#	%	\$(000s)	%	#	%	\$(000s)	%
Low	0	0.0%	0	0.0%	13	13.8%	628	8.8%
Moderate	7	7.4%	278	3.9%	23	24.5%	1,201	16.9%
Middle	61	64.9%	3,897	54.7%	18	19.1%	1,692	23.8%
Upper	26	27.7%	2,943	41.3%	26	27.7%	2,338	32.8%
Unknown	0	0.0%	0	0.0%	14	14.9%	1,259	17.7%
Tract Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	94	100.0%	7,118	100.0%	94	100.0%	7,118	100.0%

Small Business Lending

Amboy provided a good level of lending to small business borrowers with gross annual revenue (GAR) of \$1 million or less. In 2011, the bank made 68% of its small business loans to these businesses, compared to the 89% of business establishments in the MSA with GAR of \$1 million or less. Performance was significantly above the aggregate, which made 40% of its small business loans to businesses with GAR of \$1 million or less. The bank made 57% of its small business loans in amounts of \$100,000 or less, which was below the aggregate, which made 95% of its small business loans in amounts of \$100,000 or less. The average loan size was \$174,000. 2012 small business lending performance was comparable to 2011.

Exhibit III
2011 Loan Distribution Table
MD 20764 (Edison-New Brunswick, NJ)

Income Categories	HMDA									
	By Tract Income					By Borrower Income				
	#	Bank		Aggregate		#	Bank		Aggregate	
%		% \$(000s)	%	% \$(000s)	%		% \$(000s)	%	% \$(000s)	
	Home Purchase									
Low	1	1.6%	0.9%	1.3%	0.9%	3	4.8%	2.2%	6.4%	2.9%
Moderate	16	25.4%	16.3%	10.4%	7.3%	7	11.1%	4.5%	23.1%	16.5%
Middle	21	33.3%	20.7%	50.1%	43.8%	11	17.5%	15.7%	24.8%	22.9%
Upper	25	39.7%	62.1%	38.2%	47.9%	34	54.0%	72.4%	35.7%	47.9%
Unknown	0	0.0%	0.0%	0.0%	0.0%	8	12.7%	5.2%	10.0%	9.8%
Total	63	100.0%	100.0%	100.0%	100.0%	63	100.0%	100.0%	100.0%	100.0%
	Refinance									
Low	0	0.0%	0.0%	0.5%	0.4%	15	29.4%	14.1%	4.1%	2.2%
Moderate	6	11.8%	4.3%	6.5%	5.2%	6	11.8%	10.8%	13.6%	9.4%
Middle	25	49.0%	35.6%	48.2%	42.8%	6	11.8%	11.3%	22.7%	19.4%
Upper	20	39.2%	60.1%	44.7%	51.6%	21	41.2%	59.1%	44.0%	53.4%
Unknown	0	0.0%	0.0%	0.0%	0.0%	3	5.9%	4.8%	15.6%	15.6%
Total	51	100.0%	100.0%	100.0%	100.0%	51	100.0%	100.0%	100.0%	100.0%
	Home Improvement									
Low	1	20.0%	32.7%	0.7%	1.6%	1	20.0%	32.7%	9.6%	3.6%
Moderate	0	0.0%	0.0%	8.7%	6.5%	0	0.0%	0.0%	18.4%	12.3%
Middle	1	20.0%	2.5%	51.7%	42.4%	1	20.0%	14.5%	25.8%	20.8%
Upper	3	60.0%	64.7%	38.9%	49.5%	2	40.0%	50.3%	40.3%	54.7%
Unknown	0	0.0%	0.0%	0.0%	0.0%	1	20.0%	2.5%	6.0%	8.6%
Total	5	100.0%	100.0%	100.0%	100.0%	5	100.0%	100.0%	100.0%	100.0%
	Multi-Family									
Low	0	0.0%	0.0%	25.4%	8.7%	0	0.0%	0.0%	0.0%	0.0%
Moderate	0	0.0%	0.0%	13.6%	3.9%	0	0.0%	0.0%	0.0%	0.0%
Middle	0	0.0%	0.0%	52.5%	79.6%	0	0.0%	0.0%	0.0%	0.0%
Upper	0	0.0%	0.0%	8.5%	7.9%	0	0.0%	0.0%	0.0%	0.0%
Unknown	0	0.0%	0.0%	0.0%	0.0%	0	0.0%	0.0%	100.0%	100.0%
Total	0	0.0%	0.0%	100.0%	100.0%	0	0.0%	0.0%	100.0%	100.0%
	HMDA Totals									
Low	2	1.7%	1.2%	0.8%	0.7%	19	16.0%	7.5%	4.8%	2.4%
Moderate	22	18.5%	11.3%	7.6%	5.8%	13	10.9%	6.8%	16.2%	11.2%
Middle	47	39.5%	26.2%	48.8%	43.7%	18	15.1%	13.9%	23.3%	20.1%
Upper	48	40.3%	61.3%	42.8%	49.8%	57	47.9%	66.7%	41.7%	51.0%
Unknown	0	0.0%	0.0%	0.0%	0.0%	12	10.1%	5.0%	14.0%	15.4%
Total	119	100.0%	100.0%	100.0%	100.0%	119	100.0%	100.0%	100.0%	100.0%
	SMALL BUSINESS									
	By Tract Income									
	#	Bank		Aggregate			Bank		Aggregate	
		%	% \$(000s)	%	% \$(000s)		%	% \$(000s)	%	% \$(000s)
Low	2	1.6%	2.8%	1.8%	2.3%					
Moderate	10	7.8%	9.6%	9.6%	11.2%					
Middle	79	61.2%	64.8%	46.9%	46.5%					
Upper	38	29.5%	22.8%	39.9%	38.9%					
Unknown	0	0.0%	0.0%	0.2%	0.4%					
Tract Unknown	0	0.0%	0.0%	1.7%	0.6%					
Total	129	100.0%	100.0%	100.0%	100.0%					
	By Revenue									
\$1 Million or Less	88	68.2%	69.0%	40.1%	33.2%					
	By Loan Size									
\$100,000 or less	74	57.4%	20.2%	95.1%	41.7%					
\$100,001-\$250,000	36	27.9%	28.4%	2.3%	13.5%					
\$250,001-\$1 Million	19	14.7%	51.4%	2.5%	44.8%					
Total	129	100.0%	100.0%	100.0%	100.0%					
Originations and Purchases										

Community Development Lending

Amboy made a high level of community development loans. Amboy made \$59 million in community development loans, which represents 2.7% of Amboy’s total assets. On an annualized basis, Amboy’s community development lending more than tripled since the prior evaluation period, when Amboy originated a total of \$23 million in community development loans.

Of the total community development loans extended, \$29 million or 49% were made inside the assessment area. Amboy received credit for qualified community development loans made outside of its assessment area because under the CRA, if a bank has adequately addressed the needs of its assessment area(s), then consideration can be given to community development loans that benefit the broader statewide or regional area that includes the assessment area. All loans made outside of Amboy’s assessment area were to borrowers located in the State of New Jersey.

Exhibit IV		
Summary of Community Development Lending		
January 1, 2011 – March 31, 2013		
Designation	\$ (thousands)	%
Community Services	\$31,668	54.1%
Affordable Housing	\$24,802	42.3%
Revitalization and Stabilization	\$2,096	3.6%
TOTAL ACTIVITY	\$58,566	100%

In terms of dollar volume, loans for affordable housing represented 42% of total community development lending. Community contacts identified affordable housing as a primary community need for LMI individuals, making these loans particularly responsive to the assessment area’s needs.

When compared to five similarly-situated banks operating in the assessment area, Amboy’s level of total annualized community development lending, measured as a percentage of average assets, assessment area deposits, and Tier 1 capital, compared favorably.

Community development loans include:

- A \$1.1 million mortgage to purchase two existing commercial buildings in a low-income tract of Monmouth County as part of the areas coastal redevelopment plan.
- A \$967,000 line of credit to secure the financing for the construction of 26 affordable housing units as part of a larger 130-unit condo development in Middlesex County.
- A \$548,000 commercial mortgage to purchase and maintain 35 affordable housing units in a moderate-income area of Middlesex County.

- A \$4.9 million affordable housing loan participation to construct 55 condominium units targeted to LMI families and individuals in a moderate-income tract in Hudson County.

INVESTMENT TEST

Amboy made an adequate level of qualified community development investments in its assessment area. Amboy's community development investment activity exhibited adequate responsiveness in light of the limited opportunities for qualified community development investments in its assessment area. Amboy's assessment area is a relatively high income area, which makes it challenging for Amboy to find qualified investment opportunities. During the examination period, Amboy made a total of \$6 million in qualified investments. On an annualized basis, Amboy's level of qualified investments tripled since the prior examination, when Amboy made \$2 million in qualified investments during a three-year examination period.

Exhibit V		
Summary of Qualified Investments		
January 1, 2011 – March 31, 2013		
Designation	\$ (thousands)	%
Affordable Housing	\$4,885	82.4%
Economic Development	\$625	10.5%
Community Services	\$418	7.1%
TOTAL ACTIVITY	\$5,928	100%

Of the bank's total qualified investments, \$399 thousand or 7% was made in the assessment area. These investments consisted entirely of new community development grants made to a variety of non-profit organizations with primary missions of providing affordable housing or community services to LMI individuals. The bank did not make use of innovative and/or complex investments to support community development initiatives in the assessment area.

The remaining 93% of Amboy's qualified investments were made to investment funds, which partially benefited its assessment area, as well as the broader statewide region. Amboy received credit for qualified investments made outside of its assessment area because under the CRA, if a bank has adequately addressed the needs of its assessment area(s), consideration can be given to qualified investments that benefit the broader statewide or regional area that includes the assessment area. Community development investments were primarily dedicated to affordable housing, which is a prominent need in the assessment area, as identified by local community contacts.

Amboy made rare use of innovative and/or complex investments to support community development initiatives. In terms of dollar volume, 81% of Amboy's total qualified investments consisted of mortgage-backed securities, collateralized by loans targeted to LMI individuals.

While mortgage-backed securities provide some liquidity to the market, they are viewed qualitatively as less responsive to community development needs of LMI communities than direct investments.

When compared to five similarly-situated banks operating in the assessment area, Amboy's level of total annualized qualified investments, when measured as a percentage of average assets and assessment area deposits, was comparable.

Qualified community development investments include:

- A \$500,000 investment in a community development financial institution that provides construction and permanent financing to community and economic development projects, including affordable housing, community development facilities, and commercial real estate.
- A \$100,000 investment in a regional community development financial institution that is a leader in neighborhood revitalization. The organization uses capital to preserve and rehabilitate affordable housing, and special community development financing to bring supermarkets, education and job opportunities to LMI communities and individuals.
- \$10,000 in grants to a not-for-profit corporation serving Monmouth and adjacent counties devoted to providing permanent and transitional housing in a family setting to low-income persons who are homeless, disabled or unable to care for themselves.

SERVICE TEST

Amboy's performance under the service test was rated high satisfactory based on a relatively high level of community development services made in the assessment area and an adequate branch distribution.

Retail Services

Amboy's delivery systems are accessible to essentially all of the bank's geographies and individuals of different income levels in the assessment area. Amboy's branch census tract designations changed in this exam resulting from the release of the 2010 Census data. Amboy operates 22 branches, of which, a total of four or 18% are located in LMI census tracts. Of these, two branches are located in low-income census tracts and two in moderate-income census tracts, based on the 2010 Census. In comparison, 21% of the census tracts in Amboy's assessment area are LMI census tracts, and 20% of the assessment area's population resides in those tracts. Based on the 2000 Census, Amboy's branch distribution included two branches located in moderate-income census tracts and no branches in low-income census tracts.

Amboy's record of opening and closing branches did not adversely affect the accessibility of Amboy's delivery systems, particularly to LMI geographies and/or LMI individuals. During the examination period, Amboy sold three branches. Of the branches sold, one was located in an

upper-income tract in Mercer County, NJ and two branches were located in Somerset County, NJ, one branch in an upper-income tract and another in a middle-income tract.

All branch offices provide similar products and banking services, and branch hours do not vary in a way that inconveniences its assessment area, particularly LMI geographies and/or LMI individuals. All of the branches in the assessment area have extended morning, evening and Saturday hours available.

Alternative delivery systems did not materially impact the accessibility of Amboy’s services for LMI individuals or geographies. Amboy has ATMs at all branch locations and offers Internet, telephone, and bank-by-mail services. No service is specifically targeted to LMI customers.

Community Development Services

Amboy provided a relatively high level of community development services to its assessment area. During the examination period, the bank conducted 47 community development service events, which consisted of financial literacy, housing seminars, and supplemental retirement income seminars, as well as the provision of technical assistance to non-profits and small businesses in its assessment area.

Exhibit VI Summary of Community Development Services January 1, 2011 – March 31, 2013	
Activity Type	Current Examination Total
Residential Mortgage/First-time Homebuyers Seminars	35
Technical Assistance to Community Organizations	5
Financial Literacy Events	7
TOTAL ACTIVITY	47

Opportunities for participation by local financial institutions include providing financial education, teaching budgeting techniques and reaching underserved and under-banked communities. Amboy has worked with area schools and nonprofit credit counseling organizations to provide financial literacy education. Contacts stated that local financial institutions, including Amboy, have been supportive in recent years by providing technical assistance, financial expertise and donations.

Examples of the community development services provided by Amboy include the following:

- On two occasions, Amboy participated in first-time homebuyer seminars targeted to LMI persons and hosted by a local community organization. During the seminar, members of

Amboy's management team provide guidance about the mortgage process to potential borrowers.

- Amboy's local branches regularly conduct seminars for area senior residents on retirement income options and financial planning.

Nine bank representatives participated on the board or as committee members of thirteen community development organizations on an on-going basis, compared to participation with nine such organizations at the last examination. These community development organizations include:

- A community organization that raises funds for victims affected by natural disasters, most recently Hurricane Sandy, in Middlesex County.
- An affordable housing organization that builds and repairs houses using volunteer labor and donations in Monmouth County.
- A community organization that seeks to create a housing, arts and community complex in Middlesex County. This new facility will feature permanent, supportive, affordable housing for women and families escaping domestic violence.

FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

Amboy is in compliance with the substantive provisions of the anti-discrimination laws and regulations. No evidence of discriminatory or other illegal credit practices was identified as being inconsistent with helping to meet the credit needs of the assessment area.

CRA APPENDIX A

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, relatively permanent statistical subdivision of a county or statistically equivalent entity delineated for data presentation purposes by a local group of census data users or the geographic staff of a regional census center in accordance with Census Bureau guidelines. Designed to be relatively homogeneous units with respect to population characteristics, economic status, and living conditions at the time they are established, census tracts generally contain between 1,000 and 8,000 people, with an optimum size of 4,000 people. Census tract boundaries are delineated with the intention of being stable over many decades, so they generally follow relatively permanent visible features. However, they may follow governmental unit boundaries and other invisible features in some instances; the boundary of a state or county (or statistically equivalent entity) is always a census tract boundary.

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; activities that revitalize or stabilize low- or moderate-income geographies; or loans, investments or services that (i) Support, enable or facilitate projects or activities that meet the "eligible uses" criteria described in Section 2301c of the Housing and Economic Recovery Act of 2008 ("HERA"), Public Law 110-289, 122 Stat. 2654, as amended, and are conducted in designated target areas identified in plans approved by the United States Department of Housing and Urban Development in accordance with the Neighborhood Stabilization Program ("NSP"); (ii) Are provided no later than two years after the last date funds appropriated for the NSP are required to be spent by grantees; (iii) Benefit low-, moderate- and middle-income individuals and geographies in the bank's assessment area(s) or geographies outside the bank's assessment area(s) provided the bank has adequately addressed the community development needs of its assessment area(s).

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.

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: A family is a group of two or more people related by birth, marriage, or adoption and residing together; all such people (including related subfamily members) are considered as members of one family.

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 income of applicants, the amount of loan requested, and the disposition of the application (e.g., approved, denied, and withdrawn).

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

Household: A household consists of all the people who occupy a housing unit. A household includes the related family members and all the unrelated people, if any, such as lodgers, foster children, wards, or employees who share the housing unit. A person living alone in a housing unit, or a group of unrelated people sharing a housing unit such as partners or roomers, is also counted as a household. The count of households excludes group quarters.

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 geography.

Metropolitan Statistical Area (“MSA”): A geographic entity defined by the federal Office of Management and Budget for use by federal statistical agencies, based on the concept of a core area with a large population nucleus, plus adjacent communities having a high degree of economic and social integration with that core.

Metropolitan Division: A county or group of counties within a Metropolitan Statistical Area that contains a population of at least 2.5 million and represents an employment center(s) associated through commuting ties.

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 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 geography.

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 geography.

**Amboy Bank
Assessment Area
2012**

