



LARGE BANK

Comptroller of the Currency
Administrator of National Banks

Washington, DC 20219

Public Disclosure

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Community Reinvestment Act Performance Evaluation

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

**2465 Kuser Road
Hamilton Township, NJ 08650**

Office of the Comptroller of the Currency

**New York Metro Field Office
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Short Hills, NJ 07078**

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.

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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	X	
Low Satisfactory			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 lending activity is good in the New Jersey Assessment Area (AA).
- A high majority of YNB’s loans were originated in the New Jersey AA.
- Lending to borrowers of different income levels and businesses of different sizes is excellent.
- YNB has made an excellent level of community development (CD) loans that had a positive impact on the bank’s lending test rating.
- YNB has made a good level of qualified investments in the New Jersey and Pennsylvania AAs.
- YNB’s service delivery systems are reasonably accessible to geographies and individuals of different income levels in the New Jersey AA.
- YNB has provided an adequate level of community development services in the New Jersey AA.

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.

Block Numbering Area (BNA): A statistical subdivision of a county for grouping and numbering blocks in non-metropolitan counties where local census statistical area committees have not established census tracts. A BNA does not cross county lines.

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 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 household 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 or a block numbering area 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 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, and the disposition of the application (e.g., approved, denied, and withdrawn).

Home Mortgage Loans: such loans include home purchase and home improvement loans, as defined in the HMDA regulation. This definition also includes loans for multifamily (five or more families) dwellings, loans for the purchase of manufactured homes and refinancing of home improvement and home purchase loans.

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 primary metropolitan area (PMA), metropolitan area (MA), or consolidated metropolitan area (CMA), as defined by the Office of Management and Budget, with a population of 250,000 or more, and any other area designated as such by the appropriate federal financial supervisory agency.

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. However, thrift institutions may also exercise the option to report loans secured by nonfarm residential real estate as "small business loans" if the loans are reported on the TFR as nonmortgage, commercial loans.

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), headquartered in Hamilton Township, NJ is the major subsidiary of Yardville National Bancorp. The Bancorp is a publicly traded bank holding company with assets of \$2.2 billion as of December 31, 2002. YNB is an interstate bank, with nineteen branches in Mercer, Hunterdon, Middlesex and Burlington Counties, New Jersey and Bucks County, Pennsylvania. The majority of the branches are located in Mercer County, NJ and only one branch is located in Bucks County, PA. The Pennsylvania branch was opened in April 1999 in Newtown Township. YNB re-delineated its Pennsylvania AA. The AA increased from 11 census tracts located in Bucks County to 29 census tracts located within Bucks County, Pennsylvania and Burlington County, New Jersey. This has now created a multi-state AA. Since our prior CRA examination, there have been six branch openings. YNB was rated "Satisfactory" at the prior CRA examination dated August 21, 2000. There are no financial or legal obstacles impacting YNB's ability to meet its community credit needs.

YNB continues to experience rapid growth. As of December 31, 2002, total bank assets of \$2.2 billion increased 13% compared to \$1.94 billion for the same period one year ago. Total loans were \$1.2 billion, an increase of 18.8% from \$1.01 billion for the same period one year ago. Total deposits of \$1.27 billion increased 16.5% over \$1.09 billion reported as of December 31, 2001 and Tier 1 Capital was \$164 million compared to \$121 million for the same period one year ago. The loan portfolio is comprised of \$522 million or 44% commercial real estate, \$227 million or 19% commercial loans, \$211 million or 18% other real estate, including construction and multi family, \$198 million or 16% residential real estate, \$29.6 million or 2.5 % consumer loans, and \$8.3 million, or less than 1% other loans.

The bank has eight wholly owned non-bank subsidiaries. In addition, the company has three wholly owned subsidiaries. The non-bank subsidiaries are Yardville National Investment Corporation, which holds investment securities; YNB Real Estate Holding Company, which holds the bank branches' real estate property; YNB Realty, Inc. which is utilized to manage certain commercial mortgages originated by the bank; Brendan Inc., Nancy-Beth, Inc., and Jim-Mary, Inc. three subsidiaries that are utilized for the disposal of other real estate owned. Also, YNB Financial Services, Inc. offers a comprehensive array of financial, planning, investment and insurance products and YNB Capital Development Inc. originates commercial loans. The activities in the bank operating subsidiaries did not impact the bank's ability to meet the CRA needs in its AAs.

The principal focus of the bank is to provide a full range of traditional commercial and retail banking services with emphasis on commercial real estate lending to small and medium sized businesses and individuals in the New York City-Philadelphia corridor. Also, the bank continues to serve the general consumer market, as it has for the past 78 years, by offering a broad range of lending, deposit and other financial products and services.

Intense competition continues to be provided from several larger regional institutions as

well as local institutions and non-bank financial intermediaries. Primary competitors include Wachovia Bank, National Association (First Union), Fleet National Bank, Sovereign Bank, Merrill Lynch Bank and Trust Company, PNC Bank, National Association and Commerce Bank.

Community credit needs and opportunities are discussed in the respective Market Profiles in Appendix C.

Scope of the Evaluation

Evaluation Period/Products Evaluated

The evaluation period is from July 1, 2000 to December 31, 2002. YNB's origination of home mortgage loans, small loans to businesses, consumer loans and CD loans were evaluated. Consumer loans were included in this evaluation at the bank's request. Information for small loans to businesses was not available for the year 2000. Therefore, the evaluation period for small loans to businesses is from January 1, 2001 to December 31, 2002. YNB's originated only three small loans to farms, and therefore are not evaluated. Agricultural lending is not a primary business line of the bank. There were no multi-family loans originated during the evaluation period; therefore, Table 5 in Appendix D has been eliminated.

CD Loans and qualified investments originated by YNB during the period of August 21, 2000 to February 3, 2003 were considered. All qualified investments originated in prior periods and still outstanding at February 3, 2003 were considered. Our conclusions related to community development loans and qualified investments were based on the number and dollar amounts made during the evaluation period. In addition, we considered the level of innovation, complexity, responsiveness to community credit needs and the degree to which these instruments are not routinely provided by private investors.

Data Integrity

During December 2002, OCC examiners verified the accuracy of the lending registers that the bank is required to file annually with regulators. These registers contain loan data for home mortgages and small businesses. We found several errors in the home mortgages and required the bank to re-file the data for 2000 and 2001. Additionally, the bank accurately maintained the necessary data for consumer loans originated during the evaluation period. As part of this evaluation, all CD loans, services and qualified investments were reviewed for accuracy. The data used in this analysis is considered reliable.

Selection of Areas for Full-Scope Review

YNB has four assessment areas (AAs) within Pennsylvania and New Jersey. We performed full scope reviews of the Multi-state Metropolitan Area (MSA 6160) in Pennsylvania and New Jersey comprised of 29 census tracts in Bucks/Burlington Counties. A Multi-state Metropolitan Area (MMA) is defined as a MA within two or more states. This MMA will be designated the Philadelphia MA for this evaluation. The Trenton MSA (MSA 8480) in New Jersey also received a full-scope review. The Trenton MSA accounts for nearly all of the bank's loans (88%) and deposits (95%).

The Hunterdon and Middlesex AAs received limited scope reviews. Refer to the table in Appendix A for more information.

Ratings

The bank's overall rating is a blend of the multi-state metropolitan area rating and state rating. The overall bank rating is primarily based on the bank's performance in the Trenton MSA located in the state of New Jersey since the substantial majority of the bank's lending activities, deposits, and branches are in this AA. The performance in the Philadelphia MA had minimal impact in arriving at the overall bank rating because of the bank's limited presence in that market. We assigned an overall bank rating, a multi-state rating and a state of New Jersey rating. The bank's performance in each of the full-scope areas is individually discussed later in this evaluation.

The multi-state metropolitan area ratings and 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.

When determining conclusions for the Lending Test in each AA, small loans to businesses and home mortgage products were given equal weighting.

Fair Lending Review

We performed an analysis of the most recent HMDA, Small Business lending data, public comments and consumer complaint information according to the OCC's risk based fair lending approach. Our review did not identify any fair lending issues or concerns.

Multistate Metropolitan Area Rating

Philadelphia MA #6160

CRA rating for the Philadelphia MA, including Pennsylvania and New Jersey¹:

	Satisfactory
The lending test is rated:	High Satisfactory
The investment test is rated:	High Satisfactory
The service test is rated:	Low Satisfactory

The major factors that support this rating include:

- Lending activity is adequate, given the bank's limited presence in the MA and intense competition from larger financial institutions.
- Lending to small businesses is adequate.
- Home mortgage lending by borrower income is good.
- A good level of community development loans that had a positive impact on the lending test rating.
- A good level of qualified investments, given the opportunities available.

Description of Institution's Operations in Philadelphia MA

YNB commenced operations in this multi-state MA on April 1, 1999. The bank has two branches and two full service ATMs within its single AA in the multi-state MA and approximately four percent of the deposit market share. The branches were established mainly to serve the bank's existing customer base, many of which work in the Trenton MSA, but reside in Pennsylvania. The original AA consisted of eleven tracts in Pennsylvania and has been expanded by an additional 18 census tracts in MSA #6160. The tracts include 9 additional census tracts, which are Falls Township and Morrisville Borough in Bucks County, Pennsylvania, and 9 additional census tracts, which include Florence-Roebling CDP, Mansfield Township, Bordentown Township, Fieldsboro Borough, Bordentown County and Chesterfield Township in Burlington County, New Jersey. According to management, Bucks and Burlington counties are suburban areas easily accessible to Trenton.

¹ This rating reflects performance within the multistate metropolitan area. The statewide evaluations do not reflect performance in the parts of those states contained within the multistate metropolitan area.

Refer to the Market Profile in Appendix C for detailed demographics and other performance context information.

Scope of Evaluation in Philadelphia MA #6160

We did not place a heavy weighting on this AA when determining the bank's CRA rating. Consideration was given to the limited presence that YNB has been operating in the MA. The bank's presence in the Philadelphia MA is insignificant to its overall operations. The bank's deposit market share in this MA is nominal.

Small business loans and home mortgage products were given equal weighting. Borrower distribution received more weighting in the analysis, since there is only one low income and one moderate-income geography in the AA. Because the bank has a very limited presence in the MA, market rank and market share information does not provide meaningful numbers to analyze. Small loans to farms and multifamily loans were not included in the evaluation since no loans were originated during the evaluation period. Please refer to Appendix C for additional information.

We determined the community credit and community development needs by contacting a non-profit housing organization and reviewing records from a combination of prior community contacts performed by various regulatory agencies. Affordable rental housing, job opportunities and training, and economic development were identified needs.

Refer to the Market Profiles for the Multi-state AA Appendix C detailed demographics and other performance context information for AAs that received full-scope reviews.

LENDING TEST

Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the lending test in Multi-state Metropolitan Area is rated "High Satisfactory". Based on full-scope reviews, the bank's performance in the Philadelphia MA is good.

Lending Activity

Refer to Tables 1 Lending Volume and 1 Other in the "Multistate Metropolitan Area(s)" section of appendix D for the facts and data used to evaluate the bank's lending activity.

YNB's lending activity within Philadelphia MA is good. The bank ranks 9th in deposits and has a very small deposit market share of 3.76% as of June 30, 2002. YNB originated approximately 7% of its home mortgages and approximately 4% of its small loans to businesses in the Philadelphia MA. The volume of home mortgages, small loans to businesses and consumer loans in this AA is distributed as follows: 17% home mortgage products, 40% small loans to business and 43% consumer loans.

Among the volume of home mortgage loan originations, approximately 22% were for home purchase, 18% home improvement and 60% home refinancing.

YNB ranked 44th with a 0.47% market share in overall home mortgage lending based on 1990 Census aggregate data. There are 339 reporting lenders in this AA. The top five lenders have a combined market share of 26.77% with no single lender exceeding a 6.56% market share.

YNB is ranked 60th and has a lending market share of home purchases of 0.26% in this MA. There are 223 reported lenders for this product. The top ten lenders have a combined market share of 50.31%.

For home improvement, YNB is ranked 18th with a market share of 1.13%. The bank with the largest home improvement market share (16.34%) also ranks 4th in deposit market share in the AA. Although there are fewer lenders, competition is still high with 79 lenders for this product in the AA.

YNB is ranked 35th in home refinancing with 0.54% market share. The top five lenders have a combined market share of 27.52% and individually ranged from 6.79% to 4.24%. There are 267 lenders that originated home refinancing loans in this AA.

Based on 2000 CRA aggregate lending data, YNB ranked 31st of 135 small business reporting lenders with 0.27% market share. The top three lenders have a combined market share of 40.78% individually ranging from 16.08% to 11.74%. Two of these lenders are nationwide credit card issuers and one is a finance company.

Distribution of Loans by Income Level of the Geography

There is one low- and one moderate-income geography in the AA. There were no HMDA loans or small loans to businesses made in low- or moderate-income geographies. YNB made consumer loans in low-income geographies and the percentage of loans originated in these geographies substantially exceeds the percentage of the population that resides in these geographies. No consumer loans were made in moderate-income geographies. However, less than one percent of households and owner occupied housing units are within low- and moderate-income geographies. Therefore, an analysis of geographic distribution of loans is not meaningful and did not carry any weight in determining the rating.

Tables 2, 3, 4, 6 and 13 in the “Multi-state Metropolitan Area(s)” section of Appendix D (regarding geographic distribution) are not applicable for this analysis. Since there were no Multi-family loans originated, Table 5 has been eliminated.

Lending Gap Analysis

We reviewed the geographic distribution of loans and did not detect any conspicuous or unexplained gaps in lending patterns.

Inside/Outside Ratio

This portion of the evaluation was performed at the bank level. During the evaluation period, YNB originated a significant majority (79.6%) of its loans in the combined AAs. YNB originated 82.3% of its HMDA loans and 77.7% of its small loans to businesses in the AAs.

Distribution of Loans by Income Level of the Borrower

The borrower distribution of YNB's small loans to businesses reflects adequate dispersion among borrowers of different income levels in the AA. The distribution of home mortgage loans is good.

Home Mortgage Loans

Refer to Tables 8, 9, and 10 in the "Multi-state Metropolitan Area(s)" 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.

Borrower distribution for home purchase lending is excellent. Based on the demographic information in the profile section, it is difficult for low-income borrowers to purchase a home based on the high cost of housing in the AA. It does not appear that moderate-income borrowers have the same difficulty, which is evident by lending performance to moderate-income borrowers, which exceeds or is near to the demographics. The median cost of housing in the AA is \$165 thousand, based on 1990 census data. The HUD updated median family income for 2002 is \$63,600. A low-income person earns less than \$31,650. Additionally, more than 3.64% of the households in the AA are below the poverty level. A moderate-income person earns at least \$31,650 but less than \$50,640.

The percentage of home purchase loans made to low-income borrowers in the AA is near the percentage of low-income families in the AA. YNB originated 8% of its loans to low-income borrowers compared to 9% of low-income families. YNB's market share to low-income borrowers substantially exceeds its overall market share. This is excellent performance when considering the affordability of housing for a low-income person in the AA as discussed above.

The percentage of home purchase loans made to moderate-income borrowers in the AA is significantly above the percentage of moderate-income families in the AA. YNB originated 20% of its loans to moderate-income borrowers compared to 12% of moderate-income families. YNB's market share to moderate-income borrowers is two times above its overall market share. This is excellent performance when considering the affordability of housing for a moderate-income person in the AA as discussed above.

Home improvement borrower distribution is good. The percentage of home improvement loans made to moderate-income borrowers in the AA is near the percentage of moderate-income families in the AA. YNB originated 11% of its loans to moderate-income families compared to 12% of moderate-income families. YNB has no market share for moderate-income borrowers.

The percentage of home improvement loans made to low-income borrowers in the AA is good when considering that opportunities for these loans are limited to low-income borrowers based on the affordability of housing in the AA as discussed under home purchase. The percentage of the bank's lending to low-income borrowers is below the percentage of low-income families in the AA. The bank originated 5% of its loans to low-income borrowers compared to 9% of low-income families. YNB has 0% of its market share to low-income borrowers. However, its overall market share is only 1%.

Home refinance borrower distribution is good. The percentage of home refinance loans made to moderate-income borrowers in the AA exceeds the percentage of moderate-income families in the AA. YNB originated 17% of its loans to moderate-income families compared to 12% of moderate-income families. YNB's market share to moderate-income borrowers exceeds its overall market share.

The percentage of home refinance loans made to low-income borrowers in the AA is also adequate. The percentage of the bank's lending to low-income borrowers is significantly below the percentage of low-income families in the AA. The bank originated 2% of its loans to low-income borrowers compared to 9% of low-income families. The market share of 1% to low-income borrowers exceeds the overall market share of 0.7%. This is good performance when considering that there are less opportunities available to low-income individuals for home refinance loans based on the affordability for a low-income person to purchase a home in the AA, as discussed above.

Small Loans to Businesses

Refer to Table 11 in the "Multi-state Metropolitan Area(s)" section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's origination/purchase of small loans to businesses.

Small loans to small businesses (businesses with revenues of \$1 million or less) represents 24% of all small loans to businesses originated by YNB compared to 57% of the businesses within the AA defined as such. The bank's lending to small businesses is below the percentage of small businesses in the AA. The market share of approximately three-quarters of a percent for small loans made to small businesses substantially exceeds YNB's overall market share of approximately one-quarter of a percent. The distribution by size of loan shows that a majority of the loan originations are for \$100,000 or less. This is another indication that business lending is primarily to small businesses.

Consumer Loans

Refer to Table 13 in the “Multi-state Metropolitan Area(s)” section of appendix D for the facts and data used to evaluate the borrower distribution of the bank’s consumer loan originations and purchases.

Borrower distribution of consumer loans is good. The portion of YNB’s consumer loans made to moderate-income borrowers substantially exceeds the percentage of moderate-income borrowers. Twenty-one percent of YNB’s consumer loans were originated to moderate-income borrowers compared to 12% of the population. The percentage of consumer loans made to low-income borrowers in the AA is below the percentage of low-income families in the AA. YNB originated 9% of its loans to low-income borrowers compared to 12% of low-income families.

Community Development Lending

Refer to Table 1 Lending Volume in the “Multistate Metropolitan Area(s)” section of appendix D for the facts and data used to evaluate the bank’s level of community development lending. This table includes all community development loans, including multifamily loans that also qualify as community development loans.

CD lending had a positive impact on the Lending Test conclusions for the Philadelphia MA based on the bank’s limited presence in the AA and limited opportunities. The volume of CD loans is good. CD lending represents 5.8% of allocated Tier-1 capital. One CD loan was made in the amount of \$480 thousand through the Pennsylvania Industrial Authority. The opportunity for CD lending is limited, given the demographics of the AA and the bank’s limited presence within the AA. This information was verified through a community contact and discussion with bank management.

Product Innovation and Flexibility

Product innovation and flexibility had a neutral impact on the Lending Test conclusion for the Philadelphia MA.

YNB offers flexible mortgage-related lending programs serving low- and moderate-income borrowers. A minimum down payment of 3% is required and income limitations are determined by a percentage of the MSA or county income published by HUD. No program loans were originated during the evaluation period in this MA.

No additional products have been introduced since the prior examination.

INVESTMENT TEST

The bank’s performance under the Investment Test in Philadelphia MA is rated “High Satisfactory”. Based on full-scope reviews, the bank’s performance in Philadelphia MA is good.

Qualified investments represents 8.3% of allocated Tier-1 capital. The availability of qualified investments is limited based on the demographics of the AA. Refer to Table 14 in the “Multi-state Metropolitan Area(s)” section of Appendix D for the facts and data used to evaluate the bank’s level of qualified investments.

In October 1999, YNB agreed to commit \$500 thousand over four years to a newly established SBIC. The SBIC provides mezzanine financing to qualified small businesses operating within a multi-state regional area that includes the bank’s AA. YNB funded \$150 thousand of the remaining \$374 thousand of this commitment during the evaluation period. The commitment and funded amounts are being allocated to each AA of the bank based on the pro-rata share of deposits. One-percent of the commitment (\$5 thousand) is allocated to the state of Pennsylvania.

In 2002, YNB invested \$678 thousand in a pool of mortgage back securities geared toward affordable housing for low- and moderate-income individuals in this AA.

Grants/Donations – YNB provided 4 grants totaling \$7 thousand to local non-profit organizations for various CD initiatives throughout the Philadelphia MA.

SERVICE TEST

The bank’s performance under the Service Test in the Multi-state Metropolitan Area is rated “Low Satisfactory”. Based on full-scope reviews, the bank’s performance in Philadelphia MA is adequate.

Retail Banking Services

Refer to Table 15 in the “Multi-state Metropolitan Area(s)” 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’s delivery systems are reasonably accessible to geographies and individuals of different income levels within its AA based upon population demographics and locations of the bank’s branches and ATMs. The one branch office is located in an upper-income geography where 59% of the population in the AA resides and the other branch office is located in a middle-income geography where 40% of the population in the AA resides. There have been no branch closings. There is one low-income and one moderate-income geography in the AA.

Community Development Services

Community Development opportunities are limited, given the demographics of the AA. YNB provides an adequate level of CD services throughout its AA. In addition to sponsorships, 2 bank officers and several employees provide technical, and financial

expertise that benefit 2 community organizations, and provide counseling to low and moderate-income individuals regarding credit and home buying.

State Rating

State of New Jersey

CRA Rating for New Jersey²:	Satisfactory
The lending test is rated:	High Satisfactory
The investment test is rated:	High Satisfactory
The service test is rated:	Low Satisfactory

The major factors that support this rating include:

- Lending activity is good and responsive to credit needs.
- Home mortgage lending to borrowers of different income levels is excellent.
- The distribution of small loans to businesses by income is excellent.
- YNB has made an excellent level of community development loans that had a positive impact on the bank's lending test rating.
- YNB has made a good level of qualified investments.
- YNB's service delivery systems are reasonably accessible to geographies and individuals of different income levels in the AA.
- YNB has provided an adequate level of community development services.

Description of Institution's Operations in New Jersey

YNB operates seventeen branches and twenty-one full-service ATM's within the State of New Jersey. As of June 30, 2002, the bank had total deposits in the state approximating \$1.16 billion, accounting for approximately 95% of total bank deposits. Within New Jersey, YNB ranked 2nd in Mercer county with 15.08% in deposit market share. Major competitors in Mercer county are #1-Wachovia Bank, National Association (19 offices/21.21% of deposit market share), #3- Fleet National Bank (25 offices/14.83% of deposits market share). YNB is ranked 11th in Hunterdon County with 3 offices and 2.75% of the deposit market share. YNB has one office in Middlesex County that as of June 30, 2002 had no market share. Major competitors in Hunterdon and Middlesex counties combined are #1-Merrill Lynch Bank and Trust Company (2 offices/44.10% of

² For institutions with branches in two or more states in a multistate metropolitan area, this statewide evaluation does not reflect performance in the parts of this state contained within the multistate metropolitan area. Refer to the multistate metropolitan area rating and discussion for the rating and evaluation of the institution's performance in that area.

deposit market share), #2-Fleet National Bank (47 offices/10.34% deposit market share). There is strong competition for deposits and loans in New Jersey.

Refer to the Market Profile in Appendix C for additional information.

Scope of Evaluation in New Jersey

We performed a full-scope review of the Trenton MSA #8480, which encompasses all of Mercer County. This area was weighted more heavily in our evaluation. The area represents approximately 88% of the bank's lending activity during the evaluation period and 95% of the bank's deposits. Small business loans and home mortgage products were weighted equally. The bank only originated three small loans to farms during the evaluation period. Therefore, an analysis of these loans is not meaningful. Given that there were no multi-family loans originated during the evaluation period Table 5 was eliminated. We performed limited-scope reviews for Hunterdon and Middlesex Counties, which are a part of MSA #5015. Refer to table in Appendix A for additional information.

Community credit and community development needs were determined by contacting a private non-profit social services corporation within the Trenton MSA. We also reviewed records from a combination of prior community contacts performed by various regulatory agencies. Affordable rental housing, job opportunities and training, and economic development and revitalization were identified needs.

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

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 the Trenton MSA is good.

Lending Activity

Refer to Table 1 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 lending activity is good. Approximately 47% of the loans originated during the evaluation period were home mortgage loans, with small business loans accounting for 51%. Three small farm loans were originated. Agricultural lending is not a primary business line of YNB. Additionally, the bank's loan-to-deposit ratio of 93.5% is slightly higher than the ratio of its national peer group.

Among home mortgage loan originations, approximately 20% were for home purchase, 18% were for home improvement, and 62% were for home mortgage refinance.

YNB is ranked 2nd in deposits in the AA with a 15.0% market share as of June 30, 2002.

Based on 1990 CRA aggregate data, YNB ranks 8th in small loans to businesses with a market share of 5.9%. The two top lenders are nationwide credit card issuers that dominate with a combined 27.6% market share. The third lender is a national finance corporation with 12.6% market share.

Based on 1990 Census aggregate data, YNB ranked 13th (1.9%) in overall home mortgage lending. Two non-bank mortgage lenders and other large regional banks dominate the market. Just over 6% separates YNB from the bank with the largest market share in the AA.

Based on 1990 Census aggregate data, YNB ranked 22nd with a 1.0% market share in home purchase lending. The top five originators, which were all non-bank mortgage lenders, had a combined market share of 34.0%, ranging from a low of 4.5% to a high of 10.2%. Other originators in the AA include YNB's major competitors. Less than 3% separates YNB from the regional bank with 8th largest deposit market share in the AA.

Based on this same aggregate data, YNB ranked 6th with a 6.4% market share in home improvement lending. Five large regional banks that rank in front of YNB and are strong competitors to YNB have a combined market share of 56.7%, ranging from a low of 8.5% to a high of 13.7%.

YNB ranked 11th with a 2.1% market share in home refinancing behind these same large regional banks and non-bank mortgage lenders. Less than 5% separate YNB from the bank with the largest deposit market share in the AA.

Distribution of Loans by Income Level of the Geography

Home Mortgage Loans

Refer to Tables 2, 3, and 4 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. Table 5 has been eliminated from the PE.

Home purchase loan geographic distribution is poor. The portion of home purchase loans made in low- and moderate-income geographies is below the portion of owner-occupied housing units that are within those geographies. The market share for loans made in low-income geographies exceeds YNB's overall market share for home purchase loans. The home purchase loans originated in moderate-income geographies is near its overall market share.

Home improvement loan geographic distribution is poor. Home improvement loans made in moderate-income geographies are below the percentage of owner-occupied housing. YNB did not originate any home improvement loans in low-income geographies during the evaluation period. YNB's market share in moderate-income geographies exceeds its overall market share.

Refinance loan geographic distribution is poor. The portion of refinance loans made in low- and moderate-income geographies is significantly below the portion of owner-occupied housing units that are within those geographies. The market share for loans made in low- and moderate-income geographies is below its overall market share for refinance loans in the MSA.

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.

Geographic distribution of small business lending is adequate. YNB's small loans to businesses in moderate-income geographies are somewhat below the percentage of businesses that are located in those geographies. YNB's market share in moderate-income geographies is near its overall market share. YNB's small loans to businesses in low-income geographies are below the percentage of businesses that are located in those geographies. YNB's low-income market share is below its overall market share.

Consumer Loans

Refer to Table 13 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 consumer loan originations and purchases.

The overall geographic distribution of consumer loans is adequate. The portion of YNB's consumer loans in moderate-income geographies is below the percentage of population that resides in those geographies. Twelve percent of YNB's consumer loans were originated in those geographies compared to 16% of the population.

Lending Gap Analysis

We reviewed the geographic distribution of loans and did not detect any conspicuous or unexplained gaps in lending patterns.

Inside/Outside Ratio

A substantial majority of the home mortgage loans and a majority of the small loans to businesses originated by YNB over the evaluation period were within the AA.

This portion of the evaluation was performed at the bank level. During the evaluation period, YNB originated a significant majority (79.6%) of its loans in the combined AAs. YNB originated 82.3% of its HMDA loans and 77.7% of its small loans to businesses in the AAs.

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.

Borrower distribution for home purchase lending is good. Based on the demographic information in the profile section, it is very difficult for low-income borrowers to purchase a home based on the high cost of housing in the AA. It does not appear that moderate-income borrowers have the same difficulty, which is evident by lending performance to moderate-income borrowers, which exceeds or is near to the demographics. The median cost of housing in the AA is \$151 thousand, based on 1990 census data. The HUD updated median family income for 2002 is \$74,100. A low-income person earns less than \$37,050. Additionally, more than 7% of the households in the AA are below the poverty level. A moderate-income person earns at least \$37,050 but less than \$59,280.

The percentage of home purchase loans made to low-income borrowers in the AA is somewhat below the percentage of low-income families in the AA. YNB originated 12% of its loans to low-income borrowers compared to 19% of low-income families. YNB's market share to low-income borrowers is below its overall market share. This is good performance when considering the affordability of housing for a low-income person in the AA as discussed above.

The percentage of home purchase loans made to moderate-income borrowers in the AA is slightly below the percentage of moderate-income families in the AA. YNB originated 16% of its loans to moderate-income borrowers compared to 18% of moderate-income families. YNB's market share to moderate-income borrowers is below its overall market share. This is good performance when considering the affordability of housing for a moderate-income person in the AA as discussed above.

Home improvement borrower distribution is excellent. The percentage of home improvement loans made to moderate-income borrowers in the AA exceeds the percentage of moderate-income families in the AA. YNB originated 20% of its loans to moderate-income families compared to 18% of moderate-income families. YNB's market share to moderate-income borrowers exceeds its overall market share.

The percentage of home improvement loans made to low-income borrowers in the AA is excellent. The percentage of the bank's lending to low-income borrowers is below the percentage of low-income families in the AA. The bank originated 12% of its loans to low-income borrowers compared to 19% of low-income families. The market share of 7% to low-income borrowers equals the overall market share of 7%. This is also excellent performance when considering that there are fewer opportunities available to low-income individuals for home improvement loans based on the affordability for a low-income person to purchase a home in the AA, as discussed above.

Home refinance borrower distribution is excellent. The percentage of home refinance loans made to moderate-income borrowers in the AA exceeds the percentage of moderate-income families in the AA. YNB originated 21% of its loans to moderate-income families compared to 18% of moderate-income families. YNB's market share to moderate-income borrowers exceeds its overall market share.

The percentage of home refinance loans made to low-income borrowers in the AA is also excellent. The percentage of the bank's lending to low-income borrowers is below the percentage of low-income families in the AA. The bank originated 13% of its loans to low-income borrowers compared to 19% of low-income families. The market share of 4% to low-income borrowers exceeds the overall market share of 3%. This is also excellent performance when considering that there are less opportunities available to low-income individuals for home refinance loans based on the affordability for a low-income person to purchase a home in the AA, as discussed above.

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.

The borrower distribution of small loans to businesses is excellent when considering the strong competition from very large regional banks and non-bank financial intermediaries for these loans.

Small loans to small businesses (businesses with revenues of \$1 million or less) represents 91% of all small loans to businesses originated by YNB compared to 80% of the businesses within the AA defined as such. The bank's lending to small businesses substantially exceeds the percentage of small businesses in the AA. The market share of 15% for small loans made to small businesses substantially exceeds YNB's overall market share of 6%. The distribution by size of loan shows that a majority of the loan originations are for \$100,000 or less. This is another indication that business lending is primarily to small businesses.

Consumer Loans

Refer to Table 13 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 consumer loan originations and purchases.

The borrowers distribution of consumer loans is excellent. The percentage of loans made to low-income borrowers exceeds the percentage of households. Percentage of loans to moderate-income borrowers substantially exceeds the percentage of households. YNB originated 24% of its consumer loans to low-income borrowers compared to 23% of the households defined as low-income and originated 27% of its consumer loans to moderate-income borrowers compared to 17% of the households defined as moderate-income.

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.

CD lending had a positive impact on the Lending Test conclusions for the Trenton MSA.

YNB has made a relatively high level of CD loans in the AA. During the evaluation period, YNB originated 5 CD loans totaling \$13.8 million. The following is a brief description of each loan:

YNB approved a \$2 million revolving line of credit loan to the county's Special Services School district that primarily services low- to moderate-income families. The school district's population is made up of 61% low-income, 13% moderate-income and 26% middle- and upper-income families. The loan will provide working capital to the school district to continue operating during the second and fourth calendar quarters when revenue payments are lower due to timing differences in expenditures and the receipt of state and local tax revenue payments.

In May and August 2002, YNB approved two construction loans totaling \$11.4 million to construct two skilled nursing facilities to be located in Ewing and Moorestown, New Jersey. The Ewing facility will have 91 beds and the Moorestown facility will have a 41 bed skilled nursing facility and a 57 bed assisted living facility. The Ewing facility is expected to have at least 70% of its revenue from Medicare/Medicaid and the Moorestown facility projects 55% of its total revenue to be from Medicare.

YNB approved a construction line for home improvement loans in the amount of \$316 thousand for ten houses located in moderate-income areas. These houses are then sold to low- and moderate-income families.

The community development loans are very responsive to the needs of the AA.

Product Innovation and Flexibility

Product innovation and flexibility had a neutral impact on the Lending Test conclusion for the Trenton MSA.

YNB continues to offer flexible mortgage-related lending programs serving low- and moderate-income borrowers. A minimum down payment of 3% is required and income limitations are determined by a percentage of the MSA or county income published by HUD. During the evaluation period, the bank originated 10 loans totaling \$699 thousand under the program.

No additional products have been introduced since the last examination.

Conclusions for Areas Receiving Limited-Scope Reviews

Based on limited-scope reviews, the bank's performance under the lending test in the Hunterdon and Middlesex AAs is not inconsistent with the bank's overall "High Satisfactory" performance in the state. 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 "High Satisfactory". Based on full-scope reviews, the bank's performance in the Trenton MSA is "good".

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.

During the evaluation period, YNB made 8 new investments totaling \$2.5 million. The new investments address the identified need of economic development and are more fully described below.

We determined through community contacts and our internal research that there are opportunities for qualified investments but that they are limited for YNB based on the strong competition for qualified investments in the AA. There are few qualified loan funds available.

In October 1999, YNB agreed to commit \$500 thousand over four years to a then newly established SBIC. The SBIC provides mezzanine financing to qualified small businesses operating within a multi-state regional area that includes the bank's AA. YNB funded \$150 thousand of the remaining \$374 thousand commitment during this evaluation period. The commitment and funded amounts are being allocated to each

AA of the bank based on a pro-rata share of deposits. Ninety-nine percent of the investment is allocated to the state of New Jersey.

In March 2001, YNB invested \$250 thousand in a mortgage pool directed entirely to affordable housing within the bank's AA. Dividends have been reinvested for an additional \$39 thousand investment in 2002.

In 2002, YNB made an additional \$132 thousand (11.2%) equity investment in a county revolving loan fund. The fund is designed to help stimulate economic development by providing small business loans to small businesses employing a majority of county residents, many who are low- and moderate-income individuals. Each bank with operations in the county invested in the fund in proportion to their deposits in the county as of June 30, 2002.

In 2002, YNB made an \$80 thousand investment in a non-profit Community Development Financial Institution (CDFI). The CDFI provides loans and technical assistance for affordable housing and small businesses, early care and education and economic development for low-income communities across the state.

Grants/Donations – YNB provided 58 grants totaling \$192 thousand to local non-profit organizations for various CD initiatives throughout the Trenton MSA.

Prior period investments still outstanding and continuing to benefit the AA include two privately developed pools of mortgage backed securities geared toward affordable housing for low- and moderate-income individuals totaling \$416 thousand. Also, the bank has a \$20 thousand investment in a CDFI. The CDFI provides loans for affordable housing and economic development projects benefiting low- and moderate-income people and geographies throughout the state of New Jersey, including the bank's AA. In addition, YNB has a \$46 thousand equity investment in a county revolving loan fund which is designed to help stimulate economic development by providing small business loans to small businesses employing a majority of county residents, many who are low- and moderate-income individuals, and \$150 thousand investment in a SBIC that provides mezzanine financing to qualified businesses within the bank's AA.

Conclusions for Area Receiving Limited-Scope Reviews

Based on limited-scope reviews, the bank's performance under the investment test in Hunterdon and Middlesex AAs is not inconsistent with the bank's overall "High Satisfactory" performance in the state. Refer to 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 the Trenton MSA 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 delivery systems are reasonably accessible to geographies and individuals of different income levels within its AA based upon population demographics and locations of the bank's branches and ATMs. The percentage of branches located in moderate-income geographies is below the percentage of the population in those geographies. There have been no branch closings. YNB opened 5 branches during this period, three in middle-income geographies and two in upper-income geographies.

All branches offer extended and Saturday hours. One branch, located within a supermarket, offers Sunday hours. YNB has at least one ATM at each branch location. The traditional line of banking products and services are offered at all branches.

Community Development Services

YNB provides an adequate level of CD services throughout its AA. In addition to sponsorships, 12 bank officers and several employees provide technical, and financial expertise that benefit 17 community organizations, and provides counseling to low and moderate-income individuals regarding credit and home buying. Examples include:

Neighborhood Housing Services of Trenton

YNB was actively involved with Neighborhood Housing Services of Trenton, Inc. (HNS). One of YNB's senior executives served on the board of directors of NHS. NHS provided low cost loans to residents of targeted areas, which are primarily low- to moderate-income individuals, for home improvement and renovations. YNB was especially involved in a program that encouraged local businesses to donate paint and manpower and was itself actively involved in this community service. This program is now defunct, however contributions were made through 2001.

WIMG

YNB sponsors and participates in a program that allocates specific airtime to expose minority owned non-profit organizations and general programs that are beneficial to low-

and moderate-income geographies and the community at large. YNB provides guest speakers to discuss and provide information on the various financial programs available to small minority owned businesses. This innovative venture is designed to heighten the awareness of both potential beneficiaries and benefactors in the local community.

One senior officer of YNB is a board member of the Mercer County Economic Development Corporation (EDC). The EDC is involved in the urban revitalization, and redevelopment of many of the county's low and moderate-income geographies.

An officer of YNB serves on the board of Capital South/Main Street. Main Street is a national program that strives to stimulate economic development and revitalization in low and moderate-income areas in the downtown area. Capital South is located in South Trenton, a low and moderate-income geographic area.

YNB periodically conducted first time homebuyer seminars during the evaluation period. The seminars are targeted to low and moderate-income individuals, who learn about budgeting, the loan process, and the responsibilities of home ownership.

Conclusions for Areas Receiving Limited-Scope Reviews

Based on limited-scope reviews, the bank's performance under the service test in Hunterdon AA is not inconsistent with the bank's overall "Low Satisfactory" performance under the service test in New Jersey. In the Middlesex AA, the bank's performance is weaker than the bank's overall performance in the state. This is due to the fact that within the AA, there are 5 low-income tracts and 32 moderate-income tracts; however, no branches are located in those areas. Even though 20.2% of the population is comprised of low- and moderate-income individuals, the bank has not captured any deposit market share within the AA. In addition, no community development services have been extended within the AA. This does not effect the overall conclusion because 95% of the bank's deposits are within the Trenton MSA. Refer to Table 15 in the state of New Jersey section of Appendix D for the facts and data that support these conclusions.

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”).

Time Period Reviewed	Lending Test (excludes Small Business loans): 07/01/00 to 12/31/02 Small Business Loans: 01/01/00 to 12/31/02 Investment and Service Tests and CD Loans: 08/21/00 to 02/03/03	
Financial Institution		Products Reviewed
Yardville National Bank (YNB) Hamilton Township, NJ		Yardville National Bank (YNB) Hamilton Township, NJ
List of Assessment Areas and Type of Examination		
Assessment Area	Type of Exam	Other Information
Philadelphia Multi-state MA Newtown/Makefield/Falls Township and Bordentown/ Mansfield Township (within MSA #6160)	Full-Scope	
New Jersey Trenton MSA #8480	Full-Scope	
Hunterdon MSA #5015 Middlesex MSA #5015	Limited-Scope Limited-Scope	

Appendix B: Summary of Multistate Metropolitan Area and State Ratings

RATINGS				
Yardville National Bank				
Overall Bank:	Lending Test Rating*	Investment Test Rating	Service Test Rating	Overall Bank/State/ Multistate Rating
Yardville National Bank	High Satisfactory	High Satisfactory	Low Satisfactory	Satisfactory
Multi-state Metropolitan Area:				
Philadelphia MA	High Satisfactory	High Satisfactory	Low Satisfactory	Satisfactory
State:				
New Jersey	High Satisfactory	High Satisfactory	Low Satisfactory	Satisfactory

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

Appendix C: Market Profiles for Full-Scope Areas

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Market Profiles for Areas Receiving Full-Scope Reviews

(Name of Multistate Metropolitan Area) C-2
State of (name of state)..... C-4

Philadelphia MA

Demographic Information for Full-Scope Area: Philadelphia Multi-state Metropolitan Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	29	3.5	3.5	48	45	0
Population by Geography	106,300	0	1	40	59	0
Owner-Occupied Housing by Geography	29,181	0	0	40	60	0
Businesses by Geography	10,025	1	1	34	64	0
Farms by Geography	216	2	0	36	62	0
Family Distribution by Income Level	28,938	9	12	22	56	0
Distribution of Low- and Moderate-Income Families throughout AA Geographies	6,233	0	1	64	35	0
Median Family Income = \$41,908 HUD Adjusted Median Family Income for 2002 = \$63,300 Households Below the Poverty Level = 3.64%				Median Housing Value = \$164,567 Unemployment Rate = 1.98%		

(*) The NA category consists of geographies that have not been assigned an income classification.
Source: 1990 U.S. Census, and 2002 HUD updated MFI.

YNB's MMA includes portions of MSA 6160. The MMA includes 29 census tracts in Bucks and Burlington counties which comprise the multi-state MSA 6160 of the contiguous townships of Newtown, Upper and Lower Makefield, Yardley, Falls Township, Morrisville Borough and Tullytown Borough located in Pennsylvania and Florence-Roebling CDP, Bordentown Township, Mansfield Township and Chesterfield Township located in New Jersey. There is one low- and one moderate-income tract within the MMA. The tracts are located in southeastern Pennsylvania and western New Jersey. YNB's AA evaluated as part of the multi-state MA includes 29 census tracts and 106,300 persons. The income levels of the tracts are as follows: upper-income 45.0%, middle-income 48.0%, moderate-income 3.5% and low-income 3.5%. The median housing price is \$165 thousand, making affordability difficult for low- and moderate-income individuals.

Operations in MMA began on April 1, 1999. There are two branches and two ATMs in the MA. The branches were established mainly to serve the bank's existing customer base, many of which work in the Trenton MSA, but reside in Pennsylvania. Since the last examination, YNB has still not become a major participant in the MMA, given the intense competition by long established and much larger banks in the area. However, YNB did expand its AA to include an additional 18 census tracts within Bucks and Burlington Counties. With \$1.2 billion in deposits as of June 30, 2002, YNB has a market share of 3.76% market share within the MA. Principal competitors in this MMA

are #1-Wachovia Bank, NA (8 offices/25% of deposits), #2-Sovereign Bank (4 offices/13% of deposits), #3-Fleet National Bank (5 offices/\$13% of deposits), and #4-FNB&T of Newtown (4 offices/12% of deposits). Together, these four banks have a combined market share of 63%.

Given the demographics of Philadelphia MA, the opportunities for CD investments and services are limited. The opportunities that do exist tend to be countywide, but target low- and moderate-income geographies in Bucks County. One community contact with a housing authority was conducted. No unmet credit needs or services were identified.

State of New Jersey Full Scope Areas

Trenton MSA

Demographic Information for Full-Scope Area: Trenton MSA #8460						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	63	11	19	43	24	3
Population by Geography	325,824	7	16	44	33	0
Owner-Occupied Housing by Geography	77,818	3	13	50	34	0
Businesses by Geography	18,106	7	10	45	38	0
Farms by Geography	376	2	4	47	47	0
Family Distribution by Income Level	83,109	19	18	24	39	0
Distribution of Low- and Moderate-Income Families throughout AA Geographies	30,807	12	25	46	17	0
Median Family Income	= \$48,490	Median Housing Value				= \$150,801
HUD Adjusted Median Family Income for 2002	= \$74,100	Unemployment Rate				= 2.79%
Households Below the Poverty Level	= 7.24%					

(*) The NA category consists of geographies that have not been assigned an income classification.
 Source: 1990 U.S. Census, and 2002 HUD updated MFI.

YNB's AA includes the entire MSA 8480, which encompasses Mercer County. The Trenton MSA is the bank's primary AA, which includes 63 census tracts and 325,824 persons. The income levels of the census tracts are as follows: upper-income 24%, middle-income 43%, moderate-income 19%, low-income 11% and 3% tracts designated NA. State correctional facilities are located in each of the tracts designated NA. All of the low-income tracts and the substantial majority of moderate-income tracts are located in the city of Trenton, the state capital. The demographics of Trenton are dramatically different than the entire MSA. The bank is a major, although not dominant participant in the MSA. YNB operates 17 branches and 21 full-service ATM's within the AA. As of June 30, 2002, YNB ranked 2nd in Mercer county with 15% in deposit market share based on June 30, 2002 FDIC Summary of Deposits. YNB's major competitors in Mercer county are #1-Wachovia Bank, NA (19 offices/21% of deposit market share), #3-Fleet National Bank (25 offices/14.8% of deposits market share), and PNC Bank, NA (10 offices/11.30% of deposit market share). Competition is strong for deposits and loans in the New Jersey AA.

The MSA contains the City of Trenton, the capital of the state of New Jersey. The demographics of this city are dramatically different in terms of the make-up of the population, income levels, and the nature of housing stock. All of the low-income tracts

and eleven of the twelve moderate-income tracts of the entire AA are within Trenton. Trenton is designated by the state as an Urban Enterprise Zone. This designation offers tax incentives and financial benefits to businesses located in the area, similar to federal empowerment zones.

Seventeen percent (17%) of the households residing in Trenton are below the poverty level as compared with seven percent (7%) for the entire AA. The Department of Housing and Urban Development Consolidated Plan for the city indicates that 41% of Trenton's population is considered very low-income. Within Trenton, 39% of the families are low-income, 24% are moderate-income, 22% are middle-income, and 15% are upper-income.

The median housing value in the city is \$67 thousand and the median age of the housing stock is 57 years. Owner-occupied housing is almost double the rental-occupied housing at 63% and 32% respectively. Vacant units are 5%. Within the low-income tracts, the percentage of vacant units rises to 18%. According to the Consolidated Plan, the most serious housing problems include severe housing cost burden and overcrowding among low-income renters, a proliferation of substandard housing conditions, and a corresponding decrease of available housing opportunities for low-income renter households. Among low-income homeowners, there is an ongoing need for financial assistance for poverty improvement repairs in order to satisfy code violations. Up to 30% of privately owned rental housing stock is considered physically substandard. With owner-occupied housing, up to 20% is substandard.

During this examination, we held a discussion with one local non-profit social service organization and a minority small business group to help us determine the community credit and development needs in the AA. We also reviewed information from a community contact conducted by another regulatory agency and the Consolidated Plan for the MSA. The contacts identified affordable rental housing, job opportunities training, childcare services, and adequate neighborhood retail goods and services, as primary CD needs.

Appendix D: Tables of Performance Data

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CONTENT OF STANDARDIZED TABLES D-2

TABLES OF PERFORMANCE DATA D-5

 MULTISTATE METROPOLITAN AREA(S) D-5

 STATE OF (NAME OF STATE) D-5

Content of Standardized Tables

A separate set of tables is provided for each state. All multistate metropolitan areas are presented in one set of 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: 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. Deposit data are compiled by the FDIC and are available as of June 30th of each year. Tables without data are not included in this PE.

The following is a listing and brief description of the tables included in each set:

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. Refer to Interagency Q&As __.12(i) - 5 and - 6 for guidance on when a bank may receive positive CRA consideration for such loans. When such loans exist, insert a line item with the appropriate caption, such as “Statewide/Regional” or “Out of Assessment Area,” in the MA/Assessment Area column and record the corresponding numbers and amounts in the “Community Development Loans” column.

Table 1. Other Products - Presents the number and dollar amount of any unreported category of loans originated and purchased by the bank, if applicable, 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. Because small business data are not available for geographic areas smaller than counties, it may be necessary to use geographic areas larger than the bank's assessment area.
- 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. Because small farm data are not available for geographic areas smaller than counties, it may be necessary to use geographic areas larger than the bank's assessment area.
- 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.

A bank may receive positive consideration for qualified investments in statewide/regional entities or made outside of the bank's assessment area. See Interagency Q&As __.12(i) - 5 and - 6 for guidance on when a bank may receive positive CRA consideration for such investments. When such investments exist, insert a line item with the appropriate caption, such as "Statewide/Regional" or "Out of Assessment Area," in the MA/Assessment Area column and record the corresponding numbers and amounts in the "Qualified Investments" column.

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

Multistate Metropolitan Area(s)

State of New Jersey

Table 1. Lending Volume

LENDING VOLUME		Geography: PENNSYLVANIA AND NEW JERSEY						Evaluation Period: JULY 1, 2000 TO DECEMBER 31, 2002				
MA/Assessment Area:	% of Rated Area Loans (#) in MA/AA*	Home Mortgage		Small Loans to Businesses		Small Loans to Farms		Community Development Loans**		Total Reported Loans		% of Rated Area Deposits in MA/AA***
		#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$(000's)	
Multi-State MA												
Full Review:												
Philadelphia MA	100	112	12,695	267	41,353	0	0	1	480	380	54,538	100.00
State of New Jersey												
Full Review:												
Trenton MSA 8480	84.45	643	63,470	691	155,633	3	354	5	13,846	1,342	233,303	94.93
Limited Review:												
Hunderdon MSA 5015	5.98	44	7,609	51	16,064	0	0	0	0	95	23,673	5.07
Middlesex 5015	9.57	8	711	144	18,734	0	0	0	0	152	19,445	0.00

* Loan Data as of July 1, 2000. Rated area refers to either the state or multi-state MA rating area.

** The evaluation period for Community Development Loans is August 21, 2000 to February 3, 2003.

*** Deposit Data as of June 30, 2002. Rated Area refers to either the state, multi-state MA, or institution, as appropriate.

Table 1. Other Products

LENDING VOLUME		Geography: PENNSYLVANIA AND NEW JERSEY								Evaluation Period: JULY 1, 2000 TO DECEMBER 31, 2002				
MA/Assessment Area:	% of Rated Area Loans (#) in MA/AA*	Total Optional Loans**		Small Business Real Estate Secured**		Home Equity**		Motor Vehicle**		Credit Card**		Other Secured Consumer**		% of Rated Area Deposits in AA***
		#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	
Multi-State														
Full Review:														
Philadelphia MA	100.00	285	10,433	0	0	0	0	285	10,433	0	0	0	0	100.00
State of New Jersey														
Full Review:														
Trenton MSA 8480	91.28	1,948	57,388	0	0	0	0	1,948	57,388	0	0	0	0	94.93
Limited Review:														
Hunterdon MSA 5015	5.39	115	8,741	0	0	0	0	115	8,741	0	0	0	0	5.07
Middlesex MSA 5015	3.33	71	2,269	0	0	0	0	71	2,269	0	0	0	0	0.00

* Loan Data as of July 1, 2000. Rated area refers to either the state or multi-state MA rating area.

** The evaluation period for Optional Product Line(s) is From July 1, 2000 to December 31, 2002.

*** Deposit Data as of June 30, 2002. Rated Area refers to either the state, multi-state MA, or institution, as appropriate.

Table 1. Other Products

LENDING VOLUME		Geography: PENNSYLVANIA AND NEW JERSEY		Evaluation Period: JULY 1, 2000 TO DECEMBER 31, 2002	
MA/Assessment Area:	Other Unsecured Consumer Loans*		Other Optional Loans*		
	#	\$ (000's)	#	\$ (000's)	
Multi-State					
Full Review:					
Philadelphia MA	0	0	0	0	0
State of New Jersey					
Full Review:					
Trenton MSA 8480	0	0	0	0	0
Limited Review:					
Hunterdon MSA 5015	0	0	0	0	0
Middlesex MSA 5015	0	0	0	0	0

(*)The evaluation period for Optional Product Line(s) is from July 1, 2000 to December 31, 2002.

Table 2. Geographic Distribution of Home Purchase Loans

Geographic Distribution: HOME PURCHASE			Geography: PENNSYLVANIA AND NEW JERSEY						Evaluation Period: JULY 1, 2000 TO DECEMBER 31, 2002						
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
Multi-State															
Full Review:															
Philadelphia MA	25	100.00	0.06	0.00	0.29	0.00	39.44	56.00	60.21	44.00	0.26	0.00	0.00	0.39	0.20
State of New Jersey															
Full Review:															
Trenton MSA #8480	126	93.33	3.12	0.79	12.89	6.35	49.99	72.22	34.00	20.63	1.04	1.92	0.79	1.52	0.42
Limited Review:															
Hunterdon MSA 5015	7	5.19	0.00	0.00	0.00	0.00	57.24	71.43	42.76	28.57	0.09	0.00	0.00	0.13	0.06
Middlesex 5015	2	1.48	0.88	0.00	12.36	0.00	73.78	50.00	12.99	50.00	0.00	0.00	0.00	0.00	0.00

* Based on 2001 Peer Mortgage Data: Northeast 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 DECEMBER 31, 2002			Geography: PENNSYLVANIA AND NEW JERSEY								Evaluation Period: JULY 1, 2000 TO				
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
Multi-State															
Full Review:															
Philadelphia MA	20	100.00	0.06	0.00	0.29	0.00	39.44	55.00	60.21	45.00	1.13	0.00	0.00	1.57	0.94
State of New Jersey															
Full Review:															
Trenton MSA 8480	116	99.15	3.12	0.00	12.89	6.03	49.99	70.69	34.00	23.28	6.37	0.00	10.00	8.27	3.54
Limited Review:															
Hunterdon MSA 5015	1	0.85	0.00	0.00	0.00	0.00	57.24	100.00	42.76	0.00	0.00	0.00	0.00	0.00	0.00
Middlesex MSA 5015	0	0.00	0.88	0.00	12.36	0.00	73.78	0.00	12.99	0.00	0.00	0.00	0.00	0.00	0.00

* Based on 2001 Peer Mortgage Data: Northeast 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 31, 2002			Geography: PENNSYLVANIA AND NEW JERSEY				Evaluation Period: JULY 1, 2000 TO DECEMBER					Market Share (%) by Geography*				
MA/Assessment Area:	Total Home Mortgage Refinance 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						
Multi-State																
Full Review:																
Philadelphia MA	67	100.00	0.06	0.00	0.29	0.00	39.44	35.82	60.21	64.18	0.54	0.00	0.00	0.74	0.48	
State of New Jersey																
Full Review:																
Trenton MSA 8480	401	90.52	3.12	0.75	12.89	4.74	49.99	65.09	34.00	29.43	2.11	0.85	1.03	2.86	1.46	
Limited Review:																
Hunterdon MSA 5015	36	8.13	0.00	0.00	0.00	0.00	57.24	52.78	42.76	47.22	0.31	0.00	0.00	0.25	0.38	
Middlesex MSA 5015	6	1.35	0.88	0.00	12.36	0.00	73.78	66.67	12.99	33.33	0.01	0.00	0.00	0.01	0.03	

* Based on 2001 Peer Mortgage Data: Northeast 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 6. Geographic Distribution of Small Loans to Businesses

Geographic Distribution: SMALL LOANS TO BUSINESSES			Geography: PENNSYLVANIA AND NEW JERSEY						Evaluation Period: JANUARY 1, 2001 TO DECEMBER 31, 2002						
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
Multi-State															
Full Review:															
Philadelphia MA	267	100.00	1.29	0.00	1.24	0.00	33.66	87.64	63.82	12.36	0.27	0.00	0.18	0.34	0.22
State of New Jersey															
Full Review:															
Trenton MSA 8480	691	77.99	7.45	4.34	10.04	7.81	44.58	57.31	37.92	30.54	5.86	3.86	5.19	7.95	4.96
Limited Review:															
Hunterdon MSA 5015	51	5.76	0.00	0.00	0.00	0.00	63.87	52.94	36.13	47.06	0.59	0.00	0.00	0.57	0.77
Middlesex MSA 5015	144	16.25	4.05	0.69	12.07	2.08	70.87	86.11	12.96	11.11	0.40	0.20	0.05	0.53	0.18

* Based on 2001 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 (2002).

Table 7. Geographic Distribution of Small Loans to Farms

Geographic Distribution: SMALL LOANS TO FARMS DECEMBER 31, 2002		Geography: PENNSYLVANIA AND NEW JERSEY						Evaluation Period: JANUARY 1, 2001 TO DECEMBER 31, 2002							
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
Multi-State															
Full Review: Not Applicable – No Loans Made															
Philadelphia MA															
State of New Jersey															
Full Review:															
Trenton MSA 8480	3	100.00	2.13	0.00	3.99	0.00	47.07	100.00	46.81	0.00	50.00	0.00	0.00	75.00	0.00
Limited Review:															
Hunterdon MSA 5015	0	0.00	0.00	0.00	0.00	0.00	65.87	0.00	34.13	0.00	0.00	0.00	0.00	0.00	0.00
Middlesex MSA 5015	0	0.00	0.91	0.00	7.44	0.00	76.23	0.00	15.43	0.00	0.00	0.00	0.00	0.00	0.00

* Based on 2001 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 (2002).

Table 8. Borrower Distribution of Home Purchase Loans

Borrower Distribution: HOME PURCHASE 31, 2002			Geography: PENNSYLVANIA AND NEW JERSEY								Evaluation Period: JULY 1, 2000 TO DECEMBER				
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
Multi-State															
Full Review:															
Philadelphia MA	25	100.00	9.27	8.00	12.27	20.00	22.40	24.00	56.06	48.00	0.32	1.02	0.96	0.15	0.21
State of New Jersey															
Full Review:															
Trenton MSA 8480	126	93.33	18.87	12.30	18.20	15.57	24.03	33.61	38.90	38.52	1.27	0.84	0.76	1.05	1.78
Limited Review:															
Hunterdon MSA 5015	7	5.19	12.13	0.00	16.24	42.86	26.60	0.00	45.02	57.14	0.11	0.00	0.21	0.00	0.15
Middlesex MSA 5015	2	1.48	17.75	0.00	21.42	0.00	27.99	0.00	32.84	100.00	0.00	0.00	0.00	0.00	0.00

* Based on 2001 Peer Mortgage Data: Northeast Region.

** As a percentage of loans with borrower income information available. No information was available for 1.88% 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 31, 2002		Geography: PENNSYLVANIA AND NEW JERSEY						Evaluation Period: JULY 1, 2000 TO DECEMBER								
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****	% Families* **	% BANK Loans****	Over all	Low	Mod	Mid
Multi-State																
Full Review:																
Philadelphia MA	20	100.00	9.27	5.26	12.27	10.53	22.40	10.53	56.06	73.68	1.19	0.00	0.00	0.00	0.00	1.82
State of New Jersey																
Full Review:																
Trenton MSA 8480	116	99.15	18.87	12.17	18.20	20.00	24.03	29.57	38.90	38.26	6.66	7.23	6.98	7.23	6.07	
Limited Review:																
Hunterdon MSA 5015	1	0.85	12.13	0.00	16.24	0.00	26.60	100.00	45.02	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Middlesex MSA 5015	0	0.00	17.75	0.00	21.42	0.00	27.99	0.00	32.84	0.00	0.00	0.00	0.00	0.00	0.00	0.00

* Based on 2001 Peer Mortgage Data: Northeast Region.

** As a percentage of loans with borrower income information available. No information was available for 2.19% of loans originated and purchased by Bank.

*** Percentage of Families is based on the 1990 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 DECEMBER 31, 2002			Geography: PENNSYLVANIA AND NEW JERSEY								Evaluation Period: JULY 1, 2000 TO						
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****	% Families* **	% BANK Loans****	Over all	Low	Mod	Mid	Upp
Multi-State																	
Full Review:																	
Philadelphia MA	67	100.00	9.27	1.52	12.27	16.67	22.40	25.76	56.06	56.06	0.67	1.18	0.86	0.89	0.57		
State of New Jersey																	
Full Review:																	
Trenton MSA 8480	401	90.52	18.87	12.63	18.20	21.46	24.03	25.51	38.90	40.40	2.70	3.59	3.46	3.06	2.19		
Limited Review:																	
Hunterdon MSA 5015	36	8.13	12.13	8.33	16.24	16.67	26.60	16.67	45.02	58.33	0.39	0.00	0.43	0.25	0.51		
Middlesex MSA 5015	6	1.35	17.75	20.00	21.42	80.00	27.99	0.00	32.84	0.00	0.01	0.06	0.02	0.00	0.00		

* Based on 2001 Peer Mortgage Data: Northeast Region.

** As a percentage of loans with borrower income information available. No information was available for 1.37% 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 DECEMBER 31, 2002		Geography: PENNSYLVANIA AND NEW JERSEY			Evaluation Period: JANUARY 1, 2001 TO				
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
Multi-State									
Full Review:									
Philadelphia MA	267	100.00	57.26	24.34	52.43	32.96	14.61	0.27	0.77
State of New Jersey									
Full Review:									
Trenton MSA 8480	691	77.99	79.47	91.32	43.56	25.04	31.40	5.86	15.25
Limited Review:									
Hunterdon MSA 5015	51	5.76	82.02	76.47	25.49	27.45	47.06	0.59	1.54
Middlesex MSA 5015	144	16.25	75.72	60.42	75.00	11.11	13.89	0.40	1.11

* Based on 2001 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 - 2002).

**** 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 DECEMBER 31, 2002		Geography: PENNSYLVANIA AND NEW JERSEY			Evaluation Period: JANUARY 1, 2001 TO				
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
Multi-State									
Full Review: Not Applicable – No Loans Made									
Philadelphia MA									
State of New Jersey									
Full Review:									
Trenton MSA 8480	3	100.00	92.55	100.00	33.33	66.67	0.00	50.00	60.00
Limited Review:									
Hunterdon MSA 5015	0	0.00	94.01	0.00	0.00	0.00	0.00	0.00	0.00
Middlesex MSA 5015	0	0.00	91.47	0.00	0.00	0.00	0.00	0.00	0.00

* Based on 2001 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 - 2002).

**** 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 13. Geographic and Borrower Distribution of Consumer Loans (Institution's Option)

Geographic and Borrower Distribution: CONSUMER LOANS		Geography: PENNSYLVANIA AND NEW JERSEY										Evaluation Period: JULY 1, 2000 TO DECEMBER 31, 2002							
MA/Assessment Area:	Geographic Distribution										Borrower Distribution								
	Total Consumer Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		
	#	% of Total*	% of Hhlds**	% of BANK Loans	% of Hhlds**	% of BANK Loans	% of Hhlds**	% of BANK Loans	% of Hhlds**	% of BANK Loans	% of Hhlds**	% of BANK Loans	% of Hhlds**	% of BANK Loans	% of Hhlds**	% of BANK Loans	% of Hhlds**	% of BANK Loans	
Multi-State																			
Full Review:																			
Philadelphia MA	285	100.00	0.12	0.35	0.56	0.00	45.19	38.60	54.13	61.05	12.23	9.30	11.80	20.54	19.13	29.46	56.83	40.70	
State of New Jersey																			
Full Review:																			
Trenton MSA 8480	1,948	91.28	6.15	2.52	16.06	11.65	48.00	61.81	29.78	24.02	22.69	23.90	17.11	26.95	20.16	25.93	40.04	23.22	
Limited Review:																			
Hunterdon MSA 5015	115	5.39	0.00	0.00	0.00	0.00	59.99	60.00	40.01	40.00	15.63	13.21	15.11	22.64	23.38	19.81	45.88	44.34	
Middlesex MSA 5015	71	3.33	2.15	1.41	18.32	7.04	68.97	70.42	10.55	21.13	21.76	29.41	19.04	38.24	24.93	14.71	34.27	17.65	

* Consumer loans originated and purchased in the MA/AA as a percentage of all consumer loans originated and purchased in the rated area.
 ** Percentage of Households is based on the 1990 Census Information.

Table 14. Qualified Investments

QUALIFIED INVESTMENTS FEBRUARY 3, 2003		Geography : PENNSYLVANIA AND NEW JERSEY				Evaluation Period: AUGUST 21, 2000 TO			
MA/Assessment Area:	Prior Period Investments*		Current Period Investments		Total Investments			Unfunded Commitments**	
	#	\$(000's)	#	\$(000's)	#	\$(000's)	% of Total	#	\$(000's)
Multi-State									
Full Review:									
Philadelphia MA	0	0	6	688	6	688	100.00	0	0
State of New Jersey									
Full Review:									
Trenton MSA 8480	2	642	66	2,719	68	3,361	100.00	2	416
Limited Review:									
Hunterdon MSA 5015	0	0	0	0	0	0	0	0	0
Middlesex MSA 5015	0	0	0	0	0	0	0	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.

GEOGRAPHY

Demographic Information for Full Scope Area: GEOGRAPHY						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)						
Population by Geography						
Owner-Occupied Housing by Geography						
Business by Geography						
Farms by Geography						
Family Distribution by Income Level						
Distribution of Low and Moderate Income Families throughout AA Geographies						
Median Family Income HUD Adjusted Median Family Income for 2000 Households Below Poverty Level			Median Housing Value Unemployment Rate (1990 US Census)			

(*) The NA category consists of geographies that have not been assigned an income classification.
 Source: 1990 US Census and 2000 HUD updated MFI