



**LARGE BANK**

---

Comptroller of the Currency  
Administrator of National Banks

---

Washington, DC 20219

**Public Disclosure**

**January 03, 2006**

**Community Reinvestment Act  
Performance Evaluation**

**The Yardville National Bank  
Charter Number: 12606**

**4556 S. Broad Street  
Yardville, NJ 08650**

**Office of the Comptroller of the Currency**

**New York Metro-west  
343 Thornall Street Suite 610  
Edison, NJ 08837**

**NOTE: This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. This evaluation is not, and should not be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion, or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.**

## Table of Contents

OVERALL CRA RATING .....	2
DEFINITIONS AND COMMON ABBREVIATIONS .....	3
DESCRIPTION OF INSTITUTION .....	7
SCOPE OF THE EVALUATION .....	8
FAIR LENDING REVIEW .....	10
State Rating	11
STATE OF NEW JERSEY .....	11
STATE OF PENNSYLVANIA .....	24
APPENDIX A: SCOPE OF EXAMINATION .....	A-1
APPENDIX B: SUMMARY OF STATE RATINGS .....	B-1
APPENDIX C: MARKET PROFILES FOR FULL-SCOPE AREAS .....	C-1
APPENDIX D: TABLES OF PERFORMANCE DATA .....	D-1

## Overall CRA Rating

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

The following table indicates the performance level of **The Yardville National Bank** with respect to the lending, investment, and service tests:

Performance Levels	Yardville National Bank Performance Tests		
	Lending Test*	Investment Test	Service Test
Outstanding			
High Satisfactory	X		
Low Satisfactory		X	X
Needs to Improve			
Substantial Noncompliance			

\* The lending test is weighted more heavily than the investment and service tests when arriving at an overall rating.

The major factors that support this rating include:

- YNB's distribution of loans among AA geographies of different income levels is good.
- YNB's distribution of loans among AA borrowers of different income levels is good.
- YNB's record of originating community development loans had a positive impact on its lending test rating.
- YNB's record of making community development investments is adequate.
- YNB's service delivery systems are adequately accessible to AA residents.

## Definitions and Common Abbreviations

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

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

**Aggregate Lending:** The number of loans originated and purchased by all reporting lenders in specified income categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the MA/assessment area.

**Census Tract (CT):** A small subdivision of metropolitan and other densely populated counties. Census tract boundaries do not cross county lines; however, they may cross the boundaries of metropolitan statistical areas. Census tracts usually have between 2,500 and 8,000 persons, and their physical size varies widely depending upon population density. Census tracts are designed to be homogeneous with respect to population characteristics, economic status, and living conditions to allow for statistical comparisons.

**Community Development:** Affordable housing (including multifamily rental housing) for low- or moderate-income individuals; community services targeted to low- or moderate-income individuals; activities that promote economic development by financing businesses or farms that meet the size eligibility standards of the Small Business Administration's Development Company or Small Business Investment Company programs (13 CFR 121.301) or have gross annual revenues of \$1 million or less; or, activities that revitalize or stabilize low- or moderate-income geographies.

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

**Consumer Loan(s):** A loan(s) to one or more individuals for household, family, or other personal expenditures. A consumer loan does not include a home mortgage, small business, or small farm loan. This definition includes the following categories: motor vehicle loans, credit card loans, home equity loans, other secured consumer loans, and other unsecured consumer loans.

**Family:** Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also include non-relatives living with the family. Families are classified by type as either a married-couple family or other family, which is further classified into 'male householder' (a family with a male householder and no wife present) or 'female householder' (a family with a female householder and no husband present).

**Full Review:** Performance under the Lending, Investment, and Service Tests is analyzed considering performance context, quantitative factors (e.g., geographic distribution, borrower distribution, and total number and dollar amount of investments), and qualitative factors (e.g., innovativeness, complexity, and responsiveness).

**Geography:** A census tract delineated by the United States Bureau of the Census in the most recent decennial census.

**Home Mortgage Disclosure Act (HMDA):** The statute that requires certain mortgage lenders that do business or have banking offices in a metropolitan statistical area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of applications, the amount of loan requested, the disposition of the application (e.g., approved, denied, and withdrawn). Beginning in 2004, the reports also include data on loan pricing, the lien status of the collateral, any requests for preapproval and loans for manufactured housing.

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

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

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

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

**Market Share:** The number of loans originated and purchased by the institution as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the MA/assessment area.

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

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

**Metropolitan Division:** As defined by Office of Management and Budget, a county or group of counties within a Metropolitan Statistical Area that contains a population of at least 2.5 million. A Metropolitan Division consists of one or more counties that represent an

employment center or centers, plus adjacent counties associated with the main county or counties through commuting ties.

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

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

**Moderate-Income:** Individual income that is at least 50 percent and less than 80 percent of the area median income, or a median family income that is at least 50 percent and less than 80 percent, in the case of a geography.

**Multifamily:** Refers to a residential structure that contains five or more units.

**Other Products:** Includes any unreported optional category of loans for which the institution collects and maintains data for consideration during a CRA examination. Examples of such activity include consumer loans and other loan data an institution may provide concerning its lending performance.

**Owner-Occupied Units:** Includes units occupied by the owner or co-owner, even if the unit has not been fully paid for or is mortgaged.

**Qualified Investment:** A qualified investment is defined as any lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

**Rated Area:** A rated area is a state or multi-state metropolitan area. For an institution with domestic branches in only one state, the institution's CRA rating would be the state rating. If an institution maintains domestic branches in more than one state, the institution will receive a rating for each state in which those branches are located. If an institution maintains domestic branches in two or more states within a multi-state metropolitan area, the institution will receive a rating for the multi-state metropolitan area.

**Small Loan(s) to Business(es):** A loan included in 'loans to small businesses' as defined in the Consolidated Report of Condition and Income (Call Report) and the Thrift Financial Reporting (TFR) instructions. These loans have original amounts of \$1 million or less and typically are either secured by nonfarm or nonresidential real estate or are classified as commercial and industrial loans.

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

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

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

## Description of Institution

Yardville National Bank (YNB) is a wholly owned subsidiary of Yardville National Bancorp. The Bancorp is a publicly traded bank holding company with assets of \$3 billion as of December 31, 2005. The Bancorp operates YNB as well as non-banking subsidiaries. These include Yardville Capital Trust II, III, IV and V, which are all issuers/sellers of trust-preferred securities. YNB also operates non-banking subsidiaries including Yardville National Investment Corporation, which holds investment securities and YNB Financial Services, which manages joint ventures with Smith Barney and local insurance agencies. The activities of the Bancorp and YNB operating subsidiaries did not impact the bank's ability to meet the CRA needs in its AAs.

YNB is an interstate bank, headquartered in Hamilton New Jersey. YNB operates twenty-eight branch offices in Burlington, Hunterdon, Mercer, Middlesex and Somerset counties in New Jersey and Bucks County in Pennsylvania. YNB has located all but two of its branch offices in New Jersey. Of YNB's New Jersey branch network, the majority of offices are located in Mercer County. YNB has opened nine branch offices since the prior Community Reinvestment Act (CRA) examination.

YNB continues to focus principally on providing a full range of traditional commercial and retail banking services. YNB emphasizes the origination of commercial real estate mortgages and commercial and industrial loans to small and mid-sized businesses in the New York City-Philadelphia corridor. YNB also continues to serve the general consumer market by offering a broad range of lending, deposit and other financial products and services.

The loan portfolio consists primarily of business purpose loans, which comprise 64% of total loans. Specifically, the loan portfolio consists of non-farm, non-residential real estate mortgages (45%), commercial and industrial loans (19%), other real estate, including construction and multi family (18%), residential real estate (14%), loans to individuals (2%) and other loans (1%).

YNB continues to experience growth. As of September 30, 2005, total bank assets of \$2.9 billion increased 9.0% from \$2.7 billion for the same period one year ago. Loans totaled \$1.9 billion, an increase of 14.5% from \$1.7 billion for the same period one year ago. Total deposits of \$2.0 billion increased 11.9% over \$1.8 billion reported as of September 30, 2005 and Tier 1 Capital was \$213 million compared to \$185 million for the same period one year ago.

YNB continues to experience competition from several larger regional financial institutions as well as local area banks. Primary competitors include Commerce Bank, PNC Bank, Sovereign Bank, Wachovia Bank NA, 1<sup>st</sup> Constitution Bank, Amboy National Bank, Sun National Bank and Peapack-Gladstone Bank.

YNB was rated "Satisfactory" as a result of the CRA examination dated January 27, 2003. There are no financial or legal obstacles, which would impact YNB's ability to meet the credit needs of its community.

## Scope of the Evaluation

### Evaluation Period/Products Evaluated

The evaluation period for the Lending Test, with the exception of CD lending, is January 1, 2003 through December 31, 2004. For the prior examination we reviewed loan data through year-end 2003. With regard to the lending test, YNB's record of originating small business and residential mortgage loans was evaluated. YNB's record of originating small loans to businesses was weighted more heavily than its record of originating residential mortgage loans since business lending represents the majority of YNB's lending activity. YNB's record of originating residential mortgage loans was measured by evaluating YNB's record of originating home purchase, home improvement, and home mortgage refinance loans. YNB originated a nominal number of residential mortgage loans for multi-family housing over the evaluation period. Therefore, an analysis of YNB's record of originating multi-family residential mortgage lending would not have been meaningful and was not performed. Similarly, YNB originated a nominal number of small loans to farms over the evaluation period. Therefore, an analysis of YNB's record of originating small loans to farms would not have been meaningful and was not performed.

For the Lending Test, which measures the banks record of originating small business and residential mortgage loans, it is important to note that the evaluation period covers two separate time periods since assessment area (AA) demographics were affected by census changes resulting from the 2000 census. As a result of the 2000 census, beginning in January 2004, the Office of Management and Budget (OMB) implemented changes, which affected the demographic information against which bank performance is compared. Small business and residential mortgage loans originated during 2003 were compared against 2000 census data and corresponding area demographics. Small business and residential mortgage loans reported during 2004 were compared against 2000 census data and corresponding area demographics impacted by the OMB changes. Because census information and OMB changes affected demographic information, loan data for the two time periods was analyzed separately.

The evaluation period for CD loans, the Investment Test and the Service Test is January 3, 2003 through January 3, 2006. The Investment Test included the portion of qualified investments originated in prior evaluation periods, which remained outstanding as of the end of this evaluation period. Conclusions related to CD loans and investments considered the number of originations and purchases as well as the dollar amounts disbursed over the evaluation period.

### Data Integrity

An evaluation of the integrity of YNB's publicly filed loan data was conducted beginning on July 25, 2005. The review included an evaluation of the processes employed by YNB to collect and submit reportable small business and residential mortgage loan data. The evaluation was performed to ensure the integrity of data on which we rely for our evaluation of YNB's CRA performance. We found that YNB has established processes for collecting, verifying, and reporting loan data, which ensure the integrity of the data for purposes of this evaluation.

### Selection of Areas for Full-Scope Review

YNB has delineated AAs, which are comprised of four New Jersey counties in their entirety, selected geographies in an adjacent New Jersey county as well as selected geographies in a Pennsylvania county. YNB's AA geographies were impacted by the OMB changes resulting from the 2000 census, which became effective as of January 2004.

For 2003, YNB's AAs totaled three and consisted of the Mercer AA, the Middlesex-Somerset-Hunterdon AA and the Philadelphia-Burlington AA. The Mercer AA consisted of Mercer County, New Jersey in its entirety, which was located in the Trenton Metropolitan Statistical Area (MSA.) The Middlesex-Somerset-Hunterdon AA consisted of adjacent Middlesex, Somerset and Hunterdon New Jersey counties in their entireties and was located in the Middlesex-Somerset and Hunterdon MSA. The Philadelphia-Burlington AA consisted of selected contiguous census tracts within Philadelphia Pennsylvania and Burlington New Jersey, which were located in the Philadelphia Multi-State MSA.

For 2004, as a result of the OMB changes, YNB's AAs total five and currently consist of the Mercer AA, the Middlesex-Somerset AA, the Hunterdon AA, the Burlington AA and the Bucks AA. The Mercer AA consists of Mercer County New Jersey, in its entirety, which is located in the Trenton-Ewing MSA. The Middlesex-Somerset AA consists of adjacent Middlesex and Somerset New Jersey counties in their entireties, which are located within the Edison MD. The Hunterdon AA consists of Hunterdon New Jersey County in its entirety, which is located within the Newark-Union NJ-PA MD. The Burlington AA consists of selected contiguous census tracts in Burlington County New Jersey, which are located in the Camden MD. And the Philadelphia AA consists of selected contiguous census tracts in Bucks County Pennsylvania, which is located in the Philadelphia MD.

Of YNB's AAs, the one in which YNB operated the majority of its branch offices, derived the majority of its deposits and originated the majority of its loans, throughout the evaluation period, is the Mercer AA. The Mercer AA is the New Jersey AA for which a full-scope review was performed. The Middlesex-Somerset AA, the Hunterdon AA and the Burlington AA were the New Jersey AAs for which limited-scope reviews were performed. For purpose of evaluating YNB's performance in the State of Pennsylvania, a full-scope review of YNB's performance in the Bucks AA was also performed. In each state where the bank has an office, we selected a sample of AAs within that state for full-scope reviews. Refer to the "Scope" section under each state rating for details regarding how the areas were selected and why they are representative.

## Ratings

YNB's overall CRA rating represents a blend of the New Jersey State rating and the Pennsylvania State rating. More weight was placed on YNB's performance in New Jersey, since YNB has a significantly greater presence in New Jersey than it does in Pennsylvania. YNB's performance in New Jersey was more heavily weighted since this is where YNB operates the majority of its branch offices, derives the majority of its deposits and originates the majority of its loans. YNB's performance in Pennsylvania was less heavily weighted, and had minimal impact in arriving at the overall bank rating since YNB's presence in this market is nominal. We assigned an overall bank rating, a State of New Jersey rating and a State of Pennsylvania rating. YNB's performance in each AA for which a full-scope evaluation is performed, is discussed individually within this evaluation.

The state ratings are based primarily on those areas receiving full-scope reviews. Refer to the "Scope" section under each state rating for details regarding how the areas were weighted in arriving at the overall state rating.

To arrive at the Lending Test ratings, YNB's record of originating small loans to AA businesses and residential mortgages to AA borrowers was evaluated. More weight is placed on YNB's record of originating small loans to AA businesses since business lending represented the majority of YNB's lending activity. The bank's overall rating is a blend of the state ratings.

The state ratings are based primarily on those areas that received full-scope reviews. Refer to the "Scope" section under each state rating for details regarding how the areas were weighted in arriving at the overall state rating.

## **Fair Lending or Other Illegal Credit Practices Review**

We found no evidence of illegal discrimination or other illegal credit practices.

## State Rating

### State of New Jersey

<b>CRA Rating for New Jersey:</b>	<b>Satisfactory</b>
<b>The lending test is rated:</b>	High-Satisfactory
<b>The investment test is rated:</b>	Low-Satisfactory
<b>The Service Test is rated:</b>	Low-Satisfactory

The major factors that support this rating include:

- YNB's distribution of loans among New Jersey AA geographies is good.
- YNB's distribution of loans among New Jersey AA borrowers of different income levels is good.
- YNB's record of originating community development loans positively impacted its record of lending.
- YNB's record of making community development investments in its New Jersey AAs is adequate.
- YNB's service delivery systems are adequately accessible to New Jersey AA residents.

Formatted: Indent: Left: 0", First line: 0", Bulleted + Level: 1 + Aligned at: 0" + Tab after: 0.25" + Indent at: 0.25"

Formatted: Indent: Left: 0", First line: 0", Bulleted + Level: 1 + Aligned at: 0" + Tab after: 0.25" + Indent at: 0.25"

Formatted: Indent: Left: 0", First line: 0", Bulleted + Level: 1 + Aligned at: 0" + Tab after: 0.25" + Indent at: 0.25"

Formatted: Indent: Left: 0", First line: 0", Bulleted + Level: 1 + Aligned at: 0" + Tab after: 0.25" + Indent at: 0.25"

Formatted: Indent: Left: 0", First line: 0", Bulleted + Level: 1 + Aligned at: 0" + Tab after: 0.25" + Indent at: 0.25"

### Description of Institution's Operations in New Jersey

Refer to the market profiles for the state of New Jersey in appendix C for detailed demographics and other performance context information for assessment areas that received full-scope reviews.

YNB is headquartered in Hamilton New Jersey, which is located within Mercer County. YNB operates twenty-six of its twenty-eight branch offices in New Jersey. YNB has opened eight branch offices in New Jersey over the evaluation period. For each New Jersey branch office, YNB operates a corresponding ATM. The branches are located in five adjacent New Jersey counties including Burlington, Hunterdon, Mercer, Middlesex and Somerset.

The geographies within these five New Jersey counties comprise YNB's four New Jersey AAs. YNB has designated as its AAs: Mercer, Middlesex, Somerset and Hunterdon Counties in their entireties and selected geographies in Burlington County. Middlesex and Somerset Counties together comprise the Middlesex-Somerset MD and are therefore combined into a single AA. The other four counties are each located in separate MSAs or MDs and therefore represent individual AAs. Therefore, YNB's New Jersey AAs consist of its Mercer, Middlesex-Somerset, Hunterdon, and Burlington AAs. YNB's primary presence is in its Mercer AA where it operates the majority of its New Jersey branch offices. Additionally, the majority of YNB's deposits and loans are derived from its Mercer AA. Of total deposits held by YNB, approximately 96% are derived from the State of New Jersey and 78% are derived from Mercer County.

YNB continues to focus principally on providing a full range of traditional commercial and retail banking services. YNB emphasizes the origination of commercial real estate mortgages and commercial and industrial loans to small and mid-sized businesses in the New York City-Philadelphia corridor. YNB also continues to serve the general consumer market by offering a broad range of lending, deposit and other financial products and services.

YNB continues to experience competition from several larger regional financial institutions as well as local area banks. Primary competitors include Commerce Bank, PNC Bank, Sovereign Bank,

Wachovia Bank NA, 1<sup>st</sup> Constitution Bank, Amboy National Bank, Sun National Bank and Peapack-Gladstone Bank.

Refer to the Market Profiles for the State of New Jersey in appendix C for detailed demographics and other performance context information for assessment areas that received full-scope reviews.

## Scope of Evaluation in New Jersey

YNB's New Jersey State rating was based primarily on the Mercer AA receiving a full-scope review. More weight was placed on YNB's performance in its Mercer AA than its performance in its other four New Jersey AAs. YNB's performance in its Mercer AA was weighted more heavily since Mercer County is where YNB has its greatest presence. Specifically, Mercer County is where YNB operates the majority of its branch offices, derives the majority of its deposits and originates the majority of its loans. Less weight was placed on YNB's performance in its other New Jersey AAs including its Middlesex-Somerset, Hunterdon, and Burlington AAs, since YNB's presence in these AAs is limited.

YNB's record of originating small loans to businesses was weighted more heavily than its record of originating residential mortgage loans since business lending represents the majority of YNB's lending activity. YNB's record of originating residential mortgage loans was measured by evaluating YNB's record of originating home purchase, home improvement, and home mortgage refinance loans. YNB originated a nominal number of multi-family housing and small loans to farms over the evaluation period. Therefore, an analysis of YNB's record of originating multi-family residential mortgage and small farm loans would not have been meaningful and was not performed.

Community credit and development needs were determined by contacting a local non-profit community development organization. Our goal was to discuss area economic conditions, demographics, community development opportunities, local financial institution participation, and banking and credit needs. The community contact characterized the overall economic condition of Mercer County New Jersey as strong, with the exception of the single urban center, Trenton. The contact identified the communities' primary need as the attraction and retention of small businesses. The contact also referenced affordable housing as a continuing community need.

## LENDING TEST

### Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the lending test in New Jersey is rated "High Satisfactory." Based on full-scope reviews, the bank's performance in its Mercer AA is good.

### Lending Activity

Refer to Table 1 Lending Volume in the state of New Jersey section of appendix D for the facts and data used to evaluate the bank's lending activity.

YNB's record of lending activity in its Mercer AA is adequate. The Mercer AA is currently located in the Trenton-Ewing MA and consists of Mercer County New Jersey in its entirety. This represents a change implemented by OMB as a result of the 2000 census, which became effective in January of 2004. Previously the Mercer AA was located in the Trenton MSA. The Mercer AA is the New Jersey AA in which YNB operates the majority of its branch offices, derives the majority of its deposits and originates the majority of its loans. For the Mercer AA, small business lending is an identified community credit need.

Lending market share was compared to deposit market share within the Mercer AA. For 2004, YNB's deposit market share within the Mercer AA was 13.87%, ranking it 2<sup>nd</sup> in market share among institutions taking AA deposits. The institutions that have garnered greater than 5% of the AA's deposit market include large financial institutions as well as regional and smaller locally based banks.

YNB's small business lending market share for the same period was 2.53%, ranking it 12<sup>th</sup> among lenders originating small loans to businesses in the Mercer AA. In originating small business loans, YNB encounters strong competition from many larger financial service providers. Credit card banks dominate the AA's market for small loans to businesses. Several of the major credit card banks have garnered significant AA market share and are ranked ahead of YNB.

YNB's residential mortgage lending market share for the same period was .62%, ranking it 40<sup>th</sup> among lenders originating residential mortgage loans in the Mercer AA. In originating residential mortgage loans, YNB encounters strong competition from many larger financial service providers. National mortgage originators dominate the AA's market for residential mortgage loans.

## **Distribution of Loans by Income Level of the Geography**

### ***Home Mortgage Loans***

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

Over the evaluation period, YNB's distribution of home mortgage loans throughout its Mercer AA geographies is good, particularly considering the context in which YNB operates. Specifically, in its Mercer AA, YNB encounters strong competition. Large mortgage originators dominate the AA's market for home purchase loans. Several of the major mortgage originators have garnered significant AA market share. Additional competition exists from large, regionally based-banks.

The evaluation of YNB's distribution of home mortgage loans throughout its Mercer AA was based on YNB's record of originating home purchase; home improvement and home mortgage refinance loans. YNB originated just three residential mortgage loans for AA multifamily housing over the evaluation period. Therefore, an analysis of YNB's record of multifamily residential mortgage lending would not have been meaningful and was not performed.

### ***Home Purchase Loans***

Over the evaluation period, YNB's distribution of home purchase loans throughout its Mercer AA geographies is good, particularly considering the competition encountered by YNB in its Mercer AA.

For 2003, YNB's record of originating home purchase loans in low-income Mercer AA geographies is below the percentage of owner-occupied housing located in those geographies. For the same period, YNB's record of originating home purchase loans in moderate-income Mercer AA geographies exceeds the percentage of owner-occupied housing in those geographies. For 2003, YNB's market share of home purchase lending in low-income Mercer AA geographies is below its overall home purchase lending, market share in the AA. For the same period, YNB's market share of home purchase lending in moderate-income Mercer AA geographies exceeds its overall home purchase lending, AA market share.

For 2004, YNB's record of originating home purchase loans in low-and moderate-income Mercer AA geographies exceeds the percentage of owner-occupied housing located in those low-and moderate-income AA geographies. For the same period, YNB's market share of home purchase lending in low-and moderate-income Mercer AA geographies slightly exceeds its overall home purchase lending, market share in the AA.

### *Home Improvement Loans*

Over the evaluation period, YNB's distribution of home improvement loans throughout its Mercer AA geographies is good, particularly considering the competition encountered by YNB in its Mercer AA.

For 2003, YNB's record of originating home improvement loans in low-income Mercer AA geographies is slightly below the percentage of owner-occupied housing located in those low-income AA geographies. For the same period, YNB's record of originating home improvement loans in moderate-income Mercer AA geographies significantly exceeds the percentage of owner-occupied housing in those moderate-income AA geographies. For 2003, YNB's market share of home improvement lending in low-income Mercer AA geographies exceeds its overall home improvement lending, market share in the AA. For the same period, YNB's market share of home improvement lending in moderate-income Mercer AA geographies significantly exceeds its overall home improvement lending, AA market share.

For 2004, YNB's record of originating improvement loans in low-and moderate-income Mercer AA geographies is below the percentage of owner-occupied housing located in those low-and moderate - income AA geographies. For the same period, YNB's market share of home improvement lending originated in low-and moderate-income Mercer AA geographies is below its overall home improvement lending, market share in the AA.

### *Home Mortgage Refinance Loans*

Over the evaluation period, YNB's distribution of home mortgage refinance loans throughout its Mercer AA geographies is adequate, particularly considering the competition encountered by YNB in its Mercer AA.

For 2003, YNB's record of originating home mortgage refinance loans in low-and moderate-income Mercer AA geographies is below the percentage of owner-occupied housing located in those low-and moderate-income AA geographies. Also for 2003, YNB's market share of home mortgage refinance lending in low-income Mercer AA geographies exceeds its overall home mortgage refinance lending market share in the AA. For the same period, YNB's market share of home mortgage refinance lending in moderate-income Mercer AA geographies is slightly below its overall home mortgage refinance lending, AA market share.

For 2004, YNB's record of originating home mortgage refinance loans in low-income Mercer AA geographies is well below the percentage of owner-occupied housing located in those geographies. For the same period, YNB's record of originating home mortgage refinance loans in moderate-income Mercer AA geographies exceeds the percentage of owner-occupied housing in those geographies. For 2004, YNB's market share of home mortgage refinance lending in low-income Mercer AA geographies is below its overall home mortgage refinance lending market share in the AA. For the same period, YNB's market share of home mortgage refinance lending in moderate-income Mercer AA geographies slightly exceeds its overall home mortgage refinance lending AA market share.

### ***Small Loans to Businesses***

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

Over the evaluation period, YNB's distribution of small business loans throughout its Mercer AA geographies is excellent, particularly considering the context in which YNB operates. Specifically, in its Mercer AA, YNB encounters strong competition. Credit card banks dominate the AA's market for small loans to businesses. Several of the major credit card banks have garnered significant AA market share. Additional competition exists from large, regionally based-banks.

For 2003, YNB's record of originating small loans to businesses in low-income Mercer AA geographies is below the percentage of small businesses located within those geographies. For the same period, YNB's record of originating small loans to businesses in moderate-income Mercer AA geographies significantly exceeds the percentage of small businesses located within those geographies. For both years, YNB's market share of home mortgage refinance lending in low-and moderate-income Mercer AA geographies exceeds its overall small business lending, market share in the AA.

For 2004, YNB's record of originating small loans to businesses in low-income Mercer AA geographies is below the percentage of small businesses located in those low-income AA geographies. For the same period, YNB's record of originating small loans to businesses in moderate-income Mercer AA geographies exceeds the percentage of small businesses in those geographies. For both years, YNB's market share of home mortgage refinance lending originated in low-and moderate-income Mercer AA geographies exceeds its overall business lending, market share in the AA.

YNB originated just one small loan to an AA farm over the evaluation period. Therefore, an analysis of YNB's record of small farm lending would not have been meaningful and was not performed.

### ***Lending Gap Analysis***

There were no unexplained lending gaps in YNB's lending patterns.

### ***Inside/Outside Ratio***

Of small business and residential mortgage loans originated by YNB over the evaluation period, a majority of the loans are originated within YNB's AAs. The analysis of YNB's record of originating loans within its AAs was conducted at the bank level. The analysis included reportable small business and residential mortgage loans originated by YNB over the evaluation period. Of small business loans originated by YNB, for 2003 and 2004, and included for review, 75% and 80% respectively are originated within YNB's AAs. Of residential mortgage loans originated by YNB, for 2003 and 2004, and included for review, 88% and 77% respectively are originated within YNB's AAs. Of combined small business and residential mortgage loans reported by YNB over the evaluation period and included for review, 80% are originated within YNB's AAs. YNB's record of originating loans within its AAs was positively factored into the overall geographic distribution analysis.

## **Distribution of Loans by Income Level of the Borrower**

### ***Home Mortgage Loans***

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

Over the evaluation period, YNB's distribution of loans among Mercer AA borrowers of different income levels is good, particularly considering the context in which YNB operates. Specifically, in its Mercer AA, YNB encounters strong competition. Large mortgage originators dominate the AA's market for home purchase loans. Several of the major mortgage originators have garnered significant AA market share. Additional competition exists from large, regionally based-banks.

The evaluation of YNB's distribution of home mortgage loans throughout its Mercer AA was based on YNB's record of originating home purchase; home improvement and home mortgage refinance loans.

YNB originated just three residential mortgage loans for multifamily AA housing over the evaluation period. Therefore, an analysis of YNB's record of multifamily residential mortgage lending would not have been meaningful and was not performed.

### *Home Purchase Loans*

Over the evaluation period, YNB's distribution of home purchase loans among Mercer AA borrowers of different income levels is good, particularly considering the competition encountered by YNB in its Mercer AA.

For 2003, YNB's record of originating home purchase loans to low-income Mercer AA borrowers is below the percentage of low-income families residing in the AA. For the same period, YNB's record of originating home purchase loan originations to moderate-income Mercer AA borrowers exceeds the percentage of moderate-income AA families. For 2003, YNB's market share of home purchase lending originated to low-and moderate-income AA borrowers exceeds its overall home purchase lending, market share in the AA.

For 2004, YNB's record of originating home purchase loans to low-income Mercer AA borrowers is below the percentage of low-income AA families. For the same period, YNB's record of originating home purchase loans to moderate-income Mercer AA borrowers exceeds the percentage of moderate-income AA families. For 2004, YNB's market share of home purchase lending originated to low-and moderate-income AA borrowers is near to its overall home purchase lending, AA market share.

### *Home Improvement Loans*

Over the evaluation period, YNB's distribution of home improvement loans among Mercer AA borrowers of different income levels is excellent, particularly considering the competition encountered by YNB in its Mercer AA.

For 2003, YNB's record of originating home improvement loans to low-income Mercer AA borrowers is below the percentage of low-income families residing in the AA. For the same period, YNB's record of originating home improvement loans to moderate-income Mercer AA borrowers significantly exceeds the percentage of moderate-income AA families. For 2003, YNB's market share of home improvement lending to low-and moderate-income AA borrowers exceeds its overall home improvement lending, market share in the AA.

For 2004, YNB's record of originating home improvement loans to low-income Mercer AA borrowers is below the percentage of low-income families residing in the AA. For the same period, YNB's record of originating home improvement loans to moderate-income Mercer AA borrowers exceeds the percentage of moderate-income AA families. For 2004, YNB's market share of home improvement lending to low-and moderate-income AA borrowers slightly exceeds its overall home improvement lending, market share in the AA.

### *Home Refinance Mortgage Loans*

Over the evaluation period, YNB's distribution of home mortgage refinance loans among Mercer AA borrowers of different income levels is excellent, particularly considering the competition encountered by YNB in its Mercer AA.

For 2003, YNB's record of originating home mortgage refinance loans to low-income Mercer AA borrowers is well below the percentage of low-income families residing in the AA. For the same period, YNB's record of originating home mortgage refinance loans to moderate-income Mercer AA borrowers exceeds the percentage of moderate-income AA families. For 2003, YNB's market share of home

mortgage refinance lending to low-and moderate-income AA borrowers exceeds its overall home mortgage refinance, lending market share in the AA.

For 2004, YNB's record of originating home mortgage refinance loans to low-income Mercer AA borrowers is below the percentage of low-income families residing in the AA. For the same period, YNB's record of originating home mortgage refinance loans to moderate-income Mercer AA borrowers exceeds the percentage of moderate-income AA families. For 2004, YNB's market share of home mortgage refinance lending to low-and moderate-income AA borrowers exceeds its overall home mortgage refinance, lending market share in the AA.

### ***Small Loans to Businesses***

Refer to Table 11 in the state of New Jersey section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's origination and purchase of small loans to businesses.

Over the evaluation period, YNB's distribution of small loans among Mercer AA businesses of different sizes is good, particularly considering the context in which YNB operates. Specifically, in its Mercer AA, YNB encounters strong competition. Credit card and large banks dominate the AA's market for small loans to businesses. Major credit card and large banks have garnered significant AA market share. Additional competition exists from regionally based-banks.

For 2003, YNB's record of originating small loans to Mercer AA small businesses (businesses with revenues of \$1 million or less) exceeds the percentage of small businesses located in the AA. For the same period, YNB's market share of small business lending to Mercer AA small businesses significantly exceeds its overall business lending market share in the AA.

For 2004, YNB's record of originating small loans to Mercer AA small businesses is near to the percentage of small businesses located in the AA. For the same period, YNB's market share of small loan business lending originated to Mercer AA small businesses significantly exceeds its overall business lending, market share in the AA.

For both 2003 and 2004, the percentage, of YNB's business loans, which were originated for \$100 thousand or less, is significantly greater than the percentages of YNB's business loans, which were originated for more than \$100 thousand. YNB's record of originating business loans to small Mercer AA businesses meets an identified credit need.

YNB originated one small loan to an AA farm over the evaluation period. Therefore, an analysis of YNB's record of small farm lending would not have been meaningful and was not performed.

### **Community Development Lending**

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

Overall, YNB's record of originating CD loans had a positive impact on YNB's Lending Test performance. The loans were responsive to the needs of the AA. YNB encounters strong competition in originating CD loans from other financial institutions operating in the AA.

YNB originated the following CD loans in its Mercer AA over the evaluation period:

During 2003, 2004, and 2005, YNB originated twenty loans totaling \$1,352,569, in conjunction with the Mercer County Loan Fund (MCLF). MCLF is a community wide, micro loan program administered through the Regional Business Assistance Corporation (RBAC.) RBAC is a non-profit organization, which functions as a conduit for obtaining financing for both new and existing small businesses. The micro loan program is supported by funds from the Small Business Administration. The program serves as a conduit to make capital accessible to start-up businesses for which traditional sources of financing are not available. The program also includes a business-mentoring program, which offers entrepreneurs assistance on a variety of issues vital to their success.

In April of 2003, YNB originated a loan for \$1,400,000 to a retail strip mall project, which was part of the New Jersey State Development and Redevelopment Plan. Trenton is designated by the state as an Urban Enterprise Zone offering tax incentives and financial benefits to businesses located in the area, similar to federal empowerment zones. The state plan was designed to promote metropolitan cities including Trenton, by providing the necessary infrastructure to promote population and employment growth. The strip mall project includes a large chain supermarket as well as other retail establishments not previously, readily accessible to residents of low-and moderate-income AA geographies.

In May of 2004, YNB originated a loan for \$1,500,000 to redevelop commercial property in a low-income AA geography located in the City of Trenton. Trenton is designated by the state as an Urban Enterprise Zone offering tax incentives and financial benefits to businesses located in the area, similar to federal empowerment zones. The loan proceeds were used to rehabilitate a 45,000 square foot, three-story brick office building in downtown Trenton. The rehabilitation is consistent with community redevelopment efforts and the renovation of the State Capital District.

In December of 2004, YNB originated a loan for \$6,000,000 to finance the purchase of vacant lots and construction of a material recovery facility. The vacant lots are located in a low-income geography located in the City of Trenton. This area of Trenton is a pilot site for the implementation of the New Jersey State Development and Redevelopment Plan. The plan promotes population and employment growth in metropolitan cities including Trenton. Trenton is designated by the state as an Urban Enterprise Zone offering tax incentives and financial benefits to businesses located in the area, similar to federal empowerment zones. The recycling business generated through the material recovery facility has generated approximately forty new jobs for Trenton area residents.

### **Product Innovation and Flexibility**

Product innovation and flexibility had a positive impact on the Lending Test conclusion for the AA.

YNB continues to offer its CRA Fixed Program, a residential mortgage loan program designed to serve low-and moderate-income borrowers. A minimum down payment of 5% is required, 3% of which must come from the borrower's own funds. Income limitations are determined by a percentage of the MSA or county income published by HUD. During the evaluation period, the bank originated seven loans in the AA through the CRA Fixed Program totaling \$684 thousand. The bank also offers a Trenton CRA Program specifically for properties located within the Trenton City limits. A 5% down payment is required; of which 3% must be the borrower's own funds. Income limitations are determined by a percentage of the MSA or county income published by HUD and the bank offers a rate of 1% below YNB's daily pricing for 30-year fixed rate loans. During the evaluation period, the bank originated three loans in the AA through the Trenton CRA Program totaling \$366 thousand.

### **Conclusions for Areas Receiving Limited-Scope Reviews**

Based on limited-scope reviews, the bank's performance under the lending test in the Hunterdon AA and Burlington AAs is not inconsistent with the bank's overall "High Satisfactory" performance under the lending test in New Jersey.

In the Middlesex-Somerset AA the bank's performance is weaker than the bank's overall performance in the state. YNB's performance in this AA is weaker than its overall Lending Test performance since YNB's record of originating small business loans in low-and moderate-income Middlesex-Somerset AA geographies and to small Middlesex-Somerset AA businesses is not reflective of AA demographics. YNB's record of originating small business loans is significantly below the number of AA businesses located within low-and moderate-income Middlesex-Somerset AA geographies. And, YNB's record of originating small business loans to AA small businesses is significantly below the number of small businesses operating in the Middlesex-Somerset AA.

Refer to the Tables 1 through 13 in the state of New Jersey section of appendix D for the facts and data that support these conclusions.

## **INVESTMENT TEST**

### **Conclusions for Areas Receiving Full-Scope Reviews**

The bank's performance under the investment test in New Jersey is rated "Low Satisfactory." Based on full-scope reviews, the bank's performance in the Mercer AA is adequate.

Refer to Table 14 in the state of New Jersey section of appendix D for the facts and data used to evaluate the bank's level of qualified investments.

YNB's record of making CD investments in the Mercer AA is adequate. Opportunities for purchasing CD investments in the AA exist. However, strong competition for purchasing these CD investments emanates from other financial institutions operating in the AA. Nevertheless, in the Mercer AA over the evaluation period, YNB dispersed funds for purposes of CD investments and donations, totaling \$1,553,260.90.

Additionally, a portion of CD investments purchased by YNB over the evaluation period were multi-state or statewide in nature and benefited more than one of YNB's AAs.

For example, YNB invested \$80,000 in a statewide community loan fund. The purpose of this fund provides financing and technical assistance to organizations engaged primarily in the development of affordable housing. The fund also responds to community economic development needs such as specialized loan programs targeted to small businesses and community facilities.

YNB also invested \$226,717.21 in an investment fund, the purpose of which is to provide mezzanine capital to successful small and mid-sized businesses located principally in a multi-state, regional area that includes New Jersey, Pennsylvania and benefits YNB's AAs.

In addition, YNB invested \$225,303.06 in an investment fund, the purpose of which is to provide mezzanine capital to companies located in low-and moderate-income geographies. The fund focuses on healthcare products and services, value added manufacturing, consumer products and business services for minority or women-owned businesses. The fund serves a greater regional area that includes New Jersey and benefits YNB's AAs.

YNB has also committed to additional funding of these statewide investments totaling \$783,221. These investments will continue to have a positive impact in YNB's AAs.

In addition to the qualified larger area investments described above, YNB also purchased CD investments, which can be specifically attributed to individual YNB AAs.

Specifically, YNB invested \$109,165 in an Investment Partnership, \$50,000 of which benefits Mercer County New Jersey and the remainder of which benefits Middlesex County New Jersey and Bucks County Pennsylvania. This firm operates as a small business investment company. The firm's purpose is to invest in established companies with attractive growth potential that require capital to expand their businesses internally or through acquisitions.

Over the evaluation period, YNB also invested in three mortgage-backed securities (MBS), which directly benefited Mercer County residents in the amount of \$1,078,398. Underlying pools of residential mortgages originated to low-and moderate-income AA borrowers collateralize these MSBs.

In addition, YNB invested \$31,988 in a CRA qualified investment fund, which benefits Mercer County New Jersey. The fund invests in bonds and other debt securities that support community and economic development activities, such as low-income housing and job creation programs. The purpose of this fund is to provide current income consistent with the preservation of capital.

Within the evaluation period, in its Mercer AA, YNB disbursed 89 qualifying CD donations totaling \$392,875. The majority of these donations were granted to local non-profit organizations, which engaged in various community development activities throughout the AA.

### **Conclusions for Area Receiving Limited-Scope Reviews**

Based on limited-scope reviews, the bank's performance under the investment test in the Hunterdon AA is not inconsistent with the bank's overall "Low Satisfactory" performance under the investment test in New Jersey.

In the Middlesex-Somerset AA and Burlington AA the bank's performance is stronger than the bank's overall performance in the state. YNB's performance in its Middlesex-Somerset and Burlington AAs is stronger than its overall Investment Test performance in New Jersey since YNB has made a greater percentage of CD investments relative to the percentage of total bank deposits it derives from those AAs.

Refer to the Table 14 in the state of New Jersey section of appendix D for the facts and data that support these conclusions.

## **SERVICE TEST**

### **Conclusions for Areas Receiving Full-Scope Reviews**

The bank's performance under the Service Test in New Jersey is rated "Low-Satisfactory." Based on full-scope reviews, the bank's performance in its Mercer AA is adequate.

### **Retail Banking Services**

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

YNB operates 18 of its 28 full service branch offices within its Mercer AA. Of these 18 AA branches one is located in a low-income AA geography, eleven are located in middle-income AA geographies and six are located in upper-income AA geographies. As a percentage of the total number of Mercer AA branches, 6%, 0%, 61% and 33% respectively are located in low-, moderate-, middle-, and upper-income AA geographies. In comparison, of the AA population 18%, 16%, 34%, and 30% reside in low-,

moderate-, middle-, and upper-income AA geographies respectively. Consequently, the percentage of YNB's branches located in low-and moderate-income AA geographies is well below the percentage of the AA population residing in these geographies.

Although YNB operates just one branch office, which is physically located in a low-or moderate-income Mercer AA geography, many low-and moderate-income AA geographies are situated in close proximity to other AA branches. For example, four AA branch offices although not actually located in low-or moderate-income AA geographies are nevertheless situated immediately adjacent to low-and/or moderate-income AA geographies. For these four branches, of the AA geographies within a three-mile radius, at least one third are categorized as low-and/or moderate income.

During the evaluation period, YNB opened five branch offices in its Mercer AA. None of the five branches were opened in low-or moderate-income AA geographies. Two and three branches respectively were opened in middle-and upper-income AA geographies. YNB's record of branch openings over the evaluation period has had a neutral effect on the accessibility of delivery systems throughout the AA.

YNB operates an automatic teller machine (ATM) at each of its AA branch office locations. YNB's products, services and hours of operation are comparable among AA branch offices regardless of the income levels of those geographies. YNB's operating hours and services between Monday and Friday are supplemented by Saturday morning hours at all branches with one exception. Additionally, for one branch, operating hours extend to Sunday morning.

YNB also offers various alternative delivery systems. However, no weight was placed on these alternative methods of delivery since a determination of the volume of use of these systems in low-and moderate-income AA geographies and by low-and-moderate-income AA residents is not measured and is therefore unavailable. The alternative delivery methods offered by YNB include Bank-by Mail, Bank by Phone and Online Banking. Through these systems, a customer may review transaction history, and transfer funds among YNB accounts.

## **Community Development Services**

Over the evaluation period, YNB provided a good level of CD services, which addressed Mercer AA credit needs. CD services provided by YNB include:

A YNB executive vice president (EVP) serves as the Co-Chairman of the Capital Campaign for the Trenton Rescue Mission. The rescue mission is located in a low-income tract and services offered are targeted toward low-to-moderate income individuals. The Rescue Mission provides food, shelter, and clothing to impoverished men and women of the surrounding area.

A YNB assistant vice president (AVP) and a YNB Director serve as members of the Board of Directors for the Trenton Area Soup Kitchen (TASK). The soup kitchen, located in a low-income AA geography, services a population of which nearly all are considered to be low-and moderate-income. TASK provides meal service, health care assistance and educational programs.

A YNB CRA/HMDA (Community Reinvestment Act / Home Mortgage Disclosure Act) Specialist serves on the Board of Directors of Love Thy Neighbor. Love Thy Neighbor is a community development organization that strives to build thriving neighborhoods by creating opportunities for positive social and economic change. Nearly all of the individuals impacted by Love Thy Neighbor are low-and moderate-income.

A YNB CRA/HMDA Specialist serves as a board member, guest speaker and information resource for the Puerto Rican Community Day Care. The specialist provides information to the Hispanic Latino

Chamber of Commerce's Meet the Latino Lenders program provided by the Hispanic Latino Chamber of Commerce. The program disseminates, in Spanish, information concerning YNB's small business loan services.

A YNB CRA/HMDA Specialist serves as a Board member for The Uijma Village. The Uijma Village is dedicated to enriching the lives of the poor and disfranchised residing in the Greater Trenton area. AA residents served by the Uijma Village are low-and moderate-income.

A YNB First Senior Vice President serves as a member of the Board of Directors for the Boys & Girls Club of Trenton/Mercer. The Boys and Girls Club is located in and services a low-income geography in the City of Trenton. The club provides programs for low-to-moderate-income inner-city children.

### **Conclusions for Areas Receiving Limited-Scope Reviews**

Based on limited-scope reviews, the bank's performance under the service test in the Hunterdon AA is not inconsistent with the bank's overall "Low Satisfactory" performance under the service test in New Jersey.

In the Middlesex-Somerset AA and Burlington AA the bank's performance is stronger than the bank's overall performance in the state. YNB's performance in its Middlesex-Somerset and Burlington AAs is stronger than its overall Service Test performance in New Jersey since YNB operates a greater percentage of branch offices in low-and moderate-income geographies within those AAs.

Refer to Table 15 in the state of New Jersey section of appendix D for the facts and data that support these conclusions.

## State Rating

### State of Pennsylvania

<b>CRA Rating for Pennsylvania:</b>	<b>Satisfactory</b>
<b>The lending test is rated:</b>	High-Satisfactory
<b>The investment test is rated:</b>	High-Satisfactory
<b>The Service Test is rated:</b>	Low-Satisfactory

The major factors that support this rating include:

- YNB's distribution of loans among Pennsylvania AA borrowers of different income levels is good.
- YNB's record of originating community development loans positively impacted its record of lending.
- YNB's record of making community development investments in its Pennsylvania AA is good.
- YNB's service delivery systems are adequately accessible to Pennsylvania AA residents.

**Formatted:** Indent: Left: 0", First line: 0", Bulleted + Level: 1 + Aligned at: 0" + Tab after: 0.25" + Indent at: 0.25"

**Formatted:** Indent: Left: 0", First line: 0", Bulleted + Level: 1 + Aligned at: 0" + Tab after: 0.25" + Indent at: 0.25"

**Formatted:** Indent: Left: 0", First line: 0", Bulleted + Level: 1 + Aligned at: 0" + Tab after: 0.25" + Indent at: 0.25"

**Formatted:** Indent: Left: 0", First line: 0", Bulleted + Level: 1 + Aligned at: 0" + Tab after: 0.25" + Indent at: 0.25"

### Description of Institution's Operations in Pennsylvania

Refer to the market profiles for the state of Pennsylvania in appendix C for detailed demographics and other performance context information for assessment areas that received full-scope reviews.

YNB is headquartered in Hamilton New Jersey, which is located within Mercer County. YNB operates 26 of its 28 branch offices in New Jersey. YNB operates just two of its 28 branch offices in the state of Pennsylvania. One of the two Pennsylvania branches was opened during the later part of the evaluation period. For each Pennsylvania branch office, YNB operates a corresponding ATM. The branches are located in Bucks County in southeastern Pennsylvania.

Within Bucks County Pennsylvania, 22 geographies comprise YNB's Bucks AA. Bucks County Pennsylvania consists of 136 total geographies. Bucks County is one of five Pennsylvania counties that comprise the Philadelphia MD. The other four counties in the Philadelphia MD are Chester, Delaware, Montgomery and Philadelphia. YNB's only presence within Pennsylvania is within the twenty-two Bucks AA geographies. It is within these Bucks AA geographies from which YNB derives its Pennsylvania deposits and originates its Pennsylvania loans. Of total deposits held by YNB, approximately 4% are derived from the State of Pennsylvania.

YNB continues to focus principally on providing a full range of traditional commercial and retail banking services. YNB emphasizes the origination of commercial real estate mortgages and commercial and industrial loans to small and mid-sized businesses in the New York City-Philadelphia corridor. YNB also continues to serve the general consumer market by offering a broad range of lending, deposit and other financial products and services.

YNB continues to experience competition from several larger regional financial institutions as well as local area banks. Primary competitors include Commerce Bank, PNC Bank, Sovereign Bank, Wachovia Bank NA, 1<sup>st</sup> Constitution Bank, Amboy National Bank, Sun National Bank and Peapack-Gladstone Bank.

Refer to the Market Profiles for the State of Pennsylvania in appendix C for detailed demographics and other performance context information for assessment areas that received full-scope reviews.

## Scope of Evaluation in Pennsylvania

YNB's Pennsylvania State rating is based on the Bucks AA receiving a full-scope review. YNB's Bucks AA is its only Pennsylvania AA and the AA in which YNB operates both of its Pennsylvania branch offices. The Bucks AA is the AA from which YNB derives its Pennsylvania deposits and originates its Pennsylvania loans.

YNB's record of originating small loans to businesses was weighted more heavily than its record of originating residential mortgage loans since YNB business lending represents the majority of YNB's lending activity. YNB's record of originating residential mortgage loans was measured by evaluating YNB's record of originating home purchase, home improvement, and home mortgage refinance loans. YNB originated a nominal number of multi-family housing and small loans to farms over the evaluation period. Therefore, analyses of YNB's record of originating multi-family residential mortgage and small farm loans would not have been meaningful and were not performed.

Refer to the market profiles for the state of Pennsylvania in appendix C for detailed demographics and other performance context information for assessment areas that received full-scope reviews.

## LENDING TEST

### Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the lending test in Pennsylvania is rated "High Satisfactory." Based on full-scope reviews, the bank's performance in the Bucks AA is good.

### Lending Activity

Refer to Table 1 Lending Volume in the state of Pennsylvania section of appendix D for the facts and data used to evaluate the bank's lending activity.

YNB's record of lending activity in its Bucks AA is adequate considering its limited presence in its Bucks AA. The Bucks AA is currently located in the Philadelphia MD and consists of 22 selected geographies of the 136 total geographies comprising Bucks County. Bucks County Pennsylvania is currently one of five Pennsylvania Counties that comprise the Philadelphia MD. This represents a change, implemented by OMB as a result of the 2000 census, which became effective in January of 2004. Previously the Bucks AA was located in the Philadelphia PA-NJ MSA. This was a multi-state MSA, which included five Pennsylvania counties and four New Jersey counties. The four New Jersey counties previously included in the multi-state MSA, included Burlington County New Jersey, which is currently located in the Camden NJ MD.

The Bucks AA is YNB's only Pennsylvania AA and the AA in which YNB operates its Pennsylvania branch offices and obtains its Pennsylvania deposits and loans. For the Philadelphia AA, small business lending is an identified community credit need.

Lending market share was compared to deposit market share within the Bucks AA. For 2004, YNB's deposit market share within the Bucks AA was 2.38%, ranking it 9<sup>th</sup> along with several other institutions taking AA deposits. The institutions that have garnered greater than 5% of the AA's deposit market include primarily large financial institutions.

YNB's small business lending market share for 2004 was 0.08%, ranking it 34<sup>th</sup> among lenders originating small business loans in the Bucks AA. In originating small business loans, YNB encounters strong competition from many larger financial service providers. Credit card banks dominate the AA's

market for small loans to businesses. Many of the major credit card banks have garnered significant AA market share and are ranked ahead of YNB.

YNB's residential mortgage lending market share for the same period was 0.13%, ranking it 131<sup>st</sup> among lenders originating residential mortgage loans in the Mercer AA. In originating residential mortgage loans, YNB encounters strong competition from many larger financial service providers. National mortgage lenders dominate the AA's market for residential mortgage loans.

## **Distribution of Loans by Income Level of the Geography**

### ***Home Mortgage Loans***

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

The twenty-two geographies, which in 2004 comprised YNB's Bucks AA, did not represent an individual YNB AA prior to 2004. Therefore, for purposes of this evaluation we reviewed YNB's distribution of residential mortgage loans among Bucks AA geographies in 2004.

For 2004, YNB's distribution of residential mortgage loans throughout its Bucks AA geographies is adequate, particularly considering the context in which YNB operates. YNB has a limited presence in its Bucks AA. YNB operated a single branch in its Bucks AA over the period for which reportable loans were evaluated. YNB also encounters strong competition in its Bucks AA. Large mortgage originators have garnered significant market share in the AA.

YNB's Bucks AA does not contain any low-income geographies and it contains only a single moderate-income geography. Less than 2% of owner-occupied housing, which exists in the Bucks AA, is located within the AA's single moderate-income geography. YNB's residential mortgage lending market share in its Bucks AA is less than 0.15%. YNB originated just ten residential mortgage loans in its Bucks AA in 2004. Specifically, in its Bucks AA in 2004, YNB originated four home purchase loans, two home improvement loans and four home purchase loans. None of these residential mortgage loans were originated within the single Bucks AA moderate-income geography.

The minimal amount of owner-occupied AA housing located in the AA's single moderate-income geography combined with YNB's minimal amount of AA residential mortgage lending renders YNB's distribution of residential mortgage loan originations in its Bucks AA, minimal in its impact on the overall Lending Test rating.

YNB did not originate any residential mortgage loans for multifamily housing over the evaluation period. Therefore, an analysis of YNB's record of multifamily residential mortgage lending was not performed.

### ***Small Loans to Businesses***

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

The twenty-two geographies, which in 2004 comprised YNB's Bucks AA, did not represent an individual YNB AA prior to 2004. Therefore, for purposes of this evaluation we reviewed YNB's distribution of small business loans among Bucks AA geographies in 2004.

For 2004, YNB's distribution of small business loan originations throughout its Bucks AA geographies is adequate, particularly considering the context in which YNB operates. YNB has a limited presence in its Bucks AA. YNB operated a single branch in its Bucks AA over the period for which reportable loans

were evaluated. YNB also encounters strong competition in its Bucks AA. Major financial institutions have garnered significant market share in the AA.

YNB's Bucks AA does not contain any low-income geographies and it contains only a single moderate-income geography. Just over 1% of small businesses, which exist in the Bucks AA are located within the AA's single moderate-income geography. YNB's small business lending market share in its Bucks AA is less than 0.08%. YNB originated just four small loans to Bucks AA businesses in 2004. None of these small business loans were originated within the single Bucks AA moderate-income geography.

The minimal amount of small businesses located in the AA's single moderate-income geography combined with YNB's nominal amount of AA small business lending renders YNB's distribution of small loan originations in its Bucks AA, minimal in its impact on the overall Lending Test rating.

YNB originated one small loan to a Bucks AA farm over the evaluation period. Therefore, an analysis of YNB's record of small farm lending would not have been meaningful and was not performed.

### ***Lending Gap Analysis***

There were no unexplained lending gaps in YNB's lending patterns.

### ***Inside/Outside Ratio***

This portion of the evaluation was performed at the bank level and is discussed under the State of New Jersey Lending Test rating. YNB's record of originating loans within its AAs was positively factored into the overall geographic distribution analysis.

## **Distribution of Loans by Income Level of the Borrower**

### ***Home Mortgage Loans***

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

The twenty-two geographies, which in 2004 comprised YNB's Bucks AA, did not represent an individual YNB AA prior to 2004. Therefore, for purposes of this evaluation we measured YNB's distribution of residential mortgage loans among Bucks AA borrowers of different income levels in 2004.

For 2004, YNB's distribution of residential mortgage loans throughout its Bucks AA geographies is good, particularly considering the context in which YNB operates. Nevertheless, YNB has a limited presence in its Bucks AA. YNB operated a single branch in its Bucks AA during 2003 and 2004, the period during which residential mortgage lending was being measured for purposes of this evaluation. YNB also encounters strong competition in its Bucks AA. Large mortgage originators have garnered significant market share in the AA.

YNB originated just ten residential mortgage loans in its Bucks AA in 2004. Specifically, in its Bucks AA in 2004, YNB originated four home purchase loans, two home improvement loans and four home purchase loans. YNB's minimal amount of AA residential mortgage lending renders YNB's distribution of residential mortgage loan originations in its Bucks AA, minimal in its impact on the overall Lending Test rating.

YNB did not originate any residential mortgage loans for multifamily housing over the evaluation period. Therefore, an analysis of YNB's record of multifamily residential mortgage lending was not performed.

### *Home Purchase Loans*

Although, YNB's volume of home purchase lending in its Bucks AA is nominal, over the evaluation period, YNB's distribution of home purchase loans among Bucks AA borrowers of different income levels is good, particularly considering the level of AA competition and YNB's limited AA presence.

For 2004, YNB's record of originating home purchase loans to low-income Bucks AA borrowers is below the percentage of low-income families residing in the AA. For the same period, YNB's record of originating home purchase loans to moderate-income Bucks AA borrowers exceeds the percentage of moderate-income AA families. For 2004, YNB's market share of purchase lending to low-income AA borrowers is below its overall home purchase, market share in the AA. For the same period, YNB's market share of home purchase lending originated to moderate-income AA borrowers significantly exceeds its overall purchase lending, AA market share.

### *Home Improvement Loans*

Although, YNB's volume of home improvement lending in its Bucks AA is nominal, over the evaluation period, YNB's distribution of home improvement loans among Bucks AA borrowers of different income levels is excellent, particularly considering the level of AA competition and YNB's limited AA presence.

For 2004, YNB's record of originating home improvement loans to low-income Bucks AA borrowers is below the percentage of low-income families residing in the AA. For the same period, YNB's record of originating home improvement loans to moderate-income Bucks AA borrowers significantly exceeds the percentage of moderate-income AA families. For 2004, YNB's market share of improvement lending to low-income AA borrowers is below its overall home improvement lending, AA market share. For 2004, YNB's market share of improvement lending to moderate-income AA borrowers significantly exceeds its overall home improvement lending, market share in the AA.

### *Home Refinance Mortgage Loans*

Although, YNB's volume of home mortgage refinance lending in its Bucks AA is nominal, over the evaluation period, YNB's distribution of home refinance mortgage loans among Bucks AA borrowers of different income levels is good, particularly considering the level of AA competition and YNB's limited AA presence.

For 2004, YNB's record of originating home mortgage refinance loans to low-income Bucks AA borrowers significantly exceeds the percentage of low-income families residing in the AA. For the same period, YNB's record of originating home refinance mortgage loans to moderate-income Bucks AA borrowers is below the percentage of moderate-income AA families. For 2004, YNB's market share of home refinance mortgage lending originated to low-income AA borrowers significantly exceeds its overall home mortgage refinance lending, market share in the AA. For the same period, YNB's market share of home refinance mortgage lending originated to moderate-income AA borrowers is below its overall home mortgage refinance lending, AA market share.

### ***Small Loans to Businesses***

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

The twenty-two geographies, which in 2004 comprised YNB's Bucks AA, did not represent an individual YNB AA prior to 2004. Therefore, for purposes of this evaluation we measured YNB's distribution of small loans among Bucks AA small businesses in 2004.

Over the evaluation period, YNB's distribution of small business loans among Bucks AA borrowers of different income levels is excellent, particularly considering the context in which YNB operates. Nevertheless, YNB has a limited presence in its Bucks AA. YNB operated a single branch in its Bucks AA during 2003 and 2004, the period during which small business lending was being measured for purposes of this evaluation. YNB also encounters strong competition in its Bucks AA. Major credit card and large banks have garnered significant AA market share.

YNB originated just four small loans to small businesses in its Bucks AA in 2004. YNB's minimal amount of AA small business lending renders YNB's distribution of small business loan originations in its Bucks AA, minimal in its impact on the overall Lending Test rating.

Although, YNB's volume of small business lending in its Bucks AA is nominal, for 2004, YNB's distribution of small loans among Bucks AA businesses of different sizes is excellent. For the period, YNB originated four loans to Bucks AA businesses, all of which were originated to small businesses (businesses with revenues of \$1 million or less). For 2004, YNB's record of originating small loans to Bucks AA small businesses significantly exceeds the percentage of small businesses located in the AA. For the same year, YNB's market share of loans originated to small businesses significantly exceeds its overall small business lending, market share in the AA.

YNB originated one small loan to a Bucks AA farm over the evaluation period. Therefore, an analysis of YNB's record of small farm lending would not have been meaningful and was not performed.

### **Community Development Lending**

Refer to Table 1 Lending Volume in the state of Pennsylvania section of appendix D for the facts and data used to evaluate the bank's level of community development lending.

Overall, YNB's record of originating CD loans in its Bucks AA had a neutral impact on YNB's Lending Test performance. YNB has an extremely limited presence in its Bucks AA and encounters competition in originating these loans from other financial institution operating in the AA. YNB did not originate any CD loans in its Bucks AA over the evaluation period.

### **Product Innovation and Flexibility**

Product innovation and flexibility had a *neutral* impact on the Lending Test conclusion for the Bucks AA.

YNB continues to offer a CRA Fixed Program, which is available to AA low-and moderate-income borrowers. During the evaluation period YNB did not originate any loans under this program in its Bucks AA.

## **INVESTMENT TEST**

### **Conclusions for Areas Receiving Full-Scope Reviews**

The bank's performance under the investment test in Pennsylvania is rated "High Satisfactory." Based on full-scope reviews, the bank's performance in the Bucks AA is good.

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

YNB's record of making CD investments in the Bucks AA is good considering the size and capacity of YNB and the context in which it operates. Specifically, YNB has a limited presence in its Bucks AA. Opportunities for purchasing CD investments in the AA exist. However, strong competition for purchasing these CD investments emanates from other major financial institutions operating in the AA. Nevertheless, over the evaluation period, YNB dispersed funds for purposes of CD investment and donations, benefiting its Bucks AA, which totaled \$164,500.00.

Of the CD investments and donations made by YNB over the evaluation period \$164,500.00 can be attributed to the purchase of two investments.

A portion of CD investments purchased by YNB over the evaluation period were multi-state or statewide in nature and benefited more than one of YNB's AAs.

For example, YNB invested \$109,165 in an investment partnership, L.P., \$22,000 of which benefits Bucks County Pennsylvania and the remainder of which benefits Mercer and Middlesex Counties in New Jersey. This firm operates as a small business investment company. The firm's purpose is to invest in established companies with attractive growth potential that require capital to expand their businesses internally or through acquisitions.

Over the evaluation period, YNB also invested in a mortgage-backed security (MBS.) of which \$115,000.00 benefited its Bucks AA. The mortgages collateralizing this MSB were originated to low- and moderate-income borrowers.

Within the evaluation period, in its Bucks AA, YNB disbursed seven qualifying community development donations totaling \$27,500. The majority of these donations were granted to local non-profit organizations, which engaged in various community development activities throughout the AA.

## **SERVICE TEST**

### **Conclusions for Areas Receiving Full-Scope Reviews**

The bank's performance under the Service Test in Pennsylvania is rated "Low-Satisfactory." Based on full-scope reviews, the bank's performance in its Bucks AA is adequate.

### **Retail Banking Services**

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

The range of services and hours of operation offered by YNB throughout its AA are adequate. YNB currently operates just two full service branches offices within its Bucks AA. Over the majority of the evaluation period, the bank operated just one branch in its Bucks County AA. This branch is located in an upper-income Bucks AA geography. The second Bucks County branch was opened during 2004. This branch office is located in a middle-income Bucks AA geography.

Of the twenty-two geographies, which comprise YNB's Bucks AA, none are categorized as low-income and one is categorized as moderate-income. Of the total population residing in the Bucks AA, just 4.55% resides in the AA's moderate-income geography. Consequently, the percentage of YNB's branches located in moderate-income Bucks AA geographies is below the AA population residing in these geographies.

YNB operates an automatic teller machine (ATM) at each of its AA branch office locations. YNB's products, services and hours of operation are comparable among AA branch offices. Operating hours

and services between Monday and Friday are supplemented by Saturday morning hours at Bucks AA branches.

YNB also offers various alternative delivery systems. However, no weight was placed on these alternative methods of delivery since a determination of the volume of use of these systems in low-and moderate-income AA geographies and by low-and-moderate-income AA residents is not measured and is therefore unavailable. The alternative delivery methods offered by YNB include Bank-by Mail, Bank by Phone and Online Banking. Through these systems, a customer may review transaction history, and transfer funds among YNB accounts.

### **Community Development Services**

Over the evaluation period, YNB provided an adequate level of CD services, considering the limited presence YNB maintains in the Bucks AA. YNB provided the following Community CD service in Bucks County over the evaluation period.

A YNB vice president serves as a Board Member for the Bucks County Housing Group. The group provides housing, food pantry access, and education to help individuals become self-sufficient. A majority of the individuals serviced by this organization are low-and moderate-income.

## Appendix A: Scope of Examination

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

<b>Time Period Reviewed</b>	Lending Test (excludes CD loans): 1/1/03 to 12/31/04 Investment and Service Tests and CD Loans: 1/3/03 to 1/3/06	
<b>Financial Institution</b>		<b>Products Reviewed</b>
Yardville National Bank Hamilton, New Jersey		Small Loans to Businesses, CD Loans
<b>Affiliate(s)</b>	<b>Affiliate Relationship</b>	<b>Products Reviewed</b>
N/A	N/A	N/A
<b>List of Assessment Areas and Type of Examination</b>		
<b>Assessment Area</b>	<b>Type of Exam</b>	<b>Other Information</b>
New Jersey Mercer Middlesex-Summerset Hunterdon Burlington Pennsylvania Bucks	Full Scope Limited Scope Limited Scope Limited Scope Full Scope	



## Appendix C: Market Profiles for Full-Scope Areas

### State of New Jersey Full-Scope Areas

#### Mercer AA

Demographic Information for Full-Scope Area: Mercer AA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	73	17.81	16.44	34.25	30.14	1.37
Population by Geography	350,761	11.94	14.87	35.29	37.37	0.52
Owner-Occupied Housing by Geography	84,325	6.07	12.82	38.98	42.12	0.00
Businesses by Geography	19,188	11.86	9.96	33.93	44.25	0.01
Farms by Geography	377	3.45	8.22	28.38	59.95	0.00
Family Distribution by Income Level	86,757	20.71	17.30	21.40	40.58	0.00
Distribution of Low- and Moderate-Income Families throughout AA Geographies	32,980	21.92	22.47	35.32	20.29	0.00
Median Family Income		Median Housing Value				= \$164,050
HUD Adjusted Median Family Income for 2004	= \$68,261	Unemployment Rate				= 3.86%
Households Below the Poverty Level	= \$80,800 = 8.61%					

(\*) The NA category consists of geographies that have not been assigned an income classification.  
Source: 1990 U.S. Census, and 2004 HUD updated MFI.

YNB's Mercer AA consists of Mercer County New Jersey in its entirety. Mercer County is located in the Mercer-Ewing MSA. Of its five AA's, YNB's primary presence including its headquarters and the majority of its branch network is in its Mercer AA. YNB's Mercer AA is the AA in which YNB derives the majority of its deposits and originates the majority of its loans. The Mercer-Ewing MSA is comprised of 73 geographies. Of its 73 geographies, 13, 12, 25, and 22 are designated as low-moderate-middle-and upper-income respectively. One of the 73 geographies is not categorized for income level purposes. The Mercer AA has a population of 350,761.

YNB is considered to be a significant, although not dominant participant within the AA. YNB operates 18 branches and full service ATMs in the AA. As of January 26, 2006, YNB's deposit market share increased to 17%, ranking YNB 2<sup>nd</sup> among financial institutions taking deposits in the MSA. Competition in the MSA for both deposits and loans is considered to be strong. Major MSA competitors include #1-Wachovia Bank, NA (19 branches/23.55% of 2005 total market share), # 3-PNC Bank (10 branches/10.46% of 2005 total market share), and Sovereign Bancorp Inc. (14 branches/8.55% of 2005 total market share).

The Trenton-Ewing MSA contains the City of Trenton, the capital of the state of New Jersey. The demographics of this city are dramatically different than the MSA geographies situated outside of the City of Trenton. Specifically, demographics differ with regards to population, income levels and housing stock. All of the low-income MSA geographies and eight of the twelve moderate-income MSA geographies are situated in the City of Trenton. Of Trenton households 21% are below the poverty level

compared with total Mercer County households of which 9% are below the poverty level. Trenton is designated by the state as an Urban Enterprise Zone offering tax incentives and financial benefits to businesses located in the area, similar to federal empowerment zones. Mercer AA employers include the State of New Jersey, Mercer County and the City of Trenton as well as Merrill Lynch, Bristol Myers Squibb and McGraw Hill.

In conjunction with this examination we contacted a local non-profit community development organization. Our goal was to discuss area economic conditions, demographics, community development opportunities, level of local financial institution participation, banking and credit needs. The community contact characterized the overall economic condition of Mercer County New Jersey as strong, with the exception of the one urban center, Trenton. The contact identified the communities' primary need as the attraction and retention of small businesses. The contact also referenced as a continuing community need, affordable housing.

State of Pennsylvania

Bucks AA

Demographic Information for Full-Scope Area: Bucks AA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	22	0.00	4.55	45.45	50.00	0.00
Population by Geography	104,484	0.00	1.64	36.75	61.61	0.00
Owner-Occupied Housing by Geography	30,837	0.00	1.80	34.34	63.87	0.00
Businesses by Geography	9,566	0.00	1.12	31.86	67.02	0.00
Farms by Geography	198	0.00	1.52	31.31	67.17	0.00
Family Distribution by Income Level	29,018	10.87	13.08	18.76	57.29	0.00
Distribution of Low- and Moderate-Income Families throughout AA Geographies	6,952	0.00	3.62	57.95	38.42	0.00
Median Family Income HUD Adjusted Median Family Income for 2004 Households Below the Poverty Level	= \$56,993 = \$66,300 = 12.1%	Median Housing Value Unemployment Rate		\$124,587 = 3.17%		

(\*) The NA category consists of geographies that have not been assigned an income classification.  
Source: 1990 U.S. Census, and 2004 HUD updated MFI.

YNB's Bucks AA consists of a portion of Bucks County Pennsylvania situated in southeastern Pennsylvania. Bucks County is one of five Pennsylvania Counties that comprise the Philadelphia MD. The other four counties are Chester, Delaware, Montgomery and Philadelphia Counties. For its Bucks County AA, YNB has selected 22 of the 136 geographies that comprise Bucks County Pennsylvania. Of its five AA's, the 22 geographies in Bucks County represent the extent of AA geographies located in Pennsylvania. Of its 22 Bucks AA geographies, 1, 10, and 11 are designated as moderate-, middle-, and upper-income respectively. The Bucks AA contains no low-income geographies. Of Bucks AA households, 12% are below the poverty level. The Bucks AA has a population of 104,484.

YNB's presence in its Bucks AA is limited. YNB established branch offices in this market during 1999, and 2004. The branch offices were established in this market primarily for the purpose of serving YNB's existing customer base. Many YNB customers are employed in Mercer County New Jersey but reside in Pennsylvania. Mercer AA employers include the State of New Jersey, Mercer County and the City of Trenton as well as Merrill Lynch, Bristol Myers Squibb and McGraw Hill. Bucks AA employers include municipalities, school districts, hospitals and manufacturers such as Northtec LLC. YNB operates two branches and full service ATMs in the AA. At year-end 2004, YNB's deposit market share in its Bucks AA equaled 2.5% ranking YNB 9<sup>th</sup> among financial institutions taking deposits in the 22 Bucks AA geographies. Competition in the MSA for both deposits and loans is considered to be strong. Major MSA competitors include Wachovia Bank, NA; First National Bank and Trust Company of Newtown; Fleet National Bank; Sovereign Bank; commerce Bank and Citizens Bank Pennsylvania NA.

## Appendix D: Tables of Performance Data

---

### Content of Standardized Tables

References to the “bank” include activities of any affiliates that the bank provided for consideration (refer to appendix A: Scope of the Examination). For purposes of reviewing the lending test tables, the following are applicable: (1) purchased loans are treated as originations/purchases and market share is the number of loans originated and purchased by the bank as a percentage of the aggregate number of reportable loans originated and purchased by all lenders in the MA/assessment area; (2) Partially geocoded loans (loans where no census tract is provided) cannot be broken down by income geographies and, therefore, are only reflected in the Total Loans in Core Tables 2 through 7 and part of Table 13; and (3) Partially geocoded loans are included in the Total Loans and % Bank Loans Column in Core Tables 8 through 12 and part of Table 13. Tables without data are not included in this PE.

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

- Table 1. Lending Volume** - Presents the number and dollar amount of reportable loans originated and purchased by the bank over the evaluation period by MA/assessment area. Community development loans to statewide or regional entities or made outside the bank’s assessment area may receive positive CRA consideration.
- Table 1. Other Products** - Presents the number and dollar amount of any unreported category of loans originated and purchased by the bank over the evaluation period by MA/assessment area. Examples include consumer loans or other data that a bank may provide, at its option, concerning its lending performance. This is a two-page table that lists specific categories.
- Table 2. Geographic Distribution of Home Purchase Loans** - Compares the percentage distribution of the number of loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of owner-occupied housing units throughout those geographies. The table also presents market share information based on the most recent aggregate market data available.
- Table 3. Geographic Distribution of Home Improvement Loans** - See Table 2.
- Table 4. Geographic Distribution of Home Mortgage Refinance Loans** - See Table 2.
- Table 5. Geographic Distribution of Multifamily Loans** - Compares the percentage distribution of the number of multifamily loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of multifamily housing units throughout those geographies. The table also presents market share information based on the most recent aggregate market data available.

- Table 6. Geographic Distribution of Small Loans to Businesses** - The percentage distribution of the number of small loans (less than or equal to \$1 million) to businesses originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies compared to the percentage distribution of businesses (regardless of revenue size) throughout those geographies. The table also presents market share information based on the most recent aggregate market data available.
- Table 7. Geographic Distribution of Small Loans to Farms** - The percentage distribution of the number of small loans (less than or equal to \$500,000) to farms originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies compared to the percentage distribution of farms (regardless of revenue size) throughout those geographies. The table also presents market share information based on the most recent aggregate market data available.
- Table 8. Borrower Distribution of Home Purchase Loans** - Compares the percentage distribution of the number of loans originated and purchased by the bank to low-, moderate-, middle-, and upper-income borrowers to the percentage distribution of families by income level in each MA/assessment area. The table also presents market share information based on the most recent aggregate market data available.
- Table 9. Borrower Distribution of Home Improvement Loans** - See Table 8.
- Table 10. Borrower Distribution of Refinance Loans** - See Table 8.
- Table 11. Borrower Distribution of Small Loans to Businesses** - Compares the percentage distribution of the number of small loans (less than or equal to \$1 million) originated and purchased by the bank to businesses with revenues of \$1 million or less to the percentage distribution of businesses with revenues of \$1 million or less. In addition, the table presents the percentage distribution of the number of loans originated and purchased by the bank by loan size, regardless of the revenue size of the business. Market share information is presented based on the most recent aggregate market data available.
- Table 12. Borrower Distribution of Small Loans to Farms** - Compares the percentage distribution of the number of small loans (less than or equal to \$500,000) originated and purchased by the bank to farms with revenues of \$1 million or less to the percentage distribution of farms with revenues of \$1 million or less. In addition, the table presents the percentage distribution of the number of loans originated and purchased by the bank by loan size, regardless of the revenue size of the farm. Market share information is presented based on the most recent aggregate market data available.
- Table 13. Geographic and Borrower Distribution of Consumer Loans (OPTIONAL)** - For geographic distribution, the table compares the percentage distribution of the number of loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of households within

each geography. For borrower distribution, the table compares the percentage distribution of the number of loans originated and purchased by the bank to low-, moderate-, middle-, and upper-income borrowers to the percentage of households by income level in each MA/assessment area.

**Table 14. Qualified Investments** - Presents the number and dollar amount of qualified investments made by the bank in each MA/AA. The table separately presents investments made during prior evaluation periods that are still outstanding and investments made during the current evaluation period. Prior-period investments are reflected at their book value as of the end of the evaluation period. Current period investments are reflected at their original investment amount even if that amount is greater than the current book value of the investment. The table also presents the number and dollar amount of unfunded qualified investment commitments. In order to be included, an unfunded commitment must be legally binding and tracked and recorded by the bank's financial reporting system.

**Table 15. Distribution of Branch Delivery System and Branch Openings/Closings** - Compares the percentage distribution of the number of the bank's branches in low-, moderate-, middle-, and upper-income geographies to the percentage of the population within each geography in each MA/AA. The table also presents data on branch openings and closings in each MA/AA.

## Tables of Performance Data

---

State of New Jersey

**Table 1. Lending Volume**

LENDING VOLUME		Geography: NEW JERSEY						Evaluation Period: JANUARY 1, 2003 TO DECEMBER 31, 2004				
MA/Assessment Area:	% of Rated Area Loans (#) in MA/AA <sup>*</sup>	Home Mortgage		Small Loans to Businesses		Small Loans to Farms		Community Development Loans <sup>**</sup>		Total Reported Loans		% of Rated Area Deposits in MA/AA <sup>***</sup>
		#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$(000's)	
<b>Full Review:</b>												
Mercer AA	32.27	146	17,328	248	53,842	0	0	28	10,852	394	71,170	80.01
<b>Limited Review:</b>												
Burlington AA	18.92	33	3,556	198	24,835	0	0	0	0	231	28,391	3.70
Hunterdon AA	5.16	18	2,964	45	14,396	0	0	0	0	63	17,360	8.70
Middlesex AA	10.16	11	1,864	113	17,420	0	0	1	2,000	124	19,284	7.58

<sup>\*</sup> Loan Data as of December 31, 2004. Rated area refers to either the state or multi-state MA rating area.

<sup>\*\*</sup> The evaluation period for Community Development Loans January 3, 2003 to January 3, 2006.

<sup>\*\*\*</sup> Deposit Data as of February 9, 2006. Rated Area refers to either the state, multi-state MA, or institution, as appropriate.

**Table 2. Geographic Distribution of Home Purchase Loans**

Geographic Distribution: HOME PURCHASE		Geography: NEW JERSEY						Evaluation Period: JANUARY 1, 2003 TO DECEMBER 31, 2004							
MA/Assessment Area:	Total Home Purchase Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography				
	#	% of Total**	% Owner Occ*** Units	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Over all	Low	Mod	Mid	Upp
<b>Full Review:</b>															
Mercer AA	31	39.74	6.07	9.68	12.82	19.35	38.98	38.71	42.12	32.26	0.31	0.32	0.37	0.34	0.25
<b>Limited Review:</b>															
Burlington AA	4	5.13	0.00	0.00	0.00	0.00	68.87	100.00	31.13	0.00	0.27	0.00	0.00	0.44	0.00
Hunterdon AA	4	5.13	0.00	0.00	1.92	0.00	20.05	25.00	78.04	75.00	0.10	0.00	0.00	0.13	0.10
Middlesex-Somerset AA	4	5.13	0.42	0.00	9.37	0.00	50.90	25.00	39.30	75.00	0.01	0.00	0.00	0.01	0.03

\* Based on 2004 Peer Mortgage Data: Eastern Region.

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

\*\*\* Percentage of Owner Occupied Units is the number of owner occupied housing units in a particular geography divided by the number of owner occupied housing units in the area based on 1990 Census information.

**Table 3. Geographic Distribution of Home Improvement Loans**

Geographic Distribution: HOME IMPROVEMENT			Geography: NEW JERSEY				Evaluation Period: JANUARY 1, 2003 TO DECEMBER 31, 2004					Market Share (%) by Geography				
MA/Assessment Area:	Total Home Improvement Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Over all	Low	Mod	Mid	Upp	
	#	% of Total**	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans						
<b>Full Review:</b>																
Mercer AA	30	37.97	6.07	3.33	12.82	10.00	38.98	63.33	42.12	23.33	2.35	1.27	1.50	3.27	1.67	
<b>Limited Review:</b>																
Burlington AA	11	13.92	0.00	0.00	0.00	0.00	68.87	63.64	31.13	36.36	5.21	0.00	0.00	5.51	4.76	
Hunterdon AA	5	6.33	0.00	0.00	1.92	0.00	20.05	0.00	78.04	100.00	0.65	0.00	0.00	0.00	0.83	
Middlesex-Somerset AA	1	1.27	0.42	0.00	9.37	0.00	50.90	100.00	39.30	0.00	0.02	0.00	0.00	0.04	0.00	

\* Based on 2004 Peer Mortgage Data: Eastern Region.

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

\*\*\* Percentage of Owner Occupied Units is the number of owner occupied housing units in a particular geography divided by number of owner occupied housing units in the area based on 1990 Census information.

**Table 4. Geographic Distribution of Home Mortgage Refinance Loans**

Geographic Distribution: HOME MORTGAGE REFINANCE												Geography: NEW JERSEY					Evaluation Period: JANUARY 1, 2003 TO DECEMBER 31, 2004				
MA/Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography										
	#	% of Total**	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Over all	Low	Mod	Mid	Upp						
<b>Full Review:</b>																					
Mercer AA	82	40.80	6.07	1.22	12.82	14.63	38.98	53.66	42.12	30.49	0.72	0.16	0.75	0.96	0.55						
<b>Limited Review:</b>																					
Burlington AA	18	8.96	0.00	0.00	0.00	0.00	68.87	55.56	31.13	44.44	1.10	0.00	0.00	0.98	1.29						
Hunterdon AA	9	4.48	0.00	0.00	1.92	0.00	20.05	22.22	78.04	77.78	0.19	0.00	0.00	0.20	0.19						
Middlesex-Somerset AA	6	2.99	0.42	0.00	9.37	0.00	50.90	33.33	39.30	66.67	0.02	0.00	0.00	0.01	0.03						

\* Based on 2004 Peer Mortgage Data: Eastern Region.

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

\*\*\* Percentage of Owner Occupied Units is the number of owner occupied housing units in a particular geography divided by number of owner occupied housing units in the area based on 1990 Census information.

**Table 5. Geographic Distribution of Multifamily Loans**

Geographic Distribution: MULTIFAMILY		Geography: NEW JERSEY						Evaluation Period: JANUARY 1, 2003 TO DECEMBER 31, 2004							
MA/Assessment Area:	Total Multifamily Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography				
	#	% of Total**	% of MF Units***	% BANK Loans	% MF Units***	% BANK Loans	% MF Units***	% BANK Loans	% MF Units***	% BANK Loans	Over all	Low	Mod	Mid	Upp
<b>Full Review:</b>															
Mercer AA	3	50.00	19.55	33.33	8.94	33.33	40.17	0.00	31.35	33.33	4.48	8.33	2.94	0.00	14.29
<b>Limited Review:</b>															
Burlington AA	0	0.00	0.00	0.00	0.00	0.00	98.92	0.00	1.08	0.00	0.00	0.00	0.00	0.00	0.00
Hunterdon AA	0	0.00	0.00	0.00	12.29	0.00	23.37	0.00	64.34	0.00	0.00	0.00	0.00	0.00	0.00
Middlesex-Somerset AA	0	0.00	3.94	0.00	17.07	0.00	60.02	0.00	18.98	0.00	0.00	0.00	0.00	0.00	0.00

\* Based on 2004 Peer Mortgage Data: Eastern Region.

\*\* Multifamily loans originated and purchased in the MA/AA as a percentage of all multifamily loans originated and purchased in the rated area.

\*\*\* Percentage of multifamily units is the number of multifamily housing units in a particular geography divided by number of multifamily housing units in the area based on 1990 Census information.

**Table 6. Geographic Distribution of Small Loans to Businesses**

Geographic Distribution: SMALL LOANS TO BUSINESSES		Geography: NEW JERSEY								Evaluation Period: JANUARY 1, 2003 TO DECEMBER 31, 2004					
MA/Assessment Area:	Total Small Business Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography				
	#	% of Total**	% of Businesses***	% BANK Loans	% of Businesses***	% BANK Loans	% of Businesses***	% BANK Loans	% of Businesses***	% BANK Loans	Overall	Low	Mod	Mid	Upp
<b>Full Review:</b>															
Mercer AA	248	28.97	11.86	8.87	9.96	18.95	33.93	37.10	44.25	35.08	2.54	3.33	4.71	2.85	1.85
<b>Limited Review:</b>															
Burlington AA	198	23.13	0.00	0.00	0.00	0.00	66.04	98.48	33.96	1.52	1.74	0.00	0.00	3.60	0.17
Hunterdon AA	45	5.26	0.00	0.00	9.16	28.89	17.96	11.11	72.88	60.00	0.82	0.00	3.54	0.50	0.70
Middlesex-Somerset AA	113	13.20	2.02	0.00	11.76	2.65	49.01	79.65	36.94	17.70	0.33	0.00	0.09	0.54	0.15

\* Based on 2004 Peer Small Business Data: US.

\*\* Small loans to businesses originated and purchased in the MA/AA as a percentage of all small loans to businesses originated and purchased in the rated area.

\*\*\* Source Data - Dun and Bradstreet (Year).

**Table 7. Geographic Distribution of Small Loans to Farms**

Geographic Distribution: SMALL LOANS TO FARMS												Geography: NEW JERSEY		Evaluation Period: JANUARY 1, 2003 TO DECEMBER 31, 2004				
MA/Assessment Area:	Total Small Farm Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography							
	#	% of Total**	% of Farms***	% BANK Loans	% of Farms***	% BANK Loans	% of Farms***	% BANK Loans	% of Farms***	% BANK Loans	Overall	Low	Mod	Mid	Upp			
<b>Full Review:</b>																		
Mercer AA	0	0.00	3.45	0.00	8.22	0.00	28.38	0.00	59.95	0.00	0.00	0.00	0.00	0.00	0.00			
<b>Limited Review:</b>																		
Burlington AA	0	0.00	0.00	0.00	0.00	0.00	37.80	0.00	62.20	0.00	0.00	0.00	0.00	0.00	0.00			
Hunterdon AA	0	0.00	0.00	0.00	1.49	0.00	18.47	0.00	80.04	0.00	0.00	0.00	0.00	0.00	0.00			
Middlesex-Somerset AA	0	0.00	0.27	0.00	4.74	0.00	42.88	0.00	52.10	0.00	0.00	0.00	0.00	0.00	0.00			

\* Based on 2004 Peer Small Business Data: US.

\*\* Small loans to farms originated and purchased in the MA/AA as a percentage of all small loans to farms originated and purchased in the rated area.

\*\*\* Source Data - Dun and Bradstreet 2004.

**Table 8. Borrower Distribution of Home Purchase Loans**

Borrower Distribution: HOME PURCHASE		Geography: NEW JERSEY								Evaluation Period: JANUARY 1, 2003 TO DECEMBER 31, 2004					
MA/Assessment Area:	Total Home Purchase Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share				
	#	% of Total**	% Families***	% BANK****	% Families**	% BANK****	% Families*	% BANK****	% Families*	% BANK****	Over all	Low	Mod	Mid	Upp
<b>Full Review:</b>															
Mercer AA	31	39.74	20.71	9.68	17.30	19.35	21.40	32.26	40.58	38.71	0.37	0.36	0.32	0.39	0.37
<b>Limited Review:</b>															
Burlington AA	4	5.13	14.91	0.00	16.08	25.00	26.09	50.00	42.92	25.00	0.31	0.00	0.45	0.53	0.17
Hunterdon AA	4	5.13	9.56	0.00	12.76	25.00	21.02	0.00	56.66	75.00	0.12	0.00	0.23	0.00	0.16
Middlesex-Somerset AA	4	5.13	16.35	25.00	17.44	25.00	22.86	0.00	43.35	50.00	0.02	0.08	0.02	0.00	0.02

\* Based on 2004 Peer Mortgage Data: Eastern Region.

\*\* As a percentage of loans with borrower income information available. No information was available for [Percentage] of loans originated and purchased by Bank.

\*\*\* Percentage of Families is based on the 1990 Census information.

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

**Table 9. Borrower Distribution of Home Improvement Loans**

Borrower Distribution: HOME IMPROVEMENT			Geography: NEW JERSEY						Evaluation Period: JANUARY 1, 2003 TO DECEMBER 31, 2004						
MA/Assessment Area:	Total Home Improvement Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share				
	#	% of Total**	% Families**	% BANK Loans****	% Families*	% BANK Loans****	% Families*	% BANK Loans****	% Families*	% BANK Loans****	Over all	Low	Mod	Mid	Upp
<b>Full Review:</b>															
Mercer AA	28	37.84	20.71	14.29	17.30	28.57	21.40	39.29	40.58	17.86	2.31	2.60	2.52	3.12	1.30
<b>Limited Review:</b>															
Burlington AA	10	13.51	14.91	0.00	16.08	30.00	26.09	30.00	42.92	40.00	4.98	0.00	7.89	5.56	4.49
Hunterdon AA	5	6.76	9.56	20.00	12.76	0.00	21.02	0.00	56.66	80.00	0.66	2.33	0.00	0.0	1.03
Middlesex-Somerset AA	1	1.35	16.35	0.00	17.44	0.00	22.86	0.00	43.35	100.00	0.02	0.00	0.00	0.00	0.06

\* Based on 2004 Peer Mortgage Data: Eastern Region.

\*\* As a percentage of loans with borrower income information available. No information was available for 0.00 of loans originated and purchased by Bank.

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

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

**Table 10. Borrower Distribution of Home Mortgage Refinance Loans**

Borrower Distribution: HOME MORTGAGE REFINANCE			Geography: NEW JERSEY				Evaluation Period: JANUARY 1, 2003 TO DECEMBER 31, 2004					Market Share				
MA/Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers							
	#	% of Total**	% Families**	% BANK Loans****	% Families*	% BANK Loans****	% Families*	% BANK Loans****	% Families*	% BANK Loans****	Over all	Low	Mod	Mid	Upp	
<b>Full Review:</b>																
Mercer AA	79	40.72	20.71	17.72	17.30	34.18	21.40	20.25	40.58	27.85	0.84	1.39	1.19	0.60	0.65	
<b>Limited Review:</b>																
Burlington AA	18	9.28	14.91	11.11	16.08	11.11	26.09	33.33	42.92	44.44	1.31	1.83	0.64	1.44	1.51	
Hunterdon AA	9	4.64	9.56	0.00	12.76	0.00	21.02	44.44	56.66	55.56	0.23	0.00	0.00	0.37	0.25	
Middlesex-Somerset AA	5	2.58	16.35	00.0	17.44	60.00	22.86	0.00	43.35	40.00	0.02	0.00	0.04	0.00	0.02	

\* Based on 2004 Peer Mortgage Data: Eastern Region.

\*\* As a percentage of loans with borrower income information available. No information was available for 0.00of loans originated and purchased by Bank.

\*\*\* Percentage of Families is based on the 1990 Census information.

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

**Table 11. Borrower Distribution of Small Loans to Businesses**

Borrower Distribution: SMALL LOANS TO BUSINESSES					Geography: NEW JERSEY		Evaluation Period: JANUARY 1, 2003 TO DECEMBER 31, 2004		
MA/Assessment Area:	Total Small Loans to Businesses		Businesses With Revenues of \$1 million or less		Loans by Original Amount Regardless of Business Size			Market Share	
	#	% of Total**	% of Businesses***	% BANK Loans****	\$100,000 or less	>\$100,000 to \$250,000	>\$250,000 to \$1,000,000	All	Rev \$1 Million or Less
<b>Full Review:</b>									
Mercer AA	248	28.97	64.39	60.48	46.37	27.42	26.21	2.54	5.11
<b>Limited Review:</b>									
Burlington AA	198	23.13	67.47	5.56	56.57	34.34	9.09	1.74	0.57
Hunterdon AA	45	5.26	72.74	46.67	37.78	15.56	46.67	0.82	1.23
Middlesex-Somerset AA	113	13.20	64.00	16.81	68.14	7.96	23.89	0.33	0.18

^ Based on 2004 Peer Small Business Data: US.

\*\* Small loans to businesses originated and purchased in the MA/AA as a percentage of all small loans to businesses originated and purchased in the rated area.

\*\*\* Businesses with revenues of \$1 million or less as a percentage of all businesses (Source D&B - 2004).

\*\*\*\* Small loans to businesses with revenues of \$1 million or less as a percentage of all loans reported as small loans to businesses. No information was available for [Percentage] of small loans to businesses originated and purchased by the Bank.

**Table 12. Borrower Distribution of Small Loans to Farms**

Borrower Distribution: SMALL LOANS TO FARMS		Geography: NEW JERSEY			Evaluation Period: JANUARY 1, 2003 TO DECEMBER 31, 2004				
MA/Assessment Area:	Total Small Loans to Farms		Farms With Revenues of \$1 million or less		Loans by Original Amount Regardless of Farm Size			Market Share	
	#	% of Total**	% of Farms***	% BANK Loans****	\$100,000 or less	>\$100,000 to \$250,000	>\$250,000 to \$500,000	All	Rev \$1 Million or Less
<b>Full Review:</b>									
Mercer AA	0	0.00	86.47	0.00	0.00	0.00	0.00	0.00	0.00
<b>Limited Review:</b>									
Burlington AA	0	0.00	87.80	0.00	0.00	0.00	0.00	0.00	0.00
Hunterdon AA	0	0.00	89.18	0.00	0.00	0.00	0.00	0.00	0.00
Middlesex-Somerset AA	0	0.00	86.04	0.00	0.00	0.00	0.00	0.00	0.00

**Table 14. Qualified Investments**

QUALIFIED INVESTMENTS	Geography: NEW JERSEY	Evaluation Period : JANUARY 3, 2003 TO JANUARY 3, 2006
-----------------------	-----------------------	--

\* Based on 2004 Peer Small Business Data: US.

\*\* Small loans to farms originated and purchased in the MA/AA as a percentage of all small loans to farms originated and purchased in the rated area.

\*\*\* Farms with revenues of \$1 million or less as a percentage of all farms (Source D&B - 2004).

\*\*\*\* Small loans to farms with revenues of \$1 million or less as a percentage of all loans reported as small loans to farms. No information was available for 0.00% of small loans to farms originated and purchased by Bank.

MA/Assessment Area:	Prior Period Investments		Current Period Investments		Total Investments			Unfunded Commitments**	
	#	\$(000's)	#	\$(000's)	#	\$(000's)	% of Total	#	\$(000's)
<b>Full Review:</b>									
Mercer AA	0	0.00	94	1,553	94	1,553	40.34	0	0.00
<b>Limited Review:</b>									
Burlington AA	0	0.00	6	20	6	20	0.52	0	0.00
Hunterdon AA	0	0.00	16	240	16	240	6.23	0	0.00
Middlesex-Somerset AA	0	0.00	20	2,037	20	2,037	6.23	0	0.00
Statewide/Regional with potential to benefit YNB's AAs	5	1,678	5	562	10	2,240	52.91	3	717

\* 'Prior Period Investments' means investments made in a previous evaluation period that are outstanding as of the examination date.

\*\* 'Unfunded Commitments' means legally binding investment commitments that are tracked and recorded by the institution's financial reporting system.

**Table 15. Distribution of Branch Delivery System and Branch Openings/Closings**

DISTRIBUTION OF BRANCH DELIVERY SYSTEM AND BRANCH OPENINGS/CLOSINGS																	
Geography: NEW JERSEY										Evaluation Period: JANUARY 3, 2003 TO JANUARY 3, 2006							
MA/Assessment Area:	Deposits	Branches						Branch Openings/Closings						Population			
	% of Rated Area Deposits in AA	# of BANK Branches	% of Rated Area Branches in AA	Location of Branches by Income of Geographies (%)				# of Branch Openings	# of Branch Closings	Net change in Location of Branches (+ or -)				% of Population within Each Geography			
				Low	Mod	Mid	Upp			Low	Mod	Mid	Upp	Low	Mod	Mid	Upp
<b>Full Review:</b>																	
Mercer AA	80.01	18	69.23	5.56	0	61.11	33.33	2	0	0	0	+2	+3	11.94	14.87	37.03	35.63
<b>Limited Review:</b>																	
Burlington AA	3.70	1	7.69	0	0	100	0	0	0	0	+1	0	0	0.00	0.00	47.68	52.32
Hunterdon AA	8.70	3	11.54	0	33.33	0	66.67	0	0	0	0	0	0	0.00	3.44	48.79	47.77
Middlesex-Somerset AA	7.58	3	11.54	0	33.33	66.67	0	2	0	0	+1	+1	0	5.16	21.02	50.03	23.49

**Tables of Performance Data**

State of Pennsylvania

**Table 1. Lending Volume**

LENDING VOLUME		Geography: PENNSYLVANIA						Evaluation Period: JANUARY 1, 2003 TO DECEMBER 31, 2004				
MA/Assessment Area:	% of Rated Area Loans (#) in MA/AA <sup>*</sup>	Home Mortgage		Small Loans to Businesses		Small Loans to Farms		Community Development Loans <sup>**</sup>		Total Reported Loans		% of Rated Area Deposits in MA/AA <sup>***</sup>
		#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$(000's)	
<b>Full Review:</b>												
Bucks AA	1.23	10	2,212	4	1,030	1	250	0	0	15	3,492	100.00

**Table 2. Geographic Distribution of Home Purchase Loans**

Geographic Distribution: HOME PURCHASE		Geography: PENNSYLVANIA		Evaluation Period: JANUARY 1, 2003 TO DECEMBER 31, 2004	
--	--	-------------------------	--	---	--

<sup>\*</sup> Loan Data as of December 31, 2004. Rated area refers to either the state or multi-state MA rating area.

<sup>\*\*</sup> The evaluation period for Community Development Loans January 3, 2003 to January 3, 2006 .

<sup>\*\*\*</sup> Deposit Data as of February 9, 2006. Rated Area refers to either the state, multi-state MA, or institution, as appropriate.

MA/Assessment Area:	Total Home Purchase Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography				
	#	% of Total**	% Owner Occ*** Units	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Over all	Low	Mod	Mid	Upp
<b>Full Review:</b>															
Bucks AA	4	5.13	0.00	0.00	1.80	0.00	34.34	25.00	63.87	75.00	0.14	0.00	0.00	0.13	0.15

**Table 3. Geographic Distribution of Home Improvement Loans**

Geographic Distribution: HOME IMPROVEMENT	Geography: PENNSYLVANIA	Evaluation Period: JANUARY 1, 2003 TO DECEMBER 31, 2004
---	-------------------------	---

\* Based on 2004 Peer Mortgage Data: Eastern Region.

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

\*\*\* Percentage of Owner Occupied Units is the number of owner occupied housing units in a particular geography divided by the number of owner occupied housing units in the area based on 1990 Census information.

MA/Assessment Area:	Total Home Improvement Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography				
	#	% of Total**	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Over all	Low	Mod	Mid	Upp
<b>Full Review:</b>															
Bucks AA	2	2.53	0.00	0.00	1.80	0.00	34.34	50.00	63.87	50.00	0.30	0.00	0.00	0.36	0.27

<sup>†</sup> Based on 2004 Peer Mortgage Data: Eastern Region.

<sup>\*\*</sup> Home improvement loans originated and purchased in the MA/AA as a percentage of all home improvement loans originated and purchased in the rated area.

<sup>\*\*\*</sup> Percentage of Owner Occupied Units is the number of owner occupied housing units in a particular geography divided by number of owner occupied housing units in the area based on 1990 Census information.

**Table 4. Geographic Distribution of Home Mortgage Refinance Loans**

Geographic Distribution: HOME MORTGAGE REFINANCE															Geography: PENNSYLVANIA					Evaluation Period: JANUARY 1, 2003 TO DECEMBER 31, 2004				
MA/Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography													
	#	% of Total**	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Over all	Low	Mod	Mid	Upp									
<b>Full Review:</b>																								
Bucks AA	4	1.99	0.00	0.00	1.80	0.00	34.34	75.00	63.87	25.00	0.09	0.00	0.00	0.19	0.04									

\* Based on 2004 Peer Mortgage Data: Eastern Region.

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

\*\*\* Percentage of Owner Occupied Units is the number of owner occupied housing units in a particular geography divided by number of owner occupied housing units in the area based on 1990 Census information.

**Table 5. Geographic Distribution of Multifamily Loans**

Geographic Distribution: MULTIFAMILY		Geography: PENNSYLVANIA						Evaluation Period: JANUARY 1, 2003 TO DECEMBER 31, 2004							
MA/Assessment Area:	Total Multifamily Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography				
	#	% of Total**	% of MF Units***	% BANK Loans	% MF Units***	% BANK Loans	% MF Units***	% BANK Loans	% MF Units***	% BANK Loans	Over all	Low	Mod	Mid	Upp
<b>Full Review:</b>															
Bucks AA	0	00.00	0.00	0.00	0.00	0.00	54.89	0.00	45.11	0.00	0.00	0.00	0.00	0.00	0.00

\* Based on 2004 Peer Mortgage Data: Eastern Region.

\*\* Multifamily loans originated and purchased in the MA/AA as a percentage of all multifamily loans originated and purchased in the rated area.

\*\*\* Percentage of multifamily units is the number of multifamily housing units in a particular geography divided by number of multifamily housing units in the area based on 1990 Census information.

**Table 6. Geographic Distribution of Small Loans to Businesses**

Geographic Distribution: SMALL LOANS TO BUSINESSES												Geography: PENNSYLVANIA				Evaluation Period: JANUARY 1, 2003 TO DECEMBER 31, 2004				
MA/Assessment Area:	Total Small Business Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography									
	#	% of Total**	% of Businesses***	% BANK Loans	% of Businesses***	% BANK Loans	% of Businesses***	% BANK Loans	% of Businesses***	% BANK Loans	Overall	Low	Mod	Mid	Upp					
<b>Full Review:</b>																				
Bucks AA	4	0.47	0.00	0.00	1.12	0.00	31.86	0.00	67.02	100.00	0.08	0.00	0.00	0.09	0.09					

\* Based on 2004 Peer Small Business Data: US.

\*\* Small loans to businesses originated and purchased in the MA/AA as a percentage of all small loans to businesses originated and purchased in the rated area.

\*\*\* Source Data - Dun and Bradstreet (Year).

**Table 7. Geographic Distribution of Small Loans to Farms**

Geographic Distribution: SMALL LOANS TO FARMS		Geography: PENNSYLVANIA						Evaluation Period: JANUARY 1, 2003 TO DECEMBER 31, 2004							
MA/Assessment Area:	Total Small Farm Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography				
	#	% of Total**	% of Farms***	% BANK Loans	% of Farms***	% BANK Loans	% of Farms***	% BANK Loans	% of Farms***	% BANK Loans	Overall	Low	Mod	Mid	Upp
<b>Full Review:</b>															
Bucks AA	1	100.00	0.00	0.00	1.52	0.00	31.31	0.00	67.17	100.00	1.47	0.00	0.00	0.00	3.33

\* Based on 2004 Peer Small Business Data: US.

\*\* Small loans to farms originated and purchased in the MA/AA as a percentage of all small loans to farms originated and purchased in the rated area.

\*\*\* Source Data - Dun and Bradstreet 2004.

**Table 8. Borrower Distribution of Home Purchase Loans**

Borrower Distribution: HOME PURCHASE		Geography: PENNSYLVANIA								Evaluation Period: JANUARY 1, 2003 TO DECEMBER 31, 2004					
MA/Assessment Area:	Total Home Purchase Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share				
	#	% of Total**	% Families***	% BANK Loans****	% Families**	% BANK Loans****	% Families*	% BANK Loans****	% Families*	% BANK Loans****	Over all	Low	Mod	Mid	Upp
<b>Full Review:</b>															
Bucks AA	4	5.13	10.87	0.00	13.08	25.00	18.76	0.00	57.29	75.00	0.16	0.00	0.38	0.00	0.20

\* Based on 2004 Peer Mortgage Data: Eastern Region.

\*\* As a percentage of loans with borrower income information available. No information was available for 0.00% of loans originated and purchased by Bank.

\*\*\* Percentage of Families is based on the 1990 Census information.

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

**Table 9. Borrower Distribution of Home Improvement Loans**

Borrower Distribution: HOME IMPROVEMENT		Geography: PENNSYLVANIA								Evaluation Period: JANUARY 1, 2004 TO DECEMBER 31, 2004					
MA/Assessment Area:	Total Home Improvement Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share				
	#	% of Total**	% Families**	% BANK Loans****	% Families* **	% BANK Loans****	% Families* **	% BANK Loans****	% Families* **	% BANK Loans****	Over all	Low	Mod	Mid	Upp
<b>Full Review:</b>															
Bucks AA	2	2.70	10.87	0.00	13.08	50.00	18.76	0.00	57.29	50.00	0.31	0.00	1.18	0.00	0.28

\* Based on 2004 Peer Mortgage Data: Eastern Region.

\*\* As a percentage of loans with borrower income information available. No information was available for 0.00% of loans originated and purchased by Bank.

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

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

**Table 10. Borrower Distribution of Home Mortgage Refinance Loans**

Borrower Distribution: HOME MORTGAGE REFINANCE												Geography: PENNSYLVANIA					Evaluation Period: JANUARY 1, 2003 TO DECEMBER 31, 2004				
MA/Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share										
	#	% of Total**	% Families**	% BANK Loans****	% Families* **	% BANK Loans****	% Families* **	% BANK Loans****	% Families* **	% BANK Loans****	Over all	Low	Mod	Mid	Upp						
<b>Full Review:</b>																					
Bucks AA	4	2.06	10.87	25.00	13.03	0.00	18.76	50.00	57.29	25.00	0.11	0.71	0.00	0.21	0.05						

\* Based on 2004 Peer Mortgage Data: Eastern Region.

\*\* As a percentage of loans with borrower income information available. No information was available for 0.00% of loans originated and purchased by Bank.

\*\*\* Percentage of Families is based on the 1990 Census information.

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

**Table 11. Borrower Distribution of Small Loans to Businesses**

Borrower Distribution: SMALL LOANS TO BUSINESSES					Geography: PENNSYLVANIA		Evaluation Period: JANUARY 1, 2003 TO DECEMBER 31, 2004		
MA/Assessment Area:	Total Small Loans to Businesses		Businesses With Revenues of \$1 million or less		Loans by Original Amount Regardless of Business Size			Market Share	
	#	% of Total**	% of Businesses***	% BANK Loans****	\$100,000 or less	>\$100,000 to \$250,000	>\$250,000 to \$1,000,000	All	Rev \$1 Million or Less
<b>Full Review:</b>									
Bucks AA	4	0.47	64.73	100.00	25.00	25.00	50.00	0.08	0.19

\* Based on 2004 Peer Small Business Data: US.

\*\* Small loans to businesses originated and purchased in the MA/AA as a percentage of all small loans to businesses originated and purchased in the rated area.

\*\*\* Businesses with revenues of \$1 million or less as a percentage of all businesses (Source D&B - 2004).

\*\*\*\* Small loans to businesses with revenues of \$1 million or less as a percentage of all loans reported as small loans to businesses. No information was available for 0.00% of small loans to businesses originated and purchased by the Bank.

**Table 12. Borrower Distribution of Small Loans to Farms**

Borrower Distribution: SMALL LOANS TO FARMS		Geography: PENNSYLVANIA			Evaluation Period: JANUARY 1, 2003 TO DECEMBER 31, 2004				
MA/Assessment Area:	Total Small Loans to Farms		Farms With Revenues of \$1 million or less		Loans by Original Amount Regardless of Farm Size			Market Share	
	#	% of Total**	% of Farms***	% BANK Loans****	\$100,000 or less	>\$100,000 to \$250,000	>\$250,000 to \$500,000	All	Rev \$1 Million or Less
<b>Full Review:</b>									
Bucks AA	1	100.00	85.86	100.00	0.00	100.00	0.00	0.00	0.00

\* Based on 2004 Peer Small Business Data: US.

\*\* Small loans to farms originated and purchased in the MA/AA as a percentage of all small loans to farms originated and purchased in the rated area.

\*\*\* Farms with revenues of \$1 million or less as a percentage of all farms (Source D&B2004).

\*\*\*\* Small loans to farms with revenues of \$1 million or less as a percentage of all loans reported as small loans to farms. No information was available for [Percentage] of small loans to farms originated and purchased by Bank.

**Table 14. Qualified Investments**

QUALIFIED INVESTMENTS		Geography: PENNSYLVANIA				Evaluation Period: JANUARY 3, 2003 TO JANUARY 3, 2006			
MA/Assessment Area:	Prior Period Investments		Current Period Investments		Total Investments			Unfunded Commitments**	
	#	\$(000's)	#	\$(000's)	#	\$(000's)	% of Total	#	\$(000's)
<b>Full Review:</b>									
Bucks AA	0	0.00	8	165	2	165	100.00	0	0

\* 'Prior Period Investments' means investments made in a previous evaluation period that are outstanding as of the examination date.

\*\* 'Unfunded Commitments' means legally binding investment commitments that are tracked and recorded by the institution's financial reporting system.

**Table 15. Distribution of Branch Delivery System and Branch Openings/Closings**

DISTRIBUTION OF BRANCH DELIVERY SYSTEM AND BRANCH OPENINGS/CLOSINGS Geography: PENNSYLVANIA														Evaluation Period: JANUARY 3, 2003 TO JANUARY 3, 2006			
MA/Assessment Area:	Deposits	Branches						Branch Openings/Closings						Population			
	% of Rated Area Deposits in AA	# of BANK Branches	% of Rated Area Branches in AA	Location of Branches by Income of Geographies (%)				# of Branch Openings	# of Branch Closings	Net change in Location of Branches (+ or -)				% of Population within Each Geography			
				Low	Mod	Mid	Upp			Low	Mod	Mid	Upp	Low	Mod	Mid	Upp
<b>Full Review:</b>																	
Bucks AA	100.00	2	100.00	0	0	50.00	50.00	2	0	0	0	+1	+1	0.00	1.64	36.75	61.61