

PUBLIC DISCLOSURE

December 3, 2007

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.

TABLE OF CONTENTS

Institution Rating	
Institution's CRA Rating.....	BB1
Table of Performance Test Ratings.....	BB1
Summary of Major Factors Supporting Rating.....	BB1
Institution	
Description of Institution.....	BB2
Performance Context.....	BB2
Scope of Examination.....	BB5
Conclusions With Respect to Performance Tests.....	BB6
Fair Lending or Other Illegal Credit Practices Review.....	BB11
Exhibits	
Exhibit 1: Assessment Area Demographics.....	BB4
Exhibit 2: Lending Inside and Outside the Assessment Area.....	BB7
CRA Appendices	
CRA Appendix A: Glossary.....	BB12
CRA Appendix B: Interagency CRA Core Tables.....	BB15
CRA Appendix C: Assessment Area Map.....	BB22

INSTITUTION RATING

Peapack-Gladstone Bank (“Peapack”) 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	
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:

- Lending activity levels reflect adequate responsiveness to assessment area credit needs.
- The distribution of borrowers reflects good penetration among customers of different income levels and businesses of different sizes.
- The bank has a significant level of qualified community development investments and grants.
- The bank makes an adequate level of community development loans.
- Delivery systems are reasonably accessible to essentially all portions of the assessment area.
- The geographic distribution of loans reflects poor penetration throughout the assessment area, particularly to low- or moderate-income geographies in the assessment area.

INSTITUTION

DESCRIPTION OF INSTITUTION

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 \$ 1.3 billion in assets as of December 31, 2006. Net loans and leases totaled \$863 million, or 66% of the bank's assets. Included in this total were \$817 million in real estate loans, \$38 million in commercial loans and \$10 million in consumer loans. The bank's deposits, located in 21 branches, totaled \$ 1.2 billion as of December 31, 2006.

Peapack provides financial services to businesses and individuals through a network of 21 branches. The bank's business lines include:

- consumer lending and retail deposit services;
- personal trust and investment services; and
- business banking financial and lending services.

Peapack's assessment area is part of MSA 35620 (New York-Northern New Jersey-Long Island, NY-NJ-PA) and includes:

- MD 20764 (Edison-New Brunswick, NJ), including the entire county of Somerset in New Jersey.
- MD 35084 (Newark-Union, NJ-PA), including the entire counties of Morris and Hunterdon, and portions of Union and Essex counties in New Jersey.

The 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 BB22. There are no financial or legal factors that would prevent the bank from fulfilling its responsibilities under CRA. The bank's previous CRA examination, which was dated October 31, 2005, resulted in a "Satisfactory" rating.

PERFORMANCE CONTEXT

Demographic and economic information was obtained from publicly available sources, including the U.S. Department of Commerce's Bureau of the Census (2000), 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 2000 Census, the total population of the bank's assessment area is 1,021,402, or about 12% of New Jersey's population. Approximately 5% of the population resides in the

thirteen moderate-income tracts and one low-income tract included in Peapack’s assessment area.

Income Characteristics

The 2006 HUD-estimated median family income was \$87,500 for MD 20764 and \$85,400 for MD 35084.

Housing Characteristics

Median Home Sales Prices	
Area	2006
MD 20764	\$385,000
MD 35084	\$408,000

Source: New Jersey Association of Realtors

As shown in the chart at left, as of December 2006, the median cost of single-family housing within the assessment area was high. In MD 20764 housing costs were almost 9 times the income of a low-income family and 6 times the income of a moderate-income family. In MD 35084 housing costs were approximately 10 times the income of a low-income family and almost 6

times the income of a moderate-income family. Without some form of subsidy, home ownership is generally beyond the reach of low and moderate-income families in Peapack’s assessment area.

Labor, Employment and Economic Characteristics

Peapack’s assessment area contains 51,285 business establishments, of which 86% had gross annual revenues (“GAR”) less than or equal to \$1 million.

As noted in the chart at right, the 2006 unemployment rate for the assessment area was slightly lower than the state’s overall jobless rate.

Unemployment Rates	
Area	2006
Assessment Area	4.1%
State of New Jersey	4.3%

Source: Bureau of Labor Statistics

Exhibit 1, on the following page, contains additional demographic details.

Exhibit 1

Assessment Area Demographics*

Assessment Area: Hunterdon County, Morris County, Somerset County and portions of Union and Essex Counties

Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low-income	1	0.5	21	0.0	0	0.0	28,198	10.3
Moderate-income	13	6.2	12,557	4.6	1,122	8.9	35,385	12.9
Middle-income	62	29.4	73,656	26.8	2,036	2.8	54,227	19.8
Upper-income	134	63.5	188,190	68.6	2,812	1.5	156,614	57.0
Unknown-income	1	0.4	0	0.0	0	0.0	0	0.0
Total Assessment Area	211	100.0	274,424	100.0	5,970	2.2	274,424	100.0
	Housing Units by Tract	Housing Types by Tract						
		Owner-Occupied			Rental		Vacant	
		#	%	%	#	%	#	%
Low-income	25	0	0.0	0.0	23	92.0	2	8.0
Moderate-income	19,130	8,055	2.8	42.1	10,389	54.3	686	3.6
Middle-income	113,515	71,561	24.8	63.0	38,569	34.0	3,385	3.0
Upper-income	247,772	209,190	72.4	84.4	32,507	13.1	6,075	2.5
Unknown-income	0	0	0.0	0.0	0	0.0	0	0.0
Total Assessment Area	380,442	288,806	100.0	75.9	81,488	21.4	10,148	2.7
	Total Businesses by Tract	Businesses by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	
Low-income	14	0.0	7	0.0	6	0.1	1	0.1
Moderate-income	2,623	5.1	2,238	5.1	310	5.0	75	7.0
Middle-income	13,635	26.6	11,721	26.6	1,604	25.7	310	29.1
Upper-income	35,012	68.3	30,020	68.2	4,312	69.2	680	63.8
Unknown-income	1	0.0	1	0.0	0	0.0	0	0.0
Total Assessment Area	51,285	100.0	43,987	100.0	6,232	100.0	1,066	100.0
Percentage of Total Businesses:				85.8		12.1		2.1

* Based on 2000 Census Information.

SCOPE OF EXAMINATION

Peapack's CRA performance was reviewed using the Federal Financial Institutions Examination Council's Interagency CRA Procedures for Large Retail Institutions. Loan products evaluated included home purchase, refinance, home improvement, home equity, small business and consumer loans. The mortgage loans considered in the evaluation were reported under HMDA. The small business loans 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 in the 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 2005 and 2006; all were found to have acceptable data integrity.

The evaluation period for HMDA-reportable, small business, home equity and other consumer loans covers the bank's CRA performance from January 1, 2005 through December 31, 2006. Community development loans, investments and services were reviewed for the same time period.

The analysis focused on 2005 and 2006 lending performance compared with 2006 aggregate HMDA and small business data, the most recent year that aggregate data was available. Only loans in Peapack's assessment area were included in the analysis of geographic and borrower distribution.

For evaluation of the geographic distribution of loans, geographies were classified on the basis of the Census Bureau's 2000 income data. Performance was rated based on penetration in thirteen moderate-income geographies, and one low-income geography. For HMDA-related loans, the proportion of HMDA-related loan originations in LMI geographies was compared with the proportion of owner occupied units located in LMI and non-LMI geographies. For small business loans, the analysis compared the proportion of loan originations with the proportion of businesses located in LMI and non-LMI geographies as reported by Dun and Bradstreet Data. Home equity loan originations were compared with the proportion of families in LMI and non-LMI geographies and other consumer loan originations were compared with the proportion of households in LMI and non-LMI geographies.

To analyze the borrower characteristics of HMDA-related loans and home equity loans, the proportion of originations to LMI borrowers was compared with the proportion of LMI families in the assessment area. Income estimates from HUD were used to categorize borrower income. HUD-adjusted median family income figures for 2006 were used to categorize borrower income levels. For consumer loans, LMI borrowers were compared with the proportion of LMI households in the assessment area.

For small business loans, the proportion of loans to borrowers with GAR of \$1 million or less was compared with the proportion of such businesses as reported by Dun and Bradstreet. An analysis of the dollar amount of small business loans was also conducted, focusing on credit extensions under \$100,000, which are seen as especially responsive to the needs of smaller businesses.

HMDA-related and small business loan performance was also compared with the aggregate of all lenders in Peapack's assessment area subject to HMDA and/or CRA small business loan reporting. For both HMDA-related and small business lending, lending patterns were compared with the 2006 aggregate lending patterns.

Before reaching a conclusion about the 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 interviewed community members involved in affordable housing and economic development activities during the examination. Community contacts included representatives of housing and community development organizations.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

LENDING TEST

Peapack's performance under the lending test is rated low satisfactory. Lending activity and community development lending demonstrated adequate performance, while borrower distribution was good and geographic distribution was poor.

The FFIEC Interagency Core Tables, contained in Appendix B, list the data used to evaluate the bank's lending test performance in its assessment area. Tables 1-1A describes lending activity, Tables 2-5 describe geographic distribution of lending, and Tables 6-9 describe borrower distribution. Table 10 describes both geographic and borrower distribution of consumer loans and Table 11 describes both geographic and borrower distribution of home equity loans.

Lending Activity: Peapack's responsiveness to the credit needs of its assessment area was adequate for HMDA-reportable, small business, home equity and consumer loans.

Assessment Area Concentration: A majority of the bank's overall lending (number and dollar volume) was originated within the assessment area and lending within the assessment area reflected a declining trend between 2005 and 2006. Assessment area lending was low for HMDA-reportable loans. In particular, a relatively small majority of the home purchase originations were originated in the bank's assessment area. Exhibit 2 on page BB7 summarizes the bank's 2005-2006 lending activity inside and outside of the assessment area.

The bank's overall volume (in numbers) of HMDA-related and small business loans declined significantly (23%) from 2005 to 2006 compared with an increase (7%) in the aggregate's volume (in numbers). Home equity and consumer lending increased slightly from 2005 to 2006 (3%). The decline in HMDA-related lending can be attributed to a change in business strategy.

Peapack had 2% of the deposit market share in the combined counties of Essex, Hunterdon, Morris, Somerset, and Union as of June 30, 2006 with \$1.1 billion in deposits. Peapack was ranked 12th in deposits among 71 institutions in its assessment area counties. In comparison, the

bank was ranked 46th in 2006 for total HMDA originations and 23rd in 2006 for total small business originations. In addition, the number of HMDA reportable loans as a percent of the aggregate number of HMDA reportable loans was 0.41% and the bank's number of small business reportable loans as a percent of the aggregate was .26%.

EXHIBIT 2

Lending Inside and Outside the Assessment Area

January 1, 2005 – December 31, 2006

	Inside				Outside			
	#	%	\$('000s)	%	#	%	\$('000s)	%
Home Purchase	312	58	127,948	61	225	42	80,638	39
Refinancing	252	77	68,924	77	75	23	20,936	23
Home Improvement	180	91	22,877	86	18	9	3,775	14
Total HMDA-reportable	744	70	219,749	68	318	30	105,349	32
Small Business	450	87	75,830	80	65	13	19,538	20
Home Equity	232	92	23,988	95	21	8	1,193	5
Consumer Loans	362	86	6,791	77	59	14	2,048	23
TOTAL LOANS	1,788	79	\$326,358	72	463	21	\$128,128	28

Geographic Distribution: The distribution of loans in geographies of different income levels was poor and needs to improve. This assessment takes into account the number of LMI tracts and limited opportunities for loan originations within these tracts, as well as the bank's size and competition in the assessment area.

There are one low-income and 13 moderate-income census tracts in Peapack's assessment area containing 3%, or 8,055, of the owner-occupied housing units and 5%, or 2,637, of business establishments in the assessment area.

During the evaluation period, Peapack made only 3 home purchase loans, 1 refinancing loan, 1 home improvement loan, 18 small business loans, 2 home equity loans and 8 consumer loans in the LMI 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. Lending to moderate-income borrowers was excellent while lending to low-income borrowers and businesses of different sizes was adequate.

Lending to Moderate-Income Borrowers

Overall, Peapack’s level of lending to moderate-income borrowers was excellent. Compared to 12.9% of families and 12.6% of households in the assessment area with moderate-incomes, the following table summarizes the bank’s performance with respect to each product.

Lending to Moderate-Income Borrowers 2005-2006			
Loan Product	Peapack Performance	Aggregate Comparison	% Moderate-Income Loans
Home Purchase	Excellent	Above	13.1%
Refinancings	Good	Similar to	13.08%
Home Improvement	Excellent	Similar to	14.04%
Home Equity	Adequate	Not available	7.6%
Consumer Loans	Excellent	Not available	22.7%

Lending to Low-Income Borrowers

Overall, Peapack’s level of lending to low-income borrowers was adequate considering that high housing costs make homeownership unaffordable to most low-income borrowers in the assessment area. The performance of the market aggregate supported the difficulties of penetrating the low-income borrower market. Compared to 10.3% of low-income families and 13.5% of low income households in the assessment area, the table on the following page summarizes the bank’s performance with respect to each product.

Lending to Low-Income Borrowers 2005-2006			
Loan Product	Peapack Performance	Aggregate Comparison	% Low-Income Loans
Home Purchase	Good	Significantly Above	7.2%
Refinancings	Poor	Below	1.3%
Home Improvement	Adequate	Above	6.4%
Home Equity	Adequate	Not available	5.4%
Consumer Loans	Excellent	Not available	13.8%

Lending to Businesses of Different Sizes

The distribution of loans to businesses of different sizes was adequate when considering the proportion of loans to borrowers with GAR of \$1 million or less as well as the proportion of loans in the amount of \$100 thousand or less extended by Peapack.

Compared to 86% of the businesses in the assessment area with GAR of \$1 million or less, the bank extended 45% of its business loans to these small businesses. Peapack's performance exceeded the 28% reported by the market aggregate. Fifty-nine percent of Peapack's loans were in amounts of \$100 thousand or less as compared with 97% of the market aggregate's loans. Small loan amounts generally reflect the size of the business. The average size of Peapack's loans in amounts of \$100 thousand or less was \$44,691, an amount that would typically meet the credit needs of smaller businesses.

Community Development Lending: Peapack's community development lending was adequate. During the examination period, the bank made 3 community development loans totaling slightly more than \$5 million. Community development lending decreased slightly from the last examination and was generally comparable with the community development lending volume of similarly-situated peer institutions in the assessment area.

Two loans totaling \$4.2 million, or 84% of the community development dollars were for affordable housing targeted to LMI individuals. Citing high housing costs, community groups identified affordable housing as a critical need in this assessment area, making these loans especially responsive. Community development lending opportunities exist in the assessment area, although they are somewhat limited.

Examples of community development loans included:

- A commercial mortgage to finance a 172-unit affordable rental housing development.
- A term loan to finance a 20-unit affordable rental housing development.
- A term loan to an organization providing community development services to troubled adolescent children that have been neglected, abused or abandoned.

INVESTMENT TEST

Peapack's performance under the investment test is rated high satisfactory. The bank demonstrated good responsiveness for an institution with limited opportunities for such investments during the examination period. While Peapack's qualified investments were responsive to community credit needs, they were not considered innovative or complex in nature.

Qualified investments totaled almost \$4.9 million, compared with \$3.4 million at the previous examination. For details, see Table 12 on page BB21. The bank's qualified investment volume was generally comparable with the volume of similarly-situated peer institutions in the assessment area. Of the \$4.9 million total, investments initiated during the examination period accounted for \$2.4 million or 49% of qualified investments.

Qualified investments were concentrated in affordable housing initiatives, representing \$4.6 million or 94% of the total portfolio. Most of the investments consisted of mortgage-backed securities targeting low- or moderate-income individuals and census tracts. Affordable housing and credit availability targeted to LMI individuals and in LMI areas are important needs in the assessment area, as noted by community groups. The remaining investment dollars were used to fund a small number of investments and grants in support of LMI targeted community services and economic development.

SERVICE TEST

Peapack's performance under the service test is rated low satisfactory. The bank maintained an adequate level of retail and 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.

A geographic review of branch locations disclosed that branches are distributed reasonably throughout the assessment area. For details, see Table 13 on page BB21. All of the bank's branches are located in middle- or upper-income census tracts with 1 branch or 5% of the total branches, adjacent to a moderate-income census tract, providing some accessibility to branch services in those areas. There are 13 moderate-income and one low- income census tracts in the assessment area and only 5% of the assessment area population resides in these 14 tracts.

Peapack's record of opening and closing branches generally did not adversely affect the accessibility of the bank's delivery systems particularly to LMI geographies and/or individuals.

In 2005, Peapack added 1 new branch in Somerset County located in a middle-income census tract and in 2006 added another new branch in Somerset County located in an upper-income census tract. The branch hours and services do not vary in a way that inconveniences portions of LMI geographies and/or LMI individuals. All branch offices provide similar products and services. At 20 of the 21 branches, extended and/or Saturday hours are available at least one day a week.

Alternative delivery systems did not materially impact the accessibility of bank services for LMI individuals or geographies. Peapack has ATMs at 20 of its 21 branch locations and there are two off-site ATMs located in Hunterdon County. Peapack also offers Internet and telephone banking services, neither of which is targeted to LMI customers.

Community Development Services: The bank provides an adequate level of community services in the assessment area. Peapack participated in 12 residential mortgage and/or small business education fairs targeted to first time homebuyers and small businesses. Bank staff members participated in 14 community development organizations on an on-going basis. These activities include 5 board memberships, 3 financial committee memberships and 6 memberships that reflect various roles in community development organizations. The bank also rents one housing unit above its office in the Township of Tewksbury to a LMI individual.

FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

The bank is in compliance with the substantive provisions of the anti-discrimination laws and regulations. No practices were identified as being inconsistent with helping to meet the credit needs of the community.

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; or, activities that revitalize or stabilize low- or moderate-income geographies.

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

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

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 refinancings 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 a 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 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.

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.

APPENDIX B
CRA CORE TABLES

FFIEC Interagency Core CRA PE Tables

Institution ID: 236706

Table 1. Lending Volume

LENDING VOLUME		State: New Jersey		Evaluation Period: JANUARY 01, 2005 TO DECEMBER 31, 2006							
MA/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	
		#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)
Full-Review:											
Total Assessment Area	100.00	744	219,749	450	75,830	0	0	3	5,047	1,197	300,626

(*) The evaluation period for Community Development Loans is JANUARY 01, 2005 TO DECEMBER 31, 2006.

(**) Loan data as of 2006. Rated area refers to either the state or multi-state MSA ratings area.

Table 1A. Lending Volume

LENDING VOLUME		State: New Jersey		Evaluation Period: JANUARY 01, 2005 TO DECEMBER 31, 2006							
MA/Assessment Area	% of Rated Area Loans (#) in MA/AA**	Home Equity*		Motor Vehicle*		Other - Secured*		Other - Unsecured*		Total Optional Loans	
		#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)
Full-Review:											
Total Assessment Area	100.00	232	23,988	80	1,221	68	4,958	214	612	594	30,779

(*) The evaluation period for Optional Product Line(s) is JANUARY 01, 2005 TO DECEMBER 31, 2006.

(**) Loan data as of 2006. Rated area refers to either the state or multi-state MSA ratings area

Table 2. Geographic Distribution of Home Purchase Loans

Geographic Distribution: HOME PURCHASE State: New Jersey Evaluation Period: JANUARY 01, 2005 TO DECEMBER 31, 2006														
MA/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 Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Low	Mod	Mid	Upp
Full-Review:														
Total Assessment Area	312	100.00	0.00	0.00	2.79	0.96	24.78	19.87	72.43	79.17	0.06	4.74	31.21	63.98

(*) Based on 2006 Aggregate HMDA Data only.

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

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

Table 3. Geographic Distribution of Home Improvement Loans

Geographic Distribution: HOME IMPROVEMENT State: New Jersey Evaluation Period: JANUARY 01, 2005 TO DECEMBER 31, 2006														
MA/Assessment Area	Total Home Improvement Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate HMDA Lending (%) by Tract Income*			
	#	% of Total **	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Low	Mod	Mid	Upp
Full-Review:														
Total Assessment Area	180	100.00	0.00	0.00	2.79	0.56	24.78	7.22	72.43	92.22	0.04	4.10	30.52	65.34

(*) Based on 2006 Aggregate HMDA Data only.

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

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

Table 4. Geographic Distribution of Home Mortgage Refinance Loans

Geographic Distribution: HOME MORTGAGE REFINANCE State: New Jersey Evaluation Period: JANUARY 01, 2005 TO DECEMBER 31, 2006														
MA/Assessment Area	Total Home Mortgage Refinance Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate HMDA Lending (%) by Tract Income*			
	#	% of Total **	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Low	Mod	Mid	Upp
Full-Review:														
Total Assessment Area	252	100.00	0.00	0.00	2.79	0.40	24.78	9.52	72.43	90.08	0.05	5.26	31.87	62.82

(*) Based on 2006 Aggregate HMDA Data only.

(**) Home mortgage refinance loans originated and purchased in the MSA/AA as a % 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 the number of owner occupied housing units in the area based on 2000 Census information.

Table 5. Geographic Distribution of Small Loans to Businesses

Geographic Distribution: SMALL LOANS TO BUSINESSES State: New Jersey Evaluation Period: JANUARY 01, 2005 TO DECEMBER 31, 2006														
MA/Assessment Area	Total Small Business Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate Lending (%) by Tract Income*			
	#	% of Total **	% Businesses ***	% BANK Loans	% Businesses ***	% BANK Loans	% Businesses ***	% BANK Loans	% Businesses ***	% BANK Loans	Low	Mod	Mid	Upp
Full-Review:														
Total Assessment Area	450	100.00	0.02	0.00	5.13	4.00	26.77	10.22	68.08	85.78	0.02	3.59	24.10	70.90

(*) Based on 2006 Aggregate Small Business Data only.

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

(***) Source of data - DUN & BRADSTREET 2007.

Table 6. Borrower Distribution of Home Purchase Loans

Borrower Distribution: HOME PURCHASE State: New Jersey Evaluation Period: JANUARY 01, 2005 TO DECEMBER 31, 2006														
MA/Assessment Area	Total Home Purchase 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	Upp
Full-Review:														
Total Assessment Area	305	100.00	10.28	7.21	12.89	13.11	19.76	17.70	57.07	61.97	1.55	7.71	21.06	49.97

- (*) Home purchase loans originated and purchased in the MSA/AA as a percentage of all home purchase loans originated and purchased in the rated area.
- (**) Based on 2006 Aggregate HMDA DATA only.
- (***) Percentage of Families is based on the 2000 Census information.
- (****) NA Income loans not included in this total.

Table 7. Borrower Distribution of Home Improvement Loans

Borrower Distribution: HOME IMPROVEMENT State: New Jersey Evaluation Period: JANUARY 01, 2005 TO DECEMBER 31, 2006														
MA/Assessment Area	Total Home Improvement 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	Upp
Full-Review:														
Total Assessment Area	171	100.00	10.28	6.43	12.89	14.04	19.76	23.39	57.07	56.14	4.48	13.58	26.17	51.51

- (*) Home improvement loans originated and purchased in the MSA/AA as a percentage of all home improvement loans originated and purchased in the rated area.
- (**) Based on 2006 Aggregate HMDA DATA only.
- (***) Percentage of Families is based on the 2000 Census information.
- (****) NA Income loans not included in this total.

Table 8. Borrower Distribution of Home Mortgage Refinance Loans

Borrower Distribution: HOME MORTGAGE REFINANCE State: New Jersey Evaluation Period: JANUARY 01, 2005 TO DECEMBER 31, 2006														
MA/Assessment Area	Total Home Mortgage Refinance 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	Upp
Full-Review:														
Total Assessment Area	237	100.00	10.28	1.27	12.89	13.08	19.76	13.06	57.07	47.18	2.76	11.00	22.57	44.70

- (*) Home mortgage refinance loans originated and purchased in the MSA/AA as a percentage of all home mortgage refinance loans originated and purchased in the rated area.
- (**) Based on 2006 Aggregate HMDA DATA only.
- (***) Percentage of Families is based on the 2000 Census information.
- (****) NA Income loans not included in this total.

Table 9. Borrower Distribution of Small Loans to Businesses

Borrower Distribution: SMALL LOANS TO BUSINESSES State: New Jersey Evaluation Period: JANUARY 01, 2005 TO DECEMBER 31, 2006									
MA/Assessment Area	Total Small Loans to Businesses		Businesses with Revenues of \$1 million or less		Loans by Original Amount Regardless of Business Size			Aggregate Data ***	
	#	% of Total ****	% of Businesses *	% BANK Loans **	\$100,000 or Less	>\$100,000 to \$250,000	>\$250,000 to \$1,000,000	All	Rev \$1 million or less
Full-Review:									
Total Assessment Area	450	100.00	86.38	45.33	265	102	83	83,679	23,166

- (*) Businesses with revenues of \$1 million or less as a percentage of all businesses. Data - DUN & BRADSTREET 2007.
- (**) Small loans to businesses with revenues of \$1 million or less as a percentage of all loans reported as small loans to businesses.
- (***) Based on 2006 Aggregate Small Business data only.
- (****) Small loans to businesses originated and purchased in the MSA/AA as a percentage of all small loans to businesses originated and purchased in the rated area.

Table 10. Geographic and Borrower Distribution of Consumer Loans

Geographic and Borrower Distribution: CONSUMER LOANS																			State: New Jersey		Evaluation Period: JANUARY 01, 2005 TO DECEMBER 31, 2006	
MA/Assessment Area	Total Consumer Loans		Geographic Distribution								Borrower Distribution											
			Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Low-Income		Moderate-Income		Middle-Income		Upper-Income					
	#	% of Total **	% of Hhlds *	% BANK Loans	% of Hhlds *	% BANK Loans	% of Hhlds *	% BANK Loans	% of Hhlds *	% BANK Loans	% of Hhlds *	% BANK Loans	% of Hhlds *	% BANK Loans	% of Hhlds *	% BANK Loans	% of Hhlds *	% BANK Loans				
Full-Review:																						
Total Assessment Area	362	100.00	0.01	0.00	4.99	2.21	29.75	9.67	65.25	88.12	13.52	13.75	12.59	22.68	17.38	22.68	56.51	40.89				

(*) Percentage of households based on the 2000 Census information.

(**) Consumer loans originated and purchased in the MSA/AA as a percentage of all consumer loans originated and purchased in the rated area.

Table 11. Geographic and Borrower Distribution of Home Equity Loans

Geographic and Borrower Distribution: CONSUMER LOANS																			State: New Jersey		Evaluation Period: JANUARY 01, 2005 TO DECEMBER 31, 2006	
MA/Assessment Area	Total Consumer Loans		Geographic Distribution								Borrower Distribution											
			Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Low-Income		Moderate-Income		Middle-Income		Upper-Income					
	#	% of Total **	% of Hhlds *	% BANK Loans	% of Hhlds *	% BANK Loans	% of Hhlds *	% BANK Loans	% of Hhlds *	% BANK Loans	% of Hhlds *	% BANK Loans	% of Hhlds *	% BANK Loans	% of Hhlds *	% BANK Loans	% of Hhlds *	% BANK Loans				
Full-Review:																						
Total Assessment Area	232	100.00	0.01	0.00	4.99	0.86	29.75	4.31	65.25	94.83	13.52	5.36	12.59	7.59	17.38	18.30	56.51	68.75				

(*) Percentage of households based on the 2000 Census information.

(**) Consumer loans originated and purchased in the MSA/AA as a percentage of all consumer loans originated and purchased in the rated area.

Table 12. Qualified Investments

QUALIFIED INVESTMENTS State: New Jersey Evaluation Period: JANUARY 01, 2005 TO DECEMBER 31, 2006									
MA/Assessment Area	Prior Period Investments *		Current Period Investments		Total Investments			Unfunded Investments **	
	#	\$(000's)	#	\$(000's)	#	\$(000's)	% of Total \$'s	#	\$(000's)
Full-Review:									
Total Assessment Area	8	2,524	31	2,364	39	4,888	100	0	0

(*) A Prior Period Investment means investments made in a previous evaluation period that are outstanding as of examination date.

(**) An Unfunded Commitment means legally binding investment commitments that are tracked and recorded by the bank's financial reporting system.

Table 13. Distribution of Branch Delivery System and Branch Openings/Closings

DISTRIBUTION OF BRANCH DELIVERY SYSTEM AND BRANCH OPENINGS/CLOSINGS State: New Jersey Evaluation Period: JANUARY 01, 2005 TO DECEMBER 31, 2006																	
MA/Assessment Area	Deposits	Branches						Branch Opening / Closings				Population					
	% of Rated Area	# of Bank Branches	% of Rated Area	Location of Branches by Income of Geographies				# of Branch Closings	# of Branch Openings	Net Change in Location of Branches (+ or -)				% of the Population within Each Geography			
	Deposits in MSA/AA		Branches in MSA/AA	Low	Mod	Mid	Upp			Low	Mod	Mid	Upp	Low	Mod	Mid	Upp
Full-Review:																	
Total Assessment Area	0.00	21	100.00	0	0	1	20	0	2	0	0	1	1	0.01	5.26	27.90	66.83

Peapack-Gladstone Bank

Assessment Area

January 1, 2005 - December 31, 2006

