



LARGE BANK

Comptroller of the Currency
Administrator of National Banks

Washington, DC 20219

PUBLIC DISCLOSURE

September 20, 2010

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Union Center National Bank
Charter Number: 12425

2455 Morris Avenue
Union, NJ 07083

Office of the Comptroller of the Currency

New York Metro – South
340 Madison Avenue, 4th Floor
New York, NY 10173

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, and should not 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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Overall CRA Rating

Institution’s CRA Rating: This institution is rated **Satisfactory**.

The following table indicates the performance level of **Union Center National Bank** with respect to the Lending, Investment, and Service Tests:

Performance Levels	Union Center National Bank 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 when arriving at an overall rating.

The major factors that support this rating include:

- The bank’s lending and community development investments reflect adequate responsiveness to the assessment area needs;
- The community development services reflect good responsiveness to the assessment area needs.
- Lending activity is adequate, with levels reflecting adequate responsiveness to assessment area credit needs;
- Geographic distribution of lending is good and borrower distribution of loans is adequate;
- A majority of Union Center National Bank’s loans were made within the AA; and
- The bank’s delivery systems are reasonably accessible to all portions of the bank’s AA.

Definitions and Common Abbreviations

The following terms and abbreviations are used throughout this performance evaluation, including the CRA tables. The definitions are intended to provide the reader with a general understanding of the terms, not a strict legal definition.

Affiliate: Any company that controls, is controlled by, or is under common control with another company. A company is under common control with another company if the same company directly or indirectly controls both companies. A bank subsidiary is controlled by the bank and is, therefore, an affiliate.

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 MA/assessment area.

Census Tract (CT): 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 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.

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.

Community Reinvestment Act (CRA): the statute that requires the OCC to evaluate a bank's record of meeting the credit needs of its local community, consistent with the safe and sound operation of the bank, and to take this record into account when evaluating certain corporate applications filed by the bank.

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 (e.g., geographic distribution, borrower distribution, and total number and dollar amount of investments), and qualitative factors (e.g., innovativeness, complexity, and responsiveness).

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 the income of applications, the amount of loan requested, and the disposition of the application (e.g., approved, denied, and withdrawn). Beginning in 2004, the reports also include additional data on loan pricing, the lien status of the collateral, any requests for preapproval and loans for manufactured housing.

Home Mortgage Loans: Such loans include home purchase, home improvement and refinancing, as defined in the HMDA regulation. These include loans for multifamily (five or more families) dwellings, manufactured housing and one-to-four family dwellings other than manufactured housing.

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

Limited Review: Performance under the Lending, Investment, and Service Tests is analyzed using only quantitative factors (e.g., geographic distribution, borrower distribution, total number and dollar amount of investments, and branch distribution).

Low-Income: Individual income that is less than 50 percent of the area median income, or a median family income that is less than 50 percent, 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 MA/assessment area.

Median Family Income (MFI): The median income determined by the U.S. Census Bureau every ten years and used to determine the income level category of geographies. Also, the median income determined by the Department of Housing and Urban Development annually that is used to determine the income level category of individuals. For any given area, the median is the point at which half of the families have income above it and half below it.

Metropolitan Area (MA): Any metropolitan statistical area or metropolitan division, as defined by the Office of Management and Budget and any other area designated as such by the appropriate federal financial supervisory agency.

Metropolitan Division (MD): As defined by Office of Management and Budget, a county or group of counties within a Metropolitan Statistical Area that contains a population of at least 2.5 million. A Metropolitan Division consists of one or more counties that represent an employment center or centers, plus adjacent counties associated with the main county or counties through commuting ties.

Metropolitan Statistical Area: An area, defined by the Office of Management and Budget, as having at least one urbanized area that has a population of at least 50,000. The Metropolitan Statistical Area comprises the central county or counties, plus adjacent outlying counties having a high degree of social and economic integration with the central county as measured through commuting.

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

Moderate-Income: Individual income that is at least 50 percent and less than 80 percent of the area median income, or a median family income that is at least 50 percent and less than 80 percent, 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 multi-state 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 multi-state metropolitan area, the institution will receive a rating for the multi-state 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.

Small Loan(s) to Farm(s): A loan included in 'loans to small farms' as defined in the instructions for preparation of the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$500,000 or less and are either secured by farmland, or are classified as loans to finance agricultural production and other loans to farmers.

Tier One Capital: The total of common shareholders' equity, perpetual preferred shareholders' equity with non-cumulative dividends, retained earnings and minority interests in the equity accounts of consolidated subsidiaries.

Upper-Income: Individual income that is at least 120 percent of the area median income, or a median family income that is at least 120 percent, in the case of a geography.

Description of Institution

Union Center National Bank (UCNB) is an intrastate community bank headquartered in Union, New Jersey. Union Center National bank is a wholly owned subsidiary of Center Bancorp, Inc., also located in Union, New Jersey. The bank maintains 16 banking locations in Union and Morris Counties. The banking locations include 11 full service branches, including the headquarters; two limited service branches; and three standalone ATM locations. The bank has closed two of its banking locations since the prior CRA evaluation, both located in Morristown, New Jersey. The first location was closed in October 2007 and was located in a middle-income census tract; the second location was closed in March 2008 and was located in an upper-income census tract. The bank's assessment area (AA) includes contiguous sections of Union, Morris, and Essex Counties in New Jersey. The bank has four subsidiaries, which are Center Advertising, Inc. (in-house advertising for the bank); Center Financial Group, LLC (markets insurance and investment services to customers); UCNB NJ Investment Corp (manages investment securities); and Morris Property Co LLC (manage foreclosed properties). The subsidiaries' activities are limited and do not have an impact on the bank's capacity for community reinvestment.

As of June 30, 2010, UCNB had total assets of \$1.2 billion, comprised of \$714 million in net loans and \$387 million in investments. Net loans represent 60 percent of total assets, with a loan to deposit ratio of 89 percent. The loan portfolio composition is approximately 85 percent real estate loans, 14 percent commercial loans, and less than one percent in individual and other loans. Total deposits of \$804 million are comprised of \$380 million in savings, \$155 million in money market accounts, \$180 million in certificates of deposit, with the remainder in demand deposits (\$47 million) and NOW accounts (\$42 million). Tier One Capital amounts to approximately \$98 million.

Union Center National Bank continues to offer a full range of loan and deposit products and services, including consumer loans, home equity loans, home equity lines, mortgage loans, commercial loans, and commercial real estate loans. The bank's lending focus is primarily commercial and residential real estate related. Beyond lending and deposits, the bank also offers a full range of other services, such as financial instruments, wire transfers, savings bonds, internet and telephone banking, and safe deposit boxes.

The bank continues to face the challenge of limited opportunities in the low- and moderate-income communities. The AA includes one low-income census tract which accounts for less than one percent of the AA and 14 moderate-income census tracts which account for approximately 10 percent of the AA. No legal factors are present to impede the bank's ability to meet the credit needs in the assessment area.

The last CRA evaluation was dated July 9, 2007 which assigned a "Satisfactory" rating.

Scope of the Evaluation

Evaluation Period/Products Evaluated

This public evaluation covers the time period from January 1, 2008 through June 30, 2010 for home mortgage and small business loans. The evaluation period for community development loans, the service test, and the investment test is July 9, 2007 through September 20, 2010.

Products evaluated include home mortgage loans, small business credits, home equity loans, and community development loans. Small farm loans were not evaluated, as UCNB did not originate or purchase this type of credit. Personal loans and consumer loans were not evaluated as these are not a primary loan type for the bank.

Data Integrity

The data relied upon for this analysis was obtained from the Home Mortgage Disclosure Act-Loan Application Registers (HMDA-LARs) and the Community Reinvestment Act-LARs (CRA-LARs). In August 2010, Office of the Comptroller of the Currency examiners verified the accuracy of the HMDA- and CRA-LARs by testing the accuracy of the 2007 through 2009 filings.

Reported HMDA and CRA loan data was found to be accurate and reliable.

Selection of Areas for Full-Scope Review

The AA for UCNB is comprised of 139 contiguous census tracts in Union, Essex, and Morris Counties, which form part of the Newark-Union, NJ-PA MD. The AA's census tracts are distributed as one low-income (less than one percent), 14 moderate-income (10 percent), 47 middle-income (34 percent), and 77 upper-income (55 percent). Refer to Appendix A for further details on the scope and assessment area.

Ratings

The bank's overall rating is based on activities in the Newark-Union, NJ-PA MD AA.

Other

As part of the review, an economic development organization (EDO) and a non-profit organization (NPO) were contacted to discuss economic conditions; community development opportunities; local financial institution participation; and banking and credit needs in the AA. The NPO contact noted that the economic conditions in the northern New Jersey area have continued to deteriorate ahead of the rest of the nation. Households, to include dual income households, within the surrounding communities that previously did not need food service assistance are now using these services. Additionally, townships within Union and Morris Counties, which are seen as higher income, have seen an increase in the need for food pantries. Surrounding financial institutions have aided the NPO by providing donations, aiding in food drives, assisting in food distribution centers, as well as by providing volunteers to staff

the distribution centers and food pantries. The EDO contact also noted that the deterioration of economic conditions within the AA have outpaced the rest of the nation. The EDO contact stated that many small businesses are simply borrowing to try and ride out the economic downturn. This means there is a large number of businesses that are now not even meeting the credit qualification criteria for many organizations that deal with high risk borrowers. On the opposite side of the spectrum, the few businesses that would probably meet the credit qualification criteria of many of these organizations are not willing to take on additional debt. The EDO contact noted that overall, the surrounding financial institutions aided in financial workshops that their organization held. They feel that there is a great need in the area for financial education; small business lending, especially lines of credit; entrepreneurial mentoring; and economic revitalization. The organization is in the process of finding locations to distribute financial materials to educate consumers on improving credit, applying for a loan, etc. They anticipate help from the surrounding financial institutions in their future community development projects. Overall, the EDO contact feels that financial institutions are aiding in meeting the needs of the AA; however, they feel that they can get more involved. The feedback received from the contacts weighed on the results of the evaluation of the bank. Although both contacts operate on a statewide level, they are headquartered and focus heavily within UCNB's AA. Additionally, through community research we found that there are several other CD needs within the AA such as rental assistance, general area revitalization, and mixed use buildings to meet the need for affordable rental housing and quality retail space.

Fair Lending or Other Illegal Credit Practices Review

We found no evidence of illegal discrimination or other illegal credit practices inconsistent with helping to meet community credit needs.

Conclusions with Respect to Performance Tests

LENDING TEST

Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the lending test is rated "Low Satisfactory". Based on full-scope reviews, the bank's performance in the Newark-Union, NJ-PA MD AA is adequate.

Lending Activity

Refer to Tables 1 Lending Volume and 1 Other in appendix C for the facts and data used to evaluate the bank's lending activity.

Union Center National Bank's lending activity within the AA is adequate. The bank's deposit market share within the AA is 1.8 percent. Union Center National Bank ranks 15th out of 54 depository institutions in the AA. The market is dominated by a single institution, Wachovia Bank, NA, with a 16 percent deposit market share. Bank of America, NA and Hudson City Savings Bank round out the top three competitors with 10 percent and 8 percent, respectively. Conversely, the bank's lending market share for all originated or purchased HMDA related products is 0.17 percent by the number of loans and 0.13 percent by dollar amount. The bank's overall rank for the AA is 81 out of 458 lenders, many of which are non-banking institutions. HMDA peer data also indicates:

- The bank maintains a 0.11 percent market share in terms of the number loans and dollar value of loans for the purpose of home purchase loans (92 out of 271 lenders).
- The bank maintains a 0.14 percent market share in terms of the number of loans and 0.17 in terms of the dollar value of loans for the purpose of home mortgage refinancing (80 out of 316 lenders).
- The bank maintains a 0.93 percent market share in terms of the number of loans and 0.45 by dollar value of loans for the purpose of home improvement (28 out of 119 lenders).

For lending to small business, UCNB has a 0.15 percent market share by number of loans and 1.09 percent by dollar amount of loans. Additionally, it is ranked 27 out of 127 lenders in the AA. However, the market continues to be dominated by credit card lenders who typically carry large numbers of relatively small loans. Of the institutions with greater market share than UCNB, six are non-depository credit card lenders. Additionally, UCNB's average loan size to small businesses is below \$100,000 which indicates they are meeting the need identified by the community contact for small business lines of credit.

Distribution of Loans by Income Level of the Geography

Home Mortgage Loans

Refer to Tables 2, 3, 4 and 5 in appendix C for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations and purchases.

The geographic distribution for home purchase loans is good. As of the 2000 US census owner-occupied units within the one low-income census tract account for 0.09 percent and for the 14 moderate-income census tracts 5.03 percent, when compared to the total number of owner occupied units across the AA. The bank did not originate any loans to borrowers in the low-income geography; however, this is reasonable given the limited owner occupied housing (less than a tenth of a percent). Home purchase loans to borrowers in moderate-income tracts accounted for 10.53 percent of bank loans, which is double the census statistic. The bank's market share of home purchase lending in moderate-income level areas is 0.23 percent, which is double the overall market share of 0.11 percent.

The geographic distribution for home improvement loans is adequate. The bank did not originate any home improvement loans in either low- or moderate-income geographies. This is reasonable for low-income geographies given the limited owner occupied housing (less than a tenth of a percent). Additionally this is also considered reasonable for home improvement loans as these are usually tied to home equity values. The value of many of the homes within the AA dropped by as much as 20 percent between 2008 and 2009 according to the National Realtors Association Newark-Union Area market report as of second quarter of 2010. This means that many of the homes within the AA have negative equity values. Consequently, home improvement loans which are typically tied to and in the same amount of the equity built into the homes would be harder to originate. This is further affected by the relatively low number of owner occupied housing within the moderate-income census tracts (5.03 percent).

The geographic distribution for home mortgage refinance loans is adequate. The percentage of UCNB's home mortgage refinance loans made to borrowers located within moderate-income census tracts was 4.00 percent. Although this is slightly below the census statistic of owner occupied housing (5.03 percent); this reflects good performance. The bank did not originate any home refinance loans in the low-income census tract; however this is reasonable given the limited owner occupied housing (less than a tenth of a percent). The bank's 0.11 percent market share of loans in moderate-income geographies is barely less than its overall market share of 0.14 percent for home refinance loans.

Small Loans to Businesses

Refer to Table 6 in appendix C for the facts and data used to evaluate the geographic distribution of the bank's origination/purchase of small loans to businesses.

The geographic distribution of small business lending is good. Businesses located in the low-income census tract account for 1.08 percent of total businesses in the AA. Union Center National Bank did not originate any loans to businesses located within this census tract. However, this is reasonable given that the bank is competing with a significant amount of lenders many of which are large banking institutions as well as non depository credit card companies for small business credit needs. Businesses located in moderate-income census tracts account for 5.39 percent of the total businesses in the AA. The bank originated 6.01 percent of all small loans to businesses with moderate-income geographies totaling \$2.7 million.

Lending Gap Analysis

Reports detailing UCNB's lending activity over the evaluation period for home mortgage loans and small loans to businesses were reviewed to identify gaps in the geographic distribution of loans. No unexplained or conspicuous gaps were identified.

Inside/Outside Ratio

An analysis of Union Center's lending within its AA at the bank level was performed. A majority of the bank's lending occurs within the AA and the inside/outside ratio had a positive effect on the overall lending rating. For HMDA products, 53.27 percent of total loan originations during the evaluation period were within the bank's AA. 37.14 percent of home purchase lending, 57.81 percent of home improvement lending, and 57.75 percent of home refinancing activity took place within the AA. For small loans to businesses, 72.64 percent of the loans originated during the evaluation period were within the bank's AA.

Distribution of Loans by Income Level of the Borrower

Home Mortgage Loans

Refer to Tables 8, 9, and 10 in appendix C for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases.

The income distribution of home purchase loans is adequate. The bank made no loans to low-income borrowers for the purpose of purchasing a home, while the percentage of low-income borrowers within the AA was 13.03 percent. However, this is reasonable when considering the cost of home ownership in the AA. High median housing costs of \$258 thousand limit the ability of low-income families to purchase entry-level housing. Loans to moderate-income families account for 11.76 percent of all home purchase loans which are slightly below the 14.24 percent of families who qualify as moderate-income households within the AA. This is also considered reasonable given that a moderate-income borrower within the AA earns approximately between \$42 thousand and \$66 thousand. This means that a moderate-income borrower would have to contribute a third to almost half their annual income to housing within the AA. The market share for home purchases to moderate-income households was 0.13 percent, which exceeds Union Center's 0.09 percent overall market share for home purchases.

The income distribution of home improvement loans is adequate. The bank did not originate any loans for low-income borrowers; although, low-income borrowers account for 13.03 percent of the total borrowers within the AA. Lending to moderate-income borrowers totaled 10.34 percent which is slightly below the 14.24 percent census statistic of moderate-income borrowers. This is reasonable given the decline in home values (up to 20 percent) within the AA that have ultimately led to many borrowers with negative equity in their homes. This has resulted in fewer opportunities for home improvement loans which are typically tied to and in the amount of the equity built into homes. The bank's 0.52 percent market share of home improvement lending to moderate-income borrowers is about half the overall 1.02 percent of home improvement market share.

The income distribution of home mortgage refinancing is adequate. Lending for refinancing by low-income families was above the 13.03 percent census statistic for that group at 14.00

percent. Lending to moderate-income borrowers was well below the census statistic of 14.24 percent at 4.00 percent. Union Center National Bank's 1.08 percent market share for refinance loans to low-income borrowers exceeds its 0.17 percent market share for lending to all borrowers. Lending market share for moderate-income borrowers is less than half the overall market share at 0.07 percent.

Small Loans to Businesses

Refer to Table 11 in appendix C for the facts and data used to evaluate the borrower distribution of the bank's origination/purchase of small loans to businesses.

The income distribution for small loans to businesses is adequate. The percentage of the bank's reportable loans made to businesses with revenues less than \$1 million was 28.80 percent. This is significantly lower than the 75.83 percent of businesses in the AA with less than a million dollars in revenue. However, this is deemed reasonable given economic trends within the AA. The EDO contact stated that many businesses are simply borrowing to ride out the economic down turn and typically do not meet the credit qualification criteria of lenders/organizations who typically deal with higher risk borrowers. This reduces the number of business borrowers that would meet a bank's typically more stringent credit qualification criteria. The number is further reduced given the trend of business borrowers who would likely qualify refusing to take on additional debt. Additionally, UCNB competes with a number of large institutions and non depository credit card companies for the lending needs of small businesses. The bank's 0.31 percent market share of lending to businesses with revenues of one million or less is nearly double the bank's overall 0.15 percent overall market share.

Community Development Lending

Refer to Table 1 Lending Volume in appendix C for the facts and data used to evaluate the bank's level of community development (CD) lending. This table includes all CD loans, including multifamily loans that also qualify as CD loans. In addition, Table 5 includes geographic lending data on all multi-family loans, including those that also qualify as CD loans. Table 5 does not separately list CD loans, however.

Community development lending is good based on community needs, the bank's capacity, and economic conditions within the AA. Therefore, it has a positive impact on the bank's overall lending test rating. Union Center National Bank's CD lending activity totaled \$19.4 million, which accounts for the seven CD loans originated during this evaluation period.

Out of the seven qualified CD loans, three totaling \$3.2 million or 17 percent are within the AA. The first CD loan totaling \$1.1 million originated in Plainfield, NJ and provided funding to build a new convenience store at an abandoned gas station property that environmentally restored the land that would have remained desolate otherwise. Additionally, permanent jobs were created. The second CD loan of \$2 million also in Plainfield, NJ provided affordable housing for low- and moderate-income (LMI) individuals. The final CD loan within the AA was \$100 thousand for social services directly benefiting Union County by providing home health aide, transportation services, and meals on wheels to LMI. The community development loans within the AA as a percentage of Tier One Capital were 3.2 percent.

The remaining four CD loans outside of the AA represent 83 percent or \$16.2 million, but positive CRA consideration was given as adequate performance was demonstrated within the

AA. Additionally, some of these loans served the LMI community development needs in surrounding regional areas to include the AA. The CD loans qualified based upon the loans benefiting: skilled nursing and elder care to LMI in Union County just outside the contiguous census-tracts of the AA; a participation in Thrift Institution Community Investment Corporation (TICIC) in NJ that is projected to create 200 permanent healthcare jobs; and LMI affordable housing. CD loans as a percentage of Tier One Capital outside the AA was 16.5 percent; significantly higher compared to the 3.2 percent of CD loans as a percentage of Tier One Capital within the AA. There were no CD loans made that are considered innovative or flexible.

Product Innovation and Flexibility

The bank's products targeted LMI geographies and individuals as well as small businesses are not considered innovative or notably flexible. This does not have a negative impact on the overall rating of the lending test.

INVESTMENT TEST

Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the investment test is rated "Low Satisfactory". Based on full-scope reviews, the bank's performance in the Newark-Union, NJ-PA MD AA is adequate. The bank has an adequate level of qualified community investments and grants; however, they are not considered innovative or complex, as they are routinely invested in by other institutions. Union Center National Bank exhibits an adequate level of responsiveness to community development needs.

Refer to Table 14 in appendix C for the facts and data used to evaluate the bank's level of qualified investments.

The evaluation of the adequacy of the bank's investments considered the primary CD needs of the AA, the level of opportunity to make CD investments, and the bank's capacity to meet those needs and take advantage of those opportunities given their strategy and financial ability. One of the primary community development needs within the AA is preservation of affordable housing. By investing in a national community development loan fund the bank assists in meeting this need. The fund consists of mortgage-backed securities, primarily loans to LMI individuals in the bank's assessment area.

The level of CD investment opportunities within the AA is good. Those opportunities include investment in: A community development financial institution, a regional community loan fund, a national community loan fund, a local initiative service corporation, and various community development corporations. Out of the investment opportunities listed above the bank has engaged in only one, a national community loan fund. Although this investment reflects the bank's responsiveness to the needs of the AA, it is not considered innovative or complex given that it is available and routinely invested in by other institutions.

As of June 30, 2010 the ratio of qualified investments and donations to Tier One Capital was 3.36 percent. Below is a brief outline of the total dollar amount of CD investments made by UCNB.

New equity investments	\$	1,965,411
Continuing Equity investments	\$	1,285,725
Grants and Donations	\$	<u>40,875</u>
Total	\$	3,292,011

Summary of investments:

- A \$500 thousand investment in 2003 in the CRA Qualified Investment Fund that was allocated to acquiring New Jersey Housing and Mortgage Finance Authority Multi-Family Housing Revenue Bonds to provide financing for specific affordable housing programs located in the State of New Jersey. The programs are primarily directed toward low-income individuals.
- A \$1 million investment in 1999 in the CRA Qualified Investment Fund that acquired mortgage-backed securities, primarily having loans to low-and moderate-income borrowers in the bank's assessment area.
- A \$2 million investment in 2010 in the CRA Qualified Investment Fund that acquired mortgage-backed securities, primarily having loans to low-and moderate-income borrowers in the bank's assessment area.

The bank's donations total approximately \$41 thousand. The donations were made to various organizations including but not limited to Community Food Bank of NJ, Community Access Unlimited, and Union Emergency medical unit. The donations were given to support affordable housing, social services, financial education, child services and homeless initiatives benefiting primarily low- and moderate-income families and/or individuals throughout the AA.

SERVICE TEST

Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the Service Test is rated "High Satisfactory". Based on full-scope reviews, the bank's performance in Newark-Union, NJ-PA MD AA is good. Overall, the bank provides a good level of community development services. The bank's delivery systems are reasonably accessible to all portions of the bank's AA.

Retail Banking Services

Refer to Table 15 in appendix C for the facts and data used to evaluate the distribution of the bank's branch delivery system and branch openings and closings.

Union Center National Bank has 13 branch offices of which 11 are full service branches and two are limited service branches in the Newark-Union, NJ-PA MD AA. The limited service branches are located in Union Township in a middle-income geography and consist of walk-up and drive-up windows.

The bank does not have any branches in the low-income area. The bank's AA contains only one low-income census tract, which is not relatively in close proximity to any of the branches. Of the 13 branches, one (7.69 percent) is located in a moderate-income geography, nine (69.23 percent) are located in middle-income geographies and three (23.08 percent) are located in

upper-income geographies. In comparison, the population is stratified as follows: 0.88 percent low-income, moderate-income comprising 8.61 percent, middle-income at 35.59 percent, and upper-income at 54.93 percent.

During the evaluation period, the bank closed two branches both located in Morristown, New Jersey. One branch was located in an upper-income geography and the other in a middle-income geography. All of the bank's ATMs are located in the full-scope AA. The geographic distribution of the bank's ATMs is similar to the branch distribution. The bank has 21 ATMs, of which three are non-deposit standalone ATMs. Some branches have drive-up or walk-up ATMs in addition to an ATM inside the branch. Union Center National Bank's hours and services offered throughout the full-scope AA are adequate. Services offered are comparable among locations regardless of the income level of the census tract. All branch offices offer extended hours on various days of the week including Saturday hours. These are offered in several branches, except the Career Center office which is located within a local high school.

Community Development Services

As of the evaluation period, UCNB provided a good level of CD services within its AA. As mentioned previously the AA includes one low-income census tract and 14 moderate-income census tracts. The bank staff performed CD service activities in seven areas targeting LMI individuals in the AA and two in areas outside the AA.

The bank's level of CD services provided by its bank employees is good. The bank participates in a co-op student program at a local UCNB branch onsite at a local high school. The branch is within the AA in Union County and employs the students, teaches them technical banking and financial concepts, and provides the potential opportunity for future UCNB employment. A member of UCNB's senior management provided technical services in a six week money management course that taught financial literacy and budgeting to LMI students in Union and Summit. Another private banking employee is a board member of a township's education foundation and sits on the voting committee that approves teacher grants directly benefiting students within the AA. The employee also has the technical financial expertise to assist the organization if needed.

Additionally, the Center branch participates in the town of Union by providing first time home buyer seminars to the community. One branch manager is on the Board of Directors for Union Improvement District and is responsible for soliciting and bringing small businesses into Union which promotes economic development and creates new jobs within the AA. Further, UCNB also offers their branches as drop off collection centers for a non-profit community food pantry, which provides food to impoverished LMI individuals within the AA. Another area that the bank performs positively within their AA is in regards to another member of senior management who sits on the board in an advisory capacity for an entity of Big Brothers Big Sisters called "Clothes for Kids". The entity receives clothing and furniture donations that are sold to support Big Brother Big Sisters which provides mentorship to low-income children within the bank's AA. The bank employee was asked to be part of the initial board and contributes his financial and technical expertise for the logistics, finances, and operations for Clothes for Kids.

There are two CD services that receive positive CRA CD service consideration outside of the bank's AA. The bank participated in a service capacity and opened up its facility as a drop off center for a book drive that ultimately served LMI youth outside of the bank's AA. In addition,

positive CRA consideration is given as a Senior Executive Manager is a professor of macroeconomics at a local community college for students from Union and Bergen counties. The student body of the community college is predominantly comprised of LMI individuals according to enrollment information.

Appendix A: Scope of Examination

The following table identifies the time period covered in this evaluation, affiliate activities that were reviewed, and loan products considered. The table also reflects the metropolitan and nonmetropolitan areas that received comprehensive examination review (designated by the term “full-scope”) and those that received a less comprehensive review (designated by the term “limited-scope”).

Time Period Reviewed	Lending Test (excludes CD Loans): 01/01/08 to 06/30/10 Investment and Service Tests and CD Loans: 07/09/07 to 09/20/10	
Financial Institution	Products Reviewed	
Union Center National Bank (UCNB) Union, New Jersey	Home mortgage loans, small business credits, home equity loans, and community development loans.	
Affiliate(s)	Affiliate Relationship	Products Reviewed
No affiliate activities were considered for this review		
List of Assessment Areas and Type of Examination		
Assessment Area	Type of Exam	Other Information
Contiguous portions of the Newark – Union, NJ-PA Metropolitan Division (MD) #35084	Full Scope	The AA is comprised of 139 contiguous census tracts (portions of the Newark-Union, NJ-PA MD), containing one low-income (less than one percent); 14 moderate-income (10 percent), 47 middle-income (34 percent), and 77 upper-income (55 percent).

Appendix B: Market Profiles for Full-Scope Areas

Newark–Union, NJ-PA MD AA

Demographic Information for Full Scope Area: Newark–Union, NJ-PA MD AA 2010						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	139	0.72	10.07	33.81	55.40	0.00
Population by Geography	664,556	0.88	8.61	35.59	54.93	0.00
Owner-Occupied Housing by Geography	179,962	0.09	5.03	32.78	62.10	0.00
Business by Geography	68,298	1.08	5.39	34.27	59.26	0.00
Farms by Geography	1,222	0.33	3.93	29.87	65.88	0.00
Family Distribution by Income Level	177,664	13.03	14.24	20.62	52.11	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	48,440	1.93	16.19	44.15	37.73	0.00
Median Family Income HUD Adjusted Median Family Income for 2010 Households Below Poverty Level		68,424 88,400 4%	Median Housing Value Unemployment Rate (US Bureau of Labor Statistics, 2009 Data)		257,975 9.07%	

(*) The NA category consists of geographies that have not been assigned an income classification.

Source: 1990 U.S. Census, and 2010 HUD updated MFI.

Union Center National Bank's AA includes a portion of the Newark-Union, NJ-PA MD. In this area, UCNB's major competitors include Wachovia Bank, N.A.; Bank of America, N.A.; Hudson City Savings Bank; TD Bank National Association; and JPMorgan Chase Bank, N.A. Amongst their Union County competitors, UCNB ranks 15th in deposit market share, with 1.84 percent. As is shown above, the AA is comprised of 139 contiguous census tracts in Union, Essex, and Morris Counties, which form part of the Newark-Union, NJ-PA MD. The AA census tracts are distributed as one low-income (less than one percent), 14 moderate-income (10 percent), 47 middle-income (34 percent), and 77 upper-income (55 percent).

Economic conditions within the State of New Jersey have deteriorated well ahead of the rest of the nation. The Newark-Union, NJ-PA MD has been one of the areas hardest hit by the economic downturn. Although, the bank's AA has been somewhat less affected than the rest of the MD, economic trends are inline with those of the state. The major components of the AA's economy include services (47 percent); retail trade (14 percent); construction (9 percent); and finance, insurance & real estate (8 percent). From 2007-2010 many of these components suffered a slowdown in growth to even exhibiting contraction. Planned home construction fell during the first five months of 2010 by 5.5 percent compared with the same period in 2009, while building permit applications for the U.S. were up by 16.2 percent. Actual home construction in the AA fell by 11.3 percent in June 2010 versus the prior month, and was down by 20.3 percent compared with June 2009. The impact of the expiration eligibility for the federal home buyer tax credit in April 2010 was reflected in the sharp declines in home sales during subsequent months. Consumer spending has contracted to some extent with

occasional spikes occurring caused by government incentive programs such as the “cash for clunkers” program.

According to data from the US Bureau of Labor Statistics, from 2007 through 2009 unemployment continued to rise within the AA. The unemployment rate for the AA averaged 9.07 percent in 2009. This is more inline with the U.S. unemployment rate of 9.5 percent than the New Jersey statewide unemployment rate of 10.01 percent. However, this is somewhat misleading given the relatively low unemployment rate in Morris County (7.2 percent) than that of Union County (9.5 percent) and Essex County (10.5 percent). During the first six months of 2010 the average unemployment rate for the AA has risen to 9.6 percent. Additionally, each county has reflected unemployment rates that have more than doubled since 2007. Private sector employment rose in New Jersey by 5,300 during June 2010 and has increased during three of the past five months. During June 2010, the largest monthly job gains occurred in professional and business services (4,400); leisure and hospitality (2,800); trade, transportation and utilities (2,600); and education and health (1,300). Monthly gain in private sector jobholding was offset by a loss in the public sector of 7,200. The majority of the decline was attributed to a drop of 4,300 in federal employment due to the separation of temporary Census workers. Local government employment also fell during the month by 2, 800 due to cutbacks in country, municipal and local government employees. Monthly job losses also occurred in other services (4,600) and manufacturing (1, 800). However, the jobless rate has been gradually trending down since December 2009 when it reached a recessionary peak of 10.0 percent for the state of New Jersey.

Appendix C: Tables of Performance Data

Content of Standardized Tables

References to the “bank” include activities of any affiliates that the bank provided for consideration (refer to appendix A: Scope of the Examination). For purposes of reviewing the lending test tables, the following are applicable: (1) purchased loans are treated as originations/purchases and market share is the number of loans originated and purchased by the bank as a percentage of the aggregate number of reportable loans originated and purchased by all lenders in the MA/assessment area; (2) Partially geocoded loans (loans where no census tract is provided) cannot be broken down by income geographies and, therefore, are only reflected in the Total Loans in Core Tables 2 through 7 and part of Table 13; and (3) Partially geocoded loans are included in the Total Loans and % Bank Loans Column in Core Tables 8 through 12 and part of Table 13.

The following is a listing and brief description of the tables:

- Table 1. Lending Volume** - Presents the number and dollar amount of reportable loans originated and purchased by the bank over the evaluation period by MA/assessment area. Community development loans to statewide or regional entities or made outside the bank’s assessment area may receive positive CRA consideration.
- Table 1. Other Products (NOT APPLICABLE)** - Presents the number and dollar amount of any unreported category of loans originated and purchased by the bank over the evaluation period by MA/assessment area. Examples include consumer loans or other data that a bank may provide, at its option, concerning its lending performance. This is a two-page table that lists specific categories.
- Table 2. Geographic Distribution of Home Purchase Loans** - Compares the percentage distribution of the number of loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of owner-occupied housing units throughout those geographies. The table also presents market share information based on the most recent aggregate market data available.
- Table 3. Geographic Distribution of Home Improvement Loans** - See Table 2.
- Table 4. Geographic Distribution of Home Mortgage Refinance Loans** - See Table 2.
- Table 5. Geographic Distribution of Multifamily Loans** - Compares the percentage distribution of the number of multifamily loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of multifamily housing units throughout those geographies. The table also presents market share information based on the most recent aggregate market data available.

- Table 6. Geographic Distribution of Small Loans to Businesses** - The percentage distribution of the number of small loans (less than or equal to \$1 million) to businesses originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies compared to the percentage distribution of businesses (regardless of revenue size) throughout those geographies. The table also presents market share information based on the most recent aggregate market data available. Because small business data are not available for geographic areas smaller than counties, it may be necessary to use geographic areas larger than the bank's assessment area.
- Table 7. Geographic Distribution of Small Loans to Farms (NOT APPLICABLE)** - The percentage distribution of the number of small loans (less than or equal to \$500,000) to farms originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies compared to the percentage distribution of farms (regardless of revenue size) throughout those geographies. The table also presents market share information based on the most recent aggregate market data available. Because small farm data are not available for geographic areas smaller than counties, it may be necessary to use geographic areas larger than the bank's assessment area.
- Table 8. Borrower Distribution of Home Purchase Loans** - Compares the percentage distribution of the number of loans originated and purchased by the bank to low-, moderate-, middle-, and upper-income borrowers to the percentage distribution of families by income level in each MA/assessment area. The table also presents market share information based on the most recent aggregate market data available.
- Table 9. Borrower Distribution of Home Improvement Loans** - See Table 8.
- Table 10. Borrower Distribution of Refinance Loans** - See Table 8.
- Table 11. Borrower Distribution of Small Loans to Businesses** - Compares the percentage distribution of the number of small loans (less than or equal to \$1 million) originated and purchased by the bank to businesses with revenues of \$1 million or less to the percentage distribution of businesses with revenues of \$1 million or less. In addition, the table presents the percentage distribution of the number of loans originated and purchased by the bank by loan size, regardless of the revenue size of the business. Market share information is presented based on the most recent aggregate market data available.
- Table 12. Borrower Distribution of Small Loans to Farms** - Compares the percentage distribution of the number of small loans (less than or equal to \$500,000) originated and purchased by the bank to farms with revenues of \$1 million or less to the percentage distribution of farms with revenues of \$1 million or less. In addition, the table presents the percentage distribution of the number of loans originated and purchased by the bank by loan size, regardless of the revenue size of the farm. Market share information is presented based on the most recent aggregate market data available.

- Table 13. Geographic and Borrower Distribution of Consumer Loans (NOT APPLICABLE)** - For geographic distribution, the table compares the percentage distribution of the number of loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of households within each geography. For borrower distribution, the table compares the percentage distribution of the number of loans originated and purchased by the bank to low-, moderate-, middle-, and upper-income borrowers to the percentage of households by income level in each MA/assessment area.
- Table 14. Qualified Investments** - Presents the number and dollar amount of qualified investments made by the bank in each MA/AA. The table separately presents investments made during prior evaluation periods that are still outstanding and investments made during the current evaluation period. Prior-period investments are reflected at their book value as of the end of the evaluation period. Current period investments are reflected at their original investment amount even if that amount is greater than the current book value of the investment. The table also presents the number and dollar amount of unfunded qualified investment commitments. In order to be included, an unfunded commitment must be legally binding and tracked and recorded by the bank's financial reporting system. A bank may receive positive consideration for qualified investments in statewide/regional entities or made outside of the bank's assessment area.
- Table 15. Distribution of Branch Delivery System and Branch Openings/Closings** - Compares the percentage distribution of the number of the bank's branches in low-, moderate-, middle-, and upper-income geographies to the percentage of the population within each geography in each MA/AA. The table also presents data on branch openings and closings in each MA/AA.

Table 1. Lending Volume

LENDING VOLUME		Geography: Newark-Union, NJ-PA MD AA						Evaluation Period: JANUARY 1, 2008 TO JUNE 30, 2010				
Assessment Area (2010):	% of Rated Area Loans (#) in MA/AA [*]	Home Mortgage		Small Loans to Businesses		Small Loans to Farms		Community Development Loans ^{**}		Total Reported Loans		% of Rated Area Deposits in MA/AA ^{***}
		#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$(000's)	
Full Review:												
UCNB: Newark-Union, NJ	100.00	100	29,290	316	45,593	N/A	N/A	7	19,400	423	94,283	100.00

^{*} Loan Data as of June 30, 2010. Rated area refers to either state or multi-state MA rating area.

^{**} The evaluation period for Community Development Loans is from July 9, 2007 to September 20, 2010.

^{***} Deposit Data as of September 20, 2010. Rated Area refers to the state, multi-state MA, or institution, as appropriate.

Table 2. Geographic Distribution of Home Purchase Loans

Geographic Distribution: HOME PURCHASE												Geography: Newark-Union, NJ-PA MD AA					Evaluation Period: JANUARY 1, 2008 TO JUNE 30, 2010				
Assessment Area:	Total Home Purchase Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography										
	#	% of Total**	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Overall	Low	Mod	Mid	Upp						
Full Review:																					
UCNB: Newark-Union, NJ-PA MD AA	19	100.00	0.09	0.00	5.03	10.53	32.78	36.84	62.10	52.63	0.10	0.00	0.23	0.11	0.08						

* Based on 2008 Peer Mortgage Data (Eastern)

** 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 the number of owner occupied units in a particular geography divided by the number of owner occupied housing units in the area based on 2000 Census information.

**** Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

Table 3. Geographic Distribution of Home Improvement Loans

Geographic Distribution: HOME IMPROVEMENT															Geography: Newark-Union, NJ-PA MD AA					Evaluation Period: JANUARY 1, 2008 TO JUNE 30, 2010				
Assessment Area:	Total Home Improvement Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*													
	#	% of Total**	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Overall	Low	Mod	Mid	Upp									
Full Review:																								
UCNB: Newark-Union, NJ-PA MD AA	29	100.00	0.09	0.00	5.03	0.00	32.78	55.17	62.10	44.83	0.94	0.00	0.00	1.44	0.76									

* Based on 2008 Peer Mortgage Data (Eastern)

** 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 the number of owner occupied units in a particular geography divided by the number of owner occupied housing units in the area based on 2000 Census information.

**** Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

Table 4. Geographic Distribution of Home Mortgage Refinance Loans

Geographic Distribution: HOME MORTGAGE REFINANCE Geography: Newark-Union, NJ-PA MD AA Evaluation Period: JANUARY 1, 2008 TO JUNE 30, 2010															
Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography				
	#	% of Total**	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Overall	Low	Mod	Mid	Upp
Full Review:															
UCNB: Newark-Union, NJ-PA MD AA	50	100.00	0.09	0.00	5.03	4.00	32.78	44.00	62.10	52.00	0.14	0.00	0.11	0.19	0.12

* Based on 2008 Peer Mortgage Data (Eastern)

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

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

**** Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

Table 5. Geographic Distribution of Multifamily Loans

Geographic Distribution: MULTIFAMILY		Geography: Newark-Union, NJ-PA MD AA						Evaluation Period: JANUARY 1, 2008 TO JUNE 30, 2010							
Assessment Area:	Total Multifamily Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography				
	#	% of Total**	% of MF Units***	% BANK Loans****	% MF Units***	% BANK Loans	% MF Units***	% BANK Loans	% MF Units***	% BANK Loans	Overall	Low	Mod	Mid	Upp
Full Review:															
UCNB: Newark-Union, NJ-PA MD AA	2	100.00	2.38	0.00	12.38	0.00	45.79	100.00	39.45	0.00	0.95	0.00	0.00	1.69	0.00

* Based on 2008 Peer Mortgage Data (Eastern)

** Multi-family loans originated and purchased in the MA/AA as a percentage of all multi-family loans originated and purchased in the rated area.

*** Percentage of Multi Family Units is the number of multi family units in a particular geography divided by the number of multifamily housing units in the area based on 2000 Census information.

**** Multifamily loan distribution includes Home Purchases, Home Improvement and Refinances.

Table 6. Geographic Distribution of Small Loans to Businesses

Geographic Distribution: SMALL LOANS TO BUSINESSES Geography: Newark-Union, NJ-PA MD AA Evaluation Period: JANUARY 1, 2008 TO JUNE 30, 2010															
Assessment Area:	Total Small Business Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*				
	#	% of Total**	% of Business***	% BANK Loans	% of Business***	% BANK Loans	% of Business***	% BANK Loans	% of Business***	% BANK Loans	Overall	Low	Mod	Mid	Upp
Full Review:															
UCNB: Newark-Union, NJ-PA MD AA	316	100.00	1.08	0.00	5.39	6.01	34.27	29.43	59.26	64.56	0.15	0.02	0.19	0.20	0.12

* Based on 2008 Peer Small Business Data -- US and 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 (2009).

Table 8. Borrower Distribution of Home Purchase Loans

Borrower Distribution: HOME PURCHASE		Geography: Newark-Union, NJ-PA MD AA						Evaluation Period: JANUARY 1, 2008 TO JUNE 30, 2010							
Assessment Area:	Total Home Purchase Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share				
	#	% of Total	% Families ^{***}	% BANK Loans ^{***}	% Families ¹	% BANK Loans ^{**}	% Families ^{***}	% BANK Loans ^{****}	% Families ^{**}	% BANK Loans ^{****}	Overall	Low	Mod	Mid	Upp
Full Review:															
UCNB: Newark-Union, NJ-PA MD AA	19	100.00	13.03	0.00	14.24	11.76	20.62	47.06	52.11	41.18	0.09	0.00	0.13	0.11	0.08

^{*} Based on 2008 Peer Mortgage Data (Eastern)

^{**} 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 Families is based on the 2000 Census information.

^{****} As a percentage of loans with borrower income information available. No information was available for 10.5% of loans originated and purchased by bank.

¹ Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

Table 9. Borrower Distribution of Home Improvement Loans

Borrower Distribution: HOME IMPROVEMENT		Geography: Newark-Union, NJ-PA MD AA						Evaluation Period: JANUARY 1, 2008 TO JUNE 30, 2010							
Assessment Area:	Total Home Improvement Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share				
	#	% of Total**	% Families***	% BANK Loans****	% Families ²	% BANK Loans****	% Families**	% BANK Loans****	% Families**	% BANK Loans****	Overall	Low	Mod	Mid	Upp
Full Review:															
UCNB: Newark-Union, NJ-PA MD AA	29	100.00	13.03	0.00	14.24	10.34	20.62	13.79	52.11	75.86	1.02	0.00	0.52	0.33	1.54

* Based on 2008 Peer Mortgage Data (Eastern)

** 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 Families is based on the 2000 Census information.

**** As a percentage of loans with borrower income information available. No information was available for 0.0% of loans originated and purchased by bank.

² Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

Table 10. Borrower Distribution of Home Mortgage Refinance Loans

Borrower Distribution: HOME MORTGAGE REFINANCE Geography: Newark-Union, NJ-PA MD AA Evaluation Period: JANUARY 1, 2008 TO JUNE 30, 2010															
Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share				
	#	% of Total**	% Families***	% BANK Loans****	% Families ³	% BANK Loans****	% Families*	% BANK Loans****	% Families*	% BANK Loans***	Overall	Low	Mod	Mid	Upp
Full Review:															
UCNB: Newark-Union, NJ-PA MD AA	50	100.00	13.03	14.00	14.24	4.00	20.62	16.00	52.11	66.00	0.17	1.08	0.07	0.04	0.21

* Based on 2008 Peer Mortgage Data (Eastern)

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

*** Percentage of Families is based on the 2000 Census information.

**** As a percentage of loans with borrower income information available. No information was available for 0.0% of loans originated and purchased by bank.

³ Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

Table 11. Borrower Distribution of Small Loans to Businesses

Borrower Distribution: SMALL LOANS TO BUSINESSES Geography: Newark-Union, NJ-PA MD AA Evaluation Period: JANUARY 1, 2008 TO JUNE 30, 2010									
Assessment Area:	Total Small Loans to Businesses		Businesses With Revenues of \$1 million or less		Loans by Original Amount Regardless of Business Size			Market Share	
	#	% of Total**	% of Businesses***	% BANK****	\$100,000 or less	>\$100,000 to \$250,000	>\$250,000 to \$1,000,000	All	Rev\$ 1 Million or Less
Full Review:									
UCNB: Newark-Union, NJ-PA MD AA	316	100.00	75.83	28.80	66.14	15.82	18.04	0.15	0.31

* Based on 2008 Peer Small Business Data -- US and 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 - 2009).

**** 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 6.01% of small loans to businesses originated and purchased by the bank.

Table 14. Qualified Investments

QUALIFIED INVESTMENTS		Geography: Newark-Union, NJ-PA MD AA				Evaluation Period: JULY 9, 2007 TO SEPTEMBER 20, 2010			
Assessment Area:	Prior Period Investments*		Current Period Investments		Total Investments			Unfunded Commitments**	
	#	\$(000's)	#	\$(000's)	#	\$(000's)	% of Total	#	\$(000's)
Full Review:									
UCNB: Newark-Union, NJ-PA MD AA	2	1,286	1	1,965	3	3,292	3.36	0	0

* 'Prior Period Investments' means investments made in a previous 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: Newark-Union, NJ-PA MD AA										Evaluation Period: JULY 9, 2007 TO SEPTEMBER 20, 2010							
MA/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	Upp			Low	Mod	Mid	Upp	Low	Mod	Mid	Upp
Full Review:																	
UCNB: Newark-Union, NJ-PA MD AA	100.00	13	100.00	0.00	7.69	69.23	23.08	0	2	0	0	-1	-1	0.88	8.61	35.59	54.93

Distribution of Branch and ATM Delivery System

Distribution of Branch and ATM Delivery System		Geography: Newark-Union, NJ-PA MD AA						Evaluation Period: JULY 9, 2007 TO SEPTEMBER 20, 2010									
MA/Assessment Area:	Deposits	Branches						ATMs				Population					
	% of Total Bank Deposits	# of Bank Branches	% of Total Bank Branches	Location of Branches by Income of Geographies (%)				#of Bank ATMs	% of Total Bank ATMs	Location of ATMs by Income of Geographies				% of Population within Each Geography			
				Low	Mod	Mid	Upp			Low	Mod	Mid	Upp	Low	Mod	Mid	Upp
Full Review:																	
UCNB: Newark-Union, NJ-PA MD AA	100.00	13	100.00	0	7.69	69.23	23.08	21	100.00	0	4.76	71.43	23.81	0.88	8.61	35.59	54.93