

PUBLIC DISCLOSURE

April 21, 2014

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**Lakeland Bank
19953**

**2717 Route 23 South
Newfoundland, New Jersey 07435**

**Federal Deposit Insurance Corporation
350 Fifth Avenue, Suite 1200
New York, New York 10118-0110**

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.

INSTITUTION’S CRA RATING

INSTITUTION'S CRA RATING: This institution is rated **Outstanding**.

A CRA rating of "Outstanding" is assigned. An institution in this group has an outstanding record of helping to meet the credit needs of its assessment area, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

The following table indicates the performance level of the institution with respect to the lending, investment, and service tests.

PERFORMANCE LEVELS	Lakeland Bank		
	PERFORMANCE TESTS		
	Lending Test*	Investment Test	Service Test
Outstanding		X	X
High Satisfactory	X		
Low Satisfactory			
Needs to Improve			
Substantial Noncompliance			

** Note: The Lending Test is weighted more heavily than the Investment and Service Tests when arriving at an overall rating.*

This rating is based on the following factors:

Lending Test

- Lending levels reflect excellent responsiveness to assessment area credit needs.
- The bank has originated a substantial majority of its loans within the designated assessment area.
- The distribution of the bank’s residential mortgage loans, small business loans and consumer loans reflects an adequate penetration throughout most geographical areas within the bank’s assessment areas.

Table L Community Development Loans								
Community Development Category	2011*		2012		2013		Totals	
	#	\$	#	\$	#	\$	#	\$
Affordable Housing for Low- and Moderate-Income Individuals	10	3,521	12	12,587	10	6,360	32	22,468
Community Services for Low- and Moderate-Income Individuals	1	484	1	600	5	5,373	7	6,457
Promote Economic Development through Small Business Financing	0	0	0	0	0	0	0	0
Revitalize/Stabilize Low- and Moderate-Income Tracts or other Designated Areas	0	0	0	0	0	0	0	0
Support Eligible Projects or Activities located in Neighborhood Stabilization Program areas	0	0	0	0	0	0	0	0
Total	11	4,005	13	13,187	15	11,733	39	28,925

Source: Internal bank records *Since February 25, 2011

The following are examples of the qualified community development loans made during the evaluation period.

- In April 2011, the bank made a \$645,000 loan secured by a multi-family property located within the bank's designated assessment area in Hamburg, New Jersey. The purpose of the loan was to purchase the subject property. Rent rolls confirm that tenants are charged 69 percent of HUD's Fair Market Rent for the area.
- In February 2012, the bank made a \$6.6 million loan secured by a multi-family property located in Newton, New Jersey. The purpose of the loan was to refinance existing debt with another institution at a lower interest rate. A majority of the units in the housing complex receive rental assistance from HUD Rental Assistance Program, New Jersey Section 8 and the Department of Community Affairs.
- In November 2013, the bank made a \$1.3 million loan to a non-profit organization for the acquisition of land and development of an adult training center. The organization provides group home living, supervised apartments and a network of adult training centers that offer educational and recreational opportunities for persons with physical and developmental disabilities. The majority of individuals are low- and moderate-income individuals.
- In December 2013, the bank renewed a loan in the amount of \$930,000 to a non-profit corporation that was created to ensure the safety, security, and protection of nursing home residents against all aspects of crime. The foundation uses the proceeds of loans from various banks to purchase government securities, splitting the yield between the bank and the foundation. The foundation then uses its proceeds to purchase personal safe deposit boxes for nursing home residents to secure their valuables. The foundation also operates a crime tip line along with other crime prevention programs. The proceeds of the loan will specifically be used to sponsor participation in the program by a nursing home and health care facility in Paterson, New Jersey.