



LARGE BANK

Comptroller of the Currency
Administrator of National Banks

Washington, DC 20219

Public Disclosure

September 29, 2003

**Community Reinvestment Act
Performance Evaluation**

**The Suffolk County National Bank of Riverhead
Charter Number: 4230**

**6 West Second Street
Riverhead, NY 11901**

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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 **Outstanding**.

The following table indicates the performance level of **The Suffolk County National Bank of Riverhead** with respect to the Lending, Investment, and Service Tests:

Performance Levels	The Suffolk County National Bank of Riverhead Performance Tests		
	Lending Test*	Investment Test	Service Test
Outstanding	X		X
High Satisfactory			
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:

- Lending activity reflects good responsiveness to credit needs in the bank’s assessment area.
- Geographic loan distributions are excellent for home mortgage and small loans to businesses.
- Borrower income distributions are excellent for home mortgage loans and good for small loans to businesses.
- Community development lending had a positive impact on the Lending Test rating.
- The volume of qualified investments is adequate, given the bank’s capacity and the level of investment opportunities in the assessment area.
- The bank’s retail delivery systems are readily accessible to geographies and individuals of different income levels.
- The bank provides a good level of community development services.

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

The Suffolk County National Bank of Riverhead (SCNB) is the sole subsidiary of Suffolk Bancorp, headquartered in Riverhead, New York, approximately 75 miles east of midtown Manhattan (New York City). SCNB is an intrastate bank with \$1.4 billion in assets and tier one capital of \$91 million as of June 30, 2003. A real estate investment trust that holds the bank's mortgages is the only subsidiary of the bank. This subsidiary has no impact on the bank's ability to meet its CRA commitment. The bank received an "Outstanding" rating at its previous CRA examination dated March 27, 2000.

SCNB operates 27 branch offices throughout Suffolk County. There are ATMs at 23 of the branches. Since the prior CRA evaluation, SCNB has not closed any branches and has opened three branches.

The bank offers a wide range of loan products, including various types of mortgages, commercial, and consumer loans. The majority of the bank's consumer loans are indirect automobile lending. Net loans totaling \$813 million and investments of \$407 million represent 59% and 30% of total assets, respectively.

The loan portfolio is broken down as follows: consumer loans 33%, commercial loans secured by nonresidential real estate 24%, commercial loans 18%, residential real estate loans 18%, real estate construction loans 5%, and agricultural loans 2%. This breakdown is consistent with the bank's strategy of serving the consumer and business credit and depository needs of Suffolk County residents. There are no impediments, legal or otherwise, which would hinder the bank's ability to help meet the credit needs of its assessment area.

Scope of the Evaluation

Evaluation Period/Products Evaluated

This evaluation covers the period from January 1, 2000 to December 31, 2002 for the lending test. We reviewed home mortgages and small loans to businesses. Market comparisons are based on 2001 peer data, which was the most recently available data at the time of this evaluation.

Community development loans and the investment and service tests cover the period from March 28, 2000 to September 29, 2003. All qualified investments originated in prior periods, and still outstanding at September 29, 2003, were also considered. We based our conclusions related to community development loans and qualified investments 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.

Small farm lending and multifamily home lending are not primary business lines of the bank. A nominal number of small farm and multifamily housing loans were originated. These loans were not analyzed, but are included in the tables in Appendix C for informational purpose.

Data Integrity

We conducted data integrity reviews in 2001 and 2002. During these reviews, we analyzed a sample of small business and home mortgage loans to ensure the accuracy of data upon which our evaluation relied. We compared information in publicly filed data to information in the bank's loan files to determine reliability. We also evaluated the processes the bank employs to ensure the accuracy of this data. While minor errors were found, our review revealed that the publicly available information was materially accurate and reliable. We also reviewed community development loans, investments, and services and included only those items that qualified under the regulatory definition for community development.

Selection of Areas for Full-Scope Review

We conducted a full-scope review of the bank's assessment area (AA). The bank operates in the Suffolk County portion of the Nassau-Suffolk MA 5380. Refer to the table in Appendix A and Market Profile in Appendix B for more information.

Ratings

The bank's overall rating is based on the area that received a full-scope review. The bank's single assessment area is Suffolk County, NY. The bank does not have any branches outside of Suffolk County. Therefore, the bank's overall performance will be the same as performance in the assessment area.

Fair Lending Review

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

Conclusions with Respect to Performance Tests

LENDING TEST

Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the lending test is rated "Outstanding". Based on the full-scope review, the bank's performance in the Suffolk AA is excellent.

Lending Activity

Refer to Table 1 Lending Volume in Appendix C for the facts and data used to evaluate the bank's lending activity.

Considering its size, resources, and the competition in this market, SCNB's lending levels reflect a good responsiveness to the assessment area's credit needs. During the evaluation period, the bank originated 1,895 home mortgage loans totaling \$165 million, 1,258 small loans to businesses totaling \$158 million, and 6 community development loans totaling \$4.7 million.

Home purchase loans comprise 23%, home improvement loans 46%, and home refinance loans 31% of HMDA reportable loans. Multifamily loans represented less than 1% and were not analyzed.

In the AA, SCNB ranked 9th in deposit market share with 4% of deposits. There are 26 FDIC insured deposit-taking institutions in the assessment area based on 2002 data. SCNB ranked 26th with a 0.71% market share in overall home mortgages based on 2001 peer HMDA data. This area is very competitive with 412 HMDA reporting lenders. Within individual products, SCNB rank and market share, respectively were 52nd / 0.32% for home purchase, 7th / 3.68% for home improvement, and 30th / 0.59% for home refinance. For reasons noted below, SCNB's home purchase and home refinance lending activity is slightly stronger than 2001 market share numbers suggest.

A number of the banks and their affiliated mortgage companies, which rank ahead of SCNB and compete in the assessment area, are significantly larger in both asset size and branch network. Also, several nationwide mortgage companies and other lenders that do not have deposit-taking facilities in the assessment area tend to distort the HMDA data. Of the HMDA reporting institutions with branches or affiliates in the assessment area, SCNB ranked 10th with a 1% market share in home purchase and 10th with a 1.8% market share in home refinance.

Additionally, there was a significant volume of loan purchase activity in the bank's assessment area in 2001. Thirty-one percent of all reported home purchase loans and 21% percent of all reported home refinance loans are loan purchases instead of loan originations. Several lenders in the assessment area receive credit for originating a loan and for any subsequent purchases of the same loan by their affiliates. These subsequent purchases are typically done to facilitate secondary market sales. SCNB does not purchase home mortgage loans, therefore performance would slightly improve when considering originations only.

For small loans to business, SCNB ranks 14th out of 102 lenders with a 1.03% market share. The top five lenders are all nationwide credit card lenders with a total market share of 65%. Other banks ahead of SCNB include other nationwide lenders and much larger regional banks.

Distribution of Loans by Income Level of the Geography

The geographic distribution of loans is excellent. This is based on excellent distribution of both home mortgage and small loans to businesses.

Home Mortgage Loans

Refer to Tables 2, 3, 4 and 5 in Appendix C for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations and purchases.

The geographic distribution of home mortgage loans is excellent. Our analysis focused on performance in the moderate-income geographies. There are only two low-income tracts with a very low percentage (0.09%) of owner-occupied housing. The opportunity for home mortgage lending in these geographies is limited.

For all home mortgage loan products, the percentage of lending in moderate-income geographies significantly exceeds the percentage of owner-occupied housing units in moderate-income geographies. Additionally, for all products, the market share in moderate-income geographies either exceeds or significantly exceeds the bank's overall market share.

Small Loans to Businesses

Refer to Table 6 in appendix C for the facts and data used to evaluate the geographic distribution of the bank's origination/purchase of small loans to businesses. Again, our analysis focused on performance in the moderate-income geographies given the very low percentage (0.25%) of businesses located in low-income geographies. The opportunity for small loans to businesses in these geographies is limited.

The geographic distribution of small loans to businesses is excellent. The percentage of lending in moderate-income geographies significantly exceeds the percentage of businesses located in those geographies. The market share in moderate-income geographies exceeds the bank's overall market share.

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, SCNB originated a substantial majority (98%) of its loans in the AA. SCNB originated 99% of its HMDA loans and 97% of its small loans to businesses in the AA. The high percentage of lending within the assessment area was given positive consideration in our analysis.

Distribution of Loans by Income Level of the Borrower

The overall distribution of loans by income level of the borrower is excellent. This is based on excellent distribution of home mortgage loans and good distribution of small loans to businesses.

Home Mortgage Loans

Refer to Tables 8, 9, and 10 in Appendix C for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases.

The overall distribution of home mortgage loans to borrowers of different income levels is excellent. SCNB originated a high level of mortgage loans to low- and moderate-income borrowers over the evaluation period. With two exceptions, home improvement and home refinance, bank performance exceeds the low- and moderate-income demographic comparator for each product. Also, the market share to low- and moderate-income borrowers either exceeds or significantly exceeds the bank's overall market share for each product. Bank performance is not weakened by the fact that the percentage of loans to low-income borrowers is somewhat less than the 18% demographic comparator. Many costs associated with refinancing a home mortgage loan do not vary based on loan amount. Consequently, it generally takes longer to recoup refinance costs on smaller dollar loans.

Small Loans to Businesses

Refer to Table 11 in Appendix C for the facts and data used to evaluate the borrower distribution of the bank's origination/purchase of small loans to businesses.

The overall distribution of small loans to businesses is good when considering the size of loans originated and the strong competition from nationwide credit card lenders in the bank's assessment area.

Although the 56% of bank loan originations is less than the demographic indicator (businesses with revenue of \$1 million or less) of 65%, nearly 70% of the bank's loans were for \$100,000 or less, indicating the bank's willingness to make small loans to businesses. The bank's market share to businesses with revenue of \$1 million or less exceeds the bank's overall market share. With respect to market share to small businesses, the top three lenders consisting of nationwide credit card lenders dominate with a combined market share of nearly 56%, ranging from a low of 13% to a high of 30%.

Community Development Lending

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

The bank made a good level of CD loans, which had a positive impact on the Lending Test rating. During the evaluation period, the bank originated six loans totaling \$4,740,000. Two

loans constituting the majority of the total help to provide affordable housing, vocational training, and day care services to adults and children that are low- and moderate-income.

- \$2 million revolving credit facility to a non-profit organization that specializes in the education, housing, and vocational training of developmentally disabled individuals. The loan is to bridge the acquisition and renovation costs of group homes with permanent financing. The collateral for this loan consists of the organization's non-real estate assets.

- \$2.1 million commercial mortgage on various properties used to house three Head Start programs on Long Island. Head Start is a federally subsidized early childhood education and nutrition program targeting low-income families. The Long Island Division currently serves over 1,400 children.

Product Innovation and Flexibility

The bank uses flexible state and federal mortgage loan products in originations that target low- and moderate-income borrowers. The flexible programs had a positive impact on the Lending Test rating.

During the evaluation period, the bank originated 77 loans totaling \$10 million under the State of New York Mortgage Association (SONYMA) program and 416 loans totaling \$64 million under the Federal National Mortgage Association program. These programs offer underwriting standards and terms that are more favorable than conventional products such as lower downpayment requirements and higher debt ratios.

INVESTMENT TEST

Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the investment test is rated "Low Satisfactory". Based on the full-scope review, the bank's performance in the Suffolk County assessment area is adequate. Refer to Table 14 in Appendix C for the facts and data used to evaluate the bank's level of qualified investments.

During the evaluation period, the bank originated 63 investments of nearly \$1.1 million. Additionally, we considered two prior period investments totaling \$3.1 million. These two investments have a continuing impact to the assessment area. The majority of the prior period investment assisted in the construction and permanent financing of affordable housing, an identified need. None of the investments were considered complex or innovative. Recently conducted community contacts indicate there are ample opportunities within the assessment area to make community development investments.

The majority of the dollar amount of current period investments constitutes one investment of \$1 million. The bank purchased a revenue anticipation note (RAN) issued by a special needs school district within the assessment area. The RAN bridges the gap in financing the district until state and local funding is obtained. The school district serves at risk youth, the majority of whom are of low- and moderate-income. The remaining current period investments constitute charitable contributions to 32 organizations involved primarily in providing affordable housing and community services to low- and moderate-income individuals.

SERVICE TEST

Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the Service Test is rated "Outstanding". Based on full-scope reviews, the bank's performance in the Suffolk County assessment area is excellent.

Retail Banking Services

Refer to Table 15 in Appendix C for the facts and data used to evaluate the distribution of the bank's branch delivery system and branch openings and closings. Although the bank does not have any branches in either of the two low-income geographies, less than 1/2 of 1% of the assessment area population resides in those tracts. Therefore, our analysis placed more weight on the distribution of branches in moderate-income geographies.

SCNB's service delivery systems are readily accessible to geographies and individuals of different income levels in the assessment area.

Given the date and length of the evaluation period, we analyzed the bank's distribution of branches using both 1990 and 2000 census data. Some of the bank's branch locations were reclassified into moderate- and middle-income geographies because of the 2000 census.

Regardless of the census data used, the percentage of branches located in moderate-income geographies exceeds the percentage of the assessment area population that resides in those geographies. One of the three branches opened during the evaluation period was planned for a moderate-income geography, which would enhance accessibility. However, the branch opened on January 3, 2003 and this geography was reclassified as a middle-income tract because of the 2000 census.

No branches were closed during the evaluation period. Branch hours do not vary significantly throughout the area. All branches offer extended hours on various days and Saturday hours are offered at twenty-one of the twenty-seven branches, including seven of the nine branches located in moderate-income geographies.

SCNB's other alternative delivery systems include bank-by-mail, bank-by-phone, and PC Banking. No significant weight was given to these systems since the bank does not track how well these services reach low- and moderate-income individuals and geographies.

Community Development Services

SCNB provides a good level of community development services in the assessment area. During the evaluation period, nine SCNB employees performed qualifying service activities involving ten different organizations. Most service work involved serving on boards of organizations that provide affordable housing to low- and moderate-income individuals or that facilitate economic development. During the evaluation period, the bank also conducted three first time homebuyer fairs targeting low- and moderate-income individuals. Over 100 individuals in total attended these fairs.

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 CD Loans): 01/01/00 to 12/31/02 Investment and Service Tests and CD Loans: 03/28/00 to 09/29/03	
Financial Institution	Products Reviewed	
Suffolk County National Bank (SCNB) Riverhead, New York	HMDA, small loans to businesses, community development loans, investments, and services.	
Affiliate(s)	Affiliate Relationship	Products Reviewed
None		
List of Assessment Areas and Type of Examination		
Assessment Area	Type of Exam	Other Information
Suffolk County (Portion of MSA #5380)	Full-Scope	

Appendix B: Market Profiles for Full-Scope Areas

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Market Profiles for Areas Receiving Full-Scope Reviews

Suffolk County	B-2
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Suffolk County

Demographic Information for Full-Scope Area: Suffolk County						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	312	0.64	18.91	65.71	12.50	2.24
Population by Geography	1,321,864	0.59	19.92	66.48	12.61	0.40
Owner-Occupied Housing by Geography	340,347	0.09	18.56	67.37	13.99	0.00
Businesses by Geography	115,985	0.25	19.06	65.44	15.22	0.03
Farms by Geography	2,751	0.00	22.76	63.32	13.85	0.07
Family Distribution by Income Level	343,611	18.00	20.99	27.55	33.45	0.00
Distribution of Low- and Moderate-Income Families throughout AA Geographies	133,996	0.28	28.81	63.91	7.00	0.00
Median Family Income HUD Adjusted Median Family Income for 2002 Households Below the Poverty Level	= \$56,726 83,000 4.94%	Median Housing Value (June 2003, MLS of Long Island) Unemployment Rate (NY State Labor Department)		= \$303,000 =4.6%		

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

The assessment area includes all of Suffolk County, which is part of the Nassau Suffolk MSA and the larger New York Consolidated Metropolitan Statistical Area (CMSA). The entire MSA and CMSA would encompass an area too large for the bank to reasonably serve. The assessment area meets regulatory guidelines and does not arbitrarily exclude any low- or moderate-income areas.

Suffolk County encompasses 922 square miles of eastern Long Island. The county seat is 75 miles east of midtown Manhattan. Nassau County borders on the west. Suffolk is urban and suburban in character. The western portion of the county has become a high technology center with an expanding biotechnology market. The eastern part of the county is known for its farming, fishing, and resort communities.

The trimming of federal defense spending contributed to a loss of defense and defense-related jobs in the county and to a slower than expected recovery from the late-1980s recession. While the terror attack on the World Trade Center in 2001 impacted the regional economy, Suffolk County fared better overall due to its diverse economy. The unemployment rate of 4.6% is lower than the New York State and national unemployment rates.

Housing in the area is largely owner-occupied. Costs soared in the 1980s making housing primarily affordable only to middle- and upper-income families. The median value of owner-occupied housing increased 268% between 1980 and 1990. During the same time period, rental-housing costs increased 134%. Housing prices have continued to soar making the area one of the most expensive in the nation. The Long Island Multiple Listing Service indicated that as of June 2003, the median price for an existing home in Suffolk County was \$303,000.

This assessment area is in a highly competitive environment, served by several banks, savings & loan institutions, and mortgage companies. Large local, regional, and multinational banks providing competition include JP Morgan Chase, Citibank, Fleet Bank, North Fork Bank and Trust, Bank of New York, and Washington Mutual. More recently, Commerce Bank headquartered in New Jersey has made an aggressive expansion into Long Island. As of June 30, 2002, SCNB with 27 branches had a 4% deposit market share, ranking 9th in Suffolk County.

Three community contacts conducted recently identified ample opportunities for community development loans, investments, and services. Competition is high for the more traditional investments including housing and economic development bonds. These investments are generally acquired by the larger regional and multinational banks. A pressing need identified within the assessment area is affordable housing (both owner occupied and rental). Major obstacles to affordable housing expansion are local zoning restrictions (lot size, frontage, etc), and decreases in construction subsidies due to budget cutbacks. Another need includes rehabilitation loans for older, suburban housing stock. Generally, there is no shortage of business financing and credit was described as generally readily available. There is a need to develop more streamlined approaches to providing very small business loans and there is a strong need for technical assistance for small business owners.

Appendix C: Tables of Performance Data

Content of Standardized Tables

References to the “bank” include activities of any affiliates that the bank provided for consideration (refer to appendix A: Scope of the Examination). For purposes of reviewing the lending test tables, the following are applicable: 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. Tables without data are not included in this PE.

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

- Table 1. Lending Volume** - Presents the number and dollar amount of reportable loans originated and purchased by the bank over the evaluation period by MA/assessment area. Community development loans to statewide or regional entities or made outside the bank’s assessment area may receive positive CRA consideration. 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 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.

Table 1. Lending Volume

LENDING VOLUME		Geography: NEW YORK				Evaluation Period: JANUARY 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)	
Full Review:												
Suffolk County	100.00	1,895	164,757	1,258	158,273	13	815	6	4,740	3,172	328,585	100.00

Table 2. Geographic Distribution of Home Purchase Loans

Geographic Distribution: HOME PURCHASE		Geography: NEW YORK				Evaluation Period: JANUARY 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
Full Review:															
Suffolk County	357	100.00	0.09	0.00	18.56	52.10	67.37	44.54	13.99	3.36	0.32	0.00	0.64	0.23	0.09

* Loan Data as of 12/31/02. Rated area refers to either the state or multi-state MA rating area.

** The evaluation period for Community Development Loans is March 28, 2000 to September 29, 2003.

*** Deposit Data as of 6/30/02. Rated Area refers to either the state, multi-state MA, or institution, as appropriate.

* 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			Geography: NEW YORK				Evaluation Period: JANUARY 1, 2000 TO DECEMBER 31, 2002					Market Share (%) by Geography				
MA/Assessment Area:	Total Home Improvement Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Over all	Low	Mod	Mid	Upp	
	#	% of Total**	% Owner Occ***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans						
Full Review:																
Suffolk County	795	100.00	0.09	0.00	18.56	40.13	67.37	54.09	13.99	5.79	3.68	0.00	7.42	2.84	2.24	

Table 4. Geographic Distribution of Home Mortgage Refinance Loans

Geographic Distribution: HOME MORTGAGE REFINANCE			Geography: NEW YORK				Evaluation Period: JANUARY 1, 2000 TO DECEMBER 31, 2002					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***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans						
Full Review:																
Suffolk County	742	100.00	0.09	0.00	18.56	41.37	67.37	51.89	13.99	6.74	0.59	0.00	1.18	0.45	0.43	

* 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.

* 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 5. Geographic Distribution of Multifamily Loans

Geographic Distribution: MULTIFAMILY		Geography: NEW YORK						Evaluation Period: JANUARY 1, 2000 TO DECEMBER 31, 2002							
MA/Assessment Area:	Total Multifamily Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography				
	#	% of Total**	% of MF Units***	% BANK Loans	% MF Units***	% BANK Loans	% MF Units***	% BANK Loans	% MF Units***	% BANK Loans	Over all	Low	Mod	Mid	Upp
Full Review:															
Suffolk County	1	100.00	0.59	0.00	35.08	0.00	60.92	100.00	3.41	0.00	1.67	0.00	0.00	2.78	0.00

Table 6. Geographic Distribution of Small Loans to Businesses

Geographic Distribution: SMALL LOANS TO BUSINESSES		Geography: NEW YORK						Evaluation Period: JANUARY 1, 2000 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
Full Review:															
Suffolk County	1,258	100.00	0.25	0.24	19.06	35.48	65.44	55.69	15.22	8.59	1.03	0.00	1.95	0.91	0.65

* Based on 2001 Peer Mortgage Data: Northeast Region.

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

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

* 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												Geography: NEW YORK		Evaluation Period: JANUARY 1, 2000 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	
Full Review:																
Suffolk County	13	100.00	0.00	0.00	22.76	69.23	63.32	30.77	13.85	0.00	30.77	0.00	57.14	0.00	0.00	

Table 8. Borrower Distribution of Home Purchase Loans

Borrower Distribution: HOME PURCHASE												Geography: NEW YORK		Evaluation Period: JANUARY 1, 2000 TO DECEMBER 31, 2002		
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	
Full Review:																
Suffolk County	357	100.00	18.00	22.22	20.99	32.46	27.55	25.15	33.45	20.18	0.41	1.60	0.55	0.31	0.21	

* 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.

* Based on 2001 Peer Mortgage Data: Northeast Region.

** As a percentage of loans with borrower income information available. No information was available for 4.2% of loans originated and purchased by Bank.

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

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

Table 9. Borrower Distribution of Home Improvement Loans

Borrower Distribution: HOME IMPROVEMENT			Geography: NEW YORK				Evaluation Period: JANUARY 1, 2000 TO DECEMBER 31, 2002								
MA/Assessment Area:	Total Home Improvement Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share				
	#	% of Total**	% Families**	% BANK Loans****	% Families* **	% BANK Loans****	% Families* **	% BANK Loans****	% Families* **	% BANK Loans****	Over all	Low	Mod	Mid	Upp
Full Review:															
Suffolk County	795	100.00	18.00	13.65	20.99	23.64	27.55	31.73	33.45	30.97	3.99	7.68	4.23	3.63	3.27

Table 10. Borrower Distribution of Home Mortgage Refinance Loans

Borrower Distribution: HOME MORTGAGE REFINANCE			Geography: NEW YORK				Evaluation Period: JANUARY 1, 2000 TO DECEMBER 31, 2002								
MA/Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share				
	#	% of Total**	% Families**	% BANK Loans****	% Families* **	% BANK Loans****	% Families* **	% BANK Loans****	% Families* **	% BANK Loans****	Over all	Low	Mod	Mid	Upp
Full Review:															
Suffolk County	742	100.00	18.00	10.53	20.99	26.60	27.55	32.01	33.45	30.87	0.72	1.32	0.88	0.64	0.60

* Based on 2001 Peer Mortgage Data: Northeast Region.

** As a percentage of loans with borrower income information available. No information was available for 0.5% 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.

* Based on 2001 Peer Mortgage Data: Northeast Region.

** As a percentage of loans with borrower income information available. No information was available for 5.3% 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.

Table11. Borrower Distribution of Small Loans to Businesses

Borrower Distribution: SMALL LOANS TO BUSINESSES				Geography: NEW YORK		Evaluation Period: JANUARY 1, 2000 TO DECEMBER 31, 2002			
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
Full Review:									
Suffolk County	1,258	100.00	64.84	56.12	69.71	17.81	12.48	1.03	1.41

Table12. Borrower Distribution of Small Loans to Farms

Borrower Distribution: SMALL LOANS TO FARMS				Geography: NEW YORK		Evaluation Period: JANUARY 1, 2000 TO DECEMBER 31, 2002			
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
Full Review:									
Suffolk County	13	100.00	92.73	69.23	84.62	15.38	0.00	30.77	20.00

* Based on [Year] 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 0% of small loans to businesses originated and purchased by the Bank.

* 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 0% of small loans to farms originated and purchased by Bank.

Table 14. Qualified Investments

QUALIFIED INVESTMENTS		Geography: NEW YORK				Evaluation Period: March 28, 2000 TO September 29, 2003			
MA/Assessment Area:	Prior Period Investments*		Current Period Investments		Total Investments			Unfunded Commitments**	
	#	\$(000's)	#	\$(000's)	#	\$(000's)	% of Total	#	\$(000's)
Full Review:									
Suffolk County	1	3,070	63	1,088	64	4,158	97.65	0	0
Statewide/Regional –Potential to benefit Assessment Area	1	100	0	0	1	100	2.35	0	0

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

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

Table 15. Distribution of Branch Delivery System and Branch Openings/Closings ¹

DISTRIBUTION OF BRANCH DELIVERY SYSTEM AND BRANCH OPENINGS/CLOSINGS Geography: NY Evaluation Period: March 28, 2000 TO September 29, 2003																	
MA/Assessment Area:	Deposits	Branches						Branch Openings/Closings				Population					
	% of Rated Area Deposits in AA	# of BANK Branches	% of Rated Area Branches in AA	Location of Branches by Income of Geographies (%)				# of Branch Openings	# of Branch Closings	Net change in Location of Branches (+ or -)				% of Population within Each Geography ³			
				Low	Mod	Mid	Upp			Low	Mod	Mid	Upp	Low	Mod	Mid	Upp
Full Review:																	
Suffolk County	100	27	100	0	33	63	4	3	0		0	2 ²	1	0.42	23.42	61.44	14.71

¹ Population and geographies are based on Census 2000 data.

² One of these branches opened January 3, 2003. Branch was planned under assumption of moderate-income geography. Census 2000 re-designated tract to middle-income.

³ Does not add to 100%. A small portion (.01%) of population resides in NA designated tracts.

