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Comptroller of the Currency  
Administrator of National Banks

**LARGE BANK**

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## **Public Disclosure**

March 27, 2000

# **Community Reinvestment Act Performance Evaluation**

The Suffolk County National Bank  
Charter Number: 4230

6 West Second Street  
Riverhead, New York 11901

Office of the Comptroller of the Currency

New York Field Office  
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New York, New York 10036

**NOTE:** 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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## General Information

*The Community Reinvestment Act (CRA) requires each federal financial supervisory agency to use its authority, when examining financial institutions subject to its supervision, to assess the 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. Upon conclusion of such examination, the agency must prepare a written evaluation of the institution's record of meeting the credit needs of its community.*

*This document is an evaluation of the CRA performance of **The Suffolk County National Bank** prepared by the **Office of the Comptroller of the Currency (OCC)**, the institution's supervisory agency, as of **March 27, 2000**. The agency evaluates performance in assessment area(s), as they are delineated by the institution, rather than individual branches. This assessment area evaluation may include the visits to some, but not necessarily all of the institution's branches. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 25.*

## Definitions and Common Abbreviations

The following terms and abbreviations are used throughout this Performance Evaluation. 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 by another company. A company is under common control with another company if both companies are directly or indirectly controlled by the same company. A bank subsidiary is controlled by the bank and is, therefore, an affiliate.

**Block Numbering Area (BNA)** - Statistical subdivisions of counties in which census tracts have not been established. BNAs have been established by the United States Census Bureau in conjunction with state agencies.

**Census Tract (CT)** - Small, locally defined statistical areas within metropolitan statistical areas. These areas are determined by the United States Census Bureau in an attempt to group homogenous populations. A CT has defined boundaries per ten year census and an average population of 4,000.

**Community Development (CD)** - Affordable 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 Administrations 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.

**Full-Scope Review** - Performance under the Lending, Investment and Service Tests is analyzed considering fully understood performance context, quantitative factors (e.g., geographic distribution, borrower distribution, total number and dollar amount of investments, branch distribution) and qualitative factors (e.g., innovation, complexity).

**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 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 applicants, the amount of loan requested, and the disposition of the application (e.g., approved, denied, withdrawn).

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

**Limited-Scope 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, branch distribution).

**Low-Income** - Income levels that are less than 50% of the median family income.

**Median Family Income (MFI)** - The median income determined by the United States 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 Statistical Area (MSA)** - Area defined by the Director of the United States Office of Management and Budget. MSAs consist of one or more counties, including large population centers and nearby communities that have a high degree of interaction.

**Middle-Income** - Income levels that are at least 80% and less than 120% of the MFI.

**Moderate-Income** - Income levels that are at least 50% and less than 80% of the MFI.

**Small Business Loans** - Loans with original amounts of \$1 million or less that are: (1) secured by nonfarm nonresidential properties; or (2) commercial and industrial loans to U.S. addresses.

**Small Farm Loans** - Loans with original amounts of \$500 thousand or less that are: (1) secured by farmland; or (2) to finance agricultural production and other loans to farmers.

**Tier 1 Capital** - The total of common shareholders' equity, perpetual preferred shareholders' equity with noncumulative dividends, retained earnings and minority interests in the equity accounts of consolidated subsidiaries.

**Upper-Income** - Income levels that are 120% or more of the MFI.

## 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** with respect to the Lending, Investment, and Service Tests:

Performance Levels	The Suffolk County National Bank Performance Tests		
	Lending Test*	Investment Test	Service Test
Outstanding	<b>X</b>		
High Satisfactory		<b>X</b>	<b>X</b>
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:

- an excellent responsiveness to credit needs in the assessment area;
- an excellent geographic distribution of loans compared to demographics of the assessment area;
- an excellent distribution among borrowers of different income levels and businesses of different sizes;
- a good level of qualified investments;
- service delivery systems are accessible to geographies and individuals of different income levels; and
- a good level of community development services.

## Description of Institution

The Suffolk County National Bank (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 \$982 million in assets as of December 31, 1999. There are no subsidiaries of the bank. The bank received a "satisfactory" rating at its previous CRA examination in March 1998.

SCNB operates 24 branch offices throughout Suffolk County. There are ATMs at 19 of the branches and one freestanding ATM at a local hospital. Since the prior CRA evaluation, SCNB has not closed any branches and has opened one branch in a middle income geography.

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 is indirect automobile lending. Net loans totaling \$720 million and investments of \$165 million represent 73% and 17% of total assets, respectively. The loan portfolio is broken down as follows: indirect automobile loans \$279 million (38%), other consumer installment loans \$28 million (4%), commercial loans secured by nonresidential real estate \$160 million (22%), commercial loans \$122 million (17%), residential real estate loans \$102 million (14%), real estate construction loans \$18 million (3%) and agricultural loans \$11 million (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, 1998 to December 31, 1999 for the lending test. We reviewed home mortgage, small business, small farm and community development loans. The investment and service tests cover the period from January 1, 1998 to March 27, 2000.

### Data Integrity

Prior to the start of this evaluation, we verified the accuracy of the data used in this review. Our findings are:

- The accuracy of a sample of loans on the 1998 and year-to-date 1999 HMDA-LARs was verified. The level of critical field errors was not material. Subsequent to the start of this evaluation, HMDA errors were noted with respect to a home equity mortgage product offered by the bank. The number of incorrect loans was not sufficiently material to impact the results of the evaluation.
- A sample of small business loans on the 1998 and year-to-date 1999 small business loan register was verified. Various errors were noted which affected the accuracy of the publicly reported data for 1998. The bank reported business lines of credit as new loans in the year of origination and in any subsequent year in which there was an advance against the line. The bank corrected the 1998 data prior to the start of this review, but did not resubmit the data. A corrected copy of the Register is located in the CRA Public File. Market share and peer data comparisons have been adjusted to reflect the corrected information.

### Selection of Areas for Full-Scope Review

We conducted a full-scope review of the assessment area. The bank operates in the Suffolk County portion of the Nassau-Suffolk MSA 5380, which is part of the larger New York-Northern New Jersey-Long Island Consolidated MSA. Refer to the table in Appendix A and Market Profile in Appendix B for more information.

### Ratings

The bank's sole assessment area is Suffolk County, N.Y. 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. Equal

weight was given to all loan products in arriving at the overall rating.

## **Other**

### *Community Contacts*

We met with a South Fork Town Supervisor and Town Housing Authority Director to help determine local credit needs. They described how this particular shore resort community needs affordable housing and affordable day care services. A shortage of available units is evident by a waiting list of 300 families for the town's HUD subsidized housing complexes. Additionally, the high rental costs of the area require many residents to work more than one job. Affordable day care facilities for the young children of these residents are essential.

We also contacted a local grassroots community group. They identified the need to establish of a revolving loan fund to assist in the acquisition and renovation of physically deteriorated homes in portions of Riverhead.

## **Fair Lending Review**

A Fair Lending review was conducted concurrently with this CRA evaluation. The review used standard procedures and included an evaluation of the bank's lending policies, procedures, internal controls, and training programs.

This examination included a review of 200 indirect automobile loans originated after January 1, 2000. The sample was designed to determine whether rates and terms were consistent for all borrowers in similar financial circumstances.

We concluded that the bank was in compliance with the requirements of the fair lending regulations. Lending policies and procedures are not discriminatory and do not have a disparate impact or effect on protected classes of borrowers.

## Conclusions with Respect to Performance Tests

### LENDING TEST

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

The bank's performance in Suffolk County under the Lending Test is rated "**Outstanding**".

#### Lending Activity

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

Considering its size and the types of competitors in this market, SCNB's lending levels reflect an excellent responsiveness to the assessment area's credit needs. During the evaluation period, the bank originated 1,399 home mortgage loans totaling \$108 million, 1,045 small business loans totaling \$120 million, and 58 small farm loans totaling \$3 million.

Market rank for lending products in the assessment area are as follows: home purchase lending, 43 of 314 lenders; home improvement lending, 5 of 109; refinancing lending, 22 of 330; small business loans, 7 of 93, and small farm loans, 1 of 3. Based on June 30, 1999 FDIC Summary of Deposits, the bank ranks tenth in deposit market share in Suffolk County.

Market share for lending products in the assessment area are as follows: home purchase lending, 0.7%; home improvement lending, 5.0%; refinancing lending, 1.3%; small business loans, 3.3%, and small farm loans, 87.5%. Based on June 30, 1999 FDIC Summary of Deposits, the bank's deposit market share in Suffolk County is 3.6%. The bank meets or exceeds deposit market share for all loan products except home purchase and home refinance loans. These types of lending are strongly impacted by competition from non-depository institutions.

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

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

Refer to Tables 2, 3 and 4 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 overall geographic distribution of home mortgage loans is excellent.

We compared the lending distribution to the percentage of owner-occupied housing and to SCNB's market share in each income level of geography.

The geographic distribution of home purchase loans is excellent. SCNB originated 41% of these loans in moderate-income geographies. These originations significantly exceed the level of owner occupied housing, of 19%, in moderate-income geographies. The market share of 1.4% in moderate-income geographies is two times the bank's overall home purchase market share of 0.7%.

The geographic distribution of home improvement loans is excellent. The bank originated 34% of these loans in moderate-income geographies, which significantly exceeds the 19% of owner occupied housing in moderate-income geographies. The bank's market share of 6.6% in moderate-income geographies exceeds the overall home improvement market share of 5%.

The geographic distribution of home refinance lending is also excellent. The bank originated 39% of these loans in moderate-income geographies. The market share of 3.2% in moderate-income geographies exceeds the bank's overall home refinance market share of 1.3% by two and one-half times.

Within the two low- income geographies, the level of owner-occupied housing and number of housing units is very low. Additional demographic information also shows that 29% of the households in low-income geographies are below the poverty level compared to 5% for the entire assessment area. During the evaluation period, the bank did not originate home mortgage in either of the two low-income geographies. The percentage of owner-occupied housing in low-income geographies is less than one tenth of one percent.

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

Refer to Table 5 in Appendix C for the facts and data used to evaluate the geographic distribution of the bank's origination/purchase of small business loans.

The geographic distribution of small business loans is excellent. SCNB originated 34% of its small business loans in moderate-income geographies. These originations substantially exceed the 20% of businesses located in moderate-income geographies. The 6.5% market share of small business loans in moderate-income geographies substantially exceeds the bank's overall market share of 3.3%.

No small business loans were originated in either of the two low-income tracts in the assessment area. In these tracts, there are only 278 businesses, which represent less than one half of one percent of all businesses. During the assessment a total of 42 loans to small businesses were generated by 12 lenders in these two low-income geographies.

### ***Small Loans to Farms***

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 farm loans.

The geographic distribution of small farm loans is excellent. SCNB originated 62% of its small farm loans in moderate-income geographies. These originations substantially exceed the 22% of farms located in moderate-income geographies. Based on 1998 aggregate peer data, there were two additional lenders in the assessment area that originated a total of three small farm loans. The bank's overall market share is 88%. The market share of small farm loans in moderate-income geographies exceeds that of its overall market share.

No loans were originated in either of the two low-income geographies in the assessment area. There are only two farms located in these two census tracts. The bank's opportunity for farm lending in these geographies is extremely limited.

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

We reviewed the geographic distribution of loans and did not detect any conspicuous or unexplained gaps in lending patterns. Lending of all HMDA and small business products is assessment area wide.

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

Almost all loan products reviewed in this evaluation were made in the assessment area. The volume of HMDA and small business loans was 99% and small farm loans was 100%.

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

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

Refer to Tables 7, 8 and 9 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 loans by income level of the borrower is excellent.

We compared borrower distribution to the percentage of low-, moderate-, middle-, and upper-income families in the assessment area. We also reviewed SCNB's market share for each income level of borrower.

The borrower distribution of SCNB's home purchase lending is excellent. The lending level to moderate-income borrowers is excellent and substantially exceeds the percentage of moderate-income families in the assessment area. The bank originated 33% of its loans to moderate-income families compared to 21% of moderate-income families in the assessment area.

The lending level to low-income borrowers is also excellent when considering the affordability of housing for a low-income person. The median cost of housing is \$178,000 based on 1990 census data. A low-income person has income of less than \$36,650. Additionally, 5% of the households in the assessment area are below the poverty level. SCNB's percentage of lending to low-income borrowers is near the percentage of low-income families in the assessment area. The bank originated 15% of its loans to low-income families compared to 18% of low-income families in the assessment area.

Additionally, the market shares of loans to low- and moderate-income borrowers exceed SCNB's overall market share for home purchase loans. The market share of 1.6% to low-income borrowers and 1.0% to moderate-income borrowers exceeds the overall market share of 0.7%.

The distribution of home improvement lending is excellent. The percentage of lending to moderate-income borrowers (23%) exceeds the percentages moderate-income families (21%), in the AA. Lending to low-income borrowers (15%) is near the percentage of low-income families (18%) and considered excellent performance based on the affordability of housing in the AA for a low-income person as discussed under home purchase lending. The market share of 7.3% to low-income borrowers and 6% to moderate-income borrowers exceeds the overall market share of 5%.

SCNB's borrower distribution of home refinance lending is also excellent. The bank's lending (24%) to moderate-income borrowers exceeds the percentage of moderate-income families (21%), in the AA. Lending to low-income borrowers (14%) is near the percentage of low-income families (18%), in the AA and considered excellent performance based on the affordability of housing in the AA for a low-income person as discussed under home purchase lending. SCNB has been able to penetrate the low- and moderate-income refinance market and be an assessment area leader in this category. The market share of 2.5% to low-income borrowers and 1.7% to moderate-income borrowers exceeds the overall market share of 1.3%.

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

Refer to Table 10 in Appendix C for the facts and data used to evaluate the borrower distribution of the bank's origination/purchase of small business loans.

The borrower distribution of small loans to businesses is good. Small loans to small businesses (businesses with revenues of less than \$1 Million) represents 70% of all small loans to businesses originated by SCNB. SCNB's performance substantially meets the area's demographics, which indicates that 77% of the businesses are defined as small business. The distribution by size of loan shows that a significant majority of the loan originations are for \$100,000 or less. This is another indication that business lending is primarily to small businesses. The market share of loans to small businesses of 4.1% exceeds its overall market share of 3.3%.

### ***Small Loans to Farms***

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 farm loans.



The borrower distribution of small loans to farms is excellent. Small loans to small farms represent 81% of all small farm loans originated by the bank and substantially meets the demographics of the assessment area. SCNB is the only bank with branch presence in the assessment area to make small loans to small farms.

### **Community Development Lending**

Refer to Table 1 in Appendix C for the facts and data used to evaluate the bank's level of community development lending.

SCNB did not originate community development loans during the evaluation period. However, the bank did originate mortgage loans that have community development characteristics, but are discussed under the Home Mortgage section of this public evaluation. Similarly, the bank generated several small business loans that had community development purposes. These loans, which are categorized as small business loans for this evaluation, fostered economic development in the assessment area.

### **Product Innovation and Flexibility**

The bank occasionally uses flexible underwriting standards in loan originations. In 1999, the bank provided mortgage financing to five borrowers at below market rates, with substantial reductions in closing costs, and high loan to value ratios. These loans were for affordable housing with selling prices less than \$100,000.

The bank has also participated in state and federal mortgage programs targeting low- and moderate-income borrowers. During the evaluation period, the bank originated 108 loans totaling \$12 million under the State of New York Mortgage Association (SONYMA) program and 16 loans totaling \$2 million under the Federal National Mortgage Association program. These programs offer more favorable terms and underwriting standards than conventional products such as lower down payment requirements and higher debt ratios.

## **INVESTMENT TEST**

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

The bank's performance under the Investment Test is rated **"High Satisfactory"**.

Refer to Table 12 in Appendix C for the facts and data used to evaluate the bank's level of qualified investments.

The bank has originated a good level of qualified investments, in the assessment area, that respond to the identified credit needs. Qualified investments originated during the period under review totaled \$4.2 million. These investments are not considered innovative or complex. None of the qualified investments originated in prior periods are carried forward to this evaluation period.

We determined through our internal resources, community contacts, and discussion with bank management that opportunities for qualified investments in Suffolk County are limited. Management continually searches for additional CRA investments.

CNB has two investments that qualify under the definition of a community development activity.

- Town of East Hampton Housing Authority - \$4,100,000 permanent financing bonds. The bonds financed a HUD subsidized housing complex consisting of 51 affordable rental units. Rents vary, but in all cases are at least 60% below the median rental rates for Suffolk County. Eligibility is strictly controlled and is limited to low and moderate-income families.
- Statewide Zone Capital Corporation of New York - \$100,000 capital subscription. The corporation assists in attracting small businesses to the 51 economic development zones. The zones are in economically distressed neighborhoods that are targeted by the State of New York for redevelopment. In attracting small businesses, the zones help to support permanent job creation and assist in the revitalization and stabilization of these areas. Three of these zones (Islip, Brookhaven, and Calverton) are located in the bank's assessment area. These zones are either in low- to moderate- income areas or in areas with no income designation.

During the evaluation period, the bank made grants and donations totaling \$12,000 to community-based organizations and social service agencies. These helped to address funding needs for affordable housing and community services targeting low- and moderate-income individuals.

## **SERVICE TEST**

## Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the Service Test is rated "**High Satisfactory**".

### Retail Banking Services

Refer to Table 13 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.

#### *Accessibility of Delivery Systems*

SCNB's service delivery systems are accessible to geographies and individuals of different income levels in the assessment area. Within Suffolk County, there are 24 branches, 19 with ATMs. Although there are no branches or ATMs in low-income geographies, there are six branches (25%), all with ATMs in moderate-income geographies. This percentage exceeds the population distribution of the assessment area. Less than one percent of the population resides in low-income geographies and 20% of the population resides in moderate-income geographies. Branch hours do not vary significantly throughout the area. All branches offer extended hours on various days and Saturday hours are offered at 20 of the branches, including five of the six 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.

#### *Change in Branch Locations*

Since the prior CRA evaluation, SCNB has not closed any branches and has opened one branch in a middle income geography.

### Community Development Services

SCNB provides a good level of community development services. Bank officers and employees participate in providing community development services to a number of non-profit organizations. Primary services include providing financial expertise to a variety of community service and development organizations through board membership and providing technical financial assistance for consumers and small businesses.

The following are examples of some of the community development services that SCNB has provided during the evaluation period:

- The bank has participated in the National Teach Kids to Save Day. Bank employees visit various schools throughout the assessment area. Students are taught about banking products and services. Some of the schools visited were located in moderate and middle-income geographies that primarily serve low- and moderate-income individuals.
- Employees of the bank participated in three housing seminars and one finance forum targeted to low- and moderate-income individuals. Topics included budgeting, down payments and closing costs, and information on affordable housing.
- A member of senior management serves on the administrative board of the Calverton Enterprise Park Economic Development Zone. The zone is a participant in the Statewide Zone Capital Corporation. Economic Development Zones are in economically distressed neighborhoods and are designated by the State of New York in order to attract investment to these areas. This zone is located in a moderate- income geography.
- A member of senior management has provided technical assistance to the Service Corps of Retired Executives (SCORE), a non-profit organization providing counseling and services to small businesses. SCORE is sponsored by the U.S. Small Business Administration.
- The bank provides free deposit account and services to residents of Options for Community Living, a group home for disabled individuals. The majority of the residents are low- or moderate-income individuals, who receive monthly allowances from the state or work part-time.

## 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 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: January 1, 1998 to December 31, 1999 Investment Test: January 1, 1998 to March 27, 2000 Service Test: January 1, 1998 to March 27, 2000	
<b>Financial Institution</b>	<b>Products Reviewed</b>	
The Suffolk County National Bank Riverhead, NY	HMDA, small business, and small farm loans, and qualified investments.	
<b>Affiliate(s)</b>	<b>Affiliate Relationship</b>	<b>Products Reviewed</b>
None		
<b>List of Assessment Areas and Type of Examination</b>		
<b>Assessment Area</b>	<b>Type of Exam</b>	<b>Other Information</b>
Suffolk County	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-1

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	0.0
Businesses by Geography	64,580	0.43	19.83	65.63	14.08	0.03
Farms by Geography	1,939	0.10	21.87	63.59	14.44	0.0
Family Distribution by Income Level	343,611	18.00	20.99	27.56	33.45	0.0
Distribution of Low- and Moderate-Income Families throughout AA Geographies	133,995	0.28	28.81	63.91	7.00	0.0
Median Family Income HUD Adjusted Median Family Income for 1999 Households Below the Poverty Level	= \$56,726 = \$73,300 = 4.94%	Median Housing Value Unemployment Rate - January 2000				= \$178,364 = 3.9%

(\*) The NA category consists of geographies that have not been assigned an income classification.  
Source: 1990 U.S. Census and 1999 HUD updated MFI.

The assessment area includes all of Suffolk County, which is part of the Nassau-Suffolk MSA and the larger New York Consolidate 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 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.

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%.

This assessment area, which has 24 branches, 19 with ATMs 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 Fleet Bank, North Fork Bank and Trust, Chase Manhattan, and Bank of New York. SCNB has a 4% market share of the deposits, ranking 10<sup>th</sup> in Suffolk County.

A community contact in the South Fork described how the community needs affordable housing and affordable day care services. Additionally, the high rental costs of the area require many residents to work more than one job. Affordable day care facilities for the young children of these residents are essential.

We also contacted a local grassroots community group. They identified the need to establish a revolving loan fund to assist in the acquisition and renovation of physically deteriorated homes in portions of Riverhead.

## 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: purchased loans are treated as originations/purchases; market rank is based on the number of loans originated and purchased by the bank as compared to all other lenders in the MSA/assessment area; 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 MSA/assessment area.

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 MSA/assessment area.
- 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 rank and 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 Refinance Loans** - See Table 2.
- Table 5. 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 rank and market share information based on the most recent aggregate market data available.
- Table 6. 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 rank and market share information based on the most recent aggregate market data available.

- Table 7. 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 MSA/assessment area. The table also presents market rank and market share information based on the most recent aggregate market data available.
- Table 8. Borrower Distribution of Home Improvement Loans** - See Table 7.
- Table 9. Borrower Distribution of Refinance Loans** - See Table 7.
- Table 10. 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. The table also compares the banks percentage distribution with the percentage of loans originated and purchased by all other small business reporters in the bank's AA to businesses with revenues of \$1 million or less and is based on the most recent aggregate market data available. 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 11. Borrower Distribution of Small Loans to Farms** - Compares the percentage distribution of the number of small loans (less than or equal to \$500 thousand)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. The table also compares the banks percentage distribution with the percentage of loans originated and purchased by all other small farm reporters in the bank's AA to farms with revenues of \$1 million or less and is based on the most recent aggregate market data available. 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 12. Qualified Investments** - Presents the number and dollar amount of qualified investments made by the bank in each MSA/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 have been reported on schedule RC-L of the Call Reports as an off-balance sheet item.
- Table 13. 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 MSA/AA. The table also presents data on branch openings and closings in each MSA/AA.
- Table 14. 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 the population 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 MSA/assessment area.

**Table 1. Lending Volume**

LENDING VOLUME													State: NY	Evaluation Period: January 1, 1998 to December 31, 1999
MSA/Assessment Area:	% of Rated Area Deposits in MSA/AA*	Home Mortgage		Small Loans to Businesses		Small Loans to Farms		Community Development		Total Reported Loans		% of Rated Area Loans(#) in MSA/AA		
		#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)			
Full-Scope:														
Suffolk County	100	1,399	107,545	1,045	120,484	58	2,649	0	0	2,502	230,678	100		

\* Deposit data as of June 30, 1999.

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

Geographic Distribution: HOME PURCHASE																	State: NY	Evaluation Period: January 1, 1998 to December 31, 1999
MSA/Assessment Area:	Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall Market Rank*	Market Share by Geography*					Total Home Purchase Loans			
	% 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	#	% of Total*		
Full-Scope:																		
Suffolk County	0.1	0	19	41	67	52	14	7	43	0.7	0	1.4	0.5	0.4	296	100		

(\*) Based on 1998 Aggregate HMDA Data only. Market rank is for all income categories combined.

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

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

Geographic Distribution: HOME IMPROVEMENT										State: NY		Evaluation Period: January 1, 1998 to December 31, 1999					
MSA/Assessment Area:	Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall Market Rank*	Market Share by Geography*					Total Home Improvement Loans		
	% 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	#	% of Total**	
Full-Scope:																	
Suffolk County	0.1	0	19	34	67	60	14	7	5	5.0	0	6.6	4.9	2.6	539	100	

(\*) Based on 1998 Aggregate HMDA Data only. Market rank is for all income categories combined.  
 (\*\*) Home improvement loans originated and purchased in the MSA/AA as a percentage of all home improvement loans originated and purchased in the rated area.

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

Geographic Distribution: HOME MORTGAGE REFINANCE										State: NY		Evaluation Period: January 1, 1998 to December 31, 1999					
MSA/Assessment Area:	Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall Market Rank*	Market Share by Geography*					Total Home Mortgage Refinance Loans		
	% 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	#	% of Total*	
Full-Scope:																	
Suffolk County	0.1	0	19	34	67	60	14	7	22	1.3	0	3.2	1.0	1.0	564	100	

(\*) Based on 1998 Aggregate HMDA Data only. Market rank is for all income categories combined.  
 (\*\*) Home mortgage refinance loans originated and purchased in the MSA/AA as a percentage of all home mortgage refinance loans originated and purchased in the rated area.

**Table 5. Geographic Distribution of Small Loans to Businesses**

Geographic Distribution: SMALL LOANS TO BUSINESSES																	State: NY		Evaluation Period: January 1, 1998 to December 31, 1999	
MSA/Assessment Area:	Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall Market Rank*	Market Share by Geography*					Total Small Business Loans					
	% of Businesses	% BANK Loans	% of Businesses	% BANK Loans	% of Businesses	% BANK Loans	% of Businesses	% BANK Loans		Overall	Low	Mod	Mid	Upp	#	% of Total**				
Full-Scope:																				
Suffolk County	0.4	0	20	34	66	56	14	9	7	3.3	0	6.5	2.7	2.1	1,045	100				

(\*) Based on 1998 Aggregate Small Business Data only. Market rank is for all income categories combined.  
 (\*\*) Small loans to businesses originated and purchased in the MSA/AA as a percentage of all small loans to businesses originated and purchased in the rated area.

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

Geographic Distribution: SMALL LOANS TO FARMS																	State: NY		Evaluation Period: January 1, 1998 to December 31, 1999	
MSA/Assessment Area:	Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall Market Rank*	Market Share by Geography*					Total Small Farm Loans					
	% of Farms	% BANK Loans	% of Farms	% BANK Loans	% of Farms	% BANK Loans	% of Farms	% BANK Loans		Overall	Low	Mod	Mid	Upp	#	% of Total**				
Full-Scope:																				
Suffolk County	0.1	0	22	62	64	36	14	2	1	87.5	0	92.3	90.0	0	58	100				

(\*) Based on 1998 Aggregate Small Farm Data only. Market rank is for all income categories combined.  
 (\*\*) Small loans to farms originated and purchased in the MSA/AA as a percentage of all small loans to farms originated and purchased in the rated area.

**Table 7. Borrower Distribution of Home Purchase Loans**

Borrower Distribution: HOME PURCHASE State: NY Evaluation Period: January 1, 1998 to December 31, 1999																
MSA/Assessment Area:	Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Overall Market Rank*	Market Share by Borrower Income**					#	Total Home Purchase Loans
	% of Families	% BANK Loans*	% of Families	% BANK Loans*	% of Families	% BANK Loans*	% of Families	% BANK Loans*		Overall	Low	Mod	Mid	Up p		
Full-Scope:																
Suffolk County	18	15	21	33	28	21	33	27	43	0.7	1.6	1.0	0.5	0.6	296	100

(\*) As a percentage of loans with borrower income information available. No information was available for 4% of loans originated and purchased by the bank.  
 (\*\*) Based on 1998 Aggregate HMDA Data only. Market rank is for all income categories combined.  
 (\*\*\*) Home purchase loans originated and purchased in the MSA/AA as a percentage of all home purchase loans originated and purchased in the rated area.

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

Borrower Distribution: HOME IMPROVEMENT State: NY Evaluation Period: January 1, 1998 to December 31, 1999																
MSA/Assessment Area:	Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Overall Market Rank*	Market Share by Borrower Income**					Total Home Improvement Loans	
	% of Families	% BANK Loans*	% of Families	% BANK Loans*	% of Families	% BANK Loans*	% of Families	% BANK Loans*		Overall	Low	Mod	Mid	Upp	#	% of Total ***
Full-Scope:																
Suffolk County	18	15	21	23	28	30	33	32	5	5.0	7.3	6.0	5.4	4.7	539	100

(\*) As a percentage of loans with borrower income information available. No information was available for < 1% of loans originated by the bank in the nonmetropolitan area.  
 (\*\*) Based on 1998 Aggregate HMDA Data only. Market rank is for all income categories combined.  
 (\*\*\*) Home improvement loans originated and purchased in the MSA/AA as a percentage of all home improvement loans originated and purchased in the rated area.

**Table 9. Borrower Distribution of Home Mortgage Refinance Loans**

Borrower Distribution: HOME MORTGAGE REFINANCE																	State: NY		Evaluation Period: January 1, 1998 to December 31, 1999				
MSA/Assessment Area:	Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Overall Market Rank*	Market Share by Borrower Income**					Total Home Mortgage Refinance Loans								
	% of Families	% BANK Loans*	% of Families	% BANK Loans*	% of Families	% BANK Loans*	% of Families	% BANK Loans*		Overall	Low	Mod	Mid	Upp	#	% of Total**							
Full-Scope:																							
Suffolk County	18	14	21	24	28	27	33	31	22	1.3	2.5	1.7	1.3	1.3	564	100							

(\*) As a percentage of loans with borrower income information available. No information was available for 4% of loans originated by the bank.  
 (\*\*) Based on 1998 Aggregate HMDA Data only. Market rank is for all income categories combined.  
 (\*\*\*) Home mortgage refinance loans originated and purchased in the MSA/AA as a percentage of all home mortgage refinance loans originated and purchased in the rated area.

**Table 10. Borrower Distribution of Small Loans to Businesses**

Borrower Distribution: SMALL LOANS TO BUSINESSES												State: NY		Evaluation Period: January 1, 1998 to December 31, 1999		
MSA/Assessment Area:	Businesses with Revenues of \$1 million or less			Loans by Original Amount Regardless of Business Size			Market Share****		Total Small Loans to Businesses							
	% of Businesses*	% BANK Loans**	% Market Loans***	\$100,000 or Less	> \$100,000 to \$250,000	> \$250,000 to \$1,000,000	All	Rev \$1 million or less	#	% of Total*****						
Full-Scope:																
Suffolk County	77	70	56	72	16	12	3.3	4.1	1,045	100						

(\*) Businesses with revenues of \$1 million or less as a percentage of all businesses.  
 (\*\*) Small loans to businesses with revenues of \$1 million or less as a percentage of all loans reported as small loans to businesses.  
 (\*\*\*) The market consists of all other Small Business reporters in the MSA/AA and is based on 1998 Aggregate Small Business Data only.  
 (\*\*\*\*) Based on 1998 Aggregate Small Business Data only.  
 (\*\*\*\*\* Small loans to businesses originated and purchased in the MSA/AA as a percentage of all small loans to businesses originated and purchased in the rated area.

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

Borrower Distribution: SMALL LOANS TO FARMS State: NY Evaluation Period: January 1, 1998 to December 31, 1999										
MSA/Assessment Area:	Farms with Revenues of \$1 million or less			Loans by Original Amount Regardless of Farm Size			Market Share****		Total Small Farm Loans	
	% of Farms*	% BANK Loans**	% Market Loans***	\$100,000 or Less	> \$100,000 to \$250,000	> \$250,000 to \$500,000	All	Rev \$1 million or less	#	% of Total*****
Full-Scope:										
Suffolk County	93	81	0	88	12	0	87.5	100	58	100

(\*) Farms with revenues of \$1 million or less as a percentage of all farms.  
 (\*\*) Small loans to farms with revenues of \$1 million or less as a percentage of all loans reported as small loans to farms.  
 (\*\*\*) The market consists of all other Small Farm reporters in the MSA/AA and is based on 1998 Aggregate Small Farm Data only.  
 (\*\*\*\*) Based on 1998 Aggregate Small Farm Data only.  
 (\*\*\*\*\* ) Small loans to farms originated and purchased in the MSA/AA as a percentage of all small loans to farms originated and purchased in the rated area.

**Table 12. Qualified Investments**

QUALIFIED INVESTMENTS State: NY Evaluation Period: January 1, 1998 TO March 27,2000										
MSA/Assessment Areas:	Prior Period Investments*		Current Period Investments		Total Investments			Unfunded Commitments**		
	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	% of Total \$	#	\$ (000's)	
Full-Scope:										
Suffolk County	0	0	2	4,200	2	4,200	100	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 reported on the Report of Condition Schedule-L Off Balance Sheet Items.



**Table 13. Distribution of Branch Delivery System and Branch Openings/Closings**

DISTRIBUTION OF BRANCH DELIVERY SYSTEM AND BRANCH OPENINGS/CLOSINGS																		State: NY		Evaluation Period: January 1, 1998 TO March 27, 2000			
MSA/Assessment Area:	Deposits	Branches						Branch Openings/Closings						Population									
	% of Rated Area Deposits in MSA/AA	# of BANK Branches	% of Rated Area Branches in MSA/AA	Location of Branches by Income of Geographies				# of Branch Closings	# of Branch Openings	Net Change in Location of Branches (+ or -)				% of the Population within Each Geography									
				Low (%)	Mod (%)	Mid (%)	Upp (%)			Low	Mod	Mid	Upp	Low	Mod	Mid	Upp						
Full-Scope:																							
Suffolk County	100	24	100	0	25	58	17	0	1	0	0	1	0	1	20	66	13						