PUBLIC DISCLOSURE

June 7, 2021

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Peapack-Gladstone Bank
RSSD No. 236706

500 Hills Drive, Suite 300
Bedminster Township, NJ 07921

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'S CRA RATING

INSTITUTION'S CRA RATING: **SATISFACTORY**

The following table indicates the performance level of Peapack-Gladstone Bank with respect to the lending, investment, and service tests.

PERFORMANCE LEVELS	PEAPACK-GLADSTONE BANK PERFORMANCE TESTS		
	Lending Test*	**Investment Test**	**Service Test**
Outstanding			
High Satisfactory		X	
Low Satisfactory	X		X
Needs to Improve			
Substantial Noncompliance			

* Note: The lending test is weighted more heavily than the investment and service tests in the overall rating.

The major factors supporting the institution's rating include:

Lending Test

- Lending levels reflected adequate responsiveness to assessment area credit needs.
- An adequate percentage of loans were made in the bank's assessment area.
- The geographic distribution of loans reflected good penetration throughout the assessment area.
- The distribution of borrowers reflected, given the product lines offered, adequate penetration among customers of different income levels and businesses of different sizes.
- The bank exhibited an adequate record of serving the credit needs of low-income individuals and areas and very small businesses.
- The bank made an adequate level of community development loans.
- The bank made use of innovative and/or flexible lending practices in serving assessment area credit needs.

Investment Test

- The bank made a significant level of qualified community development investments and grants, particularly those not routinely provided by private investors, occasionally in a leadership position.

- The bank made rare use of innovative and/or complex investments to support community development initiatives.

- The bank exhibited good responsiveness to credit and community development needs.

Service Test

- The bank’s delivery systems were reasonably accessible to the bank’s geographies and individuals of all income levels in its assessment area.

- The bank’s record of opening and closing branches generally did not adversely affect the accessibility of its delivery systems, particularly to low- and moderate-income geographies and/or low- and moderate-income individuals.

- The bank’s services did not vary in a way that inconvenienced its assessment area, particularly low- and moderate-income geographies and/or low- and moderate-income individuals.

- The bank provided a relatively high level of community development services.

INSTITUTION

DESCRIPTION OF INSTITUTION

Headquartered in Bedminster, NJ, Peapack-Gladstone Bank ("Peapack" or "PGB") is a full-service commercial bank and the sole bank subsidiary of Peapack-Gladstone Financial Corporation. As of December 31, 2020, the bank had total assets of $5.9 billion, net loans and leases of $4.3 billion, total deposits of $4.9 billion, and total real estate loans of $3.0 billion.

Peapack operated 21 branches, including 20 brick and mortar branches and one mobile branch, in northern and central New Jersey during the review period. Peapack's business lines consisted of consumer lending, retail deposit services, and personal trust and investment services. Consumer products included purchase and refinance of residential mortgages, home equity loans and lines of credit, and auto and personal loans. Peapack also offered business services, such as commercial and small business lending, business checking, and cash flow management. Peapack is an active Small Business Administration ("SBA") lender. According to the SBA, Peapack's 7(a) loan volume ranked 10th highest in the State of New Jersey from October 2018 through September 2019. The bank also had a significant multifamily lending portfolio compared to similarly situated banks.

Peapack operated in a competitive banking market with large national banks, local community and state-chartered banks, credit unions, mortgage companies and non-bank financial institutions. In terms of deposit market share, Peapack had 2.5% of the deposit market share in their assessment area as of June 30, 2020, with $4.9 billion in deposits. The bank's deposit level was ranked 10th out of 70 banks operating in Peapack's assessment area. Competitors included large financial institutions, such as PNC Bank, Wells Fargo Bank, JP Morgan Chase, Bank of America and TD Bank and regional banks, such as Investors Bank, Valley National Bank, and The Provident Bank.

Based on the December 31, 2020 FFIEC Consolidated Report of Condition and Income ("Call Report"), Peapack's loan portfolio by dollar volume consisted of a mix of residential real estate and commercial loans as summarized in the following table:

Loan Type	Total Loans & Leases	% of Total Loans & Leases
1-4 Residential Real Estate Secured	$538,316,000	13.1%
Construction	$12,704,000	0.3%
Multifamily Dwelling	$1,127,198,000	27.5%
HELOCS	$50,546,000	1.2%
Consumer	$30,293,000	0.7%
Agriculture	$3,068,000	0.1%
Commercial & Industrial	$1,047,330,000	25.6%
Nonfarm Nonresidential Secured	$1,258,842,000	30.7%
Other	$30,193,000	0.7%
Total	**$4,098,490,000**	**100%**

Based on the December 31, 2020 Uniform Bank Performance Report ("UBPR"), Peapack's deposit portfolio by dollar volume was comprised primarily of NOW and ATS accounts, money market deposit accounts, and time deposits as summarized in the following table:

Deposit Type	Total Deposits	% of Total Deposits
Demand Deposits	$243,725,000	4.8%
All Now & ATS Accounts	$1,119,058,000	22.0%
Money Market Deposit Accounts	$2,847,050,000	56.0%
Other Savings Deposits	$130,731,000	2.6%
Time Deposits at or below Insurance Level	$409,795,000	8.1%
Time Deposits above Insurance Level	$186,319,000	3.7%
Brokered Deposits	$143,965,000	2.8%
Total	**$5,080,643,000**	**100%**

Peapack had one assessment area for CRA purposes, which was located within MSA 35620 (New York-Newark-Jersey City, NY-NJ-PA).

The bank's assessment area did not change from the previous evaluation. In 2017 and 2018, the assessment area was comprised of seven contiguous full counties within two MDs:

- MD 35084 (Newark, NJ-PA), consisting of Hunterdon, Morris, Somerset, Essex, and Union Counties, NJ
- MD 35614 (New York-Jersey City-White Plains, NY-NJ), consisting of Hudson and Middlesex Counties, NJ

In 2019 and 2020, while the bank did not change its assessment area, adjustments were made to MDs by the Office of Management and Budget ("OMB"), resulting in the removal of Middlesex and Somerset Counties from MD 35614 and MD 35084, respectively, and the addition of these counties to a newly created MD 35154 (New Brunswick-Lakewood, NJ). Consequently, the bank's 2019 and 2020 assessment area spanned portions of three MDs instead of two:

- MD 35084 (Newark, NJ-PA), consisting of Hunterdon, Morris, Essex, and Union Counties, NJ
- MD 35614 (New York-Jersey City-White Plains, NY-NJ), consisting of Hudson County, NJ
- MD 35154 (New Brunswick-Lakewood, NJ), consisting of Middlesex and Somerset Counties, NJ

Previous Performance Evaluation

Peapack's previous CRA evaluation was conducted as of July 17, 2017, using the Federal Financial Institutions Examination Council's ("FFIEC") CRA Interagency Procedures for Large Institutions.

The prior evaluation resulted in an overall rating of "Satisfactory." There were no financial or legal factors that prevented Peapack from fulfilling its responsibilities under CRA.

SCOPE OF EXAMINATION

Procedures

Peapack's CRA performance was evaluated using the FFIEC's Interagency CRA Procedures for Large Institutions, which included the lending test, investment test and service test. Examiners conducted a full-scope review of the bank's MSA 35620 (New York-Newark-Jersey City, NY- NJ-PA) assessment area.

Products

Examiners evaluated home purchase, refinance, home improvement and multifamily dwelling loans reported under the Home Mortgage Disclosure Act ("HMDA") and small business loans reportable under CRA. In addition, community development loans, investments, and services were reviewed.

Evaluation Period

HMDA-related loans, small business loans, and retail services were evaluated from January 1, 2017 through December 31, 2019. Community development loans, qualified community development investments, and community development services were evaluated from April 1, 2017 through December 31, 2020. In addition, Paycheck Protection Program ("PPP") loans originated above $1 million were evaluated as part of the community development activity. [1] Due to the timing of submission of CRA data, PPP loans under $1 million that were reported on the 2020 small business loan register will be considered in the bank's next CRA examination period.

Lending Distribution Analysis

The borrower and geographic loan distribution analyses were based on loan activity in Peapack's assessment area. Peapack's performance during the evaluation period was compared to the 2010 U.S. Department of Commerce's Bureau of the Census ("2010 Census") and 2015 American Community Survey ("ACS") demographic data.

To evaluate geographic distribution of lending, the proportion of home purchase, refinance, and home improvement lending was compared to the proportion of owner-occupied housing units located in low- and moderate-income ("LMI") geographies. Multifamily loans were compared to the proportion of renter-occupied housing units located in LMI geographies. For small business loans, the analysis compared the proportion of loan originations to the proportion of businesses located in LMI geographies, as reported by Dun and Bradstreet ("D&B").

To evaluate the borrower distribution characteristics of home purchase, refinance, and home improvement lending, the proportion of originations to LMI borrowers was compared to the proportion

[1] The Paycheck Protection Program ("PPP") was established by the Coronavirus Aid, Relief, and Economic Security Act, or CARES Act, in March 2020.

of LMI families residing in the assessment area. Income estimates from the FFIEC were used to categorize borrower income. Multifamily lending was not considered for an analysis of lending to borrowers of different income levels as borrower income was not reported for multifamily loans. For small business lending, Peapack's proportion of loans to businesses with gross annual revenues ("GAR") of $1 million or less was compared to the proportion of all such businesses located in the assessment area, based on D&B data. The size of the bank's small business loans was also analyzed and compared to the aggregate to assess the bank's responsiveness to the needs of small businesses in its community. Smaller dollar loans are considered more responsive to the needs of small businesses in a community.[2]

Borrower characteristic and geographic distribution analyses were also based on Peapack's 2017, 2018, and 2019 performance compared to the 2017, 2018, and 2019 performance data for the aggregate of all loan reporters in the assessment area, respectively.

Peapack originated higher volumes of home purchase and refinance loans, thus home purchase and refinance lending were weighted more heavily than small business, home improvement, and multifamily lending in the evaluation of the bank's lending performance.

Due to changes in HMDA reporting rules implemented in 2018, 2018-2019 HMDA lending activity is presented and discussed separately from 2017 HMDA lending activity.

Community Development Activity Analysis

Community development activities were reviewed to determine whether the activities had community development as a primary purpose and whether the community development activities were within the assessment area or the broader statewide or regional area ("BSRA") that included the assessment area. The eligibility of a loan, investment, or service as a community development activity was based on demographic information at the time the community development activity was undertaken. Qualified community development activities were analyzed from both the quantitative and qualitative perspectives to understand the volume of activity impacting the assessment area, the innovativeness of those activities, and the responsiveness to local community development and credit needs. When appropriate, peer comparisons were conducted using annualized metrics to gauge the relative performance of the institution in a particular assessment area. In addition, in accordance with CA Letter 21-5 *Community Reinvestment Act (CRA) Consideration for Activities in Response to the Coronavirus*, and its attachments, qualified community development activities supporting community needs related to the COVD-19 pandemic located outside of the assessment or BSRA were also given consideration.

PERFORMANCE CONTEXT

The following demographic and economic information and data were obtained from publicly available sources that include the 2010 Census, 2015 ACS, the U.S. Department of Labor ("DOL"), the U.S.

[2] The aggregate also includes credit card lenders which typically make small business loans in smaller dollar amounts.

Department of Housing and Urban Development ("HUD"), the FFIEC, D&B, and IBISWorld (an industry researcher).

Demographic Characteristics

According to the 2015 ACS, Peapack's assessment area consisted of 853 census tracts, of which 131, or 15.4%, were low-income, 176, or 20.6%, were moderate-income, 254, or 29.8%, were middle-income, and 287, or 33.6%, were upper-income. Five census tracts, or 0.6%, in the assessment area were of unknown income designation. The majority of LMI census tracts were concentrated in Essex and Union Counties where the cities of Newark, NJ and Elizabeth, NJ were located.

The total population in the bank's assessment area was 3,788,318. Of the total population, 12.8% resided in low-income geographies, while 20.0% resided in moderate-income geographies. The assessment area had 1,338,892 households, of which 922,092, or 68.9%, were families. Of the total families in the assessment area, 11.1% resided in low-income geographies, 18.9% resided in moderate-income geographies, 31.1% resided in middle-income geographies, 38.7% resided in upper-income geographies, and 0.1% resided in geographies of unknown income.

Major cities and municipalities in the assessment area included Newark in Essex County and Jersey City in Hudson County. According to 2010 Census data, the population of Newark was 277,140, which accounted for 35.3% of the Essex County population and the population of Jersey City was 247,597, which accounted for 39.0% of the Hudson County population.

Income Characteristics

Of the 922,092 families in the assessment area, 23.7% (8.8% of which were below the poverty level) were low-income, 15.8% were moderate-income, 18.3% were middle-income, and 42.2% were upper-income. Based on the 2015 ACS, median family income ("MFI") in the assessment area was $88,547, though there was a wide range in MFI at the county level within the assessment area. Hunterdon County had the highest MFI of the assessment area at $125,993, while Hudson County had the lowest MFI of the assessment area at $62,436.

Median Family Income			
Area	**2010 MFI**	**2015 MFI**	**% Change**
Assessment Area	$92,894	$88,547	-4.7%
Newark, NJ-PA MD	$95,349	$90,570	-5.0%
New York-Jersey City-White Plains, NY-NJ MD	$86,345	$67,560	-21.8%
New Brunswick-Lakewood, NJ MD	$98,995	$95,564	-3.5%
State of New Jersey	$92,456	$88,335	-4.5%
*Source: 2006 - 2010 U.S. Census Bureau ACS; 2011 - 2015 U.S. Census Bureau ACS *Median Family Incomes have been inflation-adjusted and are expressed in 2015 dollars.*			

Housing Characteristics

The 2015 ACS data show that there were 1,452,148 housing units in the assessment area, of which 52.1% were owner-occupied, 40.1% were rental units, and 7.8% were vacant. Of the total housing units, 13.2% were located in low-income tracts, 20.2% were in moderate-income tracts, 30.6% were in middle-income tracts, 35.9% were in upper-income tracts, and 0.1% of units were in unknown-income tracts. Of the owner-occupied units in the assessment area, 17.0% were located in LMI areas. In low-income census tracts, 16.4% of the housing units were owner-occupied, 69.0% were rental units, and 14.6% of the units were vacant. In moderate-income census tracts, 33.1% of the housing units were owner-occupied, 57.0% were rental units, and 9.8% of the units were vacant.

According to the 2015 ACS data, the median age of housing stock in the assessment area was 58 years old with 31.0% of the stock built before 1950. In LMI tracts within the assessment area, the median age of housing stock was 61 years old. Comparatively lower, the median age of housing stock in the State of New Jersey was 49 years old. According to the 2015 ACS data, the median housing value in the assessment area was $360,190, with an affordability ratio of 20.4. In comparison, the affordability ratio for the State of New Jersey was 22.8, making the assessment area slightly less affordable when compared to the state.

Housing costs were relatively expensive in the assessment area and community contacts indicated that access to affordable housing for LMI individuals and families was a challenge. The median gross rent in the assessment area was $1,203 per month. The median gross rent was only slightly lower in low- and moderate-income tracts at $1,005 and $1,133, respectively. According to HUD's 2011-2015 Comprehensive Housing Affordability Strategy data, within the assessment area, 46.8% of all rental households had rental costs that exceeded 30% of their incomes, 79.6% of low-income rental households had rental costs that exceeded 30% of their income, and 47.7% of moderate-income rental households had rental costs that exceeded 30% of their income.

The median housing value in the assessment area was $360,190. According to HUD's data, within the assessment area, 36.0% of all homeowners had housing costs that exceeded 30% of their incomes, 86.9% of low-income homeowners had housing costs that exceeded 30% of their income, and 68.9% of moderate-income homeowners had housing costs that exceeded 30% of their income. See the "Housing Cost Burden" table below for more details.

Housing Cost Burden						
Area	Cost Burden - Renters			Cost Burden - Owners		
	Low Income	Moderate Income	All Renters	Low Income	Moderate Income	All Owners
Assessment Area	79.6%	47.7%	46.8%	86.9%	68.9%	36.0%
Newark, NJ-PA MD	79.2%	46.7%	49.7%	87.6%	71.1%	36.2%
New York-Jersey City-White Plains, NY-NJ MD	77.1%	47.9%	49.1%	78.8%	58.6%	37.5%
New Brunswick-Lakewood, NJ MD	80.6%	54.0%	48.4%	79.2%	55.9%	34.3%
New Jersey	79.2%	50.9%	48.8%	83.9%	63.1%	35.5%

**Cost Burden is housing cost that equals 30% or more of household income*
Source: U.S. Department of Housing and Urban Development; 2011-2015 Comprehensive Housing Affordability Strategy

Labor, Employment and Economic Characteristics

According to D&B data, there were 191,053 businesses operating in the assessment area in 2019, of which 9.2% were located in low-income census tracts and 14.3% were located in moderate- income tracts. Of the total business operating in the assessment area, 90.1% were small businesses with GAR of $1 million or less, of which 9.3% were located in low-income geographies and 14.7% were located in moderate-income geographies.

Between 2017 and 2019, unemployment within the assessment area, as well as throughout the State of New Jersey, steadily decreased as the economy was expanding. According to the U.S. Bureau of Labor Statistics, unemployment in the assessment area decreased from 4.4% in 2017 to 3.4% in 2019, compared to a New Jersey State unemployment rate decrease from 4.6% in 2017 to 3.6% in 2019. Within the assessment area, Hunterdon County and Morris County had the lowest average unemployment rate in 2019 with a rate of 2.8%, while Essex County had the highest unemployment rate in the assessment area with an average of 4.5% in 2019. However, in 2020, the unemployment rate rose sharply across the State of New Jersey as a result of the global COVID-19 pandemic. The U.S. Bureau of Labor Statistics reported a 2020 unemployment rate of 10.3% in the assessment area and 10.7% in the State of New Jersey. Within the assessment area, Essex County and Hudson County reported the highest 2020 unemployment rates – 12.3% and 11.1%, respectively.

Average Annual Unemployment Rate				
Area	2017	2018	2019	2020
Assessment Area	4.4%	4.0%	3.4%	10.3%
Newark, NJ-PA MD	4.7%	4.2%	3.7%	10.6%
New York-Jersey City-White Plains, NY-NJ	4.6%	4.1%	3.8%	11.8%
New Brunswick-Lakewood, NJ MD	4.2%	3.7%	3.2%	9.8%
New Jersey	4.6%	4.1%	3.6%	10.7%

Based on industry research published by IBISWorld, the state of New Jersey employed 5.6 million people with a growth rate of 1.6% over five years in 2018, ranking 19th out of all US states. According to the New Jersey State Department of Labor and Workforce Department, NJ had a diverse population, a proximity to major metropolitan areas and a history of invention and innovation in electronics, pharmaceuticals, and biotechnology research. NJ’s largest private sector industries, as a percentage of total jobs and contribution to GDP, were Life Sciences; Higher Education; Food; Manufacturing; Healthcare; Logistic and Transportation; Information Technology; and Financial Services.

The subsequent table provides a summary of the bank's assessment area demographics.

Combined Demographics MSA 35620 (NY-Newark-Jersey City, NY-NJ-PA) Assessment Area								
Income Categories	**Tract Distribution**		**Families by Tract Income**		**Families < Poverty Level as % of Families by Tract**		**Families by Family Income**	
	#	%	#	%	#	%	#	%
Low-income	131	15.4	102,653	11.1	27,578	26.9	218,411	23.7
Moderate-income	176	20.6	174,523	18.9	26,894	15.4	145,971	15.8
Middle-income	254	29.8	287,115	31.1	17,360	6	168,467	18.3
Upper-income	287	33.6	357,215	38.7	9,420	2.6	389,243	42.2
Unknown-income	5	0.6	586	0.1	137	23.4	0	0
Total Assessment Area	**853**	**100.0**	**922,092**	**100.0**	**81,389**	**8.8**	**922,092**	**100.0**
	Housing Units by Tract	**Housing Types by Tract**						
		Owner-Occupied			**Rental**		**Vacant**	
		#	%	%	#	%	#	%
Low-income	192,156	31,473	4.2	16.4	132,637	69	28,046	14.6
Moderate-income	292,951	97,079	12.8	33.1	167,082	57	28,790	9.8
Middle-income	444,490	249,899	33.1	56.2	166,408	37.4	28,183	6.3
Upper-income	521,377	377,438	49.9	72.4	115,936	22.2	28,003	5.4
Unknown-income	1,174	212	0	18.1	728	62	234	19.9
Total Assessment Area	**1,452,148**	**756,101**	**100.0**	**52.1**	**582,791**	**40.1**	**113,256**	**7.8**
	Total Businesses by Tract		**Businesses by Tract & Revenue Size**					
			< or = $1 Million		**Over $1 Million**		**Revenue Not Reported**	
	#	%	#	%	#	%	#	%
Low-income	17,573	9.2	15,993	9.3	1,457	8.4	123	7.6
Moderate-income	27,402	14.3	25,235	14.7	1,978	11.4	189	11.7
Middle-income	55,927	29.3	50,048	29.1	5,464	31.4	415	25.7
Upper-income	89,765	47	80,492	46.8	8,387	48.3	886	54.9
Unknown-income	386	0.2	292	0.2	93	0.5	1	0.1
Total Assessment Area	**191,053**	**100.0**	**172,060**	**100.0**	**17,379**	**100.0**	**1,614**	**100.0**
	Percentage of Total Businesses:			**90.1**		**9.1**		**.8**

2019 FFIEC Census Data and 2019 D&B Information

Community Contacts

Examiners also conducted interviews with representatives of community development organizations to gain an understanding of local credit needs. One community contact was held with a New Jersey membership association of over 250 non-profit housing and community development corporations, individuals, professional organizations, and New Jersey corporations that support the creation of affordable housing and economic opportunities for low- and moderate-income residents. The network's representative said that affordable housing was one of the biggest needs across the State of New Jersey, especially in urban centers, such as Newark, NJ. The representative also identified the increasing lack of access to banking in low-income communities due to bank branch closure and branch consolidation, the impending eviction crisis in the post-pandemic economic downturn, and the need for affordable addiction services for LMI communities where addiction sharply rose during the 2020 pandemic.

Another community contact was held with a nonprofit that provides education, HUD-certified housing counseling, financial coaching, outreach, advocacy, and lobbying for housing, healthcare, work, and family issues throughout the State of New Jersey. The representative identified a significant need throughout the state for affordable housing and rental assistance, as well as financial coaching and housing counseling for low- and moderate-income borrowers. Additionally, the representative said that small businesses throughout the state have a significant need for financial assistance and technical assistance.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

LENDING TEST

Peapack's overall performance under the lending test is rated Low Satisfactory. The factors contributing to the overall rating are as follows: the bank's lending levels reflected adequate responsiveness to assessment area credit needs, an adequate percentage of the bank's loans were made in the bank's assessment area, the geographic distribution of loans reflected good penetration throughout the assessment area, the distribution of borrowers reflected, given the product lines offered, adequate penetration among customers of different income levels and businesses of different sizes, and the bank exhibited an adequate record of serving the credit needs of low-income individuals and areas and very small businesses. Additionally, the bank made an adequate level of community development loans and made use of innovative or flexible lending practices in serving assessment area credit needs.

Throughout this report, references are made to Peapack's and the aggregate's lending distribution by geography and borrower income. Due to HMDA reporting changes implemented in 2018, HMDA data from 2018 and 2019 will be presented and discussed separately from 2017 HMDA data.

Lending Activity

Peapack's lending levels reflected adequate responsiveness to the credit needs of its assessment area. This was determined by evaluating the volume of HMDA-related and small business loans originated or purchased during the evaluation period. Since the prior evaluation, Peapack's HMDA lending by number decreased within its assessment area by 5.3%, which was driven by a significant decrease in home improvement and multifamily loan volume. The bank's lending portfolio shifted from a focus on multifamily lending to a focus on 1-4 family home purchase lending. This marked a departure from the bank's lending trends from two previous evaluation periods in which the bank had significant increases in its multifamily lending. During this review period, the bank's multifamily lending decreased by 63.3% in number and 30.4% in dollar volume from the previous evaluation, while 1-4 family home purchase lending increased by 35.7% in number and 43.6% in dollar volume. Peapack's small business lending activity within its assessment area remained unchanged by number but increased 13.1% by dollar amount. As a result, Peapack's average small business loan size increased 13.4% from the previous evaluation period.

Summary of Lending Activity **January 1, 2017 – December 31, 2017**				
Loan Type	**#**	**%**	**$('000s)**	**%**
HMDA Home Purchase	237	40.9%	$101,376	29.8%
HMDA Refinancing	140	24.1%	$68,150	20.0%
HMDA Home Improvement	29	5.0%	$6,408	1.9%
HMDA Multifamily	21	3.6%	$107,179	31.5%
Total HMDA-Related	**427**	**73.6%**	**$283,113**	**83.3%**
Total Small Business	**153**	**26.4%**	**$56,860**	**16.7%**
TOTAL LOANS	**580**	**100.0%**	**$339,973**	**100.0%**

Summary of Lending Activity **January 1, 2018 – December 31, 2019**				
Loan Type	**#**	**%**	**$('000s)**	**%**
HMDA Home Purchase	400	37.4%	$127,968	16.0%
HMDA Refinancing	211	19.7%	$78,634	9.8%
HMDA Home Improvement	27	2.5%	$2,852	0.4%
HMDA Multifamily	76	7.1%	$470,898	58.8%
Total HMDA-Related	**714**	**66.8%**	**$680,352**	**84.9%**
Total Small Business	**355**	**33.2%**	**$120,640**	**15.1%**
TOTAL LOANS	**1,069**	**100.0%**	**$800,992**	**100.0%**

Assessment Area Concentration

An adequate percentage of Peapack's total lending was originated within the assessment area. In 2017, Peapack extended 74.1% of its total loans by number, but only 50.0% by dollar volume, in the assessment area. In 2018 and 2019, 76.9% of the bank's total loans by number and 47.5% by dollar volume were made in the assessment area. Of Peapack's HMDA-related loans, 71.7% by number and 45.7% by dollar volume were made in the assessment area in 2017 and 77.2% by number, 44.0% by dollar volume, were made in the assessment area in 2018 and 2019 combined. The difference in percentages by number and by dollar volume was driven by multifamily loans originated outside the assessment area that were typically higher in dollar amount than other HMDA-related loans.

In contrast, 81.0% of small business loans by number and 71.3% by dollar volume were made in the assessment area in 2017. In 2018 and 2019, the bank extended 76.3% of its total small business loans by number and 67.2% by dollar volume in the assessment area.

During the evaluation period, much of the bank's multifamily lending remained outside the bank's assessment area. Multifamily loans outside of the assessment area accounted for 66.0% of the bank's total outside of assessment area dollar volume from 2017 through 2019. See the Lending Inside and Outside the Assessment Area tables for additional details related to Peapack's 2017-2019 lending activity inside and outside of the assessment area.

Lending Inside and Outside the Assessment Area **January 1, 2017 through December 31, 2017**								
Loan Type	**Inside**				**Outside**			
	#	**%**	**$(000s)**	**%**	**#**	**%**	**$(000s)**	**%**
Home Purchase	174	73.4	50,910	50.2	63	26.6	50,466	49.8
Home Improvement	26	89.7	5,530	86.3	3	10.3	878	13.7
Multi-Family	7	33.3	38,262	35.7	14	66.7	68,917	64.3
Refinancing	99	70.7	34,604	50.8	41	29.3	33,546	49.2
Total HMDA related	**306**	**71.7**	**129,306**	**45.7**	**121**	**28.3**	**153,807**	**54.3**
Small Business	124	81.0	40,535	71.3	29	19.0	16,325	28.7
TOTAL LOANS	**430**	**74.1**	**169,841**	**50.0**	**150**	**25.9**	**170,132**	**50.0**

Lending Inside and Outside the Assessment Area **January 1, 2018 through December 31, 2019**								
Loan Type	**Inside**				**Outside**			
	#	**%**	**$(000s)**	**%**	**#**	**%**	**$(000s)**	**%**
Home Purchase	338	84.5	96,350	75.3	62	15.5	31,618	24.7
Home Improvement	25	92.6	2,254	79.0	2	7.4	598	21.0
Multi-Family	26	34.2	149,379	31.7	50	65.8	321,519	68.3
Refinancing	162	76.8	51,308	65.2	49	23.2	27,326	34.8
Total HMDA related	**551**	**77.2**	**299,291**	**44.0**	**163**	**22.8**	**381,061**	**56.0**
Small Business	271	76.3	81,027	67.2	84	23.7	39,613	32.8
TOTAL LOANS	**822**	**76.9**	**380,318**	**47.5**	**247**	**23.1**	**420,674**	**52.5**

Geographic Distribution of Loans

The overall geographic distribution of HMDA-related and small business loans reflected good penetration throughout the assessment area. Lending penetration in LMI census tracts was based on good geographic distribution of home purchase, refinance, and multifamily loans; adequate distribution of small business loans; and very poor distribution of home improvement loans. Consideration was given for the limited lending opportunities available in some LMI areas, as denoted by the low number of loans made by the aggregate. Home improvement loans received less weight in the analysis due to very low loan volumes.

Analysis of Lending Gaps

Peapack's lending penetration throughout the assessment area was adequate. In 2019, Peapack originated loans in 25.7% of the census tracts within the assessment area. As shown in the table below, penetration was lowest in both low-income and moderate-income census tracts. However, middle- and upper-income census tracts also had weak penetration. While Peapack exhibited weak penetration in 2017, penetration improved slightly in 2018 and 2019 from its lowest level in 2017.

There were performance context challenges that impacted opportunities to lend in low- and moderate-income geographies. For example, only 13.2% of the assessment area's housing units were in low-income census tracts while 20.2% of housing units were in moderate-income tracts. Furthermore, of all owner-occupied housing units in the assessment area, 4.2% of units were in low-income tracts in 2019, which decreased from 4.7% in 2018 & 2017. Of the total housing units in low-income census tracts, 16.4% were owner-occupied and 69% of units were rental. Additionally, 26.9% of families were below the poverty level in low-income tracts.

In 2019, of the total number of owner-occupied housing units, the owner-occupied units located in moderate-income tracts increased to 12.8% from 11.6% in 2017 and 2018. Of the total housing units located in moderate-income tracts in 2019, 33.1% were owner-occupied and 57.0% were rental units, while 15.4% of families in moderate-income tracts were below the poverty level. These factors demonstrate the limited opportunities to lend in low- and moderate-income tracts, as well as the bank's adequate penetration of these geographies in light of performance context challenges.

In contrast, there were many opportunities to originate multifamily loans in LMI census tracts. In the bank's assessment area, 69.0% of all housing units in low-income census tracts were rental housing units. In moderate-income census tracts, 57.0% of the housing units were rental units. For the review period, Peapack's penetration in LMI census tracts was the highest in 2019, with 20.6% of low-income tracts and 19.9% of moderate-income census tracts with lending activity.

There were also performance context challenges for small business lending. According to D&B data, 9.2% of the business establishments were located in low-income census tracts and 14.3% were located in moderate-income tracts, representing low percentages in a highly competitive market.

The table below details the bank's HMDA and small business penetration in low-, moderate-, middle-, upper- and unknown-income census tracts.

Lending Gap Analysis Summary January 1, 2017 - December 31, 2019			
Tract Income Levels	**Number of Tracts**	**Tracts with no Loans**	**Penetration**
2019			
Low	131	104	20.6%
Moderate	176	141	19.9%
Middle	254	202	20.5%
Upper	287	182	36.6%
Unknown Income	5	5	0.0%
Total Tracts	853	634	25.7%
2018			
Low	139	118	15.1%
Moderate	173	137	20.8%
Middle	205	155	24.4%
Upper	331	223	32.6%
Unknown Income	5	4	0.0%
Total Tracts	853	637	25.3%
2017			
Low	139	120	13.7%
Moderate	173	150	13.3%
Middle	205	155	24.4%
Upper	331	219	33.8%
Unknown Income	5	4	0.0%
Total Tracts	853	648	24.0%

See the Aggregate Comparison Loan Distribution tables in CRA Appendix B for details of the bank's 2019, 2018, and 2017 loan distribution by geography.

Home Purchase Loans

The geographic distribution of home purchase loans reflected overall good penetration throughout the assessment area. Peapack's home purchase lending performance in low-income census tracts was excellent. In 2019, the bank made 13.0% by number and 14.3% by dollar of its home purchase loans in low-income census tracts. Peapack's 2019 home purchase performance in low-income census tracts was significantly above the 4.2% of owner-occupied housing units located in low-income census tracts and significantly above the aggregate, which made 6.5% by number and 4.9% by dollar of home purchase loans in low-income census tracts. Similarly, in 2017 and 2018, Peapack's home purchase lending performance in low-income census tracts was significantly above the percentage of owner-occupied housing units located in low-income census tracts and significantly above the aggregate for home purchase lending in low-income census tracts.

Peapack’s home purchase lending performance in moderate-income census tracts was good. In 2019, the bank made 10.5% by number and 9.8% by dollar of its home purchase loans in moderate-income census tracts. The bank's 2019 home purchase lending performance in moderate-income census tracts was similar to the 12.8% of owner-occupied housing units located in moderate-income census tracts and below the aggregate, which made 15.1% by number and 11.7% by dollar of home purchase loans in moderate-income census tracts. In 2017, Peapack’s home purchase lending performance in moderate-income tracts was also below the percentage of owner-occupied housing units located in moderate-income census tracts and below the aggregate for home purchase lending in moderate-income census tracts. However, in 2018, the bank's home purchase lending performance in moderate-income tracts was above the percentage of owner-occupied housing units located in moderate-income census tracts and similar to the aggregate for home purchase lending in moderate-income census tracts.

Refinance Loans

The geographic distribution of refinance loans reflected overall good penetration throughout the bank’s assessment area. Peapack’s refinance lending performance in low-income census tracts was excellent. In 2019, the bank made 10.0% by number and 9.0% by dollar of its refinance loans in low-income census tracts. The bank’s 2019 refinance lending performance in low-income census tracts was significantly above the 4.2% of owner-occupied housing units located in low-income census tracts and significantly above the aggregate, which made 4.7% by number and 3.6% by dollar of refinance loans in low-income census tracts. In 2017 and 2018, Peapack’s refinance lending performance in low-income tracts was slightly above the percentage of owner-occupied housing units located in low-income census tracts and slightly above the aggregate for refinance lending in low-income census tracts.

Peapack’s refinance lending performance in moderate-income census tracts was adequate. In 2019, the bank made 9.0% by number and 6.5% by dollar of its refinance loans in moderate-income census tracts. The bank's 2019 refinance lending performance in moderate-income census tracts was below the 12.8% of owner-occupied housing units located in moderate-income census tracts and below the aggregate, which made 12.0% by number and 9.4% by dollar of refinance loans in moderate-income census tracts. Similarly, Peapack’s 2017 refinance lending performance in moderate-income tracts was below the percentage of owner-occupied housing units located in moderate-income census tracts and below the aggregate for refinance lending in moderate-income census tracts. In 2018, the bank's refinance lending performance in moderate-income tracts was significantly below the percentage of owner-occupied housing units located in moderate-income census tracts and significantly below the aggregate for refinance lending in moderate-income census tracts.

Home Improvement Loans

The geographic distribution of home improvement loans reflected overall very poor penetration throughout the bank’s assessment area. Peapack’s home improvement lending performance in low-income census tracts was considered poor. During the review period, the bank only originated one home improvement loan in an LMI census tract. In 2019, with no originations, the bank's home improvement lending performance in low-income census tracts was significantly below the 4.2% of owner-occupied housing units located in low-income census tracts and below the aggregate, which made 2.5% by number and 2.4% by dollar of home improvement loans in low-income census tracts. In 2017, with one home improvement loan made in a low-income census tract, Peapack's home improvement performance was below the percentage of owner-occupied housing units located in low-income census tracts and below the aggregate for home improvement lending in low-income census tracts. The bank did not originate any home improvement loans in low-income census tracts in 2018.

Peapack's home improvement lending in moderate-income census tracts was very poor as Peapack did not make any home improvement loans in moderate-income census tracts during the review period. As a result, in 2019, the bank's home improvement lending performance was significantly below the 12.8% of owner-occupied housing units located in moderate-income census tracts and significantly below the aggregate, which made 8.7% by number and 7.3% by dollar of home improvement loans in moderate-income census tracts. In 2017 and 2018 the bank's performance was also significantly below both the demographic and aggregate figures.

Multifamily Loans

The geographic distribution of multifamily dwelling loans reflected overall good penetration throughout the bank's assessment area. Peapack's multifamily lending performance in low-income census tracts was good. In 2019, the bank made 52.6% by number and 48.8% by dollar of its multifamily loans in low-income census tracts. The bank's 2019 multifamily lending performance in low-income census tracts was significantly above the 22.8% of total rental housing units located in low-income census tracts and significantly above the aggregate, which made 28.9% by number and 23.8% by dollar of multifamily loans in low-income census tracts. In 2017, the bank's multifamily lending performance in low-income tracts was above the percentage of total rental housing units located in low-income census tracts but was similar to the aggregate for multifamily lending in low-income census tracts. However, in 2018, the bank's multifamily lending performance fell below the percentage of rental housing units located in low-income census tracts and was significantly below the aggregate for multifamily lending in low-income census tracts.

Peapack's multifamily lending performance in moderate-income census tracts was also considered good. In 2019, the bank made 26.3% by number and 20.1% by dollar of its multifamily loans in moderate-income census tracts. Peapack's 2019 multifamily lending performance in moderate-income census tracts was slightly below the 28.7% of total rental housing units located in moderate-income census tracts and below the aggregate by number, but slightly above the aggregate by dollar, which made 33.7% by number and 18.0% by dollar of multifamily loans in moderate-income census tracts. In 2017, the bank did not originate any multifamily loans in moderate-income census tracts. In 2018, the bank's multifamily lending performance was significantly above the percentage of total rental housing units located in moderate-income census tracts and significantly above the aggregate for multifamily lending in moderate-income census tracts.

Small Business Loans

The geographic distribution of small business loans reflected overall adequate penetration throughout the assessment area. However, Peapack’s small business lending performance in low-income tracts was considered poor. In 2019, the bank made 6.2% by number and 1.5% by dollar of its small business loans in low-income census tracts. The bank's 2019 small business lending performance in low-income census tracts was below by number and significantly below by dollar, the 9.2% of businesses located in low-income census tracts. The bank’s 2019 performance was also below the aggregate by number and significantly below the aggregate by dollar, which made 8.0% by number and 8.0% by dollar of small business loans in low-income census tracts. In 2017, the bank did not originate any small business loans in low-income census tracts. In 2018, the bank’s small business lending performance was significantly below the percentage of businesses located in low-income census tracts and significantly below the aggregate for small business lending in low-income census tracts.

The bank’s small business lending performance in moderate-income census tracts was considered adequate. In 2019, Peapack made 9.0% by number and 6.0% by dollar of its small business loans in moderate-income census tracts. The bank's 2019 small business lending performance in moderate-income census tracts was below the 14.3% of businesses located in moderate-income census tracts and below the aggregate, which made 14.3% by number and 12.9% by dollar of small business loans in moderate-income census tracts. In 2017 and 2018, Peapack's small business lending performance in moderate-income census tracts was below the percentage of businesses located in moderate-income census tracts and was below the aggregate for small business lending in moderate-income census tracts.

Distribution by Borrower Income and Revenue Size of the Business

The distribution of borrowers reflected, given the product lines offered, adequate penetration among customers of different income levels and businesses of different sizes. Overall, HMDA lending was adequate based on good penetration for home purchase lending and adequate penetration for refinance and home improvement lending. The bank’s lending to small businesses with GAR of $1 million or less was poor during the evaluation period. Multifamily dwelling loans were not analyzed for borrower distribution as income data is not required for reporting purposes for these loans. See the Aggregate Comparison Loan Distribution tables in CRA Appendix B for details of the bank’s 2017, 2018 and 2019 loan distribution by borrower income levels.

Home Purchase Loans

The distribution of borrowers reflected, given the product lines offered, good penetration among customers of different income levels for home purchase loans. Peapack’s home purchase lending to low-income borrowers was good. In 2019, the bank made 14.8% by number and 6.0% by dollar of its home purchase loans to low-income borrowers. Peapack’s 2019 home purchase lending performance to low-income borrowers was significantly below the 23.7% of low-income families in the assessment area but significantly above the aggregate, which made 3.7% by number and 1.8% by dollar of home purchase loans to low-income borrowers. Similarly, in 2017, Peapack's home purchase lending performance to low-income borrowers was below the percentage of low-income families in the assessment area but significantly above the market aggregate for home purchase lending to low-income borrowers. In 2018, Peapack's home purchase lending performance to low-income borrowers was similar to the percentage of low-income families in the assessment area and significantly above the market aggregate for home purchase lending to low-income borrowers.

Peapack's home purchase lending to moderate-income borrowers was excellent. In 2019, the bank made 24.1% by number and 18.3% by dollar of its home purchase loans to moderate-income borrowers. The bank's 2019 home purchase lending performance to moderate-income borrowers was above the 15.8 % of moderate-income families in the assessment area and above the aggregate, which made 16.6% by number and 11.0% by dollar of home purchase loans to moderate-income borrowers. In 2017 and 2018, Peapack's home purchase lending performance to moderate-income borrowers was significantly above the percentage of moderate-income families in the assessment area and significantly above the market aggregate for home purchase lending to moderate-income borrowers.

Refinance Loans

The distribution of borrowers reflected, given the product lines offered, adequate penetration among customers of different income levels for refinance loans. However, Peapack's refinance lending to low-income borrowers was poor due to very low origination volumes, despite the bank's comparison to aggregate performance. In 2019, the bank made five total refinance loans to low-income borrowers which represented 5.0% by number and 2.4% by dollar of its refinance loans. Peapack's 2019 refinance lending performance to low-income borrowers was significantly below the 23.7% of low-income families in the assessment area but above the aggregate, which made 3.7% by number and 1.9% by dollar of refinance loans to low-income borrowers. Though Peapack was above the aggregate in 2019, consideration was given to the fact that the aggregate itself was significantly lower than the percentage of low-income families in the assessment area. In 2017, Peapack's refinance lending performance to low-income borrowers was significantly below the percentage of low-income families in the assessment area but similar to the market aggregate for refinance lending to low-income borrowers. In 2018, similar to 2019, Peapack's refinance lending performance to low-income borrowers was significantly below the percentage of low-income families in the assessment area and above the market aggregate for refinance lending to low-income borrowers.

Peapack's refinance lending to moderate-income borrowers was adequate. In 2019, Peapack made 7.0% by number and 3.7% by dollar of its refinance loans to moderate-income borrowers. The bank's 2019 refinance lending performance to moderate-income borrowers was below the 15.8% of moderate-income families in the assessment area and below the aggregate, which made 10.9% by number and 6.8% by dollar of refinance loans to moderate-income borrowers. In 2017, Peapack's refinance lending performance to moderate-income borrowers was below the percentage of moderate-income families in the assessment area and similar to the market aggregate for refinance lending to moderate-income borrowers. In 2018, the bank's refinance lending performance to moderate-income borrowers was significantly above the percentage of moderate-income families in the assessment area and significantly above the market aggregate for refinance lending to moderate-income borrowers.

Home Improvement Loans

The distribution of borrowers reflected, given the product lines offered, adequate penetration among customers of different income levels for home improvement loans. However, Peapack's home improvement lending to low-income borrowers was poor. In 2019, the bank made one home improvement loan to a low-income borrower which represented 8.3% by number and 2.1% by dollar of its refinance loans. Peapack's 2019 home improvement lending performance to low-income borrowers was significantly below the 23.7% of low-income families in the assessment area. Peapack's 2019 performance was above the aggregate by number, but slightly below by dollar, which made 3.9% by number and 2.4% by dollar of home improvement loans to low-income borrowers. In 2017, Peapack's home improvement lending performance to low-income borrowers was significantly below the percentage of low-income families in the assessment area but slightly below the market aggregate for home improvement lending to low-income borrowers. The bank did not originate any home improvement loans to low-income borrowers in 2018.

Peapack's home improvement lending to moderate-income borrowers was good. In 2019, the bank made 33.3% by number and 19.5% by dollar of its home improvement loans to moderate-income borrowers. The bank's 2019 home improvement lending performance to moderate-income borrowers was significantly above the 15.8 % of moderate-income families in the assessment area and significantly above the aggregate, which made 11.4% by number and 8.0% by dollar of home improvement loans to moderate-income borrowers. In 2017, Peapack's home improvement lending performance to moderate-income borrowers was above the percentage of moderate-income families in the assessment area and above the market aggregate for home improvement lending to moderate-income borrowers. However, in 2018, the bank's home improvement lending performance to moderate-income borrowers was below the percentage of moderate-income families in the assessment area and slightly below the market aggregate for home improvement lending to moderate-income borrowers.

Small Business Loans

The distribution of borrowers reflected, given the product lines offered, poor penetration among businesses of different sizes. Peapack's small business lending to businesses with GAR of $1 million or less was considered poor. In 2019, the bank made 36.6% by number and 16.3% by dollar of its small business loans to businesses with GAR of $1 million or less. The bank's 2019 small business lending performance to businesses with GAR of $1 million or less was significantly below the 90.1% of such businesses in the assessment area and below the aggregate, which made 44.3% by number and 28.7% by dollar of small business loans to businesses with GAR of $1 million or less. Of the small business loans originated by Peapack in 2019, 37.2% by number and 6.1% by dollar volume were in amounts of $100,000 or less. This was also below the aggregate, which originated 94.7% by number and 42.8% by dollar of its small business loans in amounts of $100,000 or less. Peapack's average loan size for the evaluation period was approximately $308,000.

In 2017, the bank's small business lending performance was significantly below the percentage of businesses with GAR of $1 million or less and slightly below the aggregate for small business lending to businesses with GAR $1 million or less. In addition, the bank's small business lending in loan amounts of $100,000 or less was significantly below the aggregate for small business lending. In 2018, Peapack's small business lending performance was also significantly below the percentage of businesses with GAR of $1 million or less; however, the bank slightly exceeded the aggregate for small business lending to businesses with GAR $1 million or less. The bank's small business lending in loans amounts of $100,000 was significantly below the aggregate for small business lending.

Innovative or Flexible Lending Practices

Peapack made use of innovative and/or flexible lending practices in order to serve assessment area credit needs during this review period. The bank's responsive products for both HMDA and Small Business lending included:

- An Affordable Housing Loan Program for income-eligible borrowers buying homes in eligible LMI census tracts within the bank's assessment area.

- A No Mortgage Insurance Loan Program for income-eligible borrowers buying homes in eligible LMI census tracts within the bank's assessment area.

- The bank participated in the Federal Home Loan Bank's First Home Club program offering eligible borrowers the ability to apply for approval and enrollment to the program that offers grant money.

- An Affordable Housing Loan Program in partnership with Habitat for Humanity that gave qualifying LMI borrowers the option to exchanging "sweat equity" for a 10% credit towards the sale price of an eligible home.

- SBA7(a) loans that offered small businesses working capital for a variety of needs.

- Beginning in 2020, Peapack offered PPP loans through the Payment Protection Program to provide funding for small businesses to keep their workers on the payroll during the COVID-19 pandemic. Peapack originated 11 PPP loans over $1 million that were considered as community development loans for this evaluation with an economic development purpose that benefitted the assessment or BSRA that included the assessment area. In addition, the bank also originated eight PPP loans over $1 million considered as community development loans outside the bank's BSRA. The bank originated a significant number of PPP loans that were under $1 million and will therefore be evaluated as small business loans in the bank's next CRA examination.

Community Development Lending

Peapack made an adequate level of community development loans. During the evaluation period, Peapack made $436.9 million in community development loans, which represented 9.3% of Peapack's average assets. When compared to the bank's prior evaluation period, in which Peapack's community development lending represented 22.1% of average assets and was considered adequate, on an annualized basis, Peapack's total community development lending decreased by 54.6% for this evaluation period. However, the bank's CD lending was more concentrated within its assessment area compared to the prior evaluation, where more CD loans were outside of the assessment area but benefitted the BRSA that included the assessment area. Despite the annualized decrease, originations within the assessment area are considered more responsive to assessment area credit needs and thus supports the adequate assessment for this review period.

Peapack's level of annualized community development lending within the assessment area as a percentage of average assets ranked third when compared to six similarly situated peers, while the bank's level of annualized community development lending within the assessment area as a percentage of MSA deposits ranked sixth among peers.

Peapack's community development loans were primarily loans to purchase or refinance multifamily housing units in low- and moderate-income census tracts, with the purpose of supporting affordable housing. Community contacts identified affordable housing as a primary community need for LMI individuals, making these loans particularly responsive to the assessment area's needs. In terms of dollar volume, community development loans for affordable housing represented 71.0% of the bank's total community development lending. While the bank's overall CD lending inside its assessment area increased, a significant portion of Peapack's affordable housing loans, 69.4% by number and 61.7% by dollar volume, remained outside of the bank's assessment area but in the BSRA that included the assessment area.

By number, 23.6% of Peapack's total community development loans were to small businesses or community development organizations to provide working capital for the purpose of supporting job creation, retention, or small business technical assistance in low- and moderate-income geographies. In 2020, Peapack participated in the SBA's Payment Protection Program (PPP), established by the Coronavirus Aid, Relief, and Economic Security Act, or CARES Act. Peapack extended 11 PPP loans considered for community development credit to small businesses located in LMI census tracts within the assessment area for the purpose of economic development, which accounted for 8.9% by number and 4.5% by dollar volume of the bank's total community development lending. Additionally, Peapack extended an additional 8 community development PPP loans, totaling $21.7 million, to small businesses located in LMI census tracts outside of the bank's regional area, including in Texas, California, and Florida.

Community contacts identified economic development as a significant community need, especially during the economic downturn and business closure during the COVID-19 pandemic, thus Peapack's economic development lending was responsive to the assessment area's credit needs.

Peapack received credit for qualified community development loans made outside of its assessment area, in the BSRA, as the bank was responsive to the community development needs and opportunities in its assessment area. See the following table for additional detail regarding the bank's community development lending.

Community Development Loans April 1, 2017 – December 31, 2020										
Geography	Affordable Housing		Community Services		Revitalization and Stabilization		Economic Development		Total	
	#	$(000s)	#	$(000s)	#	$(000s)	#	$(000s)	#	$(000s)
Assessment Area	26	$118,751	0	$0	3	$20,250	8	$10,742	37	$149,743
BSRA	59	$191,273	5	$45,976	1	$3,983	21	$45,959	86	$287,191
Total	**85**	**$310,024**	**5**	**$45,976**	**4**	**$24,233**	**29**	**$56,701**	**123**	**$436,934**
Percent Total #/$	69.1%	71.0%	4.1 %	10.5%	3.3%	5.5 %	23.6 %	13.0%	100.0%	100.0%

Examples of community development loans included:

- A $5 million loan to purchase and refurbish a hotel in a moderate-income census tract. The loan will create and retain long-term jobs and opportunities for low- or moderate-income individuals.
- A $2.3 million loan to a non-profit organization that provides addiction and recovery services in a low-income census tract.
- A $15.3 million purchase loan for a multi-story complex with a total of 160 senior housing units, 70% of which operate under HUD's Section 8 Housing Assistance Program.
- A $2.9 million PPP loan to a non-profit organization that serves at-risk youth and their families in a low-income census tract. The loan provided funding to cover payroll and operating expenses when the non-profit's funding and resources dramatically decreased during the pandemic and related economic downturn.

INVESTMENT TEST

Peapack's performance under the investment test is rated High Satisfactory. The bank made a significant level of qualified CD investments and grants, particularly those not routinely provided by private investors, occasionally in a leadership position. The bank made rare use of innovative and/or complex investments to support CD initiatives but exhibited good responsiveness to credit and CD needs.

During the evaluation period, Peapack made a total of $49.2 million in total qualified investments and grants, which was a 165.8% increase from the bank's prior period total qualified investments of $18.5 million. On an annualized basis, Peapack's level of total overall qualified investments increased by 94.9% from the prior evaluation, while the bank's level of annualized community development investments within the assessment area as a percentage of average assets increased 42.1% compared to the prior evaluation period. Peapack's level of annualized community development investments within the assessment area as a percentage of average assets, and as a percentage of MSA deposits, ranked third when compared to six similarly situated peers that were rated either High Satisfactory or Outstanding in the Investment Test. Peapack also received credit for qualified investments benefitting the BRSA including its assessment area because the bank was responsive to community development needs and opportunities in its assessment area.

A total of $41.7 million, or 84.7%, of Peapack's qualified investments were new investments made since the prior evaluation, which was largely consistent with the bank's prior evaluation, where 88.3% of Peapack's investment activity was considered new. Of the total qualified investments, $517 thousand were grants or donations to community organizations providing services throughout Peapack's assessment area.

Peapack made rare use of complex investments to support community development initiatives. A substantial majority, 80.8%, of Peapack's community development investments were for the purpose of affordable housing and demonstrated good responsiveness to the significant need for affordable housing identified in the assessment area. However, while responsive, all of the bank's CD investments for the purpose of affordable housing were direct or indirect investments in mortgage-backed securities, thus were not particularly innovative or complex. Investments and grants for the purpose of community services, revitalization and stabilization, and economic development were also made and demonstrated good responsiveness to assessment area needs, though most investments and grants were not innovative or complex. See the table below for additional detail regarding the bank's community development qualified investments.

Qualified Community Development Investments by Purpose
April 1, 2017 – December 31, 2020

Geography	Affordable Housing		Community Services		Revitalization and Stabilization		Economic Development		Total	
	#	$(000s)	#	$(000s)	#	$(000s)	#	$(000s)	#	$(000s)
Inside Assessment Area	17	$39,630	3	$2,701	1	$4,740	0	0	21	$47,071
BSRA	0	0	0	0	0	0	3	$1,598	3	$1,598
Total	**17**	**$39,630**	**3**	**$2,701**	**1**	**$4,740**	**3**	**$1,598**	**24**	**$48,669**

Qualified Community Development Grants by Purpose April 1, 2017 – December 31, 2020										
Geography	Affordable Housing		Community Services		Revitalization and Stabilization		Economic Development		Total	
	#	$(000s)	#	$(000s)	#	$(000s)	#	$(000s)	#	$(000s)
Inside Assessment Area	37	$113	115	$267	11	$20	12	$55	175	$455
BSRA	4	$8	13	$24	5	$12	8	$18	30	$62
Total	**41**	**$121**	**128**	**$291**	**16**	**$32**	**20**	**$73**	**205**	**$517**

Examples of additional community development qualified investments included:

- $4.7 million bond anticipation note for a municipality in a low-income tract.
- A $1.7 investment in board of education bonds for a school district in which 66.0% of students received free or reduced lunch.
- Three investments totaling $1.6 million in an SBA approved SBIC fund benefitting small businesses in the bank's regional area.

SERVICE TEST

Peapack's performance under the service test is rated Low Satisfactory. Peapack's delivery systems were reasonably accessible to the bank's geographies and individuals of different income levels in the bank's assessment area. Peapack's record of opening and closing of branches has generally not adversely affected the accessibility of its delivery systems, particularly to LMI geographies and/or LMI individuals, and the bank's services did not vary in a way that inconvenienced its assessment area, particularly LMI geographies and/or LMI individuals. Additionally, Peapack provided a relatively high level of community development services within the assessment area.

Retail Services

Peapack's delivery systems were reasonably accessible to most of the geographies and individuals of various income levels in its assessment area. Peapack operated 21 branches, all of which were in middle- or upper-income census tracts. Two (9.5%) branches, however, were in proximity to moderate-income census tracts. One of these branches, located in Bridgewater, NJ, was adjacent to three moderate-income tracts providing access to those residing in the moderate-income tracts. Another branch, located in Warren, NJ, was approximately 5 miles driving distance from one moderate-income tract. Additionally, one of the bank's branches was a mobile branch which was approved by the Federal Reserve in late 2019. The mobile branch was designed to serve the bank's entire assessment area but did not become fully operational in 2020 as planned due to the COVID-19 pandemic.

Peapack's record of closing branches generally did not adversely affect the accessibility of Peapack's delivery systems to LMI geographies and LMI individuals as there were no branch closures during the review period.

Retail branch hours did not vary in a way that inconvenienced the assessment area. Nineteen of 20 brick and mortar branches offered extended hours until 6:00 p.m. on either Thursday or Friday and were open on Saturday until 12:00 p.m. The one branch that did not offer extended hours was located in Basking Ridge, NJ and was not in proximity to LMI tracts.

Alternate delivery systems enhanced the accessibility of Peapack's services for LMI individuals or geographies. Peapack maintained full-service ATMs at 18 of its 21 branch locations and two cash only ATMs, one of which was located at a branch location, and one of which was a stand-alone ATM at the bank's administrative building. In addition, Peapack was a member of the Allpoint ATM network with surcharge free access to through 55,000 ATMS nationwide. Additionally, the bank offered online banking services, allowing customers to conduct banking activities through the internet using a computer or a mobile device. The bank also offered telephone and bank-by-mail services.

Community Development Services

Peapack provided a relatively high level of community development services to its assessment area. During the evaluation period, Peapack conducted 45 financially related community development service events with over 3,179 hours of service performed by Peapack employees, consisting of financial literacy, residential mortgage and first-time home buyer seminars, and technical assistance. The number of service events increased when compared to the prior evaluation period, during which 37 financially related community development service events were conducted.

Community Development Services	
Type	**#**
Affordable Housing Seminars	21
Financial Education	16
Technical Assistance	8
Total	**45**

Examples of the community development services provided by Peapack included:

- Financial literacy training for students that attended schools in LMI census tracts. Peapack sponsored the introduction of an online financial education course for children that was introduced to seven schools in the bank's assessment area, six of which had a majority of students enrolled in the free or reduced rate lunch program. A total of 970 students went through the program, of which 703 were students in the LMI schools.

- The bank provided financial education to LMI first time home buyers through the partnerships with various community organizations. The events served as an alternative delivery system for Peapack's products by providing applications for Peapack's affordable housing products.

- The bank provided technical assistance for business entrepreneurship and SBA lending.

- A bank officer served as Board President of a non-profit organization that provided young adults who have aged out of New Jersey's foster care system with safe housing, case management, education, counseling, and life skills in order to empower them toward self-sufficiency.

- An Executive Vice President was Chairman of the Board of Directors and Chairman of the Investment Committee for a YMCA that served more than 35,000 members and had programs for low- and moderate-income individuals and families.

- A Senior Vice President was a member of the Board of Directors and loan committee of a non-profit economic development corporation, dedicated to boosting local economies and strengthening communities through business development and job creation.

FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

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

CRA APPENDIX A

SCOPE OF EXAMINATION			
TIME PERIOD REVIEWED	**Lending Test/Retail Services: January 1, 2017 – December 31, 2019** **CD Loans/Investments/Services: April 1, 2017 – December 31, 2020**		
FINANCIAL INSTITUTION **Peapack-Gladstone Bank** **500 Hills Drive, Suite 300** **Bedminster Township, NJ 07921**			**PRODUCTS REVIEWED** • Home purchase • Refinancing • Home Improvement • Multifamily Dwelling • Small Business • Community Development
AFFILIATE(S) **None**	**AFFILIATE RELATIONSHIP** Not Applicable		**PRODUCTS REVIEWED** Not Applicable
LIST OF ASSESSMENT AREAS AND TYPE OF EXAMINATION			
ASSESSMENT AREA	**TYPE OF EXAMINATION**	**BRANCHES VISITED**	**OTHER INFORMATION**
New Jersey • MSA 35620 (New York-Newark-Jersey City, NY- NJ-PA)	Full Scope	None	Not Applicable

CRA APPENDIX B

2017 Aggregate Comparison Loan Distribution Table

Assessment Area: MSA 35620 (New York-Newark-Jersey City, NY-NJ-PA)

Income Categories	HMDA									
	By Tract Income					By Borrower Income				
	Bank			Aggregate		Bank			Aggregate	
	#	%	% $(000s)	%	% $(000s)	#	%	% $(000s)	%	% $(000s)
	Home Purchase									
Low	18	10.3%	12.2%	6.5%	4.5%	22	12.6%	4.5%	2.9%	1.2%
Moderate	14	8.0%	5.7%	14.1%	10.5%	58	33.3%	23.6%	14.3%	8.8%
Middle	57	32.8%	23.1%	27.7%	22.4%	30	17.2%	17.0%	20.8%	16.6%
Upper	85	48.9%	59.0%	51.6%	62.6%	49	28.2%	45.2%	47.2%	59.8%
Unknown	0	0.0%	0.0%	0.0%	0.1%	15	8.6%	9.7%	14.9%	13.6%
Total	*174*	*100.0%*	*100.0%*	*100.0%*	*100.0%*	*174*	*100.0%*	*100.0%*	*100.0%*	*100.0%*
	Refinance									
Low	6	6.1%	4.8%	5.5%	3.9%	5	5.1%	1.8%	3.6%	1.8%
Moderate	8	8.1%	6.7%	12.4%	9.4%	11	11.1%	4.7%	11.1%	6.9%
Middle	10	10.1%	6.9%	27.3%	22.7%	12	12.1%	8.1%	19.6%	15.8%
Upper	75	75.8%	81.6%	54.7%	63.9%	60	60.6%	73.4%	48.5%	58.6%
Unknown	0	0.0%	0.0%	0.1%	0.1%	11	11.1%	12.1%	17.2%	16.9%
Total	*99*	*100.0%*	*100.0%*	*100.0%*	*100.0%*	*99*	*100.0%*	*100.0%*	*100.0%*	*100.0%*
	Home Improvement									
Low	1	3.8%	2.7%	5.0%	3.7%	1	3.8%	0.3%	4.9%	1.9%
Moderate	0	0.0%	0.0%	12.5%	9.6%	5	19.2%	6.6%	13.1%	7.4%
Middle	6	23.1%	19.7%	27.1%	19.8%	3	11.5%	8.0%	21.1%	16.1%
Upper	19	73.1%	77.6%	55.2%	66.6%	15	57.7%	77.5%	55.0%	65.3%
Unknown	0	0.0%	0.0%	0.1%	0.2%	2	7.7%	7.7%	5.8%	9.3%
Total	*26*	*100.0%*	*100.0%*	*100.0%*	*100.0%*	*26*	*100.0%*	*100.0%*	*100.0%*	*100.0%*
	Multi-Family									
Low	2	28.6%	25.6%	26.9%	20.5%	0	0.0%	0.0%	0.0%	0.0%
Moderate	0	0.0%	0.0%	41.1%	37.0%	0	0.0%	0.0%	0.0%	0.0%
Middle	2	28.6%	41.9%	19.9%	18.5%	0	0.0%	0.0%	0.0%	0.0%
Upper	3	42.9%	32.5%	11.9%	24.0%	0	0.0%	0.0%	0.0%	0.0%
Unknown	0	0.0%	0.0%	0.1%	0.0%	7	100.0%	100.0%	100.0%	100.0%
Total	*7*	*100.0%*	*100.0%*	*100.0%*	*100.0%*	*7*	*100.0%*	*100.0%*	*100.0%*	*100.0%*
	HMDA Totals									
Low	27	8.8%	13.8%	6.3%	6.1%	28	9.2%	2.2%	3.2%	1.3%
Moderate	22	7.2%	4.0%	13.8%	13.1%	74	24.2%	10.8%	13.1%	7.3%
Middle	75	24.5%	24.2%	27.5%	22.0%	45	14.7%	9.2%	20.2%	14.5%
Upper	182	59.5%	58.0%	52.4%	58.7%	124	40.5%	40.7%	47.5%	52.9%
Unknown	0	0.0%	0.0%	0.1%	0.1%	35	11.4%	37.0%	16.0%	24.0%
Total	*306*	*100.0%*	*100.0%*	*100.0%*	*100.0%*	*306*	*100.0%*	*100.0%*	*100.0%*	*100.0%*

	SMALL BUSINESS				
	By Tract Income				
	Bank			Aggregate	
	#	%	% $(000s)	%	% $(000s)
Low	0	0.0%	0.0%	7.9%	7.7%
Moderate	12	9.7%	10.8%	13.6%	12.1%
Middle	18	14.5%	16.3%	24.4%	25.0%
Upper	93	75.0%	70.5%	53.0%	54.0%
Unknown	1	0.8%	2.5%	0.2%	0.7%
Tract Unknown	0	0.0%	0.0%	0.9%	0.5%
Total	*124*	100.0%	100.0%	100.0%	100.0%
	By Revenue				
$1 Million or Less	*49*	39.5%	27.7%	46.7%	30.2%
	By Loan Size				
$100,000 or less	37	29.8%	4.6%	94.5%	42.4%
$100,001-$250,000	28	22.6%	11.9%	2.7%	13.5%
$250,001-$1 Million	59	47.6%	83.6%	2.8%	44.1%
Total	*124*	*100.0%*	*100.0%*	100.0%	100.0%

Originations and Purchases

2018 Aggregate Comparison Loan Distribution Table

Assessment Area: MSA 35620 (New York-Newark-Jersey City, NY-NJ-PA)

Income Categories	HMDA									
	By Tract Income					By Borrower Income				
	Bank			Aggregate		Bank			Aggregate	
	#	%	% $(000s)	%	% $(000s)	#	%	% $(000s)	%	% $(000s)
	Home Purchase									
Low	20	11.4%	14.4%	7.3%	5.2%	42	23.9%	11.0%	3.0%	1.5%
Moderate	26	14.8%	17.9%	14.6%	11.4%	64	36.4%	34.1%	14.2%	9.0%
Middle	54	30.7%	23.9%	27.3%	22.5%	35	19.9%	25.8%	20.5%	16.7%
Upper	76	43.2%	43.9%	50.8%	60.8%	22	12.5%	20.4%	45.3%	57.3%
Unknown	0	0.0%	0.0%	0.1%	0.1%	13	7.4%	8.7%	16.9%	15.5%
Total	*176*	*100.0%*	*100.0%*	*100.0%*	*100.0%*	*176*	*100.0%*	*100.0%*	*100.0%*	*100.0%*
	Refinance									
Low	4	6.5%	8.0%	5.5%	4.2%	3	4.8%	2.4%	4.7%	2.6%
Moderate	3	4.8%	2.8%	12.0%	10.2%	16	25.8%	14.4%	13.1%	8.5%
Middle	13	21.0%	16.3%	25.5%	21.3%	7	11.3%	10.4%	20.3%	16.9%
Upper	42	67.7%	72.9%	56.9%	64.2%	31	50.0%	64.1%	49.6%	59.0%
Unknown	0	0.0%	0.0%	0.1%	0.1%	5	8.1%	8.6%	12.2%	13.0%
Total	*62*	*100.0%*	*100.0%*	*100.0%*	*100.0%*	*62*	*100.0%*	*100.0%*	*100.0%*	*100.0%*
	Home Improvement									
Low	0	0.0%	0.0%	2.9%	3.1%	0	0.0%	0.0%	2.8%	1.8%
Moderate	0	0.0%	0.0%	6.9%	6.2%	1	7.7%	6.6%	9.5%	6.5%
Middle	0	0.0%	0.0%	23.6%	18.3%	3	23.1%	9.7%	19.1%	14.9%
Upper	13	100.0%	100.0%	66.5%	72.3%	9	69.2%	83.7%	63.2%	67.6%
Unknown	0	0.0%	0.0%	0.1%	0.1%	0	0.0%	0.0%	5.5%	9.3%
Total	*13*	*100.0%*	*100.0%*	*100.0%*	*100.0%*	*13*	*100.0%*	*100.0%*	*100.0%*	*100.0%*
	Multi-Family									
Low	1	14.3%	55.3%	31.4%	26.0%	0	0.0%	0.0%	0.0%	0.0%
Moderate	5	71.4%	29.1%	38.5%	29.1%	0	0.0%	0.0%	0.2%	0.0%
Middle	1	14.3%	15.6%	18.2%	23.4%	0	0.0%	0.0%	0.5%	0.1%
Upper	0	0.0%	0.0%	12.0%	21.5%	0	0.0%	0.0%	0.5%	0.1%
Unknown	0	0.0%	0.0%	0.0%	0.0%	7	100.0%	100.0%	98.8%	99.8%
Total	*7*	*100.0%*	*100.0%*	*100.0%*	*100.0%*	*7*	*100.0%*	*100.0%*	*100.0%*	*100.0%*
	HMDA Totals									
Low	25	9.7%	26.6%	6.7%	7.3%	45	17.4%	5.6%	3.5%	1.6%
Moderate	34	13.2%	18.6%	13.4%	12.9%	81	31.4%	18.8%	13.4%	7.8%
Middle	68	26.4%	19.5%	26.4%	22.2%	45	17.4%	14.2%	20.2%	14.8%
Upper	131	50.8%	35.4%	53.4%	57.5%	62	24.0%	22.6%	47.5%	51.5%
Unknown	0	0.0%	0.0%	0.1%	0.1%	25	9.7%	38.8%	15.4%	24.3%
Total	*258*	*100.0%*	*100.0%*	*100.0%*	*100.0%*	*258*	*100.0%*	*100.0%*	*100.0%*	*100.0%*

	SMALL BUSINESS				
	By Tract Income				
	Bank			Aggregate	
	#	%	% $(000s)	%	% $(000s)
Low	2	1.6%	0.1%	7.9%	8.0%
Moderate	11	8.7%	13.0%	13.4%	11.9%
Middle	26	20.6%	16.3%	24.4%	24.8%
Upper	86	68.3%	67.8%	53.3%	54.3%
Unknown	1	0.8%	2.8%	0.2%	0.6%
Tract Unknown	0	0.0%	0.0%	0.9%	0.5%
Total	*126*	100.0%	100.0%	100.0%	100.0%
	By Revenue				
$1 Million or Less	*63*	50.0%	31.7%	41.4%	28.3%
	By Loan Size				
$100,000 or less	53	42.1%	7.6%	94.7%	42.7%
$100,001-$250,000	23	18.3%	13.1%	2.8%	14.7%
$250,001-$1 Million	50	39.7%	79.3%	2.6%	42.6%
Total	*126*	*100.0%*	*100.0%*	100.0%	100.0%

Originations and Purchases

2019 Aggregate Comparison Loan Distribution Table

Assessment Area: MSA 35620 (New York-Newark-Jersey City, NY-NJ-PA)

Income Categories	HMDA									
	By Tract Income					By Borrower Income				
	Bank			Aggregate		Bank			Aggregate	
	#	%	% $(000s)	%	% $(000s)	#	%	% $(000s)	%	% $(000s)
	Home Purchase									
Low	21	13.0%	14.3%	6.5%	4.9%	24	14.8%	6.0%	3.7%	1.8%
Moderate	17	10.5%	9.8%	15.1%	11.7%	39	24.1%	18.3%	16.6%	11.0%
Middle	55	34.0%	25.7%	32.4%	26.6%	49	30.2%	31.0%	23.0%	19.5%
Upper	69	42.6%	50.2%	45.9%	56.7%	35	21.6%	33.6%	43.0%	54.8%
Unknown	0	0.0%	0.0%	0.1%	0.1%	15	9.3%	11.2%	13.7%	12.9%
Total	*162*	*100.0%*	*100.0%*	*100.0%*	*100.0%*	*162*	*100.0%*	*100.0%*	*100.0%*	*100.0%*
	Refinance									
Low	10	10.0%	9.0%	4.7%	3.6%	5	5.0%	2.4%	3.7%	1.9%
Moderate	9	9.0%	6.5%	12.0%	9.4%	7	7.0%	3.7%	10.9%	6.8%
Middle	15	15.0%	11.9%	30.0%	24.5%	24	24.0%	19.7%	19.8%	15.8%
Upper	66	66.0%	72.7%	53.2%	62.4%	48	48.0%	58.2%	48.0%	57.5%
Unknown	0	0.0%	0.0%	0.1%	0.1%	16	16.0%	16.0%	17.6%	17.9%
Total	*100*	*100.0%*	*100.0%*	*100.0%*	*100.0%*	*100*	*100.0%*	*100.0%*	*100.0%*	*100.0%*
	Home Improvement									
Low	0	0.0%	0.0%	2.5%	2.4%	1	8.3%	2.1%	3.9%	2.4%
Moderate	0	0.0%	0.0%	8.7%	7.3%	4	33.3%	19.5%	11.4%	8.0%
Middle	1	8.3%	2.7%	27.9%	23.3%	3	25.0%	19.4%	20.9%	16.6%
Upper	11	91.7%	97.3%	60.8%	67.0%	4	33.3%	59.0%	60.2%	67.5%
Unknown	0	0.0%	0.0%	0.0%	0.0%	0	0.0%	0.0%	3.5%	5.3%
Total	*12*	*100.0%*	*100.0%*	*100.0%*	*100.0%*	*12*	*100.0%*	*100.0%*	*100.0%*	*100.0%*
	Multi-Family									
Low	10	52.6%	48.8%	28.9%	23.8%	0	0.0%	0.0%	0.1%	0.0%
Moderate	5	26.3%	20.1%	33.7%	18.0%	0	0.0%	0.0%	0.1%	0.0%
Middle	2	10.5%	8.6%	21.6%	20.9%	0	0.0%	0.0%	0.4%	0.0%
Upper	2	10.5%	22.6%	15.7%	37.3%	0	0.0%	0.0%	0.5%	0.0%
Unknown	0	0.0%	0.0%	0.0%	0.0%	19	100.0%	100.0%	98.9%	99.9%
Total	*19*	*100.0%*	*100.0%*	*100.0%*	*100.0%*	*19*	*100.0%*	*100.0%*	*100.0%*	*100.0%*
	HMDA Totals									
Low	41	14.0%	33.2%	5.7%	6.8%	30	10.2%	1.9%	3.7%	1.6%
Moderate	31	10.6%	15.1%	13.6%	11.6%	50	17.1%	5.4%	13.8%	8.0%
Middle	73	24.9%	13.5%	31.1%	25.0%	76	25.9%	11.3%	21.4%	15.5%
Upper	148	50.5%	38.3%	49.7%	56.5%	87	29.7%	18.5%	45.7%	49.0%
Unknown	0	0.0%	0.0%	0.1%	0.1%	50	17.1%	63.0%	15.5%	25.9%
Total	*293*	*100.0%*	*100.0%*	*100.0%*	*100.0%*	*293*	*100.0%*	*100.0%*	*100.0%*	*100.0%*

	SMALL BUSINESS				
	By Tract Income				
	Bank			Aggregate	
	#	%	% $(000s)	%	% $(000s)
Low	9	6.2%	1.5%	8.0%	8.0%
Moderate	13	9.0%	6.0%	14.3%	12.9%
Middle	21	14.5%	22.1%	29.0%	31.2%
Upper	102	70.3%	70.3%	47.7%	46.9%
Unknown	0	0.0%	0.0%	0.2%	0.5%
Tract Unknown	0	0.0%	0.0%	0.8%	0.5%
Total	*145*	100.0%	100.0%	100.0%	100.0%
	By Revenue				
$1 Million or Less	*53*	36.6%	16.3%	44.3%	28.7%
	By Loan Size				
$100,000 or less	54	37.2%	6.1%	94.7%	42.8%
$100,001-$250,000	28	19.3%	11.9%	2.8%	14.7%
$250,001-$1 Million	63	43.4%	82.0%	2.5%	42.5%
Total	*145*	*100.0%*	*100.0%*	100.0%	100.0%

Originations and Purchases

CRA APPENDIX C

GLOSSARY

Affordability ratio: Derived by dividing the median household income by the median housing value. The higher the affordability ratio, the more affordable a home is considered.

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 GAR 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.

Full-scope review: Performance is analyzed considering performance context, quantitative factors and qualitative factors.

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 loans to refinance 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.

Limited-scope review: Performance is analyzed using only quantitative factors.

Low-income: Individual income that is less than 50% of the area median income, or a median family income that is less than 50%, in the case of a geography.

Market Share: The number of loans originated and purchased by the institution as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the MSA.

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.

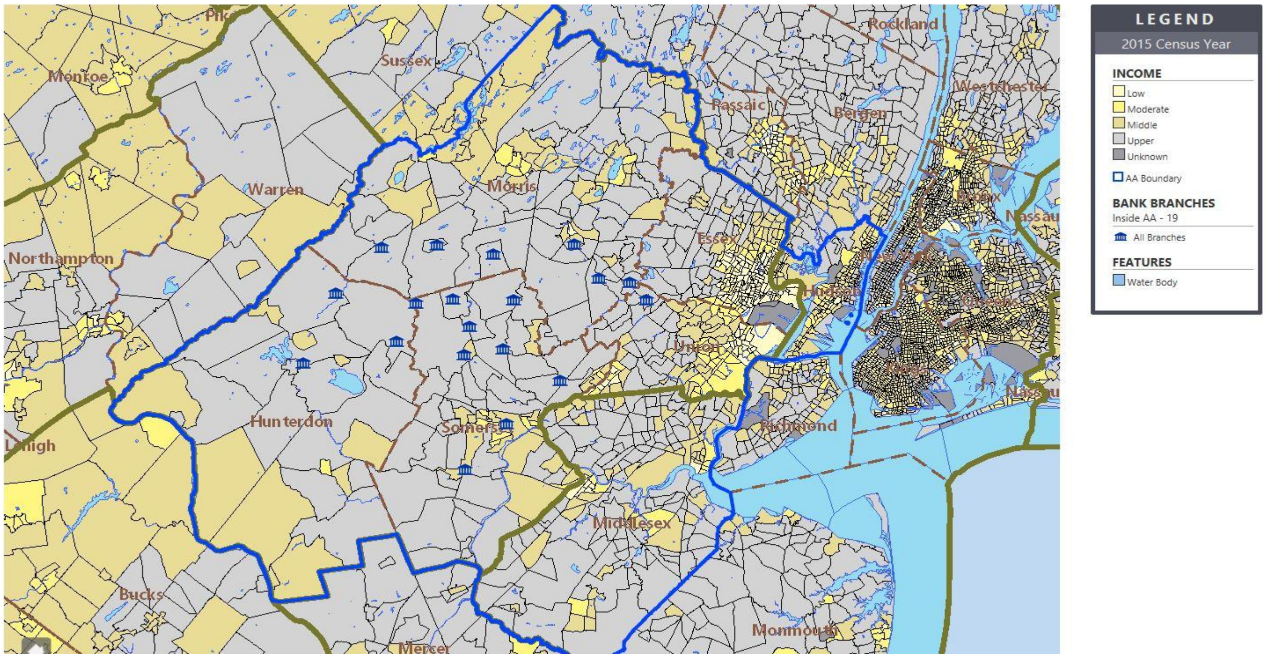
Rated area: A rated area is a state or multistate metropolitan area. For an institution with domestic branches in only one state, the institution's CRA rating would be the state rating. If an institution maintains domestic branches in more than one state, the institution will receive a rating for each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

CRA APPENDIX D

Peapack-Gladstone Bank
Assessment Area 2018 & 2017



Peapack-Gladstone Bank
Assessment Area 2019