



Community Reinvestment Act Plan

Commitments and

Goals 2015-2018

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EXECUTIVE SUMMARY

The Board of Directors of Valley National Bank (“Valley” or “Bank”) is implementing a Community Reinvestment Act (“CRA”) Plan covering the period 2015 through 2018. The CRA Plan (“Plan”) sets forth the Bank’s goals for lending, investment, and community development (“CD”) service in its New Jersey, New York, and Florida assessment areas, and the timetables for achieving those goals. In addition, the Plan details Valley’s CRA governance structure, describes reporting that will be used to monitor the achievement of Plan goals, and explains the Bank’s plans to develop products and services that serve community needs while simultaneously increasing its community visibility through outreach, meetings, and consultation with local, regional, and national community development organizations. As part of the implementation of the Plan, the Bank will develop new strategies for ensuring visibility in its assessment areas, including through regular ongoing dialogue with local community-based organizations in New Jersey, New York, and Florida. The plan presented here describes Valley’s activities and goals that will be evaluated under the large institution CRA examination procedures and is not intended to suggest that the Bank has chosen to be examined under the strategic plan option cited in 12 CFR 25.27.

To effectively execute the Plan, the Bank is taking steps to elevate and strengthen support for CRA initiatives and to increase resource commitments in support of CRA throughout the Bank. As part of the development of the Plan, the Bank established a new Board CRA Committee, chaired by a non-management member of the Bank’s board plus two other non-management directors. The Bank will appoint a CRA Advisory Committee for New York-New Jersey and one for Florida comprising representatives of community-based organizations operating in our NY-NJ and Florida assessment areas respectively. The Board CRA Committee will meet with the Advisory Committees at least annually, and Bank staff will have ongoing communications with community development organizations to obtain regular feedback on our CRA initiatives and to help inform our product offerings and marketing. In addition to Valley’s current CRA officer, the Bank will hire an additional senior CRA officer to facilitate the deliverables outlined in the Plan. Valley will also appoint a CRA Officer to cover our new assessment areas in Florida. We will designate an executive member of the Bank’s Executive Risk Committee to oversee the Bank’s CRA initiatives and provide direction to the Bank’s CRA Officers. That executive sponsor (Executive CRA Officer) will report on CRA matters directly to the Bank’s Chief Executive Officer and the Board CRA Committee. We will ensure job responsibilities and accountabilities align and that job descriptions and employee performance evaluations recognize that meeting our Plan goals is a Bank priority to be supported throughout the organization, including by our Service Managers, Territory Managers, Lending officers, and Investment managers. We will review our product offerings and design products and programs that will enable the Bank to reach more low- and moderate-income (“LMI”) customers. We will refine our investment strategies to more directly support CRA goals and establish qualified investment goals for each of the Bank’s assessment areas. We will enhance our community development grants program to



strategically support the nonprofit partners in the Bank's community development initiatives. In consultation with local community-based organizations, we will explore ways to expand the market for the Bank's products and services through advertising in local community publications and through partnerships with community organizations. We are establishing community development service expectations to be met by each of our branches, and we are encouraging staff and executives to participate with community partners. Finally, we are developing new CRA performance reports for executive management and the Board, and expanding CRA and community development training and resources for all levels of personnel.

COMPANY OVERVIEW

In this Plan, the words “Valley,” “the Bank,” “we,” “our” and “us” refer to Valley National Bank, a wholly owned subsidiary of Valley National Bancorp. Valley is a regional bank headquartered in Wayne, New Jersey. The Bank has over \$18 billion in assets. The Bank operates 224 branches in 167 communities serving 25 counties throughout northern and central New Jersey, Manhattan, Brooklyn, Queens, Long Island and Florida.

Valley is one of the largest commercial banks headquartered in New Jersey. We are committed to serving consumers, businesses, and our communities in New Jersey, New York, and Florida. Valley provides credit to consumers through credit card, auto loans, and residential-secured loans. The Bank provides access to credit for small- and medium-sized businesses. The Bank also provides a range of services to nonprofit and government entities including states, municipalities, hospitals, religious organizations, and community development and philanthropic organizations.

On May 8, 2014, the Boards of Directors of Valley National Bancorp and 1st United Bancorp, Inc. announced that the companies had entered into a merger agreement. The Bank announced on October 20, 2014 that the merger had received all regulatory and shareholder approvals; the merger was completed effective November 1, 2014.

CRA MISSION STATEMENT

Valley National Bank believes that a strong CRA program:

- Impacts favorably LMI persons and geographies;
- Promotes the Bank's brand;
- Establishes goodwill, trust, and credibility with regulators, customers, and community organizations;
- Enhances employee satisfaction through a positive impact on the communities where they live and work; and
- Paves the way for the Bank to expand its business strategy and expand into new markets.

That commitment is reflected in the Bank's CRA mission statement.

CRA Mission Statement: *Valley National Bank is committed to serving the credit needs of its CRA assessment areas, including the needs of low- and moderate-income persons, low- and moderate-income geographies, small businesses; and community development organizations. The Bank will help to meet these credit needs in a manner that is consistent with safe, sound, and prudent banking practices.*

To further its CRA mission, the Bank will develop and offer products and services that enhance the economic vitality of the communities we serve. Accordingly, the Bank will observe the following guidelines:

- The Bank will assure that products and services are responsive to the needs of the entire community, including LMI areas and residents.
 - Loans will be underwritten to prudent standards;
 - Loans terms will reflect consideration of customers' ability to repay;
 - Loan products will be designed to meet the needs of the communities in which we operate;
 - Loan products will be responsive to affordable housing and community development needs; and
 - The Bank will work with community-based organizations in an effort to develop new products that meet the Bank's prudent underwriting standards while being responsive to the credit needs of LMI families and geographies.
- The Bank will assure that potential creditworthy customers within its assessment area, including LMI areas, are aware of the services offered and that their business is desired.
 - Bank products will be marketed throughout the Bank's market areas;
 - The Bank will use targeted marketing to reach traditionally underserved segments of our communities; and

- The Bank will work with community-based organizations to expand our market presence among traditionally underserved neighborhoods.

- The Bank will assure that staff understands and shares the Bank's commitment to addressing customer needs including LMI customers and are equipped to do so effectively.
 - The Bank will ensure its staff has access to resources in affordable housing, community and economic development, and small business lending;
 - The Bank will offer financial literacy, budgeting, and money management programs targeted to persons with limited experience with banks or banking;
 - The Bank will give all loan applications a “second look” before making a final decision to deny the application; and
 - The Bank will seek to work with, and support the programs of organizations positioned to offer innovative loan products targeted to LMI persons and geographies.

CRA LENDING, INVESTMENT, AND SERVICE COMMITMENT

The Plan sets forth measurable lending goals for the Bank and for its separate Assessment Areas in New Jersey, New York, and Florida. The Bank will endeavor to increase or enhance:

- The proportion of its mortgage loans to LMI borrowers and in LMI census tracts;
- The proportion of its multifamily loans in LMI census tracts;
- The number, amount, and variety of community development loans in its assessment areas;
- The proportion of small loans to businesses located in LMI census tracts and businesses with \$1 million or less in revenues;
- The amount of qualified investments and grants that support community and economic development; and
- The amount and range of community development services provided annually through our branches and by executives and senior officers.

By establishing these goals, Valley seeks to significantly strengthen our community reinvestment performance and to further enhance our record of helping to meet the credit needs in the communities in which we do business. To meet these goals we will prudently expand our product offerings and intensify our outreach to traditionally underserved communities, all while operating in a fiscally conservative and financially safe and sound manner.

Valley recognizes there are regional differences in the communities in which the Bank operates. We tailor our products, marketing campaigns and community outreach to meet these diverse needs. Valley's CRA officer, in conjunction with Valley team members responsible for directly delivering products and services to the communities, designs the strategies and initiatives to convey Valley's product offerings. As just one example, New York City's residents are 65% multifamily renters while in New Jersey 65% are owners or tenants in 1 – 4 family houses. Valley's outreach efforts to community development partners reflect that pattern. Similarly in Florida, the Bank will be attentive to particular needs such as housing development that relies on land trusts and land leases to improve affordability.

REPORTING AND GOVERNANCE COMMITMENT

The Plan sets forth the Bank's CRA governance structure. The Bank has established a CRA Committee of the Board to be responsible for overseeing the Bank's actions to meet fully the goals and timelines outlined in the Plan. The CRA Committee is chaired by a non-management director with 30 years of responsible experience in banking, finance, and audit, along with a documented commitment to community service. The CRA Committee includes two additional non-management board members. The CRA Committee will receive quarterly written progress reports from the Bank's Executive CRA Officer regarding the Bank's performance relative to its lending, investment, and service goals. The reports will enable the Committee to monitor the Bank's progress in meeting its goals against annual and quarterly measures of the goals set forth in the Plan. The CRA Committee will review the reports and ensure they are made available to the OCC, along with minutes of Committee meetings describing the consideration and discussion of each report, within 30 days of each Committee meeting. The CRA Committee will annually be briefed on the Bank's measurable results relative to Plan commitments and, after approval by the Committee, the results will be shared with the OCC. In addition, at least one month prior to the commencement of a CRA Performance Evaluation, the CRA Committee will be briefed on the Bank's measurable results over the full evaluation period, following which the results will be made available to the OCC and posted to the Bank's website.

COMMUNITY VISIBILITY COMMITMENT

This CRA Plan also includes a description of our strategies for conducting outreach in the communities we serve in New Jersey, New York, and Florida. The Bank commits to fostering and maintaining ongoing engagement with community development organizations and for-profit and non-profit developers of affordable housing. Although we will rely on our CRA Officers, one serving the Bank's New Jersey-New York markets and one the Bank's Florida markets, to serve as our principal points of contact, we expect executive officers to be visible in the community. Our visibility will be enhanced further through CRA advisory committees. Initially we will establish two committees, one comprising representatives from community development organizations in New York and New Jersey and the second comprising representatives from community development organizations in Florida. The CRA advisory committees will each meet with the Bank's CRA Officers at least twice per year and with the Board's CRA Committee at least annually to discuss the Bank's progress in implementing the Plan and strategies to enhance the Bank's lending, investment, and service records. We will also actively encourage feedback from the community on our CRA Plan; we will document any comments, changes, or additions suggested by commenters and responses made to the Plan and approved by the Board's CRA Committee.

In addition to the aforementioned strategies to enhance visibility, Valley intends to leverage best practices of the former 1st United Bancorp. The CRA program in Florida is mature and well established. Management monitors the needs of individuals and businesses in its local communities through market research and from information received from the personal involvement of officers and employees in the community and community organizations. Valley will both support and enhance these current practices.

As described more fully in this Plan, the Bank will establish community development service expectations for each of its branches and will encourage and provide opportunities for employees to volunteer in support of local community development organizations or initiatives. Executive officers and officers will be expected to offer to serve on the board of directors or financial services committees of local community development organizations or to offer technical advisory services to the Bank's community development partners or stakeholders.

DISCUSSION OF CRA LENDING, INVESTMENT, AND SERVICES

This section of the Plan sets forth the Bank’s CRA Lending, Investment, and Service goals. Valley has established goals for residential mortgage loans to LMI borrowers and in LMI areas; small business loans including businesses located in LMI census tracts and businesses with annual revenues of no more than \$1 million; multifamily loans in LMI areas; and loans for affordable housing and community development and to community development organizations that serve clients with loan products that are not offered directly by Valley. The Bank has established goals for qualified investment activity, including grants that support community and economic development. Finally, the Bank has established bank-wide annual community development service goals for the branch sales network.

The Bank has established CRA performance goals for 2015 through 2018. Plan goals will be updated annually as performance is measured against its criteria of success and as a new year is added to the Plan. The Bank will measure its performance at least quarterly to determine whether it is on track to meet its goals or whether it must change its strategies in order to meet its goals over time. The Plan will also be updated as a result of changes to the Bank’s assessment areas, merger activity, acquisitions, or other matters, such as varying economic and market conditions within the Bank’s assessment areas that may affect the Bank’s performance context.

The Bank’s lending goals are displayed in Table 1.

TABLE 1: Lending Goals 2015-2018 (Percentage of Demographic Comparator)

Loan Category	Demographic Comparator	2015	2016	2017	2018
1-4 Residential Mortgages and Home Improvement Loans	Percentage of Owner-Occupied Housing Units in AA Located in Low- and Moderate Income Census Tracts	75%	80%	85%	90%
1-4 Residential Mortgages and Home Improvement Loans	Percentage of Families in AA with Low- or Moderate-Income	75%	80%	85%	90%
Multifamily Loans	Percentage of Multifamily Properties in AA Located in Low and Moderate-Income Census Tracts	90%	95%	95%	100%
Small Business Loans	Percentage of Businesses in AA Located in Low- and Moderate-income Census Tracts	75%	80%	85%	90%
Small Business Loans	Percentage of Businesses in Assessment Area with Annual Revenues of \$1 Million or Less	75%	80%	85%	90%



Valley recognizes that its lending, investments and services will need to reflect local financing and banking needs. This Plan describes in general terms the types of lending, investments and services it will provide. It describes that Valley will develop targeted marketing to reach its various communities. It describes the bank's desire to work in partnership with community development organizations to help reach borrowers, small businesses and communities that it might not otherwise be effective in reaching directly. Valley also recognizes that community financing needs differ and will be responsive to those needs. As the bank's lending and community development programs mature, its written plan will likely develop to reflect more highly targeted financing needs in particular geographies or market segments as they continue to be identified through the bank's interactions with its community partners.

RESIDENTIAL MORTGAGE LENDING GOALS

The Bank has established goals for, and will track on a quarterly basis, residential mortgage lending, which includes home purchase, home refinance loans and home improvement loans. Residential mortgage loans may be referred to Valley directly from nonprofit organizations or sourced directly by the Bank or from third parties. The Bank will focus on developing ways, possibly in cooperation with local community-based organizations, to increase the number and amount of loans originated in LMI geographies or to LMI persons, such as originating loans through special loans programs created by Fannie Mae, Freddie Mac, or our community partners, including, where appropriate, the origination of loans to be kept in portfolio.

Loans will be underwritten with full consideration of an applicant's ability to repay ("ATR"). The Bank also strives to make loans that adhere to qualified mortgage ("QM") standards. Since ATR and QM rules do not dictate loan-to-value and credit history criteria, Valley will establish those criteria according to its credit risk appetite and safety and soundness standards.

The residential mortgage department will designate sales representatives to work with the Bank's Service Managers, Territory Managers, and CRA Officers to develop relationships with homeownership education and counseling organizations and other community-based organizations for purposes of exploring the potential for expanding product offerings that can serve LMI persons and LMI areas consistent with safe and sound banking practices and the Bank's risk appetite. They will also monitor products already in the market to determine whether they would be suitable for inclusion in the Bank's product suite and enhance the Bank's ability to compete for safe and responsible loans to LMI persons and in LMI geographies.

The Bank's CRA Officers will seek to identify nonprofit organizations that can be strategic partners with the Bank and help the Bank enhance its record of lending to LMI persons and in LMI geographies. The CRA Officers are authorized by management to recommend to the Board's CRA Committee making grants to organizations that help Valley meet its CRA Plan objectives, which could include assisting the Bank to reach



prospective LMI customers and performing the counseling and education required to support prudently underwritten affordable mortgage lending initiatives.

The Bank developed its mortgage lending goals to address performance along each of the following six residential mortgage dimensions:

1. Home purchase lending in low- and in moderate-income (“LMI”) census tracts;
2. Home purchase lending to LMI borrowers;
3. Home improvement lending in LMI census tracts;
4. Home improvement lending to LMI borrowers;
5. Home refinance lending in LMI census tracts; and
6. Home refinance lending to LMI borrowers.

For purposes of this CRA Plan, the Bank has established home mortgage lending goals – aggregated across home purchase, home improvement, and refinance lending – for residential mortgage loans in LMI census tracts and to LMI families. The Bank has established the goals by assessment area (“AA”) using demographic and geographic comparators. The geographic distribution goals are tied to the distribution of owner-occupied housing units (“OOHUs”) across census tracts in the assessment area. The borrower distribution goals are tied to the distribution of family income across the assessment area, adjusted for families with income below the poverty level. Both sets of goals are established as a percentage of the relevant demographic comparator – the distribution of OOHUs and families by income across the assessment area. If the Bank’s goals are met, residential mortgage lending in LMI census tracts and to LMI families will account for an increasing share of the Bank’s mortgage loans beginning in 2015 and continuing through 2018. The goal for 2015, 75 percent of the demographic comparators, represents a significant increase relative to past performance, and the percentage increases further over the period covered by the Plan to 90 percent of the demographic comparators for 2018.

Valley now participates in Fannie Mae’s newly enhanced My Community loan program and Freddie Mac’s revised Home Possible program which feature three percent down payments among other attributes responsive to LMI borrowers’ needs. Valley’s research indicates that the total cost to the borrower, under those programs, is less than comparable FHA programs. Valley will continue to offer the New Jersey Housing and Mortgage Finance Agency program and the New Jersey Fire & Police Retirement Fund programs, albeit with a new emphasis on targeted outreach and marketing. As suggested by the New York community organization ANHD, Valley became a State of New York Mortgage Agency (SONYMA) qualified lender.



Valley has, with the input of New Jersey and New York community organizations (ANHD, Housing and Community Development of NJ, and NJ Citizen Action, created a new affordable portfolio-mortgage loan product that will be offered through qualified HUD-approved, community based nonprofit homebuyer education and counseling organizations. The product profile has been shared with community partners and may change as the bank gains experience and continues to receive input from those partners.

Valley joined the New York Mortgage Coalition in this regard and is pursuing relationships with other such organizations in New Jersey, Long Island and Florida. Valley purchased \$1.4 million in zero interest mortgage loans to LMI borrowers from the Morris County (NJ) Habitat for Humanity and has made a commitment to buy its new loans as they are originated by that organization (projected by Morris Habitat to be ten per year). Valley created two separate affordable junior-lien loan products, one in the NY/NJ market and one for the Florida markets to be used by borrowers as home improvement loans. Valley is in discussions with a major New Jersey community development lending intermediary with the intention of providing a commitment to purchase loans in a new New Jersey program in which that lender will originate affordable mortgage loans through a network of community-based homebuyer education providers and require post-purchase counseling from those providers. Valley has agreed to create and jointly offer with Morris Habitat a home improvement loan to LMI persons as a pilot program that could be offered through its offices in New Jersey, New York and Florida.

The Bank will make its best effort to reach its mortgage lending goals through direct originations. However, if necessary, we would consider purchasing whole loans to augment our loan originations in particular assessment areas. Valley has identified sellers of FHA and VA loans and is in process of establishing sale/purchase agreements at the time of this writing. Our residential mortgage lending in Florida is a new enterprise for our operations in that state and it may take time to penetrate that market fully through originations. Purchases of loans to LMI persons or in LMI census tracts can be an effective and efficient way for the Bank to provide liquidity and expand the capacity of lenders who may have specialized expertise in reaching LMI market segments within specific communities.

MULTIFAMILY LENDING GOALS

Valley actively offers loans for the purchase or refinancing of multifamily rental properties. We offer these loans in all of our markets, but they are particularly critical in markets with high housing costs relative to income, such as the New York, Nassau, and Newark Metropolitan Divisions in the New Jersey-New York Multistate Metropolitan Statistical Area. In those markets, rental units that are conveniently located and affordable for low- and moderate-income families are a primary need.

In establishing our goals, we chose to focus on funding multifamily properties located in low- and moderate-income (“LMI”) census tracts. We compare the share of our multifamily loans in LMI census tracts in a particular assessment area with the share of multifamily properties located in LMI census tracts in that assessment area. We refer to the latter as a “demographic comparator.” For 2015, our goal is to achieve a percentage of multifamily loans located in LMI census tracts of at least 90 percent of the demographic comparator. By 2018, our goal is to meet or exceed the corresponding demographic comparator.

Our multifamily lending goals for each year 2015-2018 are included in Table 1. The goals reflect our strong commitment to helping to meet the needs for multifamily financing, particularly in our New Jersey and New York markets where high housing prices make affordable and conveniently-located rental housing an important alternative to owner-occupied housing units, especially among LMI households.

Although the Bank has principally provided financing to for-profit developers in the past, we seek to build and enhance relationships with community organizations and non-profit developers of affordable multifamily housing within our assessment areas, particularly in low- and moderate-income communities in our New York and New Jersey assessment areas. Our financing of the purchase, rehabilitation, or development of multifamily rental housing is a critical element of our CRA program, particularly through the support of multifamily properties located in LMI census tracts.

SMALL BUSINESS LENDING GOALS

Valley offers a range of financing solutions for businesses of all sizes. Our commercial loan specialists offer business customers customized products that serve a wide range of business financing needs. We also provide commercial mortgage loans that offer a range of financing options for purchasing, developing, or refinancing commercial property. We originate, underwrite, and service our own commercial mortgages, which allow us more flexibility to meet a range of businesses financing needs and respond to changing needs over time.

The Bank stands ready to lend to businesses throughout its assessment areas, including to businesses located in low- and moderate-income geographies and to businesses with annual revenues of \$1 million or less. Drawing on 87 years of experience, we help small businesses maximize returns on every investment opportunity, residential tract development project, built-to-order single-tenant property, portfolio acquisition, or a simple refinancing transaction.

Our small business loan goals reflect our commitment to grow our commercial lending in LMI areas and to businesses with \$1 million or less in gross annual revenues. Our overall lending goals for 2015-2018 are presented in Table 1. We have established two demographic comparators drawn from CRA Performance Evaluation standards – the share of assessment area businesses located in LMI geographies and the share of assessment area businesses with annual revenues of \$1 million or less. For 2015, we have established goals of lending to low- and moderate-income census tracts and to businesses with annual revenues of \$1 million or less at a level equal to 75 percent of the demographic comparator. For 2018, our goal is to meet or exceed 90 percent of the relevant demographic comparator.

Valley has created new loans and lines of credit designed for small business owners and not-for-profit organizations that feature more flexibility in terms and with lower rates and other features than the commercial financing the Bank has offered previously. They include the following:

- Reduced documentation line and loan products up to \$100,000
- Business line-of-credit up to \$250,000 for short-term working capital with no annual clean-up
- Business line-of-credit from \$250,000 to \$1 million with longer term and lower rates than standard offering
- Business term loans will be offered for equipment, vehicles, real estate and leasehold improvements over \$100,000 with longer term and lower rate than standard offering
- Commercial Mortgages with terms up to 25 years and fixed rates and higher loan-to-value ratios.
- In addition, Valley continues to originate SBA 504 loans which provide lower interest rates and higher loan-to-value ratios to borrowers that the bank could otherwise offer.



In addition to enhancing Valley's product offering to the meet the needs of small business owners (as described above), Valley recently modified the organization structure to improve the Bank's responsiveness to community needs, the delivery channels utilized and breadth of product offerings. The origination and processing of small business loan requests up to \$100,000 have been internally moved from the commercial lending department to a newly formed Retail Small Business Lending Department within Consumer Loans. The impetus for shifting responsibilities is to streamline the process and more importantly increase liquidity to this segment of the market. Loans in excess of \$100,000 up to a maximum of \$1,000,000 will now be processed by Valley's Community Lending Department, including investor-owned commercial mortgages which meet the balance threshold. Once again, the shift in reporting lines will improve access to credit within the markets Valley serves.

The design of the small business loans listed above will be continually evaluated as the bank gains experience with the new products described above. Term sheets for the loans have been and will continue to be shared with community partners to obtain their input. Valley is committed to establishing ongoing dialog with the bank's community partners including those that may serve on Valley's community advisory boards to increase the bank's effectiveness in serving small business financing needs. Valley will also pursue alternatives to directly lending to small business, such as through relationships with SBA approved micro-lenders, economic development corporations and other lending intermediaries. The bank will offer its small business loans through its outside sales personnel with the support of targeted marketing in low- and moderate-income areas in which there are no Valley offices as a way to move outside its historical branch-based sales strategy.

COMMUNITY DEVELOPMENT LOAN, INVESTMENT, AND SERVICE GOALS

Valley has developed enterprise-wide community development (“CD”) goals for CD lending, investments and services. The goals are outlined below and described in further detail in the subsequent sections of this Plan. The goals have been established for the three-year period ending December 31, 2015 and the three-year period ending December 31, 2018. We have established the goals in this way because community development loans, investments, and services are typically reviewed over a three-year period corresponding with the regulatory CRA performance evaluation cycle.

TABLE 2: Community Development Loan, Investment, and Service Goals

Activity	2015	2016	2017	2018
CD Loans	10% of average T1 Capital for three year period ending 12/31/2015 (projected to be \$130 million)	12% of average T1 Capital for three year period ending 12/31/2018 (projected to be \$182 million)		
CD Qualified Investments	6% of average T1 Capital for three year period ending 12/31/2015	8% of average T1 Capital for three year period ending 12/31/2018		
CD Services	Two CD activities per quarter per branch	Two CD Activities per quarter per branch	Two CD Activities per quarter per branch	Two CD Activities per quarter per branch

COMMUNITY DEVELOPMENT LENDING GOALS

For a loan to qualify as a community development loan, it must meet one of the defined community development purposes. The OCC's *Community Developments* Fact Sheet (March 2014) describes community development lending to include, but not be limited to, loans for:

- Rehabilitation or construction of affordable housing, including construction and permanent financing for multifamily housing serving LMI persons;
- Not-for-profit organizations serving LMI housing or other community development needs;
- Construction or rehabilitation of community facilities that are located in LMI geographies or primarily serve LMI persons;
- Local, state, and tribal governments for community development;
- Environmental clean-up or the redevelopment of an industrial site as a part of a community revitalization effort where the property is located; or
- Businesses over \$1 million in revenues, when made as part of a Small Business Administration redevelopment program.

Multifamily loans can qualify for CD lending credit if the property has units set aside for occupancy by LMI families. Valley adheres to stringent underwriting criteria in its financing of multifamily housing. We take into account the debt coverage ratio based on existing, not projected, rents and we do not lend on properties that require significant rental increases to meet prudent debt coverage standards. In all cases involving affordable housing units, we review the underlying transaction to ensure the property's value is not being artificially inflated by speculative assumptions that could be bad for low- or moderate-income tenants, the neighborhood, or the Bank. We also review the applicant's record developing and managing other multifamily properties and any additional financing that may be needed for planned modifications or capital improvements to the property. Of particular importance in this regard is the borrower's record of maintaining or improving the physical condition of multifamily properties, including properties with affordable housing set asides, over time. The Bank considers evidence of deferred maintenance or tenant complaints to be an indicator of a potentially poor credit risk.

Valley actively will seek out a variety of community development lending opportunities in its assessment areas. The Bank's commercial lending department will expand existing relationships with affordable housing developers and create new partnerships with other affordable housing developers. The Bank will also evaluate its relationships with companies delegated to underwrite and service multifamily loans and FHA-insured project loans to be securitized by Fannie Mae or Ginnie Mae and which provide permanent financing for community development purposes, including affordable housing. The CRA Officers, in the community development outreach aspect of their jobs, will work in conjunction with the Bank's commercial lending department to identify potential borrowers and projects that serve community development purposes and to



ensure that commercial loans that would qualify as community development loans are identified. The CRA Officers will review commercial real estate loans and multifamily loans that may receive whole or partial consideration as community development loans prior to a final underwriting decision. The CRA Officers will use their community development finance knowledge and skills to determine whether anything can be done to strengthen a multifamily loan before such a loan is declined. The CRA Officers will use a community development loan scorecard to assist commercial lending units to track commercial loan originations with loan amounts of more than \$1 million to help to identify those that may have a community development purpose, such as through community service, affordable housing, revitalization and stabilization, and economic development.

Enhanced community development strategies will be developed and executed bank-wide. For the three years ending December 31, 2015, Valley has established a minimum level of community development lending activity of 10 percent of the Bank's average Tier 1 capital. Our goal for the three years ending December 31, 2018 is 12 percent of the Bank's Tier 1 Capital. Using deposit data available from the FDIC, we will allocate our average Tier 1 capital in proportion to deposits in our different assessment areas and we seek to make CD loans at or above our target levels in each assessment area.

For 2015, the Bank projects average Tier 1 Capital of approximately \$1.3 billion. Its community development loan goal for the three-year period ending December 31, 2015 is \$130 million, which is 10 percent of the Bank's Tier 1 Capital. For 2018, the Bank's community development loan goal is even higher. Two factors account for the increase in the Bank's CD lending goal. First, the Bank anticipates that its capital base will grow over time, and our CD lending will grow along with Tier 1 Capital. For illustrative purposes, assume average Tier 1 Capital would increase to approximately \$1.5 billion by 2018. Second, by 2018, the Bank's goal is to increase its CD lending to 12 percent of Tier 1 Capital, up from 10 percent of average Tier 1 Capital in 2015. CD lending commitments would total approximately \$182 million for the three years ending December 31, 2018. The Bank plans for its CD loans to be made throughout its assessment areas in proportion to the distribution of the Bank's deposits among its assessment areas.

The commercial lending department and the credit risk management department will augment the knowledge and skills of its lenders and underwriters to allow Valley to more effectively underwrite loans to not-for-profit corporations. The Bank, using its CRA Officers, commercial loan officers, outside mortgage loan officers, Service Managers, and Territory Managers, will build relationships with community-based organizations and other community development entities in each of its CRA assessment areas. The CRA Officers will also seek to learn from not-for-profit lenders and community development financial institutions about their standards for prudent community development lending. Valley will seek productive partnerships with such organizations to help the Bank expand its community development lending. The Bank will also expand its involvement with organizations involved with affordable housing and housing counseling. Valley will target its CRA grants to organizations with which it enters into



relationships intended to develop further business opportunities which will also serve the needs of the communities. Valley recognizes that many community development organizations function as intermediaries and can help Valley source community development loans that benefit LMI persons, LMI geographies, small businesses and local economic development programs through affordable housing, community development, and job creation.

Valley intends to pursue opportunities to finance the acquisition and rehabilitation of houses by nonprofit development organizations for sale to LMI homebuyers. Funding will be considered in the form of project-based acquisition and construction loans or as lines of credit to organizations to be used for those purposes. Valley will pursue opportunities to provide financing to nonprofit community development organizations so that they may acquire buildings or space for their operations and services to clients. Valley will work with its community partners to solve the most difficult aspect of real estate development which is the cost of land acquisition, land development and predevelopment soft costs. Valley consider providing equity-like investments in CDFI community housing or economic development organizations to be used in funding loans to clients or for predevelopment costs for affordable housing or economic development projects.

QUALIFIED INVESTMENT GOALS

The CRA Investment Test evaluates the Bank's record of helping to meet credit needs through qualified investments that benefit the Bank's assessment areas or a broader statewide or regional area that includes one or more of the Bank's assessment areas. Qualified investments must benefit LMI persons or geographies and have a primary purpose of community or economic development of LMI areas, distressed areas, or designated disaster areas; affordable housing for LMI persons; or essential services for LMI persons or geographies. Qualified investments include, but are not limited to, investments that promote community development, affordable housing, revitalization and stabilization, or economic development. Qualified investments may be in the form of grants of cash or cash equivalents; deposits; purchases of certain securities or bonds; investments in tax credits for qualified community development projects, such as Low-Income Housing Tax Credits ("LIHTC") or New Markets Tax Credits; or certain in-kind donations of property or goods. Qualified community development investments provide a means of supporting local communities through lawful investments, deposits, membership shares, or grants that serve a primary purpose of community development.

The following table outlines representative community development investment vehicles that the Bank would consider making to enhance its investment record.

Table 3: Representative Community Development Investment Vehicles

Investment	Characteristics	Risk Mitigants
New Market Tax Credits	Tax credit investment to stimulate economic development and benefit LMI communities	Strong knowledge of investment and use of subsidy sources, sound underwriting of the project, and strong annual asset management reviews to mitigate compliance and recapture risk.
Low Income Housing Tax Credits	Tax credit investment to help fund affordable rental housing projects for LMI individuals	Strong knowledge of investment and use of subsidy sources, sound underwriting of the project, and strong annual asset management reviews to mitigate compliance and recapture risk.
Community Development Financial Institutions	CDFIs provide credit that banks may be unable to provide. Investments include deposits stock purchases, grants, or EQ2s, which are long-term subordinated debt instruments.	Utilize strong CDFIs with excellent track records; partner with other banks to minimize risk; utilize credit enhancements and subsidy sources to mitigate risk.
Community Development Mutual Funds	Consortium of investors that invest in underlying AAA collateral.	Establish a side letter with an organization that specifies type and location of investments in AA. Ensure investments measure community impact.
SBA Investments	Securitized federally guaranteed SBA loans.	Ensure that appropriate documentation is supplied that demonstrates impact on LMI individuals or community/economic development.
Mortgage Backed Securities & Bonds	Securitized by Ginnie Mae single- and multi-family loan pools or Fannie Mae DUS Bonds	Low risk with Ginnie Mae government or Fannie Mae guarantee. Bank must ensure underlying loans are in LMI tracts and to LMI borrowers in AA.



Valley National Bank's goal is to make qualified investments equal to six percent of its average Tier 1 Capital for the three-year period ending December 31, 2015. With average Tier 1 Capital of approximately \$1.3 billion forecast for year-end 2015, the Bank plans qualified investments of approximately \$79 million. Given increases in capital that occurred in 2013 and 2014 and further increases anticipated in 2015, Valley's goal for qualified investments exceeds six percent of average Tier 1 capital for the three-year period ending December 31, 2015. Over time, the Bank commits to further increasing its qualified Investments from six percent to eight percent of Tier 1 Capital by December 31, 2018. For illustrative purposes, assuming average Tier 1 Capital grows five percent annually from January 1, 2016 through December 31, 2018, the Bank's goal would be to make qualified investments during that period of approximately \$122 million.

Our investment goals are established as a percent of average Tier 1 Capital; but the Bank stands prepared, as opportunities arise, to make investments that may be innovative, complex, or not routinely provided by financial markets. In general, the Bank anticipates it will continue to invest in Low-Income Housing Tax Credits, which can offer a significant level of subsidy to affordable multifamily housing. The Bank also expects to pursue investments in New Markets Tax Credits, which support economic development and revitalization in LMI communities through financing small businesses, community facilities, and job creation. Valley plans to continue to deploy its tax capacity through the New Jersey Neighborhood Revitalization Tax Credit Program, which helps revitalize LMI neighborhoods in eligible municipalities. Other potential investment opportunities include Fannie Mae delegated underwriting "DUS" Bonds, which are Fannie Mae securities backed by multifamily projects; Ginnie Mae Project Loan Securities, which are mortgaged backed securities ("MBS") backed by an FHA-insured projects; and investments in SBA-licensed Small Business Investment Companies ("SBICs"). The Bank may also make deposits in certified community development financial institutions ("CDFIs") and community development credit unions. The CRA Officers will advise the Bank's investment department and Bank management on CRA qualification and relative impact of such investments on the Bank's efforts to serve its communities and meet its CRA Plan commitments.

The bank has pursued and has invested in several New Markets Tax Credits and Low Income Housing Tax Credits either directly or through syndicated funds. Both types provide benefit to economic development and affordable housing projects, respectively, by bringing equity to the deals which would not otherwise be able to support the needed debt levels. The U.S. General Accounting Office published a study commending the LIHTC program as a highly effective and highly efficient federal housing subsidy. Both tax credit programs require significant human resources in order to participate in a safe and sound manner but those efforts provide invaluable equity to community development projects and often provide adequate financial incentives to the investor.

Valley will pursue financing the needs of selected CDFIs in its CRA assessment areas though loans and lines of credit. These relationships will allow the bank to provide financing for projects and programs that it might otherwise be able to achieve directly. CDFIs are, by their nature, familiar with the financing needs of the communities in which they are located.



Community development mutual funds will be evaluated and may provide an option for areas in which the bank cannot find opportunities for direct investments. SBA investments will be evaluated in areas that would benefit by the liquidity in SBA financing already provided by local development corporations. Mortgage-backed securities or other bonds backed by loans to LMI borrowers are an option that provides a degree of liquidity to lenders that have developed a presence in the affordable mortgage market and that need that liquidity to continue to serve LMI borrowers.

Valley will also provide grants to community development organizations with which it develops strategic relationships such as in reaching homebuyers and small businesses that require financing but that are more effectively served by those community partners.

Valley will seek to make qualifying investments throughout the Bank's assessment areas in proportion to the distribution of the Bank's deposits among its assessment areas.

Valley's CRA Officers will monitor the Bank's qualified investments quarterly and report on the status of the Bank's investment performance relative to its goals to the Board's CRA Committee. Performance will be monitored for each of the Bank's assessment areas to ensure coverage across the Bank's markets. Management will determine the nature and scope of qualified investments made within the respective assessment areas with guidance provided by the CRA Officers. The CRA Officers will work with the Bank's Treasurer and the Bank's investment department to seek out appropriate securities based on qualified investment opportunities.

The CRA Investment Plan will be submitted to the Board CRA Committee and Executive Risk Committees annually for review. The CRA Officers will meet quarterly with the tax and investment areas to track goals and to facilitate meeting the remainder of the investment goals.

The Bank will selectively and strategically make grants to community-based organizations that will assist in addressing community development needs in our assessment areas. We will support programs and organizations with which the Bank has developed relationships and partnerships as a way of leveraging those partnerships. The Bank is also enhancing its reporting process to ensure that CRA-qualified grants are properly identified, documented, and reported. Grants are included in the Bank's qualified investment goals set forth in Table 3. The Bank plans to significantly increase our grant budget between 2015 and 2018. The Bank believes that grants are an important part of its qualified investment activity, and they will be used strategically to support community development organizations that buttress the Bank's efforts to make loans and investments for affordable housing and services for LMI persons and in LMI areas, to small businesses and to businesses in LMI areas, and for purposes of community and economic development.

Detailed criteria and priorities for approval of grants or donations will be established and a "request for proposal form" will be developed that incorporates the Bank's criteria for funding. Grant recipients will be required to report back to the Bank on the use of funds so we can determine if the funding was effectively deployed consistent with the Bank's strategic objectives in this area. As part of our strategy, we anticipate working



closely with certified CDFIs because of their importance in our assessment areas, particularly in New Jersey and New York, and because of the potential to leverage our grants with CDFI funding awarded by the U.S. Department of the Treasury. In addition, we will seek out strong community partners for investment and lending opportunities through which to deliver services.

COMMUNITY DEVELOPMENT SERVICE GOALS

The CRA Service Test evaluates the Bank's record of helping to meet the credit needs of its assessment areas by analyzing both the availability and effectiveness of the Bank's systems for delivering Retail Banking Services and the extent and innovativeness of its community development services. Through its retail and lending network, the Bank seeks to provide various community development services to LMI persons and geographies, small businesses, and small farms. Further, in developing the plan and subsequent goals for meeting the Bank's community development activity targets, specific attention will be applied to the Bank's assessment areas and objectives will be established accordingly.

CRA service is a corporate priority. Managers and employees will be encouraged to provide service in their local communities. Valley employees are encouraged to be involved in their local communities through participation with community development non-profit organizations and other economic development entities that serve broader statewide or regional areas that include the Bank's assessment areas. Managers will ensure their assigned staff is aware of Valley's commitment to community involvement and the Bank's CRA Officers will monitor service hours and their documentation. The Bank has revised its internal customer tracking software to allow accurate monitoring of community development activities, by assessment area, in association with non-profit organizations. In addition, services provided will be reported through the Bank's Community Involvement Survey, which will be available on the Community Development webpage on the Bank's intranet site.

The Bank instituted a tracking mechanism that measures the number of community development activities by branch but that also tracks the community development activities in which employees participate, the nature of those activities (e.g. board memberships versus one-time project) and the number of hours devoted to each.

Community development activities will be tracked according to the Bank's various CRA assessment areas on a quarterly basis and reported to the CRA Committee of the Board of Directors.

Community Involvement in Non-Profit Community Development and Affordable Housing Organizations

The Bank is a concerned corporate citizen with long-term ties to the communities it serves. We are dedicated to improving the quality of life in communities where Valley does business. We support and work closely with local civic, charitable, cultural and other non-profit groups. The Bank recognizes that financial assistance through strategic investments, grants, and community service to organizations throughout our assessment area, including LMI areas, will help improve the quality of life for residents in the communities in which we do business and will allow the Bank to



better fulfill its corporate responsibilities.

Bank management and employees are encouraged to be involved in community development organizations or activities in order to provide leadership and support in meeting the goals of the Bank's CRA policy, to help the Bank identify areas where unmet credit needs may still exist, and to develop products that can respond to those needs in a manner that is safe and sound for the Bank. To support this corporate value, Valley National Bank places a priority on community services and will encourage branch staff to sponsor activities that are in support of community or economic development or affordable housing. The sponsored activities may take many forms, so long as they support community or economic development. Among the activities already underway or that will be pursued are credit counseling or budget management workshops for prospective homebuyers; financial literacy courses targeted to LMI communities; marketing low-cost deposit and checking accounts as it evaluates whether additional deposit or transaction accounts are needed to serve underbanked area residents, and programs carried out in conjunction with community development partners to share strategies to promote household savings, prevent foreclosure, or improve credit scores of LMI individuals or households. In fact, the Bank has already made a significant push to provide financial literacy education through its network of branch offices in LMI communities. In addition, Valley is assisting a New Jersey based nonprofit affordable housing provider to improve its loan documentation and procedures and has committed to providing ongoing loan origination consulting services to them at no cost.

The Bank's Service Managers and Territory Managers will take the lead in delivering such services in conjunction with the Bank's CRA Officers. All Bank employees will be afforded opportunities to volunteer to participate in community development service activities.

Bank executives and senior officers will be encouraged to develop relationships with community development organizations such as to serve on boards of directors, committees or other such activities.

The Bank will assist employees who may need help in identifying a qualifying program or entity. The Bank will offer support in placing employees with locally based community development entities with which the Bank has an established relationship and with its own programs designed to improve financial literacy, enhance credit management, and promote savings among LMI persons or families.

Deposit Products

Valley offers a wide array of deposit products to meet the needs of the communities we service. Many of these products require minimal initial deposits (\$25 in some instances), are service charge free and provide Valley customers with free online banking, free bill pay, free mobile banking,



free text banking, free mobile deposit, free Valley check cards, free ATM transactions at any Valley ATM and rebated non-Valley ATM fees up to a certain limit. Valley offers products designed specifically for senior citizens as well as children. In 2003, Valley introduced both a checking and savings account designed particularly for the LMI community, which in addition to many of the benefits previously referenced requires no minimum balance and has no restrictions on the number of monthly transactions that can be conducted.

Branch Closures

Valley will carefully consider any adverse impact that might result from closing, relocating, or consolidating a bank facility. All regulatory branch closure procedures will be adhered to at all times. Every reasonable effort will be made to mitigate disruption to customers, communities, and employees. Valley already operates many branches in LMI neighborhoods and has never closed a branch office in a low-income census tract in its history. In the unlikely event that such a need arose in the future, Valley would carefully evaluate how banking services for the community would continue to be accessible to area residents. The Bank would consider such things as providing computers to local community organizations for use by area residents with free access to Valley online banking services. It would communicate the availability of its 24/7 customer service department, mobile banking and online banking services and explore how LMI residents could be assisted in being able to access those services.

CRA REPORTING AND GOVERNANCE COMMITMENT

To effectively execute the CRA Plan, we are taking steps to elevate and strengthen CRA visibility, support, and resources throughout the Bank. In addition to establishing the Board CRA Committee, we are:

- Revising reporting structures, strengthening job descriptions, and identifying accountabilities;
- Developing deposit, loan and investment products and methods that will effectively support CRA Plan objectives;
- Assessing the performance of CD loans, investments and services;
- Increasing levels of qualified investments and community development grants;
- Exploring ways to expand the market for the Bank's products and services through local community publications, television and radio; electronic media; and community-based organizations;
- Communicating service expectations and tracking them by assessment area to ensure full participation by offices and employees;
- Developing new CRA performance reports for executive management and the Board; and
- Expanding CRA and community development training and resources for all appropriate levels of Bank personnel.

In response to our Florida acquisition, we are ensuring that our staff understands our strategic direction, including its implications for our CRA program governance and operations. Executive management and the Board will champion our overall CRA strategy and articulate the role our Florida operations will play in that strategy. The roles of the Bank Chairman, CEO and President and the Chair of the Board's CRA Committee are particularly critical. The program will include strong internal controls and reporting mechanisms to ensure that information is communicated fully and accurately throughout the organization. The Bank's CRA Officers will monitor for gaps and be expected to deal with them without delay.

Three immediate needs will be addressed. First, the Bank will appoint a senior CRA officer to foster the development of Valley's enhanced CRA program and provide guidance and assistance to internal staff in achieving the goals and objectives outlined. This officer will also identify opportunities for community development loans, investments and services and subsidies and external services that support those activities. This individual will be in addition to the current CRA officer who provides internal CRA compliance and analysis services in addition to his outreach activities intended to identify loan, investment and service opportunities. Second, the Bank will appoint a CRA Officer to oversee CRA program operations in Florida. Third, the Bank will designate a current senior officer and member of the Bank's Executive Risk Committee as an "Executive CRA Officer" to oversee and champion our CRA strategy throughout the Bank. An executive sponsor is needed to ensure that management remains focused on the successful execution of CRA goals across the Bank's entire franchise and to further enhance the Bank's visibility in the community. On CRA matters, that individual will report directly to the Bank's CEO and the Board CRA Committee. The Bank will explore the



feasibility of establishing a formal corporate-wide CRA Office in New Jersey with appropriate staff to administer CRA-motivated lending and community development activities. The CRA Office would assist lending staff, investment staff, Service and Territory Managers, and the CRA Officers in enhancing loan product offerings, increasing the Bank's penetration in LMI markets and among LMI households, and evaluating qualified investments and community development lending opportunities. Their knowledge of affordable housing and economic development opportunities and programs should position them to assist in the development and evaluation of products to expand the Bank's reach in mortgage lending to LMI persons or in LMI geographies and the financing of multifamily properties with affordable housing set asides. The Bank will further augment staff as needed to support outreach, marketing, internal and external communications, product development, and CRA Plan monitoring and reporting.

The Bank is also developing specific investment and loan criteria that will accommodate the types of qualified investments and CD loans that will be pursued with appropriate characteristics and flexibility. CD investment portfolio management will be coordinated with the Executive CRA Officer to ensure appropriate accountabilities for CRA and portfolio performance including origination and asset management. Quarterly investment and CD loan reports will be prepared on CRA impact and performance.

Further, the Bank intends to maintain significant components of the former 1st United Bancorp's CRA reporting and governance structure. The Florida program maintains a committee process comprising executive management organized through six regional committees. This hierarchy integrates CRA into the daily operations of the Bank and establishes effective communication and training. The goals, objectives and monitoring requirements established for Florida are based on corporate wide expectations, yet Valley believes it is prudent to maintain 1st United's reporting structure, at least initially, to ensure Valley's community partners' input is considered in the corporate wide strategies designed cover the community needs of the Bank's entire assessment area.

COMMITMENT TO FAIR AND RESPONSIBLE LENDING

Valley National Bank and its subsidiaries are committed to treating customers, applicants and communities in a fair, forthright and respectful manner and in compliance with all applicable laws and regulations. In keeping with this commitment, the Board of Directors mandates that it is the duty of every Valley employee and director to know and meet the ethical and compliance-related requirements of his or her job.

Valley National Bank offers its products and services, including loans, to all qualified applicants on a consistent and fair basis without discrimination on the basis of ethnicity, race, color, religion, national origin, sex, marital status, age (provided the applicant or customer has the legal capacity to enter into a legal contract), disability or any other prohibited basis under federal or state laws or regulations.

In our effort to meet the needs of our service areas, we pledge to offer products and services including loans, in a safe and sound manner that is consistent with the Bank's goal of protecting the interests of depositors and shareholders.

Valley respects the rights of all applicants who will receive fair treatment through the entire account process on such things as:

- Equal information and services
- Active encouragement to submit and complete an application,
- Consistent standards in the decision process,
- Consistent terms,
- Consistent standards to evaluate loan collateral, and
- Consistent treatment in account servicing.

Valley's commitment to fair treatment is communicated to all employees, executives, and directors and enforced through comprehensive ethics and Fair Lending training and the Bank's compliance management program.

The Bank through product design, pricing, marketing efforts, borrower education, underwriting policy, loan administration and loss mitigation, has a history of granting home loans that support stable home ownership with minimal default experience.

The Bank has followed the public discussion of "Predatory Lending" issues among legislators, regulators, and housing policy and public advocacy groups. The Bank has ensured that no definition of "predatory lending" has described any policy, practice or loan terms employed by the Bank in its Residential Loan or Home Equity Lending activities.

It is the philosophy and policy of the Bank to seek out credit worthy borrowers and offer competitive products and a high level of service to those



customers. This philosophy views a defaulted loan as a failure in the Bank's goal to promote home ownership, growth of personal wealth, and economic stability in the communities the Bank serves.

When reasonable efforts to assist defaulted borrowers fail, the Bank will take appropriate steps to preserve its collateral, defend its lien, and collect the debt. Collection through collateral liquidation is pursued only as the last resort.

CRA RESPONSIBILITIES AND ACCOUNTABILITY

The Directors, executive officers, managers, and employees of Valley National Bank are committed to taking appropriate steps to ensure the Bank helps to meet the credit needs of the communities it serves, consistent with financially safe and sound operating practices. The Bank's core business is to make loans available to its customers in a safe, sound, and responsible way. Doing so is our obligation under the law, and it is essential for the longer-term success of the Bank. The Bank has consistently earned a CRA rating of Satisfactory from the OCC, its principal federal regulator; it is the Bank's policy to continue to meet or exceed regulatory standards that have been established under the CRA.

A successful CRA record is a corporate priority for Valley. Consequently, our CRA Plan operates across multiple dimensions. Direction comes from the Board of Directors and, in particular, the Board's CRA Committee. Leadership comes from the Bank's executive officers, including the Chief Executive Officer. CRA Plan oversight and administration comes from an Executive CRA sponsor (or an Executive CRA Officer) and the CRA Officers in New Jersey/New York and Florida. Execution depends on Bank employees, particularly loan officers, Territory Managers, and Service Managers, ensuring loan products are properly designed, marketed, underwritten, and priced throughout the Bank's market area, including in LMI neighborhoods and to LMI persons and small businesses.

All Bank personnel are expected to support and assist in the execution of this CRA Plan. Of critical importance are the contributions of the Bank's investment, tax and accounting staff, especially with respect to investments in MBS, LIHTC, and New Markets Tax Credits; its residential and small business lending staff; its Territory Managers, and its Service Managers. Valley expects all employees to treat all current and potential customers fairly and consistently and in compliance with all fair lending laws. Discriminatory or other illegal practices will not be tolerated.

CRA PROGRAM GOVERNANCE

The CRA Committee of the Board of Directors has actively overseen management’s development of the CRA Plan and has approved it.

All Valley employees share in the responsibility of assisting the Bank in meeting its Community Reinvestment objectives and goals. The following chart outlines the roles and responsibilities related to the activities critical to successful CRA Plan implementation.

Roles	Responsibilities
CRA Committee of the Board of Directors	Establish climate and culture supportive of CRA throughout the Bank.
	In conjunction with the full board, approve the Bank’s Community Reinvestment Act Policy and ensure it is updated as necessary.
	Require CRA Plan goals to be updated to reflect any future branch closures, branch openings, mergers, acquisitions, or other relevant changes.
	Provide updates at least quarterly to the Bank’s full board of directors on the Bank’s progress in meeting CRA Plan goals.
	Hold executive officers accountable for meeting CRA Plan goals.
	Receive reports and program updates from the CRA Officers and CRA Program staff at least quarterly.
	Review the Bank’s CRA lending, investment, and service activities quarterly.
	Assist the full Board in fulfilling its oversight responsibilities for CRA program direction and oversight.
	Ensure that management is adequately engaged in its communities and incorporated feedback in the CRA Program.
	Require CRA responsibilities be incorporated into the Bank’s employee evaluation system for applicable investment, lending and branch staff, and managers including Service Managers and Territory Managers.
	Require a periodic CRA self-assessment, particularly in advance of a scheduled CRA performance evaluation.
	Periodically meet with representatives of local community development organizations.
	Provide the executive sponsor “Executive CRA Officer” a direct line of communication to the Bank’s board.

Executive Risk Committee	Meet periodically with Bank CRA Officers to review the Bank's CRA performance and progress in meeting Plan goals.
	Receive and review CRA self-assessment in advance of a regulatory CRA performance evaluation.
	Encourage development of loan products that enhance the Bank's ability to meet LMI credit needs consistent with the Bank's commitment to safe and sound lending.
	Recommend to the CEO appointment of an executive sponsor (Executive CRA Officer or current member of Executive Risk Committee) for CRA program oversight and direction.
CRA Officers	Annually review and update the Bank's CRA Plan goals; update goals in conjunction with any Bank merger or acquisition activity.
	Report to the Executive Risk Committee and the Board CRA Committee at least quarterly on CRA performance, the effectiveness of the Bank's CRA program, and the Bank's progress in meeting CRA Plan goals.
	Assist management in developing appropriate strategies, products and services to support achievement of CRA Plan goals.
	Conduct a CRA Self-Assessment in advance of regulatory performance evaluations.
	Develop appropriate forms to document CRA loans and activities and work with Bank managers to assure effective and complete identification and documentation of CRA-related activities;
	Ensure compliance with the technical CRA requirements, including the appropriateness of the Bank's CRA assessment area delineations and the maintenance and availability of the Bank's CRA Public File.
	Advise in the process of branch openings and closures.
	Monitor and report on the completion of staff CRA training and obtain CRA-related training documentation.
	In conjunction with the Education Resources Department, develop and oversee CRA training for employees, executives, and the Board at least annually.
	Plan, organize, and attend community development activities on behalf of the Bank or conducted by the bank.
	Maintain and develop knowledge of CRA and community development by participating in conferences, webinars and training.
	Develop and maintain a CRA performance context for the Bank for each of its assessment areas and overall.

	Work with Bank’s investment and tax department managers to promote CRA-qualified investments when opportunities are available that are consistent with the Bank’s investment and CRA requirements.
	Serve as liaison between the community and the Bank by initiating and maintaining regular communications with CDFIs, community development organizations, and other community-based entities.
Branch Banking Administration, Service Managers and Territory Managers	Maintain an up-to-date CRA public section of the Bank's CRA File.
	Conduct branch closures according to policy and procedures as required by the CRA Policy.
	Understand CRA performance evaluation standards so to be able to communicate to the CRA Officer any activities that benefit LMI geographies, LMI residents, small businesses/farms, or community/economic development.
	Establish LMI lending goals for branches consistent with the demographics of the surrounding area.
	Enhance lending in LMI census tracts, to LMI borrowers, to small businesses, and to CD organizations.
	Encourage staff to participate in community activities and ensure they receive required training.
	Maintain familiarity with the Bank’s CRA Plan; support in meeting goals established in the Plan.
Service Managers and Territory Managers	Assess products and services and provide CRA Officers with input on whether they are responsive to identified community needs; recommend enhancements to product offerings as warranted.
	Take leadership roles in sponsoring CD service activities and encouraging staff participation in CD activities.
	In consultation with CRA Officers, assess and suggest opportunities to meet credit and service needs throughout the Bank’s assessment area, including LMI geographies.

Retail Banking, Consumer, and Commercial Lending Mangers and Departments	Support and adhere to the lending goals established in the Bank’s CRA Plan.
	Develop expertise in how to leverage private and government subsidies to enhance LMI and CD lending
	Conduct marketing and outreach efforts to supports achievement of CRA Plan goals.
	In consultation with CRA Officers, promote staff involvement in developing relationships with local community development and affordable housing organizations to increase lending in LMI geographies.
	Ensure staff attends required training in CRA and fair and responsible lending and in support of Plan initiatives.
	In consultation with CRA Officers, assess the adequacy of product and service offerings to meet identified community credit needs, including among LMI borrowers.
	Make recommendations, where warranted, for new products, terms, or services to enhance lending to credit-worthy LMI borrowers and small businesses.
	Direct community outreach by department staff in coordination with the Bank’s CRA Officers.
	In consultation with CRA Officers, contact and seek partnerships or alliances with government and community development organizations to enhance product offerings to LMI residents and small businesses and farms and for economic development.

TRAINING AND INDEPENDENT OVERSIGHT

The CRA Officers, in conjunction with the Bank's Educational Resources Department, will work to implement CRA training to appropriate Bank employees plus the executives and directors.

The current training on the Bank's CRA activities and related products, policies and procedures in new-hire training programs, on-the-job training in staff meetings, and as part of overall compliance training will be enhanced with expanded content and, if warranted, provide more detailed web-based or computer-based training. In addition, the CRA Officers will conduct CRA Plan introduction meetings with commercial lending managers, investment and tax managers, Service Managers, and Territory Managers. The CRA Officers will also organize training for underwriters in the Credit Risk Management Department's centralized commercial real estate underwriting unit on the subject of lending to not-for-profit organizations. Compliance-focused training will be provided to the Bank's Regulatory Compliance Department and Internal Audit Department employees.

The CRA Officers and CRA Office staff will attend training, conferences, webinars and other training to further their CRA education and to enhance the Bank's network of potential community development partners.

Valley's Internal Audit Department will conduct independent reviews of the Bank's CRA Program. This will include ongoing data integrity reviews during loan audits in addition to periodic focused audits that cover various program requirements such as training, documentation, performance goals, data collection, and reporting to management, the Board, and the OCC. The results of Audit's work will be reported to the Executive Risk Committee and to the Audit Committee of the Board.

VISIBILITY COMMITMENT

To assess the needs of each community, the CRA Officers along with other branch and lending unit employees will meet with local community development organizations; state, county and local government departments and agencies; and other organizations and agencies to identify specific needs and programs to discuss the credit and banking needs of LMI persons, families and communities. Each line of business will appoint a CRA liaison responsible for communicating and reporting CRA activities, production and progress to the CRA Officer.

An initial meeting relating to the development of the Bank's CRA Plan was held in New York City on November 20, 2014. The meeting included the Bank's President, CEO, and Board Chair; the Chair of the Board's CRA Committee; members of the Executive Risk Committee, and the Bank's CRA Officer for New Jersey and New York. We met with the President and CEO of the National Community Reinvestment Coalition ("NCRC"), the NCRC Chief Operating Officer, and senior leadership from NCRC member institutions in New York and New Jersey. Those members included the Association of Neighborhood Housing Developers ("ANHD"), New Jersey Citizen Action ("NJCA"), and the Housing and Community Development Network of New Jersey ("Network").

At the meeting, the Bank received recommendations from NCRC and its members regarding the content of its CRA Plan. The Bank agreed to consider those recommendations in developing its plan; which it has done.

At the meeting, the NCRC representatives emphasized the need for the Bank to expand its lending to LMI persons and in LMI geographies. They acknowledged, however, the difficulties presented by extraordinarily high housing costs in New York and New Jersey. They recommended a particular focus on affordable multifamily rental housing in those assessment areas. They stressed the importance of basing the underwriting of multifamily properties on existing rents, not speculative future rent increases that could price LMI residents out of those properties. Our Plan is responsive to that request.

The community representatives recommended that our residential mortgage, multifamily, and small business lending goals in LMI neighborhoods should meet or exceed our peers' lending levels. We feel that objective would be difficult to operationalize because market data, particularly with respect to mortgage and small business loans, are available only with a substantial delay – up to 21 months or more after a loan is made. Instead of basing our mortgage and small business lending goals on the record of our competitors, we set the goals using market demographics. Based on historical data, by hitting the goals established in this Plan, the Bank will likely exceed the lending record of many of its competitors by 2015 and most competitors by 2018.

They recommended that we establish lending goals for loans to minority as well as low-income communities. While we recognize that the CRA was

initially implemented out of concern about redlining, including racial redlining, the law as passed and the regulation as implemented focuses on community incomes, not the racial or ethnic composition of neighborhoods. Our CRA Plan lending goals are stated with respect to LMI persons and geographies, not a person's race or ethnicity or the primary racial or ethnic composition of a census tract. As stated explicitly in our CRA Plan, however, Valley is committed to fair and responsible lending and will not tolerate lending discrimination on the part of its employees.

In the November 20 meeting, the organizations recommended we set goals for qualified investments, grants, and CD loans. The qualified investment goals in our CRA Plan are in line with the levels suggested by the NCRC representatives. Our CD lending goals are below the levels recommended by the meeting participants; but our goal for 2018 of \$182.6 million is 80 percent of the recommended level. Our Plan includes grants as part of the goal for qualified investments but the Bank expects to increase significantly its level of grants and donations for CD purposes. We expect our grants will be in line with banks against which we benchmarked our goals. We consider grants to be necessary and effective for solidifying strategic relationships with community development organizations that can help Valley meet its CRA goals.

At the meeting we discussed the possibility of introducing new affordable mortgage products. The NCRC representatives asked for a 3 percent down payment loan and emphasized the criticality of effective homeownership counseling in promoting repayment. We agree with requiring credit and homeownership counseling as a complement to affordable mortgage products, and our Plan reinforces our commitment to financial literacy, budgeting, and saving as a CD service priority for the Bank. Valley has begun the process of participating in Fannie Mae's newly enhanced My Community loan program and Freddie Mac's revised Home Possible program which feature three percent down payments among other attributes responsive to LMI borrowers' needs. In addition, Valley is in the process of finalizing the development of a new portfolio mortgage loan product that will be offered through qualified HUD-approved, community based nonprofit homebuyer education and counseling organizations, with which Valley establishes relationships.

Finally, the NCRC requested "bi-annual meetings with advocates." We agreed in principle that regular communications with the advocacy community – national, regional, and local – should be pursued. Our Plan proposes that in addition to the CRA Officers communicating regularly with advocacy and community development organizations (at least bi-annually), the Bank will form Community Reinvestment Advisory Committees in New York- New Jersey and in Florida to meet with the Board's CRA Committee at least annually.

Our meeting on November 20, 2014 was productive and we will continue to meet with these and other community development organizations to help us to meet our Plan goals. Indeed, we indicated our intention to solicit further input from certain of the meeting participants before submitting our Plan to the OCC, and we have followed up on these commitments. Follow-up meetings between the Bank's CRA Officer and local community-based organizations, including a number of those represented at the initial meeting, have been held in December 2014 and further meetings are being scheduled into 2015. Meetings in Florida with local community organizations in the Bank's assessment area are also planned.



On December 11, Valley followed up the November 20 meeting with a meeting in Newark New Jersey with representatives of New Jersey Citizen Action (NJCA) and the Housing and Community Development Network of New Jersey. Participants included the Executive Director and CRA organizer of NJCA, the Executive Director of Housing and Neighborhood Development Services of East Orange NJ, the Director of Community & Economic Development of La Casa Don Pedro, and the Community Building Specialist of the Network from Trenton NJ. Valley was represented by the executive responsible for the Bank's commercial real estate lending, the senior officer in charge of commercial and industrial lending, the officer responsible for the development of Valley's new affordable mortgage residential loan product, the CRA Officer and the Director of Risk Management.

In that meeting, NJCA expressed its desire that Valley sign a written CRA Agreement with specific dollar goals. Valley responded that it was focused on producing a CRA plan with measureable goals that were benchmarked against the specific demographic needs of its communities.

Community representatives presented specific credit needs and recommended specific dollar amounts, which were discussed in detail. Valley declined to commit to specific dollar amounts at that meeting but communicated its good faith view that the dollar amounts were in line with the Bank's expected lending as part of its Plan. The specific uses of financing needs were as follows:

- Financing for acquisition and renovation or new construction of for-sale affordable housing;
- Revolving Loan Funds for not-for-profit organizations for the purpose of the acquisition, rehabilitation, and sale of affordable homes;
- Construction and permanent financing for affordable multifamily housing;
- Loans for owner-occupied, non-residential properties owned by community development organizations;
- Pre-development financing in the form of loans or investments; and
- Working capital lines of credit for community development organizations.

In the December 11 meeting, community representatives reviewed possible sources of subsidies and other programs that could be used by Valley as part of financing projects in the categories above and offered to work with Valley on projects or programs that used those funding sources.

In that meeting, the Director of La Casa de Don Pedro discussed the process of its homebuyer education program. NJCA provided a copy of its latest monthly survey of the portfolio mortgage loan terms offered by the lenders with which it works. The participants discussed how nonprofit counselors contact clients who may become delinquent on payments in order to help prevent loan defaults.



On December 17, a meeting was held with ANHD and ANHD members. Representatives included the ANHD Executive Director, Senior Campaign Analyst and its Tenant Organizer; the Executive Director of the University Neighborhood Housing Program located in the Bronx; Executive Director of Asian Americans for Equality, which serves residents in the five boroughs of New York City; a representative from Pratt Area Community Council from Brooklyn; and the Executive Director of the New York Mortgage Coalition, which members provide homebuyer education and homeowner counseling throughout New York City. In attendance for Valley were the senior executive in charge of commercial lending in New York, a senior lender with extensive background in lending to not-for-profit organizations, the CRA Officer (remotely) and the Director of Risk Management.

ANHD stated that all banks should strive to achieve an outstanding rating on their CRA exams and that Valley must do more than it has in the past. Valley replied that it was creating its CRA Plan with the intention of lending in all areas, but noted that it may be more successful with some loan products than others due to the fact that it has existing staff and processes in commercial real estate, for example.

ANHD expressed that the coalition hoped that Valley would realize its good intentions. ANHD stated that if we both work in partnership with each other, the Bank can achieve its goals and the communities can benefit from the Bank's activities.

Community participants presented summaries of financing needs, which were similar to those expressed in the December 11 meeting in New Jersey. ANHD noted the importance of grants to community development organizations, which allow them to do their work. ANHD strongly recommended that grants be provided with "intentionality" and Valley agreed that grants should be used in a strategic manner and in coordination with the communities' financing needs.

ANHD discussed the fact that New York State has strict state level CRA guidelines on multifamily loan practices and that, while Valley is not examined by the state banking department in New York, it should be aware of what is considered to be responsible lending practices in that category. Valley stated that it underwrites multifamily loans with current cash flow and does not underwrite based on anticipated rent increases.

ANHD suggested Valley familiarize itself with and consider working with the Business Outreach Center.

The New York Mortgage Coalition Executive Director described several areas that Valley should consider in designing its affordable mortgage program, which included 97 percent LTV loans, allowable credit score as low as 620 FICO, the use of SONYMA programs, and the use of FHLB First Home Club subsidies. (Note: Valley has begun the process of becoming a SONYMA-approved lender and developing 97 percent LTV products. Valley will join the Federal Home Loan Bank of New York First Home Club in early 2015. Other comments are being evaluated.)

In regard to services, ANHD described Valley's branch distribution as acceptable and asked Valley to consider opening offices in the Bronx. ANHD reviewed publicly available information on Valley's checking account overdraft practices and Valley agreed to provide more detail following the

meeting. Valley reported that it processes checks in the order they are received and does not re-order transaction as other banks are criticized for doing.

During November and December of 2014, the CRA Officer and various loan officers met with other community development organizations, which included the following:

- Community Access Unlimited. On November 26, Valley loan officers and executives met with the executive director to discuss financing alternatives specific to the organizations focus of providing affordable housing alternatives for adults and adolescents with intellectual and developmental disabilities.
- Union County Economic Development Corporation. On December 4, Valley's CRA Officer and the senior executive in charge of commercial lending in New Jersey met to discuss to discuss small business financing needs and opportunities in a multi-county area now served by this organization.
- New York Mortgage Coalition. On December 10, the CRA Officer and senior officer of Valley's Residential Lending Department met the Executive Director of the NYMC. They discussed the organizations success in providing education and counseling to LMI homebuyers. Their historical default rate is less than 2 percent to date. We reviewed the terms of other lenders' portfolio products as compared to other products offered by Valley in the past. Valley will incorporate this information in the design of its affordable mortgage program. Valley also joined the mortgage coalition as a new lender in December 2014.
- Long Island Housing Partnership. On December 15, the CRA Officer and a senior commercial loan officer met with this organization at its offices in Nassau County NY. A range of topics was discussed similar to those in the December 11 and December 17 meetings in Newark and New York.
- New Jersey Community Capital. On December 16, the CRA Officer and the executive in charge of the Bank's commercial real estate lending met with the executive management of this community development lending intermediary. NJCC lends to approximately 100 nonprofit organizations. We discussed a range of possibilities in lending to NJCC, which, in turn, would lend to its member organizations.

The former 1st United Bancorp CRA program provided for quarterly communication with community partners. In developing the Bank's plan, input was provided by Valley's Florida senior executive and market/region executives. Community organizations such as Housing Partnership/Prosperity center in the Palm Beach assessment area, Neighborhood Home Solutions in the Tampa Clearwater assessment area and the Housing Finance Authority of Miami Dade continuously provide meaningful assistance in developing programs which provide assistance to the communities in which the Bank operates. Valley's creation of community advisory committees will serve a similar purpose in the New Jersey and New York assessment areas.



In addition, the CRA Officers and residential mortgage sales representatives will periodically meet with not-for-profit homebuyer education and counseling organizations to develop knowledge and relationships that can increase the Bank's effectiveness in originating loans to LMI persons and in LMI areas. The Bank has already joined the New York Mortgage Coalition and is pursuing partnerships with other reputable housing counseling organizations with proven track records demonstrating the performance of borrowers who had successfully completed their programs.

In addition, our commercial and retail lending departments will designate persons who will work in conjunction with the CRA Officers in developing or expanding relationships with for-profit and not-for-profit companies and organizations in order to increase the Bank's community development, small business, and residential mortgage loan production, particularly in LMI geographies. The Bank will expect its Service Managers and Territory Managers to buttress these efforts, particularly in developing relationships with not-for-profit, as well as for-profit, developers of affordable housing, including affordable multifamily rental housing.

ADVERTISING AND MARKETING

Valley markets and advertises first mortgage and home equity loans, commercial loans, and retail banking products in regional general circulation newspapers. We use broadcast radio advertising on stations serving a regional audience. Online advertising has been done on Yahoo and Google as well as New Jersey and New York based general-interest websites. In February 2011, the Bank began television advertising in the New York metropolitan area. The bank's salaried noncommissioned sales staff responds to incoming residential mortgage inquiries generated by the advertising and through branch sales. More than 80 percent of small business loans and 60 percent of mortgages have historically been generated through the branch network.

Our advertising and marketing campaigns have served the Bank well, but we recognize the potential benefit from expanding our marketing and outreach by using targeted newspaper, radio, and television advertisements that can increase our market share in LMI communities. In addition, through strategic partnerships with local consumer and community development organizations, Valley expects to expand its pool of loan applicants and increase its loan penetration in low- and moderate-income neighborhoods in our New Jersey, New York, and Florida markets. Finally, Valley has begun increasing its mortgage lending in Florida by offering consumers in those markets the full suite of residential mortgage products offered to our customers in the Northeast. Valley has introduced the Bank's \$499 refinancing product in our Florida markets through advertising in Spanish and English and has begun advertising in Spanish in the New York metropolitan area market through Spanish-language stations.

The Marketing Department is evaluating advertising media and other marketing channels and will recommend to management how the Bank can effectively communicate its loan and banking products and services to LMI persons and areas. The Marketing Department will report on the effectiveness of media campaigns in this regard. The CRA Officers will facilitate communication between the Bank's marketing staff and community-based organizations to discuss marketing and outreach strategies. The CRA Officers will include that information in quarterly and annual reports to the Executive Risk Committee and the Board CRA Committee. The NCRC recommended the Bank conduct targeted marketing and outreach, and we are exploring effective means of doing so.

For example, Valley will employ social media to try to grow its customer base. The Bank will expand its social media presence in 2015, and will consider how it can leverage relationships with community-based organizations regarding strategies to use social media to expand knowledge of Bank products and services among households that may be underrepresented among our customers. We will also use social media and targeted communication channels to publicize the Bank's willingness to consider additional products or services if it can be demonstrated they could help us to meet underserved credit needs in our communities. CRA related community events will reinforce that message and convey Valley's commitment to offering loans and services to all community residents and all parts of our assessment areas, including LMI persons, LMI geographies, small



businesses, developers of housing affordable to LMI residents, developers of housing to be located in LMI geographies, and community and economic development organizations.