

PUBLIC DISCLOSURE

October 20, 2003

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**Interchange Bank
RSSD No. 3506**

**Park 80 West/Plaza Two
Saddle Brook, NJ 07663**

**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: Interchange 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	INTERCHANGE BANK		
	PERFORMANCE TESTS		
	Lending Test	Investment Test	Service Test
Outstanding		X	
High Satisfactory	X		X
Low Satisfactory			
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 volume and dollar amount of lending activity demonstrated adequate responsiveness to home mortgage loan and small business credit needs in the bank’s assessment area.
- Overall distribution of loans across geographies of different income levels was adequate.
- Distribution of loans among borrowers of different income levels and businesses of different sizes was excellent.
- The bank had an excellent level of community development lending and qualified investments.
- Delivery systems were accessible to essentially all portions of the assessment area.

INSTITUTION

DESCRIPTION OF INSTITUTION

Headquartered in Saddle Brook, New Jersey, Interchange Bank (“Interchange”) is a wholly owned subsidiary of Interchange Financial Services Corporation, a bank holding company. Interchange is a full-service, retail-oriented bank offering a full line of deposit and loan products and services to consumers and small and medium-sized businesses.

As of December 31, 2002, the bank had total assets of \$936 million, net loans and leases of \$608 million, and total deposits of \$817 million. As of the examination date, Interchange operated 18 full-service branches in Bergen County. The bank’s market is highly competitive with various local, regional and multinational banks, such as Columbia Bank, Boiling Springs Savings Bank, JPMorgan Chase Bank and Hudson United Bank, located in the same area.

According to data reported to the Federal Deposit Insurance Corporation (“FDIC”) for FDIC-insured institutions operating in Bergen County as of June 30, 2002, Interchange ranks 10th in deposit market share among 48 banks with 2.85% of deposits in the market. In mortgage lending, the bank ranks 37th of 434 institutions with a 0.64% share of total loans reported in 2001 under the Home Mortgage Disclosure Act (“HMDA”). For small business loans reported in 2001, Interchange ranks 17th with a 0.30% market share, after excluding small business credit card lenders from consideration.

Interchange’s assessment area consists of Bergen County, New Jersey, which is part of Primary Metropolitan Statistical Area (“PMSA”) 0875 (Bergen-Passaic, NJ). This assessment area has not changed since the previous examination and is in compliance with the requirements of Regulation BB Section 228.41.

Interchange’s previous CRA examination was conducted as of October 22, 2001, and the bank received an overall rating of “satisfactory.” There are no financial or legal factors that would prevent the bank from fulfilling its responsibilities under CRA.

SCOPE OF EXAMINATION

Interchange’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 and small business loans. The mortgage loans included in the evaluation were reported under HMDA. The small business loans evaluated were reported under CRA.

Interchange management opted not to include consumer or other loans in the bank’s CRA assessment. Multifamily loans were not considered for analysis as the bank reported only six multifamily loans for the examination period. The evaluation period for HMDA-related and small business loans covers the bank’s CRA performance from January 1, 2001, through

December 31, 2002. Community development loans, qualified investments and service test information were analyzed for the same period.

For evaluation of the geographic distribution of loans, geographies were classified on the basis of the U.S. Census Bureau's 1990 income data. Performance was rated based on penetration in moderate-income geographies because the bank's assessment area has very limited lending opportunities in low-income geographies.

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

HMDA-related and small business loan performance was compared with the aggregate of all lenders in Interchange's assessment area that reported loans under HMDA and small business loans under CRA. For HMDA-related and small business lending, the 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. In 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 assigned to the product in an overall conclusion of performance.

In order to gain an understanding of community credit needs, examiners conducted two interviews with community contacts involved in local housing and community development activities during the examination.

PERFORMANCE CONTEXT

Demographic Characteristics

Bergen County is one of New Jersey's most densely populated counties. According to the 2000 Census, the county's total population of 884,118 is approximately 11% of the state's total population. The population is evenly distributed throughout Bergen County, which contains two large cities, Hackensack and Englewood.

Income Characteristics

Bergen County is also one of New Jersey's most affluent areas. According to the 2000 Census, the county has a median family income of \$65,241, compared with the state median of \$55,146. Approximately 5% of county residents subsist below the poverty level. Ten percent of the county's census tracts are moderate-income, and only 1% of the tracts are low-income.

EXHIBIT 1
Assessment Area Demographics
PMSA 0875 (BERGEN COUNTY, NJ)

Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low-income	3	1	27	-	0	-	33,467	15
Moderate-income	21	10	25,098	11	1,360	5	38,737	17
Middle-income	93	44	123,562	54	3,712	3	53,678	24
Upper-income	58	28	78,332	35	1,087	1	101,137	45
NA	35	17	0	-	0	-	0	-
Total Assessment Area	210	100	227,019	100	6,159	3	227,019	100
	Housing Units by Tract	Housing Types by Tract						
		Owner-occupied			Rental		Vacant	
		#	%	%	#	%	#	%
Low-income	33	30	-	91	3	9	0	-
Moderate-income	41,132	16,059	8	39	22,595	55	2,478	6
Middle-income	185,497	112,083	53	60	63,764	34	9,650	5
Upper-income	98,127	81,630	39	83	12,688	13	3,809	4
NA	28	5	-	-	23	82	0	-
Total Assessment Area	324,817	209,807	100	65	99,073	31	15,937	5
	Total Businesses by Tract	Businesses by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	
Low-income	3	-	3	-	0	-	0	-
Moderate-income	7,868	13	5,961	13	1,012	16	895	12
Middle-income	31,359	52	24,241	52	3,337	52	3,781	50
Upper-income	21,578	36	16,591	36	2,075	32	2,912	38
Tract not Reported	7	-	7	-	0	-	0	-
Total Assessment Area	60,815	100	46,803	100	6,424	100	7,588	100
	Percentage of Total Businesses:			77	11	12		

Housing Characteristics

The 2000 Census estimates that the median value of a home in Bergen County is \$250,300, and 178,352 homes are owner-occupied single-family units. Given the significantly high price of real estate in the county, LMI individuals will find it difficult to obtain affordable housing.

Labor, Employment, and Economic Characteristics

Approximately 96% of Bergen County's population are employed, according to the 2000 Census. The majority of those employed work in various areas of the service sector. The New Jersey Department of Labor reports that the Bergen County unemployment rate was 3.6% in 2001, increasing to 5.0% in 2002. These rates were less than the state unemployment averages of 4.2% in 2001 and 5.8% the following year.

Additional assessment area demographics are displayed in Exhibit 1 on the previous page.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

LENDING TEST

Interchange's record of meeting the credit needs of its assessment area through its lending activities is rated high satisfactory. Retail lending volume exhibited adequate responsiveness to assessment area credit needs. Geographic distribution reflected adequate penetration throughout the bank's assessment area and the overall distribution of loans among individuals of different income levels and businesses of different sizes was excellent. The bank also had an excellent level of community development lending.

The tables in Appendix C contain data used to evaluate the bank's lending test performance in the Bergen County assessment area. Lending activity is depicted in Table 1, geographic distribution in Tables 2-6, and borrower characteristics are depicted in Tables 8-11.

Lending Activity: Lending activity reflected adequate responsiveness to assessment area credit needs. During the examination period, Interchange originated 986 HMDA-related and small business loans totaling \$123 million.

As displayed in Exhibit 2 at right, refinancings represented the highest percentage of the bank's originations as a result of the low interest rate environment.

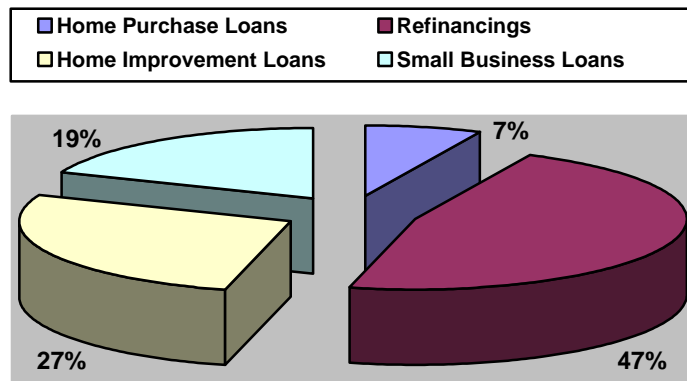
The bank's deposit market share increased during the evaluation period while the lending market share trended down. Specifically, the bank's home purchase loan market share declined from .31% in 1999 to .12% in 2001, which caused Interchange to drop from 69th to 92nd in the ranking of home purchase lenders.

The refinance market share declined from 1.42% in 1999 to .60% in 2001, dropping the bank from a rank of 17th to 38th. Home improvement loan market share declined from 6.60% in 1999 to 3.69% in 2001, causing the bank to drop from 4th to 10th in the home improvement market rankings.

Interchange's small business loan market share declined from .62% in 1999 to .30% in 2001, dropping the bank from 14th to 17th in the ranking of small business lenders.

Interchange originated a large majority of loans in its assessment areas as noted in Exhibit 3.

EXHIBIT 2
Interchange Bank Lending Activity
2001 and 2002



Approximately 81% of all lending activity was originated in its assessment area, demonstrating a solid commitment to local communities.

EXHIBIT 3								
Lending Inside and Outside the Assessment Area								
	Inside				Outside			
	#	%	\$('000s)	%	#	%	\$('000s)	%
HMDA home purchase	70	73	9,985	69	26	27	4,422	31
HMDA refinancings	465	82	57,908	84	100	18	11,426	16
HMDA home improvement	264	88	14,545	87	36	12	2,078	13
HMDA multifamily	2	33	3,746	80	4	67	948	20
Total HMDA-related	801	83	86,184	82	166	17	18,874	18
Total small business	185	74	36,509	69	65	26	16,326	31
TOTAL LOANS	986	81	122,693	78	231	19	35,200	22

Geographic Distribution: Overall, the geographic distribution of HMDA-related and small business lending was adequate based on performance in the moderate-income census tracts in the bank's assessment area. Lending opportunities are extremely limited in low-income census tracts, which contain less than 1% of the owner-occupied housing units and businesses in Bergen County. With respect to lending products, the geographic distribution of small business loans was excellent while home purchase lending was poor. The geographic distribution of refinancings and home improvement loans was considered adequate.

Home Purchase Loans

Interchange's distribution of home purchase loans in moderate-income geographies was poor compared with both the percentage of owner-occupied housing units and the aggregate of all HMDA-reporting lenders in these tracts. The bank's percentage of lending in moderate-income census tracts was significantly below both the percentage of owner-occupied units and the percentage of lending originated by the aggregate of lenders in moderate-income census tracts.

Refinance Loans

The distribution of refinancings in moderate-income geographies was adequate compared with the percentage of owner-occupied units and the aggregate of all HMDA-reporting lenders in these tracts. The bank's percentage of lending was below the percentage of moderate-income census tracts and slightly below the percentage of lending originated by the aggregate of lenders in moderate-income census tracts.

Home Improvement Loans

The distribution of home improvement loans in moderate-income geographies was adequate compared with the percentage of owner-occupied units and the aggregate of all HMDA-reporting lenders in these tracts. The bank's percentage of lending was below the percentage of moderate-

income census tracts and slightly below the percentage of lending originated by the aggregate of lenders in moderate-income census tracts.

Small Business Loans

The overall geographic distribution of small business loans in moderate-income geographies was excellent compared with both the percentage of businesses and the aggregate of all small business lending reporters in these tracts. The bank’s percentage of lending in moderate-income census tracts was significantly above the percentage of businesses and percentage of lending originated by the aggregate of lenders in moderate-income census tracts.

Distribution by Borrower Income and Revenue Size of the Business: The overall distribution of assessment area loans among borrowers of different income levels and businesses of different sizes was excellent. Specifically, lending to moderate-income borrowers and lending to businesses of different sizes was excellent. Lending to low-income borrowers was considered adequate. These conclusions take into account the number and percentage of LMI families, the size of businesses, the aggregate lending performance in the assessment area, and the assessment area’s high housing costs.

Lending to Moderate-income Borrowers

Overall, Interchange’s level of lending to moderate-income borrowers was excellent. The following table summarizes the bank’s performance with respect to each product:

Lending to Moderate-income Borrowers		
Loan Product	Interchange Performance	Aggregate Comparison
Home Purchase	Excellent	Significantly Above
Refinance	Excellent	Above
Home Improvement	Excellent	Above

Lending to Low-income Borrowers

Overall, Interchange’s level of lending to low-income borrowers was adequate. The table below summarizes the bank’s performance with respect to each product:

Lending to Low-income Borrowers		
Loan Product	Interchange Performance	Aggregate Comparison
Home Purchase	Good	Significantly Above
Refinance	Adequate	Significantly Above
Home Improvement	Adequate	Similar

Lending to Small Businesses of Different Sizes

The bank's record of lending to businesses of different sizes was excellent based on the level of lending to businesses with gross annual revenues ("GAR") of \$1 million or less. Interchange's level of loans to businesses of GAR of \$1 million or less was significantly above the performance of the aggregate of all small business loan reporters. Interchange originated 49% of its loans in amounts of \$100 thousand or less, with an average loan size of \$51 thousand. Small loan amounts generally reflect the size of the business.

Community Development Lending: Interchange's community development lending was excellent, totaling \$6.8 million, which was below performance of the previous examination. Of the total of 17 community development loans, 7 loans amounting to \$4.3 million or 63% supported community services, while 2 loans totaling \$1.5 million or 22% supported revitalization and stabilization efforts. Seven loans totaling \$905 thousand or 13% assisted in economic development efforts, and one loan for \$165 thousand supported an affordable housing project.

INVESTMENT TEST

The bank's performance under the investment test is rated outstanding.

Interchange's level of qualified investments was significant, totaling \$3.3 million, but is lower than the performance of the previous examination. Approximately \$1.3 million or 39% of the investments supported affordable housing, a major need in the bank's assessment area identified by community contacts. The remaining \$2 million or 61% of investments were primarily related to bond anticipation notes supporting economic development in moderate-income geographies in the bank's assessment area.

SERVICE TEST

Interchange's performance under the service test is rated high satisfactory based on the accessibility of its banking services and adequate level of community development services.

Retail Services: The bank's branch network is accessible to essentially all portions of the bank's assessment area. As of the examination date, the bank operated 18 branches in its assessment area. Two, or 11%, of these branches are located in LMI census tracts. This compares favorably with the assessment area demographics, which show that 10% of all census tracts in the bank's assessment area are moderate-income tracts and approximately 11% of the assessment area population reside in LMI census tracts.

Interchange opened its 18th branch in January 2002 in Hackensack, New Jersey, which is one of the two branches located in a moderate-income census tract. The Garfield branch is also located in a moderate-income tract. In addition, both the Lodi and Elmwood Park branches are adjacent to moderate-income areas.

Interchange offers 18 24-hour automated teller machines (“ATMs”) in its assessment area. The Lodi branch is not equipped with an ATM, but Interchange has an ATM in a shopping center less than a mile from the branch. All other ATMs are located at the branch locations. Other services include banking by mail, 24-hour telephone banking, and check card services. Interchange also provides online banking capabilities on its Internet Web site.

Interchange’s business hours do not vary in a way that inconveniences LMI geographies and individuals in its assessment area. All branches are full-service and offer the same variety of loan and deposit products and services. The bank offers extended morning or evening hours at all its branches, and Saturday hours are available at all locations except the main office in Saddle Brook.

Branch openings and closings improved the accessibility of delivery systems, particularly in LMI geographies. As previously noted, Interchange opened one branch in a moderate-income census tract and did not close any branches.

Community Development Services: Interchange provided an adequate level of community development services. Bank staff participation in various community organizations included a first vice president serving on the finance committee of the New Jersey Urban Counties Community Development Association, and four other officers participated in local chambers of commerce, which support Bergen County businesses.

Interchange also offered two deposit products with the primary purpose of community development. As of December 31, 2002, the bank opened 860 low-cost checking accounts that feature no minimum balance, eight check withdrawals during each statement cycle, and unlimited ATM withdrawals. In addition, as of December 31, 2002, the bank opened 2,527 “Care-Free Checking Accounts,” which require a minimum balance greater than zero and nominal fees for ATM cards and an Interchange Visa check card.

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 Interchange’s CRA rating.

CRA APPENDIX A

SCOPE OF EXAMINATION

The scope of the examination of Interchange Bank is discussed on page BB2.

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.

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

Small loan(s) to business(es): A loan included in "loans to small businesses" as defined in the Consolidated Report of Condition and Income ("Call Report") and the Thrift Financial Reporting ("TFR") instructions. These loans have original amounts of \$1 million or less and typically are either secured by nonfarm or nonresidential real estate or are classified as commercial and industrial loans. 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.

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

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 1. Lending Volume

LENDING VOLUME		Geography: NEW JERSEY				Evaluation Period: JANUARY 1, 2001 TO DECEMBER 31, 2002						
Metropolitan Area ("MA")/ Assessment Area ("AA")	% 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)	
Full Review:												
Assessment area total	100.00	801	86,184	185	36,509	0	0	17	6,845	1,003	129,538	100.00

* Loan data as of December 31, 2002. Rated area refers to either the state or multistate MA rating area. ** Evaluation period for community development loans is January 1, 2001, to December 31, 2002.
*** Deposit data as of June 30, 2002. Rated area refers to either the state, multistate MA, or institution, as appropriate.

Table 2. Geographic Distribution of Home Purchase Loans

Geographic Distribution: HOME PURCHASE ("HP")		Geography: NEW JERSEY				Evaluation Period: JANUARY 1, 2001 TO DECEMBER 31, 2002								
Metropolitan Area/ Assessment Area	Total HP Loans		Low-Income Geographies		Mod-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	70	100.00	0.01	0.00	7.65	2.86	53.42	67.14	38.91	30.00	0.01	8.16	54.93	36.88

* Based on 2001 Peer Mortgage Data: Northeast Region.
** Home purchase loans originated and purchased in the MA/AA as a percentage of all home purchase loans originated and purchased in the rated area.
*** Percentage of owner-occupied units is 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: NEW JERSEY				Evaluation Period: JANUARY 1, 2001, TO DECEMBER 31, 2002								
Metropolitan Area/ Assessment Area	Total HI Loans		Low-Income Geographies		Mod-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	264	100.00	0.01	0.00	7.65	4.17	53.42	57.95	38.91	37.88	0.00	5.25	53.31	41.43

* Based on 2001 Peer Mortgage Data: Northeast Region.
** Home improvement loans originated and purchased in the MA/AA as a percentage of all home improvement loans originated and purchased in the rated area.
*** Percentage of owner-occupied units is 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 4. Geographic Distribution of Home Mortgage Refinance Loans

Geographic Distribution: HOME MORTGAGE REFINANCE		Geography: NEW JERSEY					Evaluation Period: JANUARY 1, 2001, TO DECEMBER 31, 2002							
Metropolitan Area/ Assessment Area	Total Refis		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	465	100.00	0.01	0.00	7.65	5.16	53.42	49.03	38.91	45.81	0.02	6.19	51.66	42.05

* Based on 2001 Peer Mortgage Data: Northeast Region.

** Home mortgage refinance loans originated and purchased in the MA/AA as a percentage of all home mortgage refinance 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: NEW JERSEY					Evaluation Period: JANUARY 1, 2001, TO DECEMBER 31, 2002							
Metropolitan Area/ Assessment Area	Total MF Loans		Low-Income Geographies		Mod-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	2	100.00	0.00	0.00	15.14	0.00	71.25	50.00	13.60	50.00	0.00	30.59	54.12	15.29

* Based on 2001 Peer Mortgage Data: Northeast Region.

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

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

Table 6. Geographic Distribution of Small Loans to Businesses

Geographic Distribution: SMALL LOANS TO BUSINESSES ("SB")		Geography: NEW JERSEY					Evaluation Period: JANUARY 1, 2001, TO DECEMBER 31, 2002							
Metropolitan Area/ Assessment Area	Total SB Loans		Low-Income Geographies		Mod-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	185	100.00	0.00	0.00	12.94	20.54	51.57	44.32	35.48	35.14	0.00	12.18	52.62	35.20

* Based on 2000 Peer Small Business Data: U.S. & PR.

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

*** Source data - Dun and Bradstreet (2002).

Table 8. Borrower Distribution of Home Purchase Loans

Borrower Distribution: HOME PURCHASE		Geography: NEW JERSEY				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****	Low	Mod	Mid	Upper	
Full Review:															
Assessment area total	70	100.00	14.74	13.04	17.06	24.64	23.64	13.04	44.55	49.28	2.77	12.41	28.36	56.45	

* Based on 2001 Peer Mortgage Data: Northeast Region.

** As a percentage of loans with borrower income information available. No information was available for 1.43% of loans originated and purchased by the bank.

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

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

Table 9. Borrower Distribution of Home Improvement Loans

Borrower Distribution: HOME IMPROVEMENT		Geography: NEW JERSEY				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****	Low	Mod	Mid	Upper	
Full Review:															
Assessment area total	264	100.00	14.74	5.36	17.06	18.01	23.64	31.42	44.55	45.21	5.55	13.98	27.31	53.15	

* Based on 2001 Peer Mortgage Data: Northeast Region.

** As a percentage of loans with borrower income information available. No information was available for 1.14% of loans originated and purchased by the bank.

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

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

Table 10. Borrower Distribution of Home Mortgage Refinance Loans

Borrower Distribution: HOME MORTGAGE REFINANCE		Geography: NEW JERSEY				Evaluation Period: JANUARY 1, 2001, TO DECEMBER 31, 2002									
Metropolitan Area/ Assessment Area	Total Refis		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****	Low	Mod	Mid	Upper	
Full Review:															
Assessment area total	465	100.00	14.74	6.39	17.06	17.18	23.64	25.33	44.55	51.10	3.11	12.61	27.08	57.20	

* Based on 2001 Peer Mortgage Data: Northeast Region.

** As a percentage of loans with borrower income information available. No information was available for 2.37% of loans originated and purchased by the bank.

*** Percentage of Families is based on the 1990 Census information.

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

Table 11. Borrower Distribution of Small Loans to Businesses

Borrower Distribution: SMALL LOANS TO BUSINESSES		Geography: NEW JERSEY				Evaluation Period: JANUARY 1, 2001, TO DECEMBER 31, 2002			
Metropolitan Area/ Assessment Area	Total SB Loans		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	185	100.00	76.96	58.38	49.19	24.32	26.49	21,846	8,260

* Based on 2000 Peer Small Business Data: U.S. & PR.

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

*** Businesses with revenues of \$1 million or less as a percentage of all businesses (Source D&B - 2002).

**** 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 0.00% of small loans to businesses originated and purchased by the bank.

Table 14. Qualified Investments

QUALIFIED INVESTMENTS		Geography: NEW JERSEY				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	2	1,894	9	1,391	11	3,285	100.00	0	0

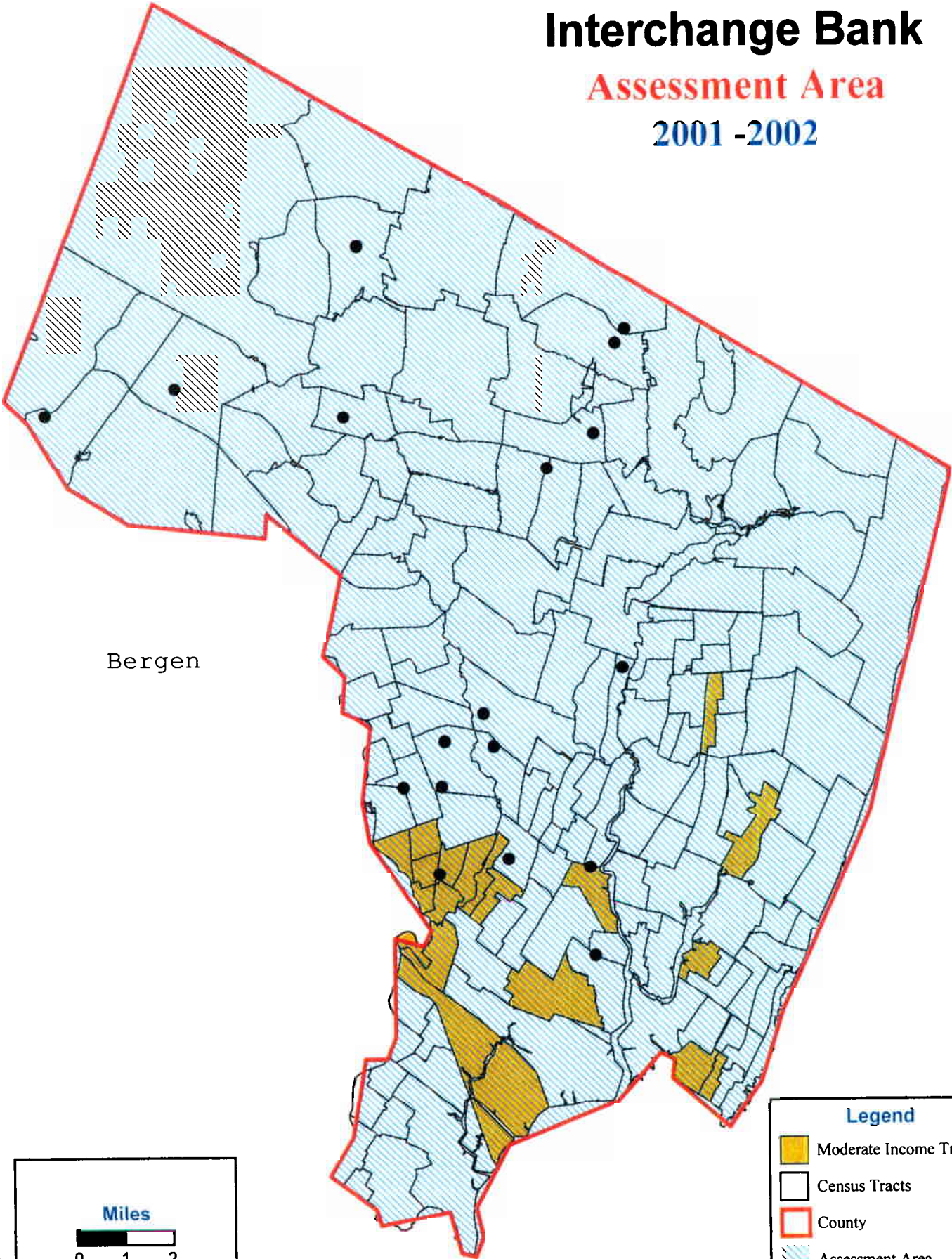
* "Prior Period Investments" means investments made in a previous evaluation period that are outstanding as of the examination date.

** "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

DISTRIBUTION OF BRANCH DELIVERY SYSTEM AND BRANCH OPENINGS/CLOSINGS		Geography: NEW JERSEY						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	100.00	18	100	0.00	11.11	50.00	38.89	1	0	0	1	0	0	0.01	11.72	54.90	33.37

Interchange Bank Assessment Area 2001 - 2002



Legend

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

