



# LARGE BANK

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Comptroller of the Currency  
Administrator of National Banks

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Washington, DC 20219

## PUBLIC DISCLOSURE

December 3, 2012

### COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

The Suffolk County National Bank of Riverhead  
Charter Number 4230

6 West Second Street  
Riverhead, NY 11901

Office of the Comptroller of the Currency

343 Thornall Street Suite 610  
Edison, NJ 08837

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

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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	(Name of Depository Institution) Performance Tests		
	Lending Test*	Investment Test	Service Test
Outstanding	X		X
High Satisfactory		X	
Low Satisfactory			
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:

- SCNB's lending activity reflects good responsiveness to the credit needs of its overall assessment area;
- The geographic distribution of home mortgage loans is excellent;
- The geographic distribution of small loans to businesses is excellent;
- The borrower distribution of home mortgage loans and the distribution of small loans to businesses is good;
- A substantial majority of both home mortgage and small loans to businesses were made in the assessment area;
- The bank's level of community development lending in the assessment area (AA) is excellent;
- The bank's performance under the investment test is good; and
- The bank's service delivery systems are readily accessible to individuals and geographies of different income levels.

## Definitions and Common Abbreviations

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

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

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

**Census Tract (CT):** A small subdivision of metropolitan and other densely populated counties. Census tract boundaries do not cross county lines; however, they may cross the boundaries of metropolitan 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.

Effective September 1, 2005, the Board of Governors of the Federal Reserve System, Office of the Comptroller of the Currency, and the Federal Deposit Insurance Corporation have adopted the following additional language as part of the revitalize or stabilize definition of community development.

Activities that revitalize or stabilize-

- (i) Low-or moderate-income geographies;
- (ii) Designated disaster areas; or
- (iii) Distressed or underserved nonmetropolitan middle-income geographies designated by the Board, Federal Deposit Insurance Corporation, and Office of the Comptroller of the Currency, based on-
  - a. Rates of poverty, unemployment, and population loss; or
  - b. Population size, density, and dispersion. Activities that revitalize and stabilize geographies designated based on population size, density, and dispersion if they help to meet essential community needs, including needs of low- and moderate-income individuals.

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

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

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

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

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

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

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

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

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

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

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

**Median Family Income (MFI):** The median income determined by the U.S. Census Bureau every ten years and used to determine the income level category of geographies. Also, the median income

determined by the Department of Housing and Urban Development annually that is used to determine the income level category of individuals. For any given area, the median is the point at which half of the families have income above it and half below it.

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

**Metropolitan Division:** As defined by Office of Management and Budget, a county or group of counties within a Metropolitan Statistical Area that contains a population of at least 2.5 million. A Metropolitan Division consists of one or more counties that represent an employment center or centers, plus adjacent counties associated with the main county or counties through commuting ties.

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

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

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

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

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

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

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

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

**Small Loan(s) to Business(es):** A loan included in 'loans to small businesses' as defined

in the Consolidated Report of Condition and Income (Call Report) and the Thrift Financial Reporting (TFR) instructions. These loans have original amounts of \$1 million or less and typically are either secured by nonfarm or nonresidential real estate or are classified as commercial and industrial loans.

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

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

**Upper-Income:** Individual income that is at least 120 percent of the area median income, or a median family income that is at least 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 and is headquartered in Riverhead, New York. SCNB is an intrastate bank with 30 branches in Suffolk County, NY with assets of \$1.59 billion, as of September 30, 2012. SCNB wholly owns two subsidiaries, a real estate investment trust and a licensed insurance company that provides employee benefit programs to businesses. Activities of the subsidiaries will not be considered and do not have any impact on the bank's CRA assessment.

The bank's strategy is to serve the financial needs of customers in Suffolk County. Business and retail customers are offered a full line of depository and credit services, including residential mortgages, commercial and consumer loans. In recent years, management has noted that some small businesses need to survive the influx of national retail chains such as Walmart, Target, Home Depot, and Lowes, and have therefore renewed programs in small business lending. As of September 30, 2012, net loans totaled \$753 million and represented 48% of total assets. The loan portfolio comprise 44% of commercial loans secured by nonresidential real estate, 25% of residential real estate loans, 21% of commercial loans, 5% of real estate construction loans, 3% of consumer loans, and 1% of agricultural loans. The bank's overall loan portfolio has declined in recent years in part due to the economic downturn and the strengthening of underwriting standards. Tier 1 Capital at September 30, 2012 was \$149 million.

There are no impediments, legal or otherwise, which would hinder the bank's ability to help meet the credit needs of its assessment area. The last CRA exam was dated December 21, 2009 and resulted in an "Outstanding" rating.

SCNB's sole assessment area is Suffolk County in the state of New York. The assessment area has 320 tracts with 0.63% or two designated as low-income geography, 20% or 64 as moderate-, 61.58% or 197 as middle-, 15.31% or 49 as upper-, and 2.5% have not been assigned income classifications according to the 2000 census.

## Scope of the Evaluation

### Evaluation Period/Products Evaluated

The evaluation period for the lending test for home mortgages, reported under the Home Mortgage Disclosure Act (HMDA), and for small loans to businesses reported under the Community Reinvestment Act (CRA), is from October 1, 2009 through December 31, 2011. Market comparisons are based on 2011 peer data, which was the most recent data available at the time of this evaluation.

The evaluation period for community development loans, investments, and service tests covers activities from December 21, 2009 through December 3, 2012. All qualified investments originated in prior periods and still outstanding at December 3, 2012 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. An analysis of these products would not be meaningful and was not performed. Data for the nominal activity originated for small farm lending is included in the tables in Appendix C for informational purpose. No multifamily loans were originated during the evaluation period.

### Data Integrity

We conducted a data integrity review in September 2012. During this review, we analyzed a sample of home mortgage loans and small loans to businesses to ensure the accuracy of HMDA loan application register (LAR) data and CRA data to be used in the CRA exam. The errors that we identified were isolated cases and did not represent a systemic concern.

This CRA examination was based on accurate data. We further verified the community development loans, qualified investments, and donations, as well as community development services during the examination to ensure the recorded activities meet the regulatory standards of community development. As a result of this verification we made a small adjustment to the total amount of donations.

### Selection of Areas for Full-Scope Review

All 30 of SCNB's branch offices are within Suffolk County, NY, a portion of the New York-Northern New Jersey-Long Island MSA #35620. Suffolk County, the sole assessment area (AA) of SCNB, received a full scope review. Refer to the table in Appendix A and Market Profile in Appendix B for more information.

### Ratings

SCNB's overall rating was determined by the full scope review of its sole AA - Suffolk County.

## **Other**

We conducted one community contact with a local affordable housing organization. The contact indicated that a major need in the area is affordable housing and affordable rentals. The contact stressed that the economic downturn reduced the income levels of workers, forcing some to leave the county amidst higher taxes and lack of affordable housing. The community contact indicated that his organization is helping with the construction of affordable housing to low- and moderate-income families and to attract the workers back to the county.

## Fair Lending or Other Illegal Credit Practices Review

Pursuant to 12 C.F.R. 25.28(c), or 12 C.F.R. 195.28(c), in determining a national bank's (bank) or Federal savings association's (FSA) CRA rating, respectively, the OCC considers evidence of discriminatory or other illegal credit practices in any geography by the bank or FSA, or in any assessment area by an affiliate whose loans have been considered as part of the bank's or FSA's lending performance.

We found no evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs.

## 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". The geographic and borrower distribution for home mortgage loans are excellent. The geographic distribution of small loans to businesses is excellent, while the borrower distribution of loans made to small businesses is adequate. The level of CD loans is excellent and the bank has provided flexible lending programs that are responsive to identified affordable housing needs.

#### Lending Activity

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

SCNB's lending activity in the AA is good. During the evaluation period, the bank originated 259 home mortgage loans totaling \$55 million; 1,294 small loans to businesses totaling \$218 million; and 12 community development loans totaling \$31.4 million. Home purchase loans represent 34%, home improvement loans 35%, and home refinance loans 31% of home mortgage loans. SCNB loan portfolio has decreased during the period. Some of the decline is attributable to the effects of the recession and slow recovery with the ensuing foreclosures in the AA, and increased caution and strengthened underwriting standards reducing overall loan demand and approvals. Additionally, low- to moderate-income families tend to be affected earlier in a recession cycle while they gain the benefit of a recovery much later. The downward trend continues to reflect the current housing market and economic environment.

As part of the lending test, we compared the deposit market share to market share for individual loan products. The smallest statistical area with both deposit and lending market share information for SCNB is the Nassau-Suffolk Metropolitan Division (#35004). As of June 30, 2012, SCNB held 1.14% of the deposits in the market (ranked 14<sup>th</sup> out of 47 institutions).

The most recent loan market share information for home mortgage loans was from 2011, and for small loans to business was from 2010. The overall market share for home mortgage loans was 0.30% (ranked 52<sup>nd</sup> out of 243 lenders). Separately, SCNB attained a market share of 0.29% for home purchase loans (62<sup>nd</sup> out of 214 lenders); 0.22% for mortgage refinance loans (73<sup>rd</sup> out of 267 lenders); and 2.19% for home improvement loans (10<sup>th</sup> out of 95 lenders). Market share for small loans to business was 2.32% (9<sup>th</sup> out of 86 lenders).

While the market shares of lending products are lower than the market share of deposits, it should be noted that the number of institutions in the lending markets is significantly higher than the number of institutions in the deposit market. These additional institutions are typically non-bank financial companies or large, nationwide financial companies with significantly more deposit, branch, and marketing resources.

## Distribution of Loans by Income Level of the Geography

### ***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 purchase loans is excellent. The percentage of home purchase loans distributed among low-income geographies is lower than the percentage of owner-occupied units in low-income geographies in the AA, as SCNB did not make any loans in the low-income geographies in the AA. However, the percentage of home purchase loans distributed among moderate-income geographies exceeds the percentage of owner-occupied units in moderate-income geographies in the AA. More weight was given to the moderate-income geographies. The market share originated in moderate-income geographies exceeds the bank's overall market share in the AA.

The geographic distribution of home improvement loans is excellent. The percentage of home improvement loans distributed among low-income geographies is lower than the percentage of owner-occupied units, given no loans were made in the two low-income geographies. The percentage of home improvement loans distributed among moderate-income geographies exceeds the percentage of owner-occupied units. The market share of home improvement loans originated in moderate-income geographies exceeds the overall market share in the AA.

The geographic distribution of home refinance loans is excellent. The percentage originated in low-income geographies is lower than the percentage of owner-occupied units. The percentage originated in moderate-income geographies exceeds the percentage of owner-occupied units. The market share originated in moderate-income geographies exceeds the overall market share in the AA. Given the limited opportunities to lend in low-income geographies as previously noted, more weight was given to the distribution in moderate-income geographies. Within the AA, low-income geographies represent 0.25% of owner-occupied units, or less than 935 units, compared to 19.39% or 72,590 units of all owner-occupied units in moderate-income geographies.

### ***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.

The geographic distribution of small loans to businesses is excellent. The percentage of small loans made to businesses in moderate-income geographies exceeds the percentage of businesses that are located in these geographies. The percentage of small loans made to businesses in low-income geographies is near the percentage of businesses that are located in these geographies. However, when considering the opportunities to service businesses in low-income geographies is limited to 0.39%, or 656 businesses, compared to 19.82% or 33,440 businesses in moderate-income geographies, more weight was given to the distribution in moderate-income geographies.

## Lending Gap Analysis

Our review of SCNB's loan application registers found no conspicuous or unexplained gaps in lending patterns that would reveal low loan penetration in low- or moderate-income geographies.

### *Inside/Outside Ratio*

The inside/outside ratio is excellent. A substantial majority of home mortgage loans (96%) and small loans to businesses (98%) were made within the AA. This test only considers originations and purchases of loans, and does not consider the activity of any subsidiaries.

## Distribution of Loans by Income Level of the Borrower

The overall distribution of loans by income level of the borrower is good. More weight was placed on the distribution of home mortgage loans than on the distribution of small loans to businesses given there is a higher identified need for affordable housing.

### *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 borrower distribution of home purchase loans is good. The percentage of home purchase loans made to low-income borrowers in the AA is somewhat lower than the percentage of low-income families in the AA. The percentage of home purchase loans made to moderate-income borrowers in the AA exceeds the percentage of moderate-income families in the AA. The market share of both low- and moderate-income borrowers is below the overall market share in the AA. Opportunities to lend to low-income borrowers are limited given the high cost of housing relative to income and bank's underwriting standards. The median family income is \$76,221 while the median housing value is \$207,175.

SCNB's distribution of home improvement loans to borrowers of different income levels is excellent. The percentage of home improvement loans made to low-income borrowers in the AA is near the percentage of low-income families in the AA. The percentage of home improvement loans made to moderate-income borrowers in the AA exceeds the percentage of moderate-income families in the AA. The market share for both low- and moderate-income borrowers exceeds the overall market share in the AA.

SCNB's distribution of home mortgage refinance loans to borrowers of different income levels is adequate. The percentage of home refinance loans made to low-income borrowers in the AA is somewhat below the percentage of low-income families in the AA. The percentage of home refinance loans made to moderate-income borrowers is near the percentage of moderate-income families in the AA. The market share of home purchase loans originated in both low-income and moderate-income geographies is below the bank's overall market share. Despite low rates, declining property values have impacted borrower equity thus shrinking the ability to borrow against real property.

### *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.

SCNB's distribution of small loans to businesses of different sizes is good. The percentage of small loans made to small businesses with revenues of \$1 million or less is lower than the percent of small businesses with revenues of \$1 million or less in the AA. This is due primarily to SCNB experiencing a shift in the credit environment for small business owners and the strong competition of large nationwide lenders in the AA. SCNB originated higher percentage of loans for businesses of \$100,000 or less at 58.11% compared to 23.34% for all businesses at least \$100,000 but less than \$250,000, and 18.55% to businesses at least \$250,000 but less than or equal to \$1 million. SCNB market share of loans to small business exceeds the overall market share. As a result of the recession, credit underwriting tightened and small businesses chose the convenience of credit cards usage and application to onerous loan application processes, the number of loans to small businesses declined. The bank is using software to streamline and shorten the origination process and the bank has had discussions regarding SBA loans as way of offering additional SBA programs. These mitigating factors, and SCNB's market share of small loans to small businesses exceeding their overall market share, had a positive effect on our conclusion about the distribution of small loans to businesses of different sizes.

## **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 community development (CD) loans, including multifamily loans that also qualify as CD loans. In addition, Table 5 includes geographic lending data on all multifamily loans, including those that also qualify as CD loans. Table 5 does not separately list CD loans, however.

The level of CD loans is excellent and had a positive impact on the Lending Test rating. During the evaluation period, the bank originated 12 loans totaling \$31.4 million, or 21% of tier 1 capital at September 30, 2012. CD loans were made to construct, renovate, and fund operations of learning facilities, nursing homes, and affordable housing for low- and moderate-income individuals. Additionally CD loans were made to redevelop and revitalize communities located in moderate-income areas. Examples of CD loans include:

- Amounts totaling \$8 million in CD loans were made to a group home program which provides services to the community and AA and low- to moderate-income individuals.
- Amounts totaling \$6 million in CD loans were made to special and regular education programs and services to children with disabilities. The CD loan provides services to the community in the AA and targets low- to moderate-income persons.

## **Product Innovation and Flexibility**

The bank offers flexible products through an affordable mortgage loan program that targets low- and moderate- income borrowers. This program is responsive to affordable housing needs of the AA by offering underwriting standards and terms that are more favorable than conventional products such as lower down payment requirements and higher debt ratios. During the evaluation period, the bank originated 15 loans totaling \$2.7 million, or 2.26% of all home mortgage loans originated. Some of the mortgages were issued under a State of New York Mortgage Association program. In addition to the 30 branches, the bank has four commercial loan satellite offices in the AA. The bank is using WebEquity software to streamline and shorten the origination process and to provide better documentation. In 2012 management has reinstated small business line of credit that provides working capital to small business clients. The affordable flexible mortgage loan program and efforts to expand the lending activity had a positive impact on the Lending Test rating.

## **INVESTMENT TEST**

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

The bank's performance under the investment test is rated "High Satisfactory". The bank's performance in the Suffolk AA is good. The institution has a significant level of qualified community development investments and shows good responsiveness to the credit and community economic development needs of its AA.

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 347 investments totaling \$2 million (334 grants/donations and 11 investments). Additionally, we considered 13 prior period investments totaling \$3.6 million. Performance is good as the majority of investments target an identified need in the AA, affordable housing for both home ownership and rental units. Opportunities for investments, particularly affordable housing projects, have been limited in the last few years due to a nationwide slow economic recovery from the recession and higher than average foreclosures rates in the area have reduced the number of ongoing and planned affordable housing projects. Furthermore, both bank management and community contacts have stated that there is widespread resistance from private industry to create additional affordable housing. All major affordable housing projects are public-private initiatives sponsored by local governments in collaboration with local non-profits organizations and with the financial support of local financial institutions.

Current period investments constitute one investment for \$1 million for a school district that assists in serving troubled children, families and developmentally disabled people within the AA, the majority of whom are low- and moderate- income. Nine investments, totaling \$369 thousand, financed the acquisition, rehabilitation and construction of affordable, safe, and sanitary housing for low- and moderate- income persons in the AA. There is also a \$250 thousand commitment from the bank to fund an economic development fund to provide quick small business loans to small business affected by the recent Superstorm Sandy. The fund is sponsor by a local development agency in cooperation with state trade association. Additionally, \$393 thousand in grants and/or donations were made to organizations that benefited low- and moderate-income families, individuals, and geographies in the AA. These current period investments have a positive impact on the Investment Test.

Twelve of the 13 prior period investments have a continuing impact to the AA as they assisted in the construction and permanent financing of affordable housing, an identified need. These investments had a positive impact on the Investment Test. None of the investments are considered complex or innovative.

## **SERVICE TEST**

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

The bank's performance under the Service Test is rated "Outstanding". Based on a full scope review, the bank's performance in the Suffolk AA 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.

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

All of SCNB's 30 branch offices offer full retail services. The percentage of branches located in moderate-income geographies is significantly higher than the percentage of the population that resides in those areas, demonstrating a commitment to serve low- and moderate-income individuals and areas. There are no branches located in low-income geographies, but less than 0.42% of the population lives in these areas. During the evaluation period, there were no branch closings but one branch was opened in a moderate-income geography. The Amityville branch opened in October 2011. The bank has also opened a fourth Loan Production Office in Melville in 2012. The operating hours of branches located in moderate-income areas do not materially differ from branches located in middle- or upper-income areas. Most branches offer extended hours on at least one weekday and Saturday hours. SCNB is responsive to the retail banking needs of the communities they serve by adjusting operating hours based on customer feedback and suggestions.

SCNB offers alternative delivery systems which include bank-by-mail, bank-by-phone, ATM's, and Internet banking. No weight was placed on these alternative methods of delivery since the use of these systems in moderate-income geographies or by low- and moderate-income people is not tracked.

#### **Community Development Services**

The level of community development services is good. A number of branch managers and executives are members of and provide technical assistance to organizations, such as local Chambers of Commerce, economic development corporations and redevelopment councils, and local non-profit organizations. These organizations serve low- and moderate-income individuals and areas by creating permanent jobs and additional affordable housing. In addition, the bank as a whole assists in fundraising activities for non-profit organizations who conduct community development activities such as food banks, homeless shelters, and organizations that provide assistance to needy or distressed children and families. CD services provided by SCNB includes: a free homebuyers workshop provides a service to individuals in the low-to-moderate income range in the education of home ownership and financing, and donating to

local food banks to help the hungry in Long Island. These activities directly benefit low- and moderate-income individuals. SCNB has been recognized by some of these organizations for providing exceptional assistance.

## Appendix A: Scope of Examination

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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 nonmetropolitan areas that received comprehensive examination review (designated by the term “full-scope”) and those that received a less comprehensive review (designated by the term “limited-scope”).

<b>Time Period Reviewed</b>	Lending Test (excludes CD Loans): (10/01/09 to 12/31/11) Investment and Service Tests and CD Loans: (12/21/09 to 12/03/12)	
<b>Financial Institution</b>		<b>Products Reviewed</b>
(The Suffolk County National Bank of Riverhead (SCNB) Riverhead, NY)		Home mortgages and small loans to businesses, community development loans, qualified investments and community development services.
<b>Affiliate(s)</b>	<b>Affiliate Relationship</b>	<b>Products Reviewed</b>
Not Applicable		
<b>List of Assessment Areas and Type of Examination</b>		
<b>Assessment Area</b>	<b>Type of Exam</b>	<b>Other Information</b>
Suffolk AA	Full Scope	Includes the entirety of Suffolk County, NY (County #103). Part of the Nassau-Suffolk Metropolitan Division (#35004), which is part of the New York-Northern New Jersey-Long Island MSA (#35620).

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

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### Suffolk Assessment Area

Demographic Information for Full Scope Area: Suffolk Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	320	0.63	20.00	61.56	15.31	2.50
Population by Geography	1,419,369	0.42	23.14	61.73	14.70	0.01
Owner-Occupied Housing by Geography	374,371	0.25	19.39	63.57	16.78	0.00
Business by Geography	168,710	0.39	19.82	61.04	18.73	0.01
Farms by Geography	3,970	0.30	21.66	63.55	14.48	0.00
Family Distribution by Income Level	362,857	19.31	20.10	25.32	35.28	0.00
Distribution of Low- and Moderate-Income Families throughout AA Geographies	142,974	0.62	30.22	60.25	8.91	0.00
Median Family Income HUD Adjusted Median Family Income for 2011 Households Below Poverty Level	76,221 106,100 6%	Median Housing Value Unemployment Rate (Bureau of Labor Statistics-January 2013)	8.7%	207,175		

(\*) The NA category consists of geographies that have not been assigned an income classification.

Source: 2000 U.S Census, 2010 HUD updated MFI, and January 2013 Bureau of Labor Statistics.

The assessment area (AA) includes all of Suffolk County, NY which is part of the New York-Northern New Jersey-Long Island MSA. The AA meets regulatory guidelines as it corresponds to an accepted political subdivision (county) and does not arbitrarily exclude any low- or moderate-income areas. All 30 full service retail branches and 30 ATMs (two stand-alone) are located in the AA.

Suffolk County encompasses 912 square miles of eastern Long Island. Headquarters of the bank is located in the county seat of Riverhead, about 75 miles east of Manhattan. Suffolk is urban and suburban in character, with 1,493,340 residents as of April 1, 2010 and estimated at 1,498,816 as of 2011. The western portion of the county has become a high technology center with expanding biotechnology industries, but is also a bedroom community for New York City commuters. The eastern part of the county is known for its farming, fishing, and resort communities.

Unemployment decreased from 7.5% in July 2010 to 7.2% in July 2011 and stands at 8.0%, as of July 2012 but is below the national average of 8.6% at July 2012. The majority of jobs recently lost were in the financial and professional services sectors. The economy is expected to be relatively stable long term due to the high labor concentration in health services (the county has one of the highest average population ages in the country) and education (two major university's are located in the county).

The AA is in a highly competitive banking environment, served by several national and large banks, considering the smallest statistical area with both deposit and lending market share information for SCNB of the Nassau-Suffolk Metropolitan Division (#35004). As of June 30, 2012, SCNB held 1.14% of the deposits in the market (ranked 14<sup>th</sup> out of 47 institutions). JP Morgan Chase led the deposit market share with 20.10%, followed by Capital One with 16.35%, and then Citibank with 12.42%.

The most recent loan market share (by count) information for home mortgage loans was from 2011. SCNB's market share in home purchase loans was 0.29% (62<sup>nd</sup> out of 214 lenders). This category is lead by Wells Fargo Bank with 22.99%, Continental Home Loans with 11.61%, followed by JP Morgan Chase with 4.93%. SCNB had a market share of 0.22% for mortgage refinance loans (73<sup>rd</sup> out of 267 lenders); led by Wells Fargo Bank with 16.99%, Teachers Federal Credit Union with 13.97% and Bethpage Federal Credit Union with 7.64%. SCNB had home improvement market share of 2.19% (10<sup>th</sup> out of 95 lenders) with Teachers Federal Credit the leader with 19.36%, Suffolk Federal Credit Union with 12.67%, and Wells Fargo Bank 8.81%.

The most recent market share information for small loans to business was from 2010. SCNB's market share for small loans to business was 2.32% by count (9<sup>th</sup> out of 86 lenders). The leader in the AA is American Express Bank, FSB with 40.01%, Chase Bank with 15.81%, and Citibank with 8.42%.

The community contact indicated that a major need in the area is affordable housing and affordable rentals. He indicated further that opportunities for investments, particularly affordable housing projects, have been limited due to a nationwide slow economic recovery from the recession and higher than average foreclosure rates in the area that have reduced the number of ongoing and planned affordable housing projects.

## Appendix C: Tables of Performance Data

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### Content of Standardized Tables

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

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

- Table 1. Lending Volume** - Presents the number and dollar amount of reportable loans originated and purchased by the bank over the evaluation period by MA/assessment area. Community development loans to statewide or regional entities or made outside the bank’s assessment area may receive positive CRA consideration. See Interagency Q&As \_\_.12 (i) - 5 and - 6 for guidance on when a bank may receive positive CRA consideration for such loans. Refer to the CRA section of the Compliance Policy intranet page for guidance on table placement.
- 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.  
**Not applicable.**
- 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.  
**Not applicable.**

**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. Refer to the CRA section of the Compliance Policy intranet page for guidance on table placement.

**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: SUFFOLK COUNTY NB				Evaluation Period: OCTOBER 1, 2009 TO DECEMBER 31, 2011						
Assessment Area (2011):	% of Rated Area Loans (#) <sup>*</sup> in MA/AA	Home Mortgage		Small Loans to Businesses		Small Loans to Farms		Community Development Loans <sup>**</sup>		Total Reported Loans		% of Rated Area Deposits in MA/AA <sup>***</sup>
		#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	
<b>Full Review:</b>												
2011 AA - Suffolk County National Bank	100.00	259	54,910	1,294	218,276	15	2,004	12	31,425	1,568	275,190	100.00

<sup>\*</sup> Loan Data as of December 31, 2011. Rated area refers to either state or multi-state MA rating area.<sup>\*\*</sup> The evaluation period for Community Development Loans is from September 01, 2009 to December 31, 2011.<sup>\*\*\*</sup> Deposit Data as of June 30, 2012. Rated Area refers to either the state, multi-state MA, or institution, as appropriate.

**Table 1. Other Products**

Lending Volume		Geography: SUFFOLK COUNTY NB				Evaluation Period: OCTOBER 1, 2009 TO DECEMBER 31, 2011								
Assessment Area (2011):	% 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 Deposit s in AA***
		#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	
<b>Full Review:</b>														
2011 AA - Suffolk County National Bank	0.00	0	0	0	0	0	0	0	0	0	0	0	0	100.00

\* Loan Data as of December 31, 2011. Rated area refers to either state or multi-state MA rating area.

\*\* The evaluation period for Optional Product Line(s) is from October 01, 2009 to December 31, 2011.

\*\*\* Deposit Data as of June 30, 2012. Rated Area refers to either the state, multi-state MA, or institution, as appropriate.

**Table 1. Other Products**

Lending Volume		Geography: SUFFOLK COUNTY NB		<b>Evaluation Period:</b> OCTOBER 1, 2009 TO DECEMBER 31, 2011	
Assessment Area (2011):	Other Unsecured Consumer Loans*		Other Optional Loans*		
	#	\$ (000's)	#	\$ (000's)	
<b>Full Review:</b>					
2011 AA - Suffolk County National Bank	0	0	0	0	0

\* The evaluation period for Optional Product Line(s) is from October 01, 2009 to December 31, 2011.

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

Geographic Distribution: HOME PURCHASE			Geography: SUFFOLK COUNTY NB			Evaluation Period: OCTOBER 1, 2009 TO DECEMBER 31, 2011									Market Share (%) by Geography <sup>*</sup>				
Assessment Area:	Total Home Purchase Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography <sup>*</sup>								
	#	% of Total <sup>**</sup>	% Owner Occ <sup>***</sup> Units	% BANK Loans <sup>****</sup>	% Owner Occ Units <sup>***</sup>	% BANK Loans	% Owner Occ Units <sup>***</sup>	% BANK Loans	% Owner Occ Units <sup>***</sup>	% BANK Loans	Over all	Low	Mod	Mid	Upp				
<b>Full Review:</b>																			
2011 AA - Suffolk County National Bank	88	100.00	0.25	0.00	19.39	34.09	63.57	56.82	16.78	9.09	0.22	0.00	0.47	0.16	0.11				

<sup>\*</sup> Based on 2011 Peer Mortgage Data (USPR)<sup>\*\*</sup> 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.<sup>\*\*\*</sup> Percentage of Owner Occupied Units is the number of owner occupied units in a particular geography divided by the number of owner occupied housing units in the area based on 2000 Census information.<sup>\*\*\*\*</sup> Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

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

Geographic Distribution: HOME IMPROVEMENT			Geography: SUFFOLK COUNTY NB						Evaluation Period: OCTOBER 1, 2009 TO DECEMBER 31, 2011						
Assessment Area:	Total Home Improvement Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography <sup>*</sup>				
	#	% of Total <sup>**</sup>	% Owner Occ Units***	% BANK Loans***	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Overall	Low	Mod	Mid	Upp
<b>Full Review:</b>															
2011 AA - Suffolk County National Bank	91	100.00	0.25	0.00	19.39	35.16	63.57	57.14	16.78	7.69	1.89	0.00	1.90	2.15	0.80

\* Based on 2011 Peer Mortgage Data (USPR)

\*\* 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 units in a particular geography divided by the number of owner occupied housing units in the area based on 2000 Census information.

\*\*\*\* Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

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

Geographic Distribution: HOME MORTGAGE REFINANCE				Geography: SUFFOLK COUNTY NB				Evaluation Period: OCTOBER 1, 2009 TO DECEMBER 31, 2011								
Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography <sup>*</sup>					
	#	% of Total <sup>**</sup>	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Overall	Low	Mod	Mid	Upp	
<b>Full Review:</b>																
2011 AA - Suffolk County National Bank	80	100.00	0.25	0.00	19.39	36.25	63.57	53.75	16.78	10.00	0.15	0.00	0.34	0.12	0.12	

<sup>\*</sup> Based on 2011 Peer Mortgage Data (USPR)<sup>\*\*</sup> Home refinance loans originated and purchased in the MA/AA as a percentage of all home refinance loans originated and purchased in the rated area.<sup>\*\*\*</sup> Percentage of Owner Occupied Units is the number of owner occupied units in a particular geography divided by the number of owner occupied housing units in the area based on 2000 Census information.<sup>\*\*\*\*</sup> Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

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

Geographic Distribution: MULTIFAMILY			Geography: SUFFOLK COUNTY NB				Evaluation Period: OCTOBER 1, 2009 TO DECEMBER 31, 2011									
Assessment Area:	Total Multifamily Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography					
	#	% of Total <sup>**</sup>	% of MF Units <sup>***</sup>	% BANK Loans <sup>****</sup>	% MF Units <sup>***</sup>	% BANK Loans	% MF Units <sup>***</sup>	% BANK Loans	% MF Units <sup>***</sup>	% BANK Loans	Overal	Low	Mod	Mid	Upp	
<b>Full Review:</b>																
2011 AA - Suffolk County National Bank	0	0.00	0.35	0.00	37.14	0.00	55.64	0.00	6.87	0.00	0.00	0.00	0.00	0.00	0.00	

<sup>\*</sup> Based on 2011 Peer Mortgage Data (USPR)

<sup>\*\*</sup> Multi-family loans originated and purchased in the MA/AA as a percentage of all multi-family loans originated and purchased in the rated area.

<sup>\*\*\*</sup> Percentage of Multi Family Units is the number of multi family units in a particular geography divided by the number of multifamily housing units in the area based on 2000 Census information.

<sup>\*\*\*\*</sup> Multifamily loan distribution includes Home Purchases, Home Improvement and Refinances.

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

Geographic Distribution: SMALL LOANS TO BUSINESSES			Geography: SUFFOLK COUNTY NB			Evaluation Period: OCTOBER 1, 2009 TO DECEMBER 31, 2011									
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 Business es***	% BANK Loans	% of Business es***	% BANK Loans	% of Business es***	% BANK Loans	% of Business es***	% BANK Loans	Overall	Low	Mod	Mid	Upp
<b>Full Review:</b>															
2011 AA - Suffolk County National Bank	1,294	100.00	0.39	0.31	19.82	29.68	61.04	62.21	18.73	7.81	2.30	2.80	3.93	2.45	0.78

\* Based on 2010 Peer Small Business Data -- US and PR

\*\* 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 (2011).

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

Geographic Distribution: SMALL LOANS TO FARMS			Geography: SUFFOLK COUNTY NB				Evaluation Period: OCTOBER 1, 2009 TO DECEMBER 31, 2011								
Assessment Area:	Total	Small Farm Loans	Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography <sup>*</sup>				
	#	% of Total <sup>**</sup>	% of Farms <sup>***</sup>	% BANK Loans	% of Farms <sup>**</sup> <sup>*</sup>	% BANK Loans	% of Farms <sup>**</sup> <sup>*</sup>	% BANK Loans	% of Farms <sup>**</sup> <sup>*</sup>	% BANK Loans	Overall I	Low	Mod	Mid	Upp
<b>Full Review:</b>															
2011 AA - Suffolk County National Bank	15	100.00	0.30	0.00	21.66	40.00	63.55	60.00	14.48	0.00	6.73	0.00	12.50	7.27	0.00

<sup>\*</sup> Based on 2010 Peer Small Business Data -- US and PR<sup>\*\*</sup> 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.<sup>\*\*\*</sup> Source Data - Dun and Bradstreet (2011).

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

Borrower Distribution: HOME PURCHASE			Geography: SUFFOLK COUNTY NB				Evaluation Period: OCTOBER 1, 2009 TO DECEMBER 31, 2011									
Assessment Area:	Total Home Purchase Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share <sup>*</sup>					
	#	% of Total <sup>**</sup>	% Families <sup>***</sup>	% BANK Loans <sup>***</sup>	% Families <sup>1</sup>	% BANK Loans <sup>**</sup> **	% Families <sup>***</sup>	% BANK Loans <sup>****</sup>	% Families <sup>*</sup> **	% BANK Loans <sup>****</sup>	Overall	Low	Mod	Mid	Upp	
<b>Full Review:</b>																
2011 AA - Suffolk County National Bank	88	100.00	19.31	7.32	20.10	25.61	25.32	26.83	35.28	40.24	0.22	0.20	0.12	0.27	0.25	

<sup>\*</sup> Based on 2011 Peer Mortgage Data (USPR)<sup>\*\*</sup> 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.<sup>\*\*\*</sup> Percentage of Families is based on the 2000 Census information.<sup>\*\*\*\*</sup> As a percentage of loans with borrower income information available. No information was available for 6.8% of loans originated and purchased by bank.<sup>1</sup> Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

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

Borrower Distribution: HOME IMPROVEMENT			Geography: SUFFOLK COUNTY NB				Evaluation Period: OCTOBER 1, 2009 TO DECEMBER 31, 2011								
Assessment Area:	Total Home Improvement Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share <sup>*</sup>				
	#	% of Total <sup>**</sup>	% Families <sup>***</sup>	% BANK Loans <sup>***</sup>	% Families <sup>2</sup>	% BANK Loans <sup>****</sup>	% Families <sup>**</sup>	% BANK Loans <sup>****</sup>	% Families <sup>**</sup>	% BANK Loans <sup>****</sup>	Overall	Low	Mod	Mid	Upp
<b>Full Review:</b>															
2011 AA - Suffolk County National Bank	91	100.00	19.31	17.44	20.10	29.07	25.32	25.58	35.28	27.91	1.77	2.11	2.49	1.37	1.49

<sup>\*</sup> Based on 2011 Peer Mortgage Data (USPR)<sup>\*\*</sup> Home improvement loans originated and purchased in the MA/AA as a percentage of all home improvement loans originated and purchased in the rated area.<sup>\*\*\*</sup> Percentage of Families is based on the 2000 Census information.<sup>\*\*\*\*</sup> As a percentage of loans with borrower income information available. No information was available for 5.5% of loans originated and purchased by bank.<sup>2</sup> Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

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

Borrower Distribution: HOME MORTGAGE REFINANCE				Geography: SUFFOLK COUNTY NB				Evaluation Period: OCTOBER 1, 2009 TO DECEMBER 31, 2011							
Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share <sup>1</sup>				
	#	% of Total <sup>**</sup>	% Families <sup>***</sup>	% BANK Loans <sup>****</sup>	% Families <sup>3</sup>	% BANK Loans <sup>****</sup>	% Families* <sup>**</sup>	% BANK Loans <sup>****</sup>	% Families* <sup>**</sup>	% BANK Loans <sup>***</sup> *	Overal II	Low	Mod	Mid	Upp
<b>Full Review:</b>															
2011 AA - Suffolk County National Bank	80	100.00	19.31	10.67	20.10	20.00	25.32	25.33	35.28	44.00	0.17	0.09	0.06	0.17	0.23

<sup>1</sup> Based on 2011 Peer Mortgage Data (USPR)<sup>\*\*</sup> Home refinance loans originated and purchased in the MA/AA as a percentage of all home refinance loans originated and purchased in the rated area.<sup>\*\*\*</sup> Percentage of Families is based on the 2000 Census information.<sup>\*\*\*\*</sup> As a percentage of loans with borrower income information available. No information was available for 6.3% of loans originated and purchased by bank.<sup>3</sup> Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

Table 11. Borrower Distribution of Small Loans to Businesses

Borrower Distribution: SMALL LOANS TO BUSINESSES			Geography: SUFFOLK COUNTY NB		Evaluation Period: OCTOBER 1, 2009 TO DECEMBER 31, 2011				
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 <sup>*</sup>	
	#	% of Total <sup>**</sup>	% of Businesses <sup>***</sup>	% BANK Loans <sup>****</sup>	\$100,000 or less	>\$100,000 to \$250,000	>\$250,000 to \$1,000,000	All	Rev\$ 1 Million or Less
<b>Full Review:</b>									
2011 AA - Suffolk County National Bank	1,294	100.00	71.48	43.82	58.11	23.34	18.55	2.30	5.68

<sup>\*</sup> Based on 2010 Peer Small Business Data -- US and PR<sup>\*\*</sup> 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.<sup>\*\*\*</sup> Businesses with revenues of \$1 million or less as a percentage of all businesses (Source D&B - 2011).<sup>\*\*\*\*</sup> 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 6.65% of small loans to businesses originated and purchased by the bank.

Table 12. Borrower Distribution of Small Loans to Farms

Borrower Distribution: SMALL LOANS TO FARMS			Geography: SUFFOLK COUNTY NB		Evaluation Period: OCTOBER 1, 2009 TO DECEMBER 31, 2011				
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 <sup>*</sup>		
	#	% of Total <sup>**</sup>	% of Farms <sup>***</sup>	% BANK Loans <sup>****</sup>	\$100,000 or less	>\$100,000 to \$250,000	>\$250,000 to \$500,000	All	Rev\$ 1 Million or Less
<b>Full Review:</b>									
2011 AA - Suffolk County National Bank	15	100.00	96.35	40.00	60.00	6.67	33.33	6.73	5.66

<sup>\*</sup> Based on 2010 Peer Small Business Data -- US and PR<sup>\*\*</sup> 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.<sup>\*\*\*</sup> Farms with revenues of \$1 million or less as a percentage of all farms (Source D&B - 2011).<sup>\*\*\*\*</sup> Small loans to farms with revenues of \$1 million or less as a percentage of all loans reported as small loans to farms. No information was available for 0.00% of small loans to farms originated and purchased by the bank.

**Table 14. Qualified Investments**

Qualified Investments		Geography: SUFFOLK COUNTY NB		Evaluation Period: OCTOBER 1, 2009 TO DECEMBER 31, 2011					
Assessment Area:	Prior Period Investments		Current Period Investments		Total Investments			Unfunded Commitments**	
	#	\$(000's)	#	\$(000's)	#	\$(000's)	% of Total	#	\$(000's)
<b>Full Review:</b>									
2011 AA - Suffolk County National Bank	13	3,630	394	2,011	347	5,641	100.00	1	250

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

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

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

Distribution Of Branch Delivery System and Branch Openings/Closings			Geography: SUFFOLK COUNTY NB							Evaluation Period: OCTOBER 1, 2009 TO DECEMBER 31, 2011									
MA/Assessment Area:	Deposit s	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					
<b>Full Review:</b>																			
2011 AA - Suffolk County National Bank	100.00	30	100.00	0.00	40.00	56.67	3.33	1	0	0	1	0	0.42	23.14	61.73	14.70			

Table 15. Distribution of Branch and ATM Delivery System

Distribution of Branch and ATM Delivery System				Geography: SUFFOLK COUNTY NB				Evaluation Period: OCTOBER 1, 2009 TO DECEMBER 31, 2011											
MA/Assessment Area:	Deposi ts	Branches						ATMs						Population					
		% of Total Bank Deposi ts	# of Bank Branch es	% of Total Bank Branch es	Location of Branches by Income of Geographies (%)				#of Bank ATMs	% of Total Bank ATMs	Location of ATMs by Income of Geographies				% of Population within Each Geography				
	Low	Mod	Mid	Upp							Low	Mod	Mid	Upp	Low	Mod	Mid	Upp	
<b>Full Review:</b>																			
2011 AA - Suffolk County National Bank	100.00	30	100.00	0	40.00	56.67	3.33	30	100.00	0	12	17	1	0.42	23.14	61.73	14.70		

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