

THIS IS A NOTICE OF SETTLEMENT THAT HAS BEEN PRELIMINARILY APPROVED BY THE COURT. THIS IS NOT A LAWSUIT AGAINST YOU.

EXCLUSION DEADLINE. TO BE EXCLUDED FROM THE CLASS AND THE SETTLEMENT YOU MUST MAIL A STATEMENT IN WRITING TO NVE BANK, POSTMARKED ON OR BEFORE MAY 23, 2009, AS SET FORTH IN PARAGRAPH 6 BELOW.

1. WHY YOU ARE RECEIVING THIS NOTICE

Your rights may be affected by the proposed settlement (the "Settlement") of a class action lawsuit (the "Action") pending against NVE Bank. The purpose of this Notice is to describe the lawsuit and the Settlement, to notify you of the hearing to be held by the Court to consider the fairness, reasonableness, and adequacy of the Settlement, and to advise you of the rights you may have and the steps you may take in connection with the Settlement.

The Settlement benefits will be available only if the Court approves the Settlement. **On JUNE 18, 2009, the Court will hold a hearing (the "Settlement Hearing") at 9:00 a.m. in Courtroom 301, New Jersey Superior Court, Bergen County Justice Center, 10 Main Street, Hackensack, New Jersey 07601-7699 to decide whether to approve the Settlement, and other related matters.** The Court has reserved the right to change the date and time of the Settlement Hearing without further notice.

Please see Section 8 of this Notice to learn more about the Settlement Hearing. Please see Section 5 to learn how you can participate in the Settlement. If you do not want to be part of the Settlement, please see Section 6 to learn how you can exclude yourself.

2. DESCRIPTION OF THE ACTION

In the Action, plaintiff Ira S. Hirschbach ("Hirschbach" or "Plaintiff") maintains that beginning in or about November 2000, Defendants NVE Bank, NVE Bancorp, MHC, Steven H. Baker, John F. Boyle, Robert S. Monteith, Robert Rey, Andrew F. Durkin, Charles A. Lota, and Steven C. Ruhle (collectively "Defendants") did not inform Plaintiff and other similarly situated holders of certificates of deposit ("CDs") of the interest rate at which their CDs would be renewed and that certain terms of CDs issued by NVE Bank had below market rates. Plaintiff also alleges that Defendants lulled CD holders into the reasonable belief that the renewed CDs would bear interest rates competitive with advertised interest rates of other "similar" CDs.

Specifically, the Plaintiff alleges that Defendants:

(1) Devised a scheme (a) to deceptively manipulate interest rates paid on certain term CDs issued by NVE Bank, in a manner that was and/or is calculated to pay below competitive market interest on those CDs, upon renewal, (b) to withhold information from the holders of these targeted CDs that would alert them to the fact that the interest rate upon renewal would be substantially below competitive market rates and substantially below advertised rates for similar CDs issued by NVE Bank, (c) to deprive holders of targeted CDs of the information necessary to

make an informed decision as to whether to renew those CDs or withdraw their funds and make alternative investments at competitive market rates of interest and (d) that, pursuant to which, they would fail to advise these targeted holders of the interest rate applicable to their renewed CDs, such that these holders remained unaware that, after renewal, they were receiving below market and/or advertised rates.

(2) Advertised that NVE Bank paid competitive market rates on its accounts, including its CDs and contrary to this public advertising, NVE Bank paid substantially below competitive market rates on certain targeted CDs upon renewal and that the rates paid on these targeted CDs were well below the advertised rates that NVE Bank paid on similar CDs; paid below competitive market interest rates on such renewed CDs; failed to advise such holders, prior to the renewal date, of the rate of interest that would be earned on such CDs if the holders thereof allowed them to be renewed or that such rates were below competitive market and/or advertised rates for similar products; failed to advise such holders, after the renewal date, of the rate of interest that applied to such renewed CDs; and deprived holders of targeted CDs that were subject to renewal of the information necessary to make an informed decision as to whether to renew those Certificates of Deposit or withdraw their funds and make alternative investments at competitive market rates of interest.

The Plaintiff asserts that the conduct described above violated the New Jersey Consumer Fraud Act, N.J.S.A. 56:8-1 *et seq.* and unjustly enriched Defendants.

Defendants have expressly denied and continue to deny that they withheld any information with regard to renewal interest rates on CDs or engaged in any deceptive scheme or committed any wrongful act. Defendants have also expressly denied and continue to deny that they have violated any law or regulation, made any misrepresentations or omitted any necessary or required information and Defendants have asserted, among other things, that:

(1) NVE Bank sent maturity notices on all of its CDs within the time and in the manner and containing the language required by all applicable laws and regulations;

(2) NVE Bank, in fact, gave its CD customers a seven day grace period after maturity to terminate any CD without incurring any early withdrawal fee even though NVE Bank is not required by law to give any such grace period;

(3) The renewal rates on all NVE Bank CDs were and are readily available to all CD holders and could easily be obtained by calling the free telephone number provided by NVE Bank in its maturity notices and also through NVE Bank's free automated telephone information service and also at any of NVE Bank's branches and other offices and also on line by visiting NVE Bank's website;

(4) Each CD product is a separate product and there is no single market or competitive rate for any specific CD product, but rather there is a wide range of interest rates paid by various banks on all CD products;

(5) No advertising by NVE Bank was misleading in any way and, in fact, all advertising by NVE Bank was conducted in accordance with the Federal Truth-in-Savings Act

("TISA") and regulations adopted pursuant to TISA and by the New Jersey Department of Banking and Insurance; and

(6) Defendants, in fact, fully complied with all New Jersey and Federal laws, rules and regulations governing CDs and advertising by banks.

Defendants have also denied and continue to deny all liability. Further, Defendants have denied and continue to deny that this Action could be properly maintained as a class action.

Defendants' reasons for agreeing to the Settlement described in this Notice are to avoid further substantial legal expenses and any distraction which this burdensome litigation might cause and to avoid undue disruption to NVE Bank's ongoing business and objective of managing the bank in a safe and sound manner so as to protect its depositors.

During negotiations before a neutral mediator, all Parties have agreed upon the Settlement described in this Notice.

The outcome of this Action remains uncertain and raises a significant risk that many holders of CDs would be excluded from the Class and therefore not eligible for recovery—even if the Action were successful. Moreover, the amount of damages recovered by any individual holder could be, in many cases, minimal. This Settlement avoids that result. It includes ALL holders of CDs purchased from or renewed by NVE Bank during the Class Period. The terms of the Settlement are described below in Section 4. **The value of the benefits to all members of the Settlement Class is significant and tangible.**

The Exercise Period is the sixty (60) day period within which Settlement Class Members have the opportunity to terminate and purchase CDs in accordance with the Settlement. During the Exercise Period, NVE Bank agrees to continue to offer premium CD products in a manner consistent with current practices. NVE Bank will give notice by mail to alert Settlement Class Members who have not elected to be excluded from the Settlement Class of the commencement of the Exercise Period so they will be afforded a meaningful opportunity to take advantage of the benefits afforded by the Settlement.

Equally important, the Settlement is designed to assure that the practices complained of are no longer in effect by providing a specific mechanism that requires NVE Bank, at its branch offices, to publicly display in plain view and make readily available copies of its current interest rates on all of its CDs that are available to the general public.

3. THE MEMBERS OF THE SETTLEMENT CLASS

The Settlement Class consists of those current and former customers of NVE Bank who purchased or renewed CDs during the period from November 30, 2000 through and including January 30, 2009. Excluded from the Settlement Class are (a) employees, officers, directors, agents, and legal representatives of any Defendants or any affiliated entity of any Defendants; and (b) persons who validly exclude themselves from the Settlement Class under Section 6 of this Notice.

According to NVE Bank's records, you may be a member of the Settlement Class described above.

4. TERMS OF THE PROPOSED SETTLEMENT

A settlement has been reached among all Parties, which is embodied in a Settlement Agreement and Release (the "Settlement Agreement") dated as of January 30, 2009, and an Amendment to Settlement Agreement dated as of March 4, 2009 ("Amendment") on file with the Court. Plaintiff's Counsel have investigated the facts and applicable law regarding Plaintiff's claims and Defendants' potential defenses. The Parties have engaged in arm's length negotiations in reaching this Settlement. Plaintiff and his counsel believe that the Settlement is fair, reasonable and adequate and in the best interests of the Settlement Class. Both sides agree that by settling, none of the Defendants is admitting any liability or that he/it did anything wrong. Rather, Defendants are entering into this Settlement to avoid the cost and distraction of continued litigation.

THE FOLLOWING DESCRIPTION OF THE SETTLEMENT IS ONLY A SUMMARY. YOU MAY OBTAIN THE COMPLETE TEXT OF THE SETTLEMENT AGREEMENT AND AMENDMENT AT THE COURT, BY WRITING TO CLASS COUNSEL AT THE ADDRESS INDICATED BELOW, OR BY CALLING CLASS COUNSEL AT (212) 695-6446. THE COMPLETE TEXT CAN ALSO BE OBTAINED FROM CLASS COUNSEL'S WEBSITE: www.resslerlaw.com.

If the Settlement is approved, and you are and remain a Settlement Class member, you will be bound by the terms of the Settlement and will share in the right to the Settlement benefits and be entitled to receive one or more of the following benefits.

- (a) **Current CD Holders: Waiver of Early Withdrawal Fees.** If you are a current holder of NVE Bank CDs you will be entitled, during a sixty (60) day Exercise Period, (i) to terminate your CDs and withdraw your CD deposits without incurring the early withdrawal fees that would otherwise have been charged by NVE Bank as agreed to in the CD contracts; and (ii) to the extent of the amount of CD deposits withdrawn pursuant to the foregoing clause, to purchase any CD product (including premium CDs) offered during the Exercise Period by NVE Bank without satisfying, during the initial term of the CD only, any requirement of maintaining a checking account at NVE Bank or opening the CD account with new funds. During this sixty (60) day Exercise Period, NVE Bank will continue to offer premium CD products in a manner consistent with current practices.

At the maturity of any CD purchased during the Exercise Period, you will have the option of withdrawing the account balance, choosing another investment at NVE or permitting the CD to automatically renew. Automatic renewal will be into a CD product then offered by NVE Bank that does not require a checking account and that is of the same term as the initial term or, if there is not then offered by NVE Bank a CD product that does not require a checking account and that is of the same term as the initial term, into a CD product then offered by NVE

Bank that does not require a checking account and that is of the next closest lower term to the initial term. Automatic renewals will also be subject to all then applicable requirements and the interest rate may be lower than during the initial term.

- (b) **Former CD Holders: Waiver of Certain CD Requirements.** Members of the Settlement Class who no longer hold a CD purchased from NVE Bank will be entitled, during a sixty (60) day Exercise Period, to purchase any CD product offered during the Exercise Period by NVE Bank without satisfying, during the initial term of the CD only, any requirement of maintaining a checking account at NVE Bank or opening the CD account with new funds. During this sixty (60) day Exercise Period, NVE Bank will continue to offer premium CD products in a manner consistent with current practices.

At the maturity of any CD purchased during the Exercise Period, you will have the option of withdrawing the account balance, choosing another investment at NVE Bank, or permitting the CD to automatically renew. Automatic renewal will be into a CD product then offered by NVE Bank that does not require a checking account and that is of the same term as the initial term or, if there is not then offered by NVE Bank a CD product that does not require a checking account and that is of the same term as the initial term, into a CD product then offered by NVE Bank that does not require a checking account and that is of the next closest lower term to the initial term. Automatic renewals will also be subject to all then applicable requirements and the interest rate may be lower than during the initial term.

- (c) **Exercise Period:** The Exercise Period will commence on the Effective Date of this Settlement and will continue for a period of sixty (60) days thereafter.
- (d) **Availability of Rate Information:** From and after the date of entry of the Judgment approving the final settlement, NVE Bank shall, at all of its branch offices, display in plain view a copy of its interest rate sheet(s) listing current rate information for all of its CDs that are available to the general public and make readily available copies of its interest rate sheet(s) listing current rate information for all of its CDs that are available to the general public, including the applicable interest rate and annual percentage yield (“APY”).

In addition to the Settlement benefits described above, Defendants have agreed to pay Plaintiff’s reasonable attorneys’ fees in an amount approved by the Court not to exceed \$850,000 and expenses not to exceed \$100,000. To date, Plaintiff’s counsel have not received any payment for their services in conducting the litigation.

5. PARTICIPATION IN THE SETTLEMENT CLASS

If you fall within the definition of the Settlement Class, you are a Settlement Class member unless you elect to be excluded from the Settlement Class (*see* Section 6 below). If you do not request to be excluded from the Settlement Class, you will be bound by any final

judgment entered with respect to the Settlement of the Action, whether favorable or unfavorable, This means that YOU WILL BE INCLUDED IN THE SETTLEMENT AND ENTITLED TO RECEIVE SETTLEMENT BENEFITS BUT WILL BE PROHIBITED FROM BRINGING CLAIMS SIMILAR TO THOSE DESCRIBED ABOVE AGAINST DEFENDANTS, UNLESS DEFENDANTS EXERCISE THE LIMITED RIGHTS DESCRIBED IN SECTION 7 BELOW.

Your interests will be represented by Plaintiff's counsel. If you choose, you may enter an appearance individually or through your own counsel at your own expense; provided, however, that in order to be heard at the Settlement Hearing or pose an objection to the Settlement, you and/or your counsel must follow the procedures set forth in Section 7 below.

Please note that if you have not elected to be excluded from the Settlement Class you will be informed by separate mailing of the dates of the Exercise Period in which to avail yourself of the settlement benefits.

6. EXCLUSION FROM THE SETTLEMENT CLASS

You may request to be excluded from the Settlement Class. To do so, you must mail a statement in writing that you wish to be excluded from the Settlement Class to NVE Bank at:

NVE Bank
Attn: Hilary Walsh, Senior Vice President
76 Engle Street
Englewood, NJ 07631

The request for exclusion must state (1) the name of the Action, *Hirschbach v. NVE Bank, et al.*; (2) your name, address; and telephone number; and (3) your social security number. You must also include a statement that you wish to be excluded from the Settlement Class.

YOUR EXCLUSION REQUEST MUST BE POSTMARKED ON OR BEFORE MAY 23, 2009. IF YOU SUBMIT A VALID AND TIMELY REQUEST FOR EXCLUSION, YOU SHALL HAVE NO RIGHTS UNDER THE SETTLEMENT, SHALL NOT RECEIVE ANY OF THE SETTLEMENT BENEFITS, AND SHALL NOT BE BOUND BY THE FINAL JUDGMENT IN THE ACTION.

7. CONDITIONS TO ENFORCEABILITY

IF MORE THAN 25% OF CLASS MEMBERS CHOOSE TO BE EXCLUDED FROM THE PROPOSED SETTLEMENT DEFENDANTS SHALL HAVE THE RIGHT TO DECLARE THE SETTLEMENT NULL AND VOID.

8. THE RIGHT TO OBJECT AND BE HEARD AT THE SETTLEMENT HEARING

If you remain in the Settlement Class and wish to file papers with the Court supporting or objecting to the Settlement, you may do so by mailing to the Court, Counsel for Plaintiff and Counsel for Defendants, a written statement setting forth the specific reasons for your support or objection, together with any evidence or legal authority you believe supports your position. The statement must also contain the name of the Action, *Hirschbach v. NVE Bank, et al.* and your

name, address, and telephone number. The statement must be postmarked on or before **May 23, 2009** and sent by first class mail to:

The Court:

Honorable Jonathan N. Harris, J.S.C.
Room 301
Superior Court of New Jersey
Bergen County Justice Center
10 Main Street
Hackensack, New Jersey 07601-7699

with a copy to each of:

Counsel for the Plaintiff and Class Counsel:

Bruce J. Ressler, Esq.
Ellen R. Werther, Esq.
Ressler & Ressler
48 Wall Street
New York, NY 10005

and

Counsel for Defendants:

Richard A. Beran, Esq.
McCarter & English LLP
Four Gateway Center
100 Mulberry Street
Newark, NJ 07102

You may also appear at the Settlement Hearing provided you file with the Court and serve on Plaintiff and Class Counsel and Counsel for Defendants a notice of appearance, together with any other written materials to be presented to the Court. Notices of appearance and written materials to be presented to the court must also be mailed to the Court and mailed to counsel on or before **May 23, 2009**.

9. ADDITIONAL INFORMATION

Providing you this Notice does not mean that the Court has any opinion as to the claims or defenses asserted by the parties. This Notice is not intended to be, and should not be considered as, an expression of any opinion by the Court with respect to the truth of the allegations or the strength of the claims or defenses asserted in the Action.

ALL QUESTIONS ABOUT THIS NOTICE, THE LITIGATION, OR THE SETTLEMENT SHOULD BE DIRECTED TO CLASS COUNSEL:

**Bruce J. Ressler, Esq.
Ellen Werther, Esq.
Ressler & Ressler
48 Wall Street
New York, NY 10005
(212) 695-6446
Attorneys for Plaintiff's and Class Counsel**

PLEASE DO NOT CONTACT THE COURT FOR INFORMATION.

Dated: March 6, 2009

By Order of the Superior Court of the State of New Jersey