

S P R I N G 1 9 9 8

IN THIS ISSUE

Hotter Than Ever
CD Campaign 2

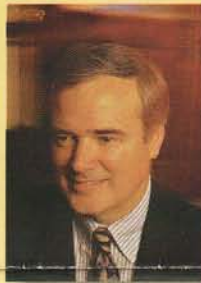
Year 2000
Plans Underway 2

Referring Business
To YNB 2

YNB Unveils
New Logo 3

New Home
Equity Line 3

Business Services
Available
at YNB 3



Patrick M. Ryan
President & CEO



Jay G. Destribats
Chairman of the Board

MANAGEMENT LETTER

Building On Growth

As our annual report clearly conveys, 1997 was another record year for YNB. Net income rose over 24%, and total assets grew more than 25% to reach \$614.7 million at year end. We continued to increase our profitable loan portfolio, and we grew deposits to fund that loan growth, with both areas expanding over 16% from last year.

Our strategy for ongoing success rests on three major initiatives: continued quality loan growth, using our investment portfolio to increase net interest income, and keeping our capital base strong. The steps we will be

taking in 1998 and beyond are carefully thought out and intended to further these activities.

Physical growth is important, too, and we plan to open at least one new branch in 1998 in the dynamic Pennington market. We are also expanding our East Windsor office to include space for a Private Banking office and a loan business development office as well. We expect to unveil our first free-standing ATM machine in Robbinsville this year, and continue to look at other profitable locations for branches or ATMs throughout our target market area.

Continued on page 4

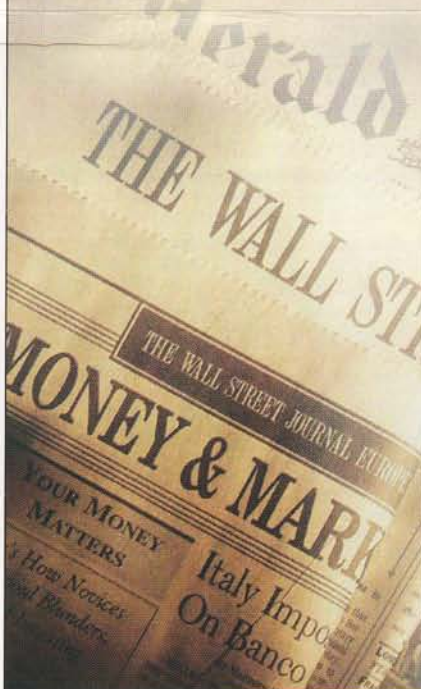
Stock Split Increases Liquidity For All Shareholders

YNB's shareholders were rewarded again in 1997, as a 100% stock dividend was declared by our Board of Directors on December 23, 1997. The two-for-one stock split was payable on January 21 to shareholders of record January 5, 1998.

By doubling the number of outstanding shares of YNB stock, we believe this move increases liquidity and makes your investment potentially more valuable in the marketplace. Our listing on NASDAQ also contin-

ues to provide additional flexibility for current shareholders as well as opening up the market for new ones.

"The decision to effect this split emphasizes that we are very optimistic about the bank's performance in the future," explained Jay Destribats, our chairman. "We believe we can continue to provide long-term value to our shareholders, while we attract additional investors who want to participate in YNB's success," he concluded. ■





Hotter Than Ever CDs! — A Winner at YNB

*“Earlier this year,
YNB introduced its
“Hotter Than Ever” CDs,
offered for a variety
of terms, and all at
the same high rate.”*

When customers are searching for the best place to make their certificate of deposit investments, rate is a very important part of the decision. But often, to get the best rate, investors have to be willing to settle for less than optimal terms. Not at YNB! Earlier this year, YNB introduced its “Hotter Than Ever” CDs, offered for a variety of terms, and all at the same high rate.

The CD promotion has been supported with extensive newspaper advertising, featuring a striking image of a hot sauce bottle carrying YNB Certificate of Deposit labeling. The

ad attracts a consumer’s eye, and draws attention to the unique features of the YNB certificate of deposit product.

Millions of dollars in new funds have come into YNB during this CD offer — money that is then used to fund commercial lending as well as growth in the investment portfolio. The result in both cases is a further improvement in YNB’s bottom line — a real benefit for shareholders. ■

Ready for the next millennium

Year 2000 Plans Underway

You’ve probably heard a lot of talk about Year 2000 computer plans, or Y2K as the “techies” like to call it. Why is this important, and what has YNB done on the subject?

The main issue is that many existing computer programs only use the last two digits — 98 for example — to identify a year. When the century turns, an identification of the year 2000 as 00 could throw many computer systems for a loop, confusing 1900 with 2000. In industries such as banking and insurance, use of a correct date is especially important,

so plans must be made to address any potential problems in this area. So YNB, through its Technology and Systems and Operations committees, began early last year to formulate a plan for implementation of Year 2000 changes in our systems.

We may have to upgrade or replace some of our hardware and software. In addition, we must be sure that our vendors and suppliers are also ready. ITI, our primary vendor, is already Year 2000 compliant, as we have known since our technology conversion in 1997.

Continued on page 4

Stakeholders Can Help By Referring Business

By identifying ourselves as a community bank, we obviously mean we have our roots and our interests in the surrounding area. But we also have a second definition for community, and that is a group of individuals who share common bonds and purposes. In this, too, we are a community bank. Most of our shareholders are customers. Many of our customers are neighbors. And everyone can refer business which will help our institution grow.

Whether it is a friend who wants a safe place to put retirement funds, a neighborhood merchant who wants a more caring, knowledgeable business banker, an acquaintance who is purchasing a home, or your own financial portfolio, by referring or bringing that business to YNB, you increase the value of your investment and the stability of its future.

For additional information on any YNB products or services, please suggest that your referrals call our telephone banking center at 1-8884-HELPLINE. Tell them to mention that they were referred by a YNB shareholder or current customer. We treat all of our customers well, but stakeholders have a special place in our organization. They’ll be pleased at the attention they receive, and you will have helped YNB scale even greater heights of success. ■

YNB Shareholder Information

Do you have questions about the number of shares you own? Need to change a mailing address? Have there been adjustments in the way your shares should be registered? For any transactions involving shares in Yardville National Bancorp, contact:

FIRST CITY TRANSFER CO.

Mail:

P.O. Box 170 • Iselin, NJ 08830

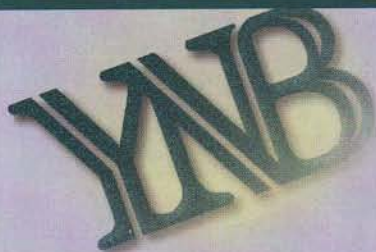
Express Deliveries (such as FedEx):

505 Thornall Street, Suite 303

Edison, NJ 08837

Telephone: (732) 906-9227

FAX: (732) 906-9269



YNB Unveils A New Look

Shareholders receiving this year's Annual report noticed something new right away — a new logo on the cover. Reflecting the institution's continued growth and evolution, we introduced the new bank logo, focusing on the three initials YNB, early in April.

"This isn't a change, but an evolution," explains YNB Chairman Jay Destribats. "We're not changing our name, but officially taking on YNB, Your Neighborhood Bank, the name that the bank's business clients and retail customers have used for some time already. And we wanted our shareholders to be the first ones to see it."

"We also wanted a new look at a time when our bank is enjoying great growth," added YNB CEO and President Pat Ryan. "The bank has introduced many new services and taken advantage of new technology that lets us better provide for both customers and shareholders. It's important to us that our image reflect our progressive nature as well as our tradition of service to the community."

While its first usage was on the cover of the annual report, the new logo will now be gradually phased into use on all of YNB's materials, from newspaper ads to branch signage. ■

YNB Lowers Home Equity Line Rate

YNB has launched an intensive new campaign for additional home equity loans by lowering the interest rate on its entire portfolio. What makes YNB's offer unique, however, is that the new low rates are not "teasers" designed to bring in loans quickly and then raise rates to consumers, but are for the life of the loan.

"We wanted to encourage current home equity line customers to use their lines, as well as to bring in new home equity line business," explained Jim Doran, YNB's Senior Lending Officer. "By making this outstanding offer, we hope to grow our home equity portfolio and provide funds for our neighbors to make the improvements they want to their homes."

Of course, YNB's home equity line can be used for a variety of purposes: to consolidate bills, pay educational expenses, or take a long-awaited vacation, in addition to home improvements. And Doran reports that many homeowners are also using YNB's excellent home equity rate to refinance their mortgages, without points, application fees or closing costs.

As always, YNB encourages shareholders to be customers as well, and

this home equity loan promotion gives you a great reason to bring your home equity business to YNB. For an application, or to find out more about YNB's home equity lines and loans, just call the telephone help center at 1-8884-HELPLINE. ■

"YNB's home equity line can be used to consolidate bills, pay educational expenses, take a long-awaited vacation, or for home improvements."



Offering Businesses A Host of New Services

Many area businesspersons who know YNB as a knowledgeable, community-focused commercial lending institution have recently discovered that YNB can also offer a wide range of non-lending products tailored to their needs. From cash management, through electronic clearing house services, direct deposit of payroll, and even automatic investment sweeps, YNB provides increased efficiency and maximum convenience for business clients of all sizes.

In 1997, we also began offering

lockbox services to assist organizations which collect recurring payments from a number of individuals. YNB provides a central location to which payments are mailed, handles the bookkeeping, and presents detailed reports as often as the customer wishes.

Another special offering is Service Direct, a new service for the employees of business customers, packaging a variety of services to those whose payroll is direct deposited to a YNB account.

Continued on page 4

The Yardville National Bank
P.O. Box 8487
Trenton, NJ 08650

Bulk Rate
U.S. Postage
PAID
Permit No. 750
S. Hackensack, NJ

S H A R E H O L D E R N E W S

Building On Growth*(continued from Page 1)*

And, of course, we will soon be breaking ground for our new corporate headquarters which we expect to occupy in 1999.

As we approach the 21st century, we have positioned our institution to succeed far into the future by broadening the products and services we offer our customers, and making sure we have the state-of-the-art technology required to deliver them.

Even more important, YNB further increased its stability in 1997 by raising additional capital and improving our ratios. All of our capital ratios now well exceed the Federal standards for a "well capitalized bank." We have worked hard to get here, and we appreciate the support of our loyal shareholders and customers who have helped make our successes possible.

You are, indeed, critical to our continued success. Many of our shareholders are customers. All of our directors refer business to the bank. And we all work for the betterment of our community. For this reason, we consider that you are all "stakeholders" in this institution — people who have a vested interest in our success.



As stakeholders, you can do even more to assure our ongoing strength and growth. For a description of how you can do your part, please see the article on page 2. As a community institution, we feel that YNB is inextricably linked to our neighborhood and our neighbors. But we are all members of the YNB community, with clear opportunities to help this institution continue to grow and prosper. We hope we can count on your contributions in the coming year.

Sincerely,

*Patrick M. Ryan
President and
Chief Executive
Officer*

*Jay G. Destribats
Chairman
of the Board*

Year 2000*(continued from Page 2)*

Plans are to have any necessary changes completed by the first quarter of 1999, which will give us the opportunity to test and monitor all of these systems before the change is implemented. We are currently on schedule in our plans, and believe YNB will be ready to deal with the year 2000 when it truly arrives. ■

New Services*(continued from Page 3)*

"Service Direct really helps us cement the relationship between a business and YNB," explained Nina Melker, Senior Vice President, Retail Administration. "We want to be much more than a lender to these quality business clients, and Service Direct helps us to do that," she concluded.

Other business services include MATS (Multiple Account Trust Services) for attorneys, realtors, and others; Cash Command electronic cash management; and asset-based lending, among others. "In the year to come," Ms. Melker added, "YNB expects to expand its business support offerings and become the primary bank for many of our business customers — and their employees!" ■