

PUBLIC DISCLOSURE

January 26, 2009

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**Amboy Bank
RSSD No. 9807**

3590 Highway 9
Old Bridge, NJ 08859

**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

Amboy Bank is rated **Needs to Improve**. 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			
Low Satisfactory	X	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 bank's initial satisfactory CRA rating, based on the bank's performance under the three performance tests, has been lowered to a CRA rating of needs to improve based on substantive violations of the Equal Credit Opportunity Act and the Fair Housing Act. These violations were detected during the compliance examination that was conducted concurrently with this CRA performance evaluation. Other factors supporting the institution's rating follow:

- The geographic distribution of lending was poor.
- The volume of retail lending activity reflected adequate responsiveness to credit needs in the bank's assessment area.
- The distribution of loans to individuals of different income levels and businesses of different sizes was adequate.
- The level of qualified investments was adequate.
- Retail delivery systems were reasonably accessible to geographies and individuals of different income levels.
- The level of community development lending was strong.

DESCRIPTION OF INSTITUTION*

Total assets	\$2.6 billion
Net loans & leases	\$1.9 billion
Total domestic deposits	\$1.9 billion
Number of branches	25
Headquarters	Old Bridge, NJ
Bank holding company	Amboy Bancorporation

*Data as of December 31, 2007

Amboy Bank (“Amboy”) is a full-service independent commercial bank with 25 branches, headquartered in Old Bridge, NJ. Amboy is a wholly-owned subsidiary of Amboy Bancorporation, also headquartered in Old Bridge, NJ. As of December 31, 2007, Amboy had total assets of \$2.6 billion with \$1.9 billion in net loans and leases. Of this amount, approximately \$1 billion was in construction and land development loans, \$354 million in commercial real estate loans, and \$524 million in 1-4 family residential real estate loans.

The bank offers a wide range of consumer-related services including retail deposit products, small business, residential construction, first- and second-lien mortgage loans, and reverse mortgages. Since its previous CRA examination dated October 3, 2005, Amboy expanded its presence in central New Jersey by opening 5 new branches in Middlesex and Monmouth Counties.

Assessment Area:

Amboy’s assessment area contains the following:

- Portions of MD 20764 (Edison, NJ), comprised of the full counties of Middlesex and Monmouth, and portions of Somerset County in New Jersey.
- Portions of MSA 45940 (Trenton-Ewing, NJ), comprised of three upper-income census tracts in Mercer County.

The three Mercer county tracts are adjacent to Middlesex and Somerset Counties and were combined with the MD 20764 assessment areas to assess Amboy’s CRA performance. The inclusion of the three Mercer County tracts does not cause the assessment area to extend substantially beyond the boundary of the MD.

Amboy has no financial or legal impediments that would prevent it from fulfilling its responsibilities under CRA. The bank’s previous CRA examination, conducted by the Office of the Comptroller of the Currency as of October 3, 2005, resulted in an “Outstanding” rating.

PERFORMANCE CONTEXT

The following demographic and economic information was obtained from publicly available sources that include the U.S. Department of Commerce's Bureau of Census, the New Jersey State Department of Labor, the U.S. Department of Housing and Urban Development ("HUD"), the New Jersey Association of Realtors, and the Federal Reserve Bank of New York's District Profile for the bank's assessment area.

Demographic Characteristics

Amboy's assessment area encompasses all or part of 4 contiguous counties located in Central New Jersey (Middlesex, Monmouth and portions of Somerset and Mercer counties). These counties are primarily suburban in nature, with small cities, towns and villages scattered throughout. According to the 2000 Census, the population of the assessment area totals 1,565,026. The State of New Jersey Department of Labor noted that the Central New Jersey region had the largest numeric gain in population from 2000 to 2007 of all regions in the state. Specifically, for this period, Middlesex, Somerset and Monmouth Counties accounted for 34% of the state's population growth.

Income Characteristics

The HUD-adjusted median family income ("MFI") for MD 20764 (Edison, NJ) was \$83,100 in 2005, \$87,500 in 2006 and \$85,600 in 2007. Based on the 2000 Census for the bank's assessment area, of the 360 census tracts included in the analysis, 12 or 3% are low-income and 57 or 16%, are moderate-income. Four percent of all families within the assessment area have incomes below the poverty level. In addition, MSA 45940 (Trenton-Ewing, NJ) had a MFI of \$81,250 in 2005, \$85,400 in 2006 and \$84,900 in 2007.

Housing Characteristics

The assessment area contains 590,072 housing units, of which 68% are owner-occupied. Ten percent of owner-occupied housing units are in moderate-income census tracts and represent 45% of total housing units in moderate-income census tracts. According to the New Jersey Association of Realtors the median sales price of homes in 2007 ranged from a low of \$354,700 in Middlesex County to a high of \$471,800 in Somerset County.

The Monmouth and Ocean counties median home sales price for 2007 was \$383,700. Sales prices were down slightly between year-end 2005 and year-end 2007 for Middlesex as well as Monmouth and Ocean Counties, while prices in Somerset County remained relatively unchanged. In 2007, the median housing costs in the various counties comprising the assessment area ranged from 8 to 11 times the median family income of a low-income borrower and 5 to 7 times the median family income of a moderate-income borrower. Housing affordability is a challenge for low- and moderate-income borrowers in the bank's assessment area.

Labor, Employment and Economic Characteristics

Somerset County’s key industries include telecommunications, computer system design, and pharmaceuticals. Middlesex County also has a high concentration of computer service firms, and it is also a major regional hub for trade and distribution. Generally, both counties are home to a number of large corporate headquarters, largely in the key industries mentioned above. Monmouth County contains numerous seashore communities which account for a substantial share of economic activity and employment. In addition, Monmouth County benefited from the outward expansion of economic activity in the New York City Metro area in 2006 and 2007.

According to the New Jersey Department of Labor, average annual unemployment rates decreased slightly for Middlesex, Monmouth and Somerset Counties between 2005 and 2007 from an average of 3.9% to an average of 3.5%. Detailed assessment area data is contained in the table below:

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	12	3.3	8,510	2.1	2,377	27.9	69,310	17.1
Moderate-income	57	15.8	53,856	13.3	5,418	10.1	68,903	17.0
Middle-income	182	50.6	206,758	50.9	6,363	3.1	91,736	22.6
Upper-income	106	29.4	137,317	33.8	2,550	1.9	176,492	43.4
Unknown-income	3	0.8	0	0.0	0	0.0	0	0.0
Total Assessment Area	360	100.0	406,441	100.0	16,708	4.1	406,441	100.0
	Housing Units by Tract	Housing Types by Tract						
		Owner-occupied			Rental		Vacant	
		#	%	%	#	%	#	%
Low-income	15,695	2,599	0.7	16.6	11,390	72.6	1,706	10.9
Moderate-income	91,982	41,198	10.3	44.8	43,786	47.6	6,998	7.6
Middle-income	307,367	205,525	51.4	66.9	89,488	29.1	12,354	4.0
Upper-income	175,018	150,369	37.6	85.9	19,157	10.9	5,492	3.1
Unknown-income	10	0	0.0	0.0	9	90.0	1	10.0
Total Assessment Area	590,072	399,691	100.0	67.7	163,830	27.8	26,551	4.5
	Total Businesses by Tract	Businesses by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
	#	%	#	%	#	%	#	%
Low-income	2,133	2.7	1,831	2.6	188	2.5	114	4.9
Moderate-income	9,494	11.9	8,176	11.7	955	12.6	363	15.6
Middle-income	38,940	48.9	34,294	49.2	3,481	45.8	1,165	50.0
Upper-income	29,030	36.4	25,413	36.4	2,934	38.6	683	29.3
Unknown-income	101	0.1	60	0.1	36	0.5	5	0.2
Total Assessment Area	79,698	100.0	69,774	100.0	7,594	100.0	2,330	100.0
	Percentage of Total Businesses:			87.5		9.5		2.9

SCOPE OF EXAMINATION

Procedures

Amboy's assessment area was reviewed using the Federal Financial Institutions Examination Council's ("FFIEC") Interagency CRA Procedures for Large Retail Financial Institutions.

Products

Home purchase and refinances of home purchase loans were evaluated, as were consumer loans (home equity loans), small business and other loans qualifying as community development. Amboy did not make any home improvement loans. The mortgage loans were reported under HMDA, while small business and consumer loans were reported under the CRA. Examiners verified the integrity of HMDA-related, small business and consumer loan data reported by the bank for the reporting years 2005, 2006 and 2007.

Examination Period

HMDA-related, consumer home equity loans and CRA-reportable small business loans originated between January 1, 2005 and December 31, 2007 were considered in the evaluation. Examiners reviewed community development loans, qualified investments and community development services for the time period starting July 1, 2005 and ending December 31, 2007.

Lending Distribution Analysis

Only loans in Amboy's assessment area were included in the analysis of geographic and borrower distribution. To evaluate the geographic distribution of HMDA-related and consumer loans, the proportion of low- and moderate-income ("LMI") and non-LMI loan originations were compared with the proportion of owner-occupied housing units in LMI and non-LMI geographies. With regard to small business loans, the analysis compared the proportion of loan originations with the proportion of businesses located in LMI and non-LMI geographies with gross annual revenues ("GAR") of less than \$1 million.

In order to analyze the borrower characteristics of HMDA-related and consumer loans, the proportion of originations to LMI and non-LMI borrowers was compared with the proportion of LMI and non-LMI families in the assessment area. Income estimates from the U.S. Department of Housing and Urban Development ("HUD") were used to categorize borrower income. HUD-adjusted median family income figures were used to categorize borrower income level. Dun and Bradstreet data was used for demographic information relating to the proportion of businesses with gross annual revenues of less than or equal to \$1 million. The sizes of the small business loans were also used as proxies to identify lending to smaller businesses.

HMDA-related and small business loan performance was also compared with the aggregate of all lenders in Amboy's assessment area subject to HMDA and/or CRA small business reporting. Aggregate data is not collected and reported for consumer lending.

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 the assessment area.

Community Contacts

In order to learn more about community credit needs, examiners conducted 3 interviews with community contacts during the examination. The contacts were located throughout the bank's assessment area and included representatives of various community-based organizations.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

LENDING TEST

Amboy's performance under the lending test is rated low satisfactory.

Lending Activity:

Amboy's overall lending activity was adequate. As detailed in the table below, Amboy originated 2,456 home purchase, refinance, consumer, and small business loans in its assessment area, totaling \$316 million.

Summary of Lending Activity				
January 1, 2005 – December 31, 2007				
Loan Type	#	%	\$(000s)	%
HMDA Home Purchase	142	6	\$42,588	13
HMDA Refinancings	368	15	\$90,654	29
Total HMDA-related	510	21	\$133,242	42
Total Consumer	1,495	61	\$117,506	37
Total Small Business	451	18	\$64,985	21
TOTAL LOANS	2,456	100	\$315,733	100

Note: This table includes bank loans originated in the bank's assessment area.

Amboy's lending volume declined significantly since the prior examination. From 2005 to 2007, Amboy's combined number of HMDA-related, consumer and small business lending declined 30% and exceeded the declines experienced by the aggregate during the same period, which declined 14%.

A majority, or 81%, of the loans originated by Amboy were extended in the bank's assessment area. 85% of the small business loans were originated in the assessment area while only 76% of the HMDA-related loans were originated in the assessment area. Additional assessment area concentration details are noted in the table below:

Lending Inside and Outside the Assessment Area								
January 1, 2005 – December 31, 2007								
Loan Type	INSIDE				OUTSIDE			
	#	%	\$(000s)	%	#	%	\$(000s)	%
HMDA Home Purchase	142	69	\$42,588	70	64	31	\$18,616	30
HMDA Refinancing	368	79	\$90,654	77	100	21	\$26,878	23
Total HMDA-related	510	76	\$133,242	75	164	24	\$45,494	25
Small business	451	85	\$64,985	76	82	15	\$20,102	24
Total Consumer	1,495	83	\$117,506	81	313	17	\$27,838	19
TOTAL LOANS	2,456	81	\$315,733	77	559	19	\$93,434	23

Geographic Distribution:

The overall geographic distribution of HMDA-related, consumer, and small business loans was poor based on weak penetration in low- and moderate-income census tracts throughout the assessment area. Amboy's percentage of HMDA-related lending to low- and moderate-income geographies within its assessment area was less than the percentage of owner-occupied housing units in the assessment area and the percentage of lending noted by the aggregate. Amboy's geographic performance for 2005 and 2006 was consistent with performance noted for 2007. The following table summarizes lending performance for each product in the LMI tracts within Amboy's assessment area:

Geographic Distribution				
Product	Low-income Tracts		Moderate-income Tracts	
	Amboy Performance	2007 Aggregate Comparison	Amboy Performance	2007 Aggregate Comparison
Home Purchase	Very Poor	Significantly Below	Adequate	Below
Refinance	Very Poor	Significantly Below	Adequate	Below
Consumer	Adequate	Not Available	Poor	Not Available
Small Business	Excellent	Significantly Above	Poor	Below

Distribution in Low-Income Geographies

The distribution of home purchase and refinance loans in low-income areas was very poor compared with the level of owner-occupied housing units as well as the aggregate of all HMDA-reporting lenders. Amboy made no home purchase or refinance loans in low-income geographies compared to approximately 1% of owner-occupied housing units in low-income geographies. The aggregate made 2% of home purchase loans and less than 2% of refinance loans in low-income geographies.

Amboy made less than 1% of its consumer home equity loans in low-income geographies, which compared adequately to the 1% of owner-occupied housing units noted. Aggregate data is not available for consumer loans.

Small business performance in low-income census tracts was excellent compared with the number of businesses as well as the performance of the aggregate of all CRA-reporting lenders. A total of 4% of the bank's small business loans were made in low-income geographies compared to 3% of the small businesses and 2% of the aggregate's lending to small businesses located in low-income geographies.

Distribution in Moderate-Income Geographies

The distribution of home purchase and refinance loans in moderate-income areas was adequate when compared with the level of owner-occupied housing units as well as the aggregate of all HMDA-reporting lenders. Amboy made 8% of its home purchase and refinance loans in moderate-income geographies compared to 10% of owner-occupied housing units in moderate-income geographies. The aggregate made 11% of home purchase and 14% of refinance loans in moderate-income geographies.

Amboy made less than 4% of its consumer home equity loans in moderate-income geographies, which compared poorly to the 10% of owner-occupied housing units noted. Aggregate data is not available for consumer loans.

Small business performance in moderate-income census tracts was poor compared with the number of businesses as well as the performance of the aggregate of all CRA-reporting lenders. A total of 6% of the bank's small business loans were made in moderate-income geographies compared to 12% of the small businesses and 10% of the aggregate's lending to small businesses located in moderate-income geographies.

Distribution by Borrower Income and Revenue Size of Business:

Lending performance in the assessment area was adequate based on adequate lending to low-income borrowers and good levels of lending to moderate-income borrowers and small businesses. The following table summarizes borrower distribution performance for each product:

Borrower Distribution				
Product	Low-income Borrowers		Moderate-income Borrowers	
	Amboy Performance	2007 Aggregate Comparison	Amboy Performance	2007 Aggregate Comparison
Home Purchase	Good	Significantly Above	Good	Above
Refinance	Adequate	Significantly Above	Poor	Significantly Below
Consumer	Poor	Not Applicable	Good	Not Applicable
	Lending to Businesses with GAR <= \$1 million		2007 Aggregate Comparison	
Small Business	Good		Significantly Above	

Distribution to Low-income Borrowers

Amboy's overall HMDA-related and consumer lending performance in lending to low-income borrowers in its assessment area was adequate compared with the percentage of families as well as the aggregate within the bank's assessment area. Amboy bank made 11% of its home purchase loans to low-income borrowers, below the 17% of families in the assessment area who were of low-income but significantly above the aggregate, which made 2% of its home purchase loans to low-income borrowers in the assessment area.

Amboy made 6% of its refinance loans to low-income borrowers, less than the 17% of families who were of low-income in the assessment area but significantly above the aggregate which made 4% of its refinance loans to low-income borrowers. High housing costs in the assessment area create affordability issues for low-income households.

Amboy made 7% of its consumer loans to low-income borrowers, which compared poorly to the 17% of low-income families in the assessment area. Aggregate data is not available for consumer loans.

Distribution to Moderate-income Borrowers

Amboy's overall HMDA-related and consumer lending performance in lending to moderate-income borrowers in its assessment area was good compared with the percentage of families as well as the aggregate within the bank's assessment area. Amboy made 16% of its home purchase loans to moderate-income borrowers which compared favorably to the 17% of families in the assessment area who were of moderate-income. Amboy's home purchase lending performance was also above the aggregate, which made 13% of its home purchase loans to moderate-income borrowers in the assessment area.

Amboy made less than 5% of its refinance loans to moderate-income borrowers, which compared poorly to the 17% of families who were of moderate-income and was significantly below the aggregate which made 16% of its refinance loans to moderate-income borrowers within Amboy's assessment area.

Amboy made 13% of its consumer loans to moderate-income borrowers, which was slightly below the 17% of moderate-income families in the assessment area. Aggregate data is not available for consumer loans.

Distribution to Small Businesses

Amboy provided a good level of lending to small business borrowers with gross annual revenue of \$1 million or less. The bank made 55% of its small business loans to these businesses, compared to the 88% of business establishments in its assessment area with GAR of \$1 million or less. Performance was significantly above the aggregate which made 32% of its loans to businesses with GAR of \$1 million or less.

The bank made 60% of its small business loans in amounts of \$100,000 or less, which was below the aggregate performance, which made 98% of its small business loans in amounts of \$100,000 or less.

Loan Distribution Tables:

The following tables provide additional details on Amboy's geographic and borrower loan distribution.

2007 Consumer Loan Distribution Table

Income Categories	Home Equity							
	By Tract Income				By Borrower Income			
	#	%	\$(000s)	%	#	%	\$(000s)	%
Low	2	0.5%	110	0.3%	27	6.7%	1,030	3.2%
Moderate	14	3.5%	928	2.9%	51	12.7%	2,655	8.2%
Middle	241	59.8%	16,448	50.7%	95	23.6%	6,623	20.4%
Upper	146	36.2%	14,959	46.1%	210	52.1%	21,129	65.1%
Unknown	0	0.0%	0	0.0%	20	5.0%	1,008	3.1%
Total	403	100.0%	32,445	100.0%	403	100.0%	32,445	100.0%

2007 Aggregate Comparison Loan Distribution Table

Income Categories	HMDA									
	By Tract Income					By Borrower Income				
	#	Bank %	Bank % \$(000s)	Aggregate %	Aggregate % \$(000s)	#	Bank %	Bank % \$(000s)	Aggregate %	Aggregate % \$(000s)
Home Purchase										
Low	0	0.0%	0.0%	2.0%	1.8%	4	10.8%	2.4%	2.1%	1.0%
Moderate	3	8.1%	6.1%	11.4%	9.6%	6	16.2%	15.4%	12.7%	8.8%
Middle	17	45.9%	37.0%	48.8%	44.2%	10	27.0%	23.1%	26.4%	22.5%
Upper	17	45.9%	56.9%	37.7%	44.4%	16	43.2%	56.8%	45.0%	54.0%
Unknown	0	0.0%	0.0%	0.0%	0.0%	1	2.7%	2.3%	13.8%	13.8%
Total	37	100.0%	100.0%	100.0%	100.0%	37	100.0%	100.0%	100.0%	100.0%
Refinance										
Low	0	0.0%	0.0%	1.7%	1.4%	8	6.0%	6.3%	3.7%	1.8%
Moderate	11	8.2%	6.0%	13.8%	12.1%	6	4.5%	2.8%	15.8%	11.4%
Middle	84	62.7%	55.5%	52.9%	48.5%	19	14.2%	11.3%	27.0%	23.5%
Upper	39	29.1%	38.6%	31.6%	37.9%	35	26.1%	36.7%	38.8%	47.4%
Unknown	0	0.0%	0.0%	0.0%	0.0%	66	49.3%	42.9%	14.7%	15.9%
Total	134	100.0%	100.0%	100.0%	100.0%	134	100.0%	100.0%	100.0%	100.0%
Home Improvement										
Low	0	0.0%	0.0%	1.1%	0.9%	0	0.0%	0.0%	6.6%	3.2%
Moderate	0	0.0%	0.0%	11.1%	10.5%	0	0.0%	0.0%	18.4%	13.4%
Middle	0	0.0%	0.0%	54.2%	49.2%	0	0.0%	0.0%	28.0%	24.0%
Upper	0	0.0%	0.0%	33.5%	39.4%	0	0.0%	0.0%	44.9%	55.2%
Unknown	0	0.0%	0.0%	0.0%	0.0%	0	0.0%	0.0%	2.1%	4.2%
Total	0	0.0%	0.0%	100.0%	100.0%	0	0.0%	0.0%	100.0%	100.0%
Multi-Family										
Low	0	0.0%	0.0%	14.5%	8.2%	0	0.0%	0.0%	0.0%	0.0%
Moderate	3	75.0%	92.6%	31.7%	27.7%	0	0.0%	0.0%	0.0%	0.0%
Middle	0	0.0%	0.0%	45.5%	41.7%	0	0.0%	0.0%	0.0%	0.0%
Upper	1	25.0%	7.4%	8.3%	22.5%	0	0.0%	0.0%	0.0%	0.0%
Unknown	0	0.0%	0.0%	0.0%	0.0%	4	100.0%	100.0%	100.0%	100.0%
Total	4	100.0%	100.0%	100.0%	100.0%	4	100.0%	100.0%	100.0%	100.0%
HMDA Totals										
Low	0	0.0%	0.0%	1.8%	1.7%	12	6.9%	5.0%	3.3%	1.4%
Moderate	17	9.7%	11.4%	12.6%	11.3%	12	6.9%	5.7%	14.7%	10.1%
Middle	101	57.7%	47.5%	51.4%	46.5%	29	16.6%	13.5%	26.8%	22.5%
Upper	57	32.6%	41.1%	34.2%	40.4%	51	29.1%	39.4%	41.7%	49.4%
Unknown	0	0.0%	0.0%	0.0%	0.0%	71	40.6%	36.5%	13.4%	16.6%
Total	175	100.0%	100.0%	100.0%	100.0%	175	100.0%	100.0%	100.0%	100.0%
SMALL BUSINESS										
By Tract Income										
	#	Bank %	Bank % \$(000s)	%	Aggregate % \$(000s)					
Low	5	4.3%	1.8%	1.6%	2.0%					
Moderate	7	6.0%	3.6%	9.6%	10.2%					
Middle	53	45.3%	51.0%	47.1%	44.8%					
Upper	52	44.4%	43.7%	40.5%	41.9%					
Unknown	0	0.0%	0.0%	0.1%	0.3%					
Tract Unknown	0	0.0%	0.0%	1.2%	0.6%					
Total	117	100.0%	100.0%	100.0%	100.0%					
By Revenue										
\$1 Million or Less	64	54.7%	43.1%	32.1%	37.5%					
By Loan Size										
\$100,000 or less	70	59.8%	21.5%	97.5%	53.2%					
\$100,001 - \$250,000	29	24.8%	29.7%	1.2%	10.9%					
\$250,001 - \$1 Million	18	15.4%	48.8%	1.3%	35.9%					
Total	117	100.0%	100.0%	100.0%	100.0%					

Originations and Purchases

Community Development Lending:

Amboy’s level of community development lending in its assessment area was excellent. Community development lending activity totaled \$35 million, as noted in the table to the right. Amboy made use of flexible lending practices, coordinating with state and county programs to obtain funding to supplement its lending activities.

Community Development Lending		
Purpose	#	\$(000s)
Affordable Housing	15	21,335
Community Services	6	13,276
Economic Development	0	0
Revitalize and Stabilize	0	0
Totals	21	\$34,611

Community development lending was responsive to identified community needs as it focused on affordable housing and community services targeted to LMI persons. Affordable housing was identified as a need in the bank’s assessment area by community contacts. Projects to construct multi-family affordable housing exhibited flexible and innovative lending practices. Specifically, three affordable housing loans were co-funded by three different state agencies.

Examples of community development loans included:

- A \$1.5 million loan to provide site and construction financing for 63 low- and moderate-income townhouse units. The loan is a 50/50 participation with the New Jersey Housing and Mortgage Finance Agency (“NJHMFA”).
- An \$8 million loan to finance the construction of a 30,000 square foot recreation facility. The organization offers programs and provides financial assistance to LMI persons. The project is partially funded by a \$3.8 million grant from the Township of Old Bridge, NJ.
- A \$1.75 million construction loan to build 30 affordable housing units. This loan was made in conjunction with NJHMFA, which will provide take-out financing for the project.

INVESTMENT TEST

Amboy’s investment test performance was rated low satisfactory based on adequate levels of community development investment activity. Amboy’s level of qualified investments lagged similarly-situated retail banks in the assessment area. Amboy made minimal use of innovativeness and/or flexibility in its investment activity. As seen in the table to the right, qualified investments totaled \$2 million which included \$674 thousand in grants. Qualified investments were adequately responsive to the identified community credit needs.

Qualified Investments		
Purpose	#	\$(000s)
Affordable Housing	1	106
Community Services	6	1,174
Economic Development	3	725
Revitalize & Stabilize	0	0
Total	10	\$2,005

Examples of qualified investments included:

- A \$500 thousand investment in a statewide Community Development Financial Institution capital financing program that provides construction and permanent financing to community and economic development projects.
- A \$125 thousand investment to a statewide nonprofit community loan fund, whose objective is to lend and provide technical assistance to nonprofit community-based organizations for the production of affordable housing. The loan fund also provides economic development opportunities for the benefit of low- and moderate-income individuals.
- A \$100 thousand investment in a regional Community Development Financial Institution, whose objective is to provide capital and technical expertise to build wealth, and to create economic opportunities for low income communities and low-and moderate-income individuals.
- A \$106 thousand investment in a Federal National Mortgage Association (“Fannie Mae”) mortgage-backed security. All of the mortgages supporting this investment were made to low- and moderate-income individuals.

SERVICE TEST

Performance under the service test was rated low satisfactory based on adequate branch distribution and an adequate level of community development services in the assessment area.

Retail Services: The bank’s delivery systems were reasonably accessible to all portions of its assessment area, including LMI areas. Overall, Amboy has 25 branches in its assessment area, of which 3, or 12%, are located in LMI areas. This compares less than favorably with the 18% of the assessment area population that resides in LMI areas. Amboy also offers banking services by mail, telephone and the Internet. The availability of alternative delivery systems did not materially contribute to the availability or effectiveness of retail credit and non-credit services in LMI areas.

Amboy’s record of opening and closing branches did not adversely affect the accessibility of the bank’s delivery systems. During the evaluation period, 5 new branches were opened and 1 branch was closed. One new branch opened in a moderate-income tract.

The bank’s hours did not vary in a way that inconveniences the certain portions of the assessment area. Extended hours are available at all of Amboy’s branches and all branches have Saturday hours. However, product and services varied somewhat. For example, free checking was not available at all branch locations.

Community Development Services: Overall, the bank provided an adequate level of community development services in the assessment area. The table to the right shows the number and type of services provided during the evaluation period. Examples of these services include the following:

Community Development Services	
Housing Counseling	16
Technical Assistance	29
Financial Literacy	3
Totals	48

- The bank hosted a local housing coalition pre-purchase educational course at one of its branches and also provided an Amboy manager to help teach the course. Amboy is part of a coalition of financial institutions that provides education and counseling to LMI families to facilitate homeownership in Central New Jersey.
- Representatives from the bank work with a community organization on providing housing counseling to enable LMI persons to purchase and maintain their first home in Middlesex and Somerset County.
- Amboy officers provide technical training for small business start-ups with advisory services including how to develop a business plan.
- Representatives from the bank provide financial literacy instruction to three high schools within the bank’s assessment area that serve LMI persons.

In addition, management and staff served as directors, advisors or committee members to 25 organizations throughout the bank’s assessment area. Examples of this assistance include:

- One branch manager is on the fundraising committee of an organization in the bank’s assessment area dedicated to providing affordable housing to LMI persons.
- One branch manager provides financial expertise to an organization located in a moderate-income area that provides housing counseling to LMI persons.
- One bank regional director is a director and treasurer of an organization that provides housing for women recovering from addictions and their children.
- One branch manager is the vice chairperson for an organization in Middlesex County that works to prevent child abuse in an organization that serves LMI children.

FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

Substantive violations of the Equal Credit Opportunity Act and the Fair Housing Act involving discriminatory credit practices have been identified during the concurrent consumer compliance examination. The fair lending violations caused the bank’s CRA rating to be adjusted downward from “Satisfactory” to “Needs to Improve.”

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.

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.

Multifamily: Refers to a residential structure that contains five or more units.

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.

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.

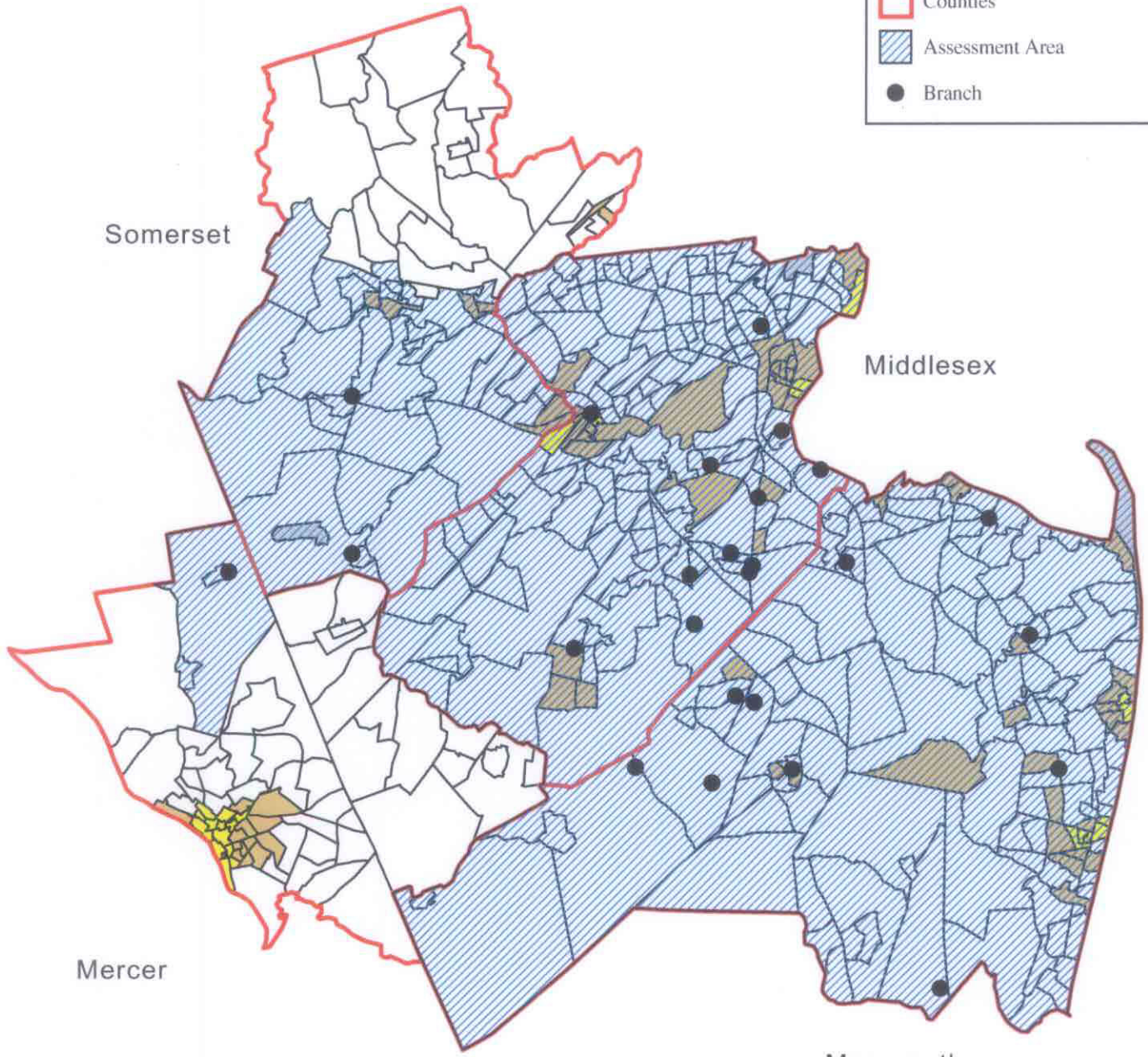
Amboy Bank

Assessment Area

January 1, 2005 - December 31, 2007

Legend

- Zero Income Tracts
- Low Income Tracts
- Moderate Income Tracts
- Census Tracts
- Counties
- Assessment Area
- Branch



Somerset

Middlesex

Mercer

Monmouth

