

# **PUBLIC DISCLOSURE**

August 26, 2002

## **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

The Bank of Smithtown  
RSSD Number 475215

One East Main Street  
Smithtown, New York 11787

Federal Reserve Bank of New York  
33 Liberty Street  
New York, New York 10045

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, nor should it 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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## INSTITUTION RATING

**INSTITUTION'S CRA RATING:** The Bank of Smithtown is rated "SATISFACTORY."

*The following table indicates the performance level of the institution with respect to the lending, investment and service tests.*

PERFORMANCE LEVELS	<u>BANK OF SMITHTOWN</u>		
	PERFORMANCE TESTS		
	Lending Test	Investment Test	Service Test
Outstanding			
High Satisfactory	<b>X</b>		
Low Satisfactory		<b>X</b>	<b>X</b>
Needs to Improve			
Substantial Noncompliance			

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

The major factors supporting the institution's rating follow:

- The bank had an excellent level of community development loans totaling \$11.8 million.
- The number of home purchase, refinance, home improvement, and small business loans originated by the bank represented good responsiveness to the credit needs in the bank's assessment areas, given the bank's capacity, recent history and performance context.
- The distribution of loans among borrowers of different income levels and businesses of different sizes was adequate.
- The distribution of loans across census tracts of different income levels was adequate.
- The bank's service delivery systems were reasonably accessible to geographies and individuals of different income levels in its assessment area.

## INSTITUTION

### DESCRIPTION OF INSTITUTION

Headquartered in Smithtown, New York, the Bank of Smithtown (“Smithtown”) is a New York State-chartered banking corporation and a member of the Federal Reserve System. It is a wholly owned subsidiary of Smithtown Bancorp, a single bank holding company. As of June 30, 2002, the bank had total assets of \$434 million, total loans and leases of \$328 million, total retail deposits of \$349 million, and a loan-to-deposit ratio of 92.8 percent. As of August 26, 2002, Smithtown operated nine full-service branch offices throughout Suffolk County in New York State. Smithtown offers various deposit and loan products and services to consumers and small and medium-sized businesses.

Smithtown’s performance in Suffolk County was evaluated in terms of the business and demographic context in which the bank operates. The market area is highly competitive with branches of numerous local, regional and multinational banks, mortgage companies, and other financial institutions operating in the bank’s assessment areas. Smithtown’s primary competitors include Citibank, N.A. (“National Association”), North Fork Bank, HSBC Bank, Chase Manhattan Bank (“Chase”), Fleet Bank and the Bank of New York (“BNY”). All these banks are significantly larger than Smithtown.

Smithtown’s previous CRA examination was conducted as of August 28, 2000. The bank received an overall rating of “satisfactory” following a performance evaluation using small bank performance standards. This is Smithtown’s first examination using large bank performance standards.

The bank has one assessment area, Suffolk County, which is part of Primary Metropolitan Statistical Area (“PMSA”) 5380 (Nassau-Suffolk, NY). Smithtown’s assessment area changed since the previous examination when it included only the township of Smithtown. The assessment area was expanded to include all of Suffolk County. The assessment area is in compliance with the requirements of Section 228.41 of Regulation BB and does not arbitrarily exclude any low- or moderate-income (“LMI”) geographies.

Based on figures reported to the Federal Deposit Insurance Corporation (“FDIC”) on June 30, 2001, Smithtown’s deposits represented 1.3 percent of all bank branch deposits in Suffolk County. Smithtown ranks 27<sup>th</sup> in deposit market share, while Chase is first with 15.2 percent of all deposits. For 2000, the latest year aggregate information was available during the examination, Smithtown did not report small business loans because its asset size categorized it as a small bank, and small business loan reporting is not required of this institution type. Based on 2001 data, Smithtown’s rank would have been approximately 27<sup>th</sup>. American Express Centurion Bank and GE Financial Capital Inc. dominate the small business loan market with a combined 41 percent of all small business loans reported in 2000. Of all financial institution lenders, Chase is the market leader with 8.3 percent, followed by North Fork and BNY with 4.5 percent and 2.7 percent of the small business loan market, respectively. Market leaders in

lending under the Home Mortgage Disclosure Act ("HMDA") include Fleet National Bank (6.95 percent), Chase (6.66 percent), and ABN-AMRO Mortgage Group (4.18 percent). All are national lenders with numerous product offerings and rate choices.

Demographic and economic information also impacts the bank's performance context and is discussed below. Information was obtained from publicly available sources, including the U.S. Department of Commerce's Bureau of the Census, 1990 and 2000, the U.S. Department of Labor, the U.S. Department of Housing and Urban Development ("HUD"), the Long Island Association, and the New York State Department of Labor.

## PERFORMANCE CONTEXT

According to the 1990 Census, Suffolk County's population is 1,321,768. Approximately 271 thousand, or 21 percent of the total population, resides in LMI geographies. According to the 2000 Census, the population of the assessment area is 1,419,369, an increase of 7.4 percent over 1990 Census figures.

### Income Characteristics

The HUD-adjusted median family income for PMSA 5380 (Nassau-Suffolk, NY) was \$78,700 in 2001 and \$83,000 in 2002. Of the 312 census tracts in the assessment area, 61 or 20 percent are LMI. According to the 1990 Census, the assessment area has 343,611 households that are classified as families. Eighteen percent of the families are low-income, 21 percent are moderate-income families, 28 percent are middle-income and 33 percent are upper-income. Three percent of families live below the poverty level. Most of the LMI census tracts in Suffolk County are to the south and east of Smithtown's branch network, making it difficult for Smithtown to readily serve these areas given its present capacity.

### Housing Characteristics

The assessment area contains 481,317 housing units, of which 71 percent are owner-occupied, 18 percent are rental, and 12 percent are vacant. In the LMI census tracts, rental units represent 23 percent of the housing units while owner-occupied units represent 56 percent. Approximately 91 percent of the housing units in the assessment area are one- to four-family units. In LMI census tracts, 86 percent of the housing units are one- to four-family units.

According to the New York State Association of Realtors, the median sales price of existing single-family homes in Suffolk County was \$230,000 as of June 2001, increasing to \$274,240 as of June 2002. These prices are at least four times higher than the median family income of a moderate-income borrower and six times higher than the median for a low-income borrower, indicating that affordable housing is beyond the reach of most LMI borrowers without substantial subsidies. Community contacts have identified affordable housing as one of Suffolk County's chief concerns.

*Labor, Employment and Economic Characteristics*

In the last year, a nationwide recession has slowed job growth in PMSA 5380 (Nassau-Suffolk, NY), but the region has fared better than the nation because of a diversified economy. Moreover, the industries hardest hit by the recession account for only a small part of the region's economy. Manufacturing, particularly in electronics and telecommunications, lost an estimated 5,200 jobs in the year ended March 2002. Wholesalers cut 2,300 jobs, and 1,300 jobs were lost in finance. Nassau and Suffolk Counties generated only 5,200 jobs during the same period.

Despite a slowing economy, unemployment in Suffolk County was 4.9 percent as of July 2002 compared with 3.9 percent as of July 2001 and 6.0 percent for New York State as a whole. Community contacts have indicated a need for increased labor force training to meet employment demands for skilled labor.

Throughout 2001, the bulk of new office construction on Long Island took place in Suffolk County. The areas around Melville and Hauppauge are prime locations for future development. Additional growth is also expected in Suffolk County's three Empire Development Zones, located in the towns of Brookhaven, Islip and Riverhead. The Riverhead development is known as Calverton Enterprise Park, located on the former Naval Weapons Industrial Reserve Plant. The plant had been leased to the Grumman Corporation. The facility was closed in 1994 and transferred to the town of Riverhead four years later.

**EXHIBIT 1**  
**Assessment Area Demographics**  
**PMSA 5380 (Suffolk County, NY)**

Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low-income	2	1	496	0	101	20	61,858	18
Moderate-income	59	19	67,155	20	4,576	7	72,138	21
Middle-income	205	66	230,604	67	6,012	3	94,669	28
Upper-income	39	12	45,356	13	672	1	114,946	33
Tracts not reported	7	2						
<b>Total Assessment Area</b>	<b>312</b>	<b>100.0</b>	<b>343,611</b>	<b>100.0</b>	<b>11,361</b>	<b>3</b>	<b>343,611</b>	<b>100.0</b>
	Housing Units by Tract	<b>Housing Types by Tract</b>						
		<b>Owner-occupied</b>			<b>Rental</b>		<b>Vacant</b>	
		<b>#</b>	<b>%</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>
Low-income	661	298	0	45	344	52	19	3
Moderate-income	112,521	63,173	19	56	26,115	23	23,233	21
Middle-income	312,083	229,276	67	73	51,828	17	30,979	10
Upper-income	56,010	47,600	14	85	6,044	11	2,366	4
Tracts not reported	42	0	0	0	41	98	1	2
<b>Total Assessment Area</b>	<b>481,317</b>	<b>340,347</b>	<b>100</b>	<b>71</b>	<b>84,372</b>	<b>18</b>	<b>56,598</b>	<b>12</b>
	<b>Total Businesses by Tract</b>	<b>Businesses by Tract &amp; Revenue Size</b>						
		<b>Less Than or = \$1 Million</b>			<b>Over \$1 Million</b>		<b>Revenue Not Reported</b>	
		<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>#</b>
Low-income	214	0	172	0.3	28	.4	14	.4
Moderate-income	14,582	20	12,415	20.3	1,298	18.6	869	22.1
Middle-income	47,319	66	39,943	65.4	4,824	69.0	2,552	64.8
Upper-income	9,872	14	8,534	14	839	12.0	499	12.7
Tracts not reported	23	0	21	0	1	0	1	0
<b>Total Assessment Area</b>	<b>72,010</b>	<b>100.0</b>	<b>61,085</b>	<b>100</b>	<b>6,990</b>	<b>100</b>	<b>3,935</b>	<b>100</b>
	<b>Percentage of Total Businesses</b>			<b>85</b>		<b>10</b>		<b>5</b>

**SCOPE OF EXAMINATION**

This evaluation of Smithtown's CRA performance encompasses the period of July 1, 2000, to December 31, 2001. Community development loans and investments are evaluated through June 30, 2002. The bank's assessment area was reviewed using *Interagency Procedures and Guidelines for Large Retail Institutions*.

Loan products evaluated included home purchase loans, refinancings, home improvement loans and small business loans. Each loan product was weighted based on the overall number of loans and their importance to the loan portfolio. For analytical purposes, the bank's HMDA-related and small business loan performance was compared with the aggregate of all lenders in the bank's assessment area reporting real estate loans under HMDA and small business loans under the CRA.

This data is reported annually, and the most recent year for which information was available during the examination was 2000. In 2000, there were 420 HMDA reporters and 109 small business reporters in the bank's assessment area.

## CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

### LENDING TEST

Smithtown's record of meeting the credit needs of its assessment area through its lending activities is rated "high satisfactory." Lending activity was good, and community development lending was excellent. Geographic and borrower distribution was adequate.

The facts and data used to evaluate the bank's performance in the assessment areas are shown in the tables in Appendix C. Lending activity is depicted in Table 1, geographic distribution in Tables 2-6, and borrower distribution in Tables 8-11.

**Lending Activity:** Smithtown's responsiveness to credit needs in Suffolk County was good considering the bank's size, the highly competitive market in which the bank operates, and the number and dollar amount of HMDA-related and small business loans reported. Lending activity increased from levels reported at the previous examination as the bank expanded both its market presence by adding two branches and its assessment area by adding all of Suffolk County.

*Assessment Area Concentration:* Overall, the bank originated 107 HMDA-related loans (40 percent) and 158 small business loans (60 percent). Of all loans originated by the bank, 90 percent of the number and 86 percent of the dollar volume were made in the assessment area, as detailed below. Only assessment area loans are analyzed for geographic and borrower distribution.

EXHIBIT 2								
Lending Inside and Outside the Assessment Area								
	Inside				Outside			
	#	%	\$('000s)	%	#	%	\$('000s)	%
HMDA home purchase	31	86	11,039	94	5	14	768	6
HMDA refinancings	35	95	10,831	91	2	5	1,071	9
HMDA home improvement	34	100	1,272	100	0	0	0	0
<b>Total HMDA-related</b>	<b>100</b>	<b>93</b>	<b>23,142</b>	<b>93</b>	<b>7</b>	<b>7</b>	<b>1,839</b>	<b>7</b>
Small businesses	139	88	33,702	82	19	12	7,337	18
<b>Total small business</b>	<b>139</b>	<b>88</b>	<b>33,702</b>	<b>82</b>	<b>19</b>	<b>12</b>	<b>7,337</b>	<b>18</b>
<b>TOTAL LOANS</b>	<b>239</b>	<b>90</b>	<b>56,844</b>	<b>86</b>	<b>26</b>	<b>10</b>	<b>9,176</b>	<b>14</b>

**Geographic Distribution:** Overall, the geographic distribution of HMDA-related and small business loans reflects adequate penetration, although performance varied between HMDA-related products and small loans to businesses. Conclusions were based on performance in



moderate-income geographies. As noted in the Performance Context, the 1990 population in low-income census tracts was 7,806 and the number of owner-occupied housing units was only 298, providing very limited opportunities for HMDA-related lending. Moreover, only 214 businesses are located in low-income tracts.

#### HMDA-related Lending

Compared with the level of owner-occupancy and the performance of the aggregate, the geographic distribution of HMDA-related loan products was adequate. Performance in home purchase lending was adequate while refinancing performance was good. Home improvement performance was poor as the bank extended no loans in moderate-income census tracts. Smithtown's performance is consistent with the performance context in which it operates. Opportunities for a bank of Smithtown's size are limited as most of the LMI census tracts in Suffolk County are located to the east and to the south of its branch system. The market for HMDA-related products is also highly competitive as larger banks offer a wider variety of lending products and interest rates.

#### Small Loans to Businesses

The geographic distribution of small loans to businesses across census tracts of different income levels reflects adequate penetration. The volume of lending was less than the volume of business establishments in moderate-income geographies, and performance lagged behind the aggregate.

**Distribution by Borrower Income and Revenue Size of the Business:** The overall distribution of loans among borrowers of different income levels and businesses of different sizes was adequate. HMDA-related performance was based primarily on lending to moderate-income borrowers. Low-income families were not a primary factor in the analysis because of the large gap between their income level and housing costs, which creates a barrier to home purchase and refinance lending as evidenced by the performance of the aggregate.

#### HMDA-related Lending to Moderate-income Families

Overall, Smithtown's distribution of HMDA-related loans to moderate-income borrowers was adequate compared with the number of moderate-income families in the assessment area and the performance of the aggregate. Performance in home purchase and home improvement lending was adequate while performance in refinancings was poor. While performance was adequate, opportunities for Smithtown were limited as the bank only recently expanded its assessment area and the market for HMDA-related products is highly competitive.

#### HMDA-related Lending to Low-income Families

Overall, Smithtown's distribution of HMDA-related loans among low-income borrowers was adequate when compared with the number of low-income families in the assessment area and the performance of the aggregate. Performance in home improvement lending was excellent as performance was equivalent to the demographics and exceeded the aggregate, while home purchase lending and refinancings were poor. As noted in the Performance Context, housing

costs in Suffolk County are at least 6.6 times the income of a low-income borrower, making home purchase and refinance loans generally beyond the means of a low-income borrower.

### Small Loans to Businesses

Smithtown's performance in providing small loans to businesses was good. Performance was consistent with opportunities as the bank's percentage of loans in Suffolk County to businesses with gross annual revenues ("GAR") of \$1 million exceeded the aggregate but was lower than the number of business establishments with GAR of \$1 million or less. Thirty-seven percent of Smithtown's loans to small businesses originated in the assessment area during the examination period were for \$100 thousand or less. The average size of such loans was \$42,961, an amount that would typically meet the need of small businesses.

**Community Development Lending:** The bank's community development lending performance in its assessment area was outstanding and enhanced other lending test factors. During the examination period, community development loan commitments totaled \$11.8 million as shown in Table 1 on page BB14. Most of Smithtown's community development loans (72 percent) were targeted to community service activities throughout Suffolk County, while 26 percent went to economic development initiatives promoting small business development and 2 percent went to the construction of affordable housing.

Examples of community development loans originated during the evaluation period include:

- A construction and permanent mortgage loan totaling \$5 million to renovate a nursing home that serves LMI individuals. Community contacts identified affordable housing for senior citizens as a critical need in Suffolk County.
- A construction and permanent mortgage loan totaling \$1.7 million to construct a warehouse for a business located in an Empire Development Zone in the town of Riverhead, promoting economic development through the creation of new jobs.
- A commercial mortgage for \$230 thousand to finance the purchase of property where 48 units of affordable housing will be constructed.

## INVESTMENT TEST

Smithtown's performance under the investment test is rated "low satisfactory" based on an adequate response to the community development needs of its assessment area and the lack of qualified investment opportunities in its assessment area.

The bank's level of qualified investments totaled \$58 thousand at this examination. (For details, see Table 14 on page BB17.) Investments consisted of a \$50 thousand investment in a community development corporation ("CDC") that serves as a financial intermediary making loans to small businesses and micro loans to small businesses in Long Island. In addition, the

bank had \$7,700 in charitable grants and contributions to various community development organizations in Suffolk County.

## SERVICE TEST

Smithtown's performance under the service test is rated "low satisfactory." The bank maintained adequate levels of both retail and community development services.

**Retail Services:** The bank's delivery systems are reasonably accessible to all geographies and individuals of different income levels in its assessment area areas compared with the percentage of the population residing in LMI geographies. The bank operates nine branches in its assessment area. (For details, see Table 15 on page BB17.) Of the total number of branches, none are located in LMI geographies. One branch, however, is located within a half-mile of a moderate-income geography, helping to provide a full range of services to those individuals residing in the adjacent moderate-income geography.

Smithtown's record of opening and closing branches did not adversely affect the overall accessibility of the bank's delivery systems. Products and services did not vary in a way that inconveniences portions of the assessment area. Business hours are reasonable and tailored to the needs of the various assessment area. Extended business hours are available on Friday nights and Saturdays.

A network of nine 24-hour automated teller machines ("ATMs") offers an alternative system of delivering bank services in the assessment area. All ATMs are located in branch offices.

Smithtown offers a full range of retail and commercial deposit and loan services at all branch offices, including alternative delivery systems such as banking services by mail, telephone and Internet. Trust services are only available at the main office. Both telephone banking and Internet banking services enable customers to pay bills, transfer funds and make account inquiries.

**Community Development Services:** Smithtown provided an adequate level of community development services during the examination period. Ten officers and employees served on boards and committees of community organizations such as the Long Island Community Development Corporation, Elderly Day Services in the Sound, and the Small Business Advisory Council of the Town of Brookhaven.

The bank participated in three seminars, workshops and fairs on the topics of affordable housing, economic development and community services. In addition, the bank participates in the Community Development Corporation of Long Island, a financial intermediary that sponsors programs in small business development and affordable housing. Smithtown also is a member of the Long Island Housing Partnership, a nonprofit organization that promotes and sponsors affordable housing development throughout Long Island.

## **COMPLIANCE WITH ANTIDISCRIMINATION LAWS**

No credit practices were identified that violated the substantive provisions of the anti-discrimination laws and regulations, including the Equal Credit Opportunity Act (Regulation B), the Fair Housing Act, and all relevant agency regulations pertaining to nondiscriminatory treatment of credit applicants.

**CRA APPENDIX A**

<b>SCOPE OF EXAMINATION</b>			
<b>THE BANK OF SMITHOWN</b>			
<b>TIME PERIOD REVIEWED</b>		7/1/2000 TO 12/31/2001	
<b>FINANCIAL INSTITUTION</b>			<b>PRODUCTS REVIEWED</b>
The Bank of Smithtown Smithtown, New York			<ul style="list-style-type: none"> <li>• Home Purchase</li> <li>• Refinancings</li> <li>• Home Improvement</li> <li>• Small Business</li> <li>• Community Development</li> </ul>

**CRA APPENDIX B**

**GLOSSARY**

**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 metropolitan area/assessment area.

**Block numbering area (“BNA”):** A statistical subdivision of a county for grouping and numbering blocks in nonmetropolitan counties where local census statistical area committees have not established census tracts. A BNA does not cross county lines.

**Census tract:** 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 statistical 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.

**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 (for example, geographic distribution, borrower distribution, and total number and dollar amount of investments), and qualitative factors (for example, innovativeness, complexity and responsiveness).

**Geography:** A census tract or a block numbering area delineated by the U.S. 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 data such as race, gender and income of applications, amount of loan requested, and disposition of the application (for example, approved, denied, and withdrawn).

**Home mortgage loans:** Includes home purchase and home improvement loans as defined in the HMDA regulation. This definition also includes multifamily (five or more families) dwelling loans, loans for the purchase of manufactured homes and refinancings of home improvement and home purchase loans.

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

**Limited review:** Performance under the lending, investment and service tests is analyzed using only quantitative factors (for example, 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 metropolitan area/assessment area.

**Metropolitan area (“MA”):** Any primary metropolitan statistical area (“PMSA”), metropolitan statistical area (“MSA”) or consolidated metropolitan statistical area (“CMSA”) as defined by the Office of Management and Budget, with a population of 250 thousand or more, and any other area designated as such by the appropriate federal financial supervisory agency.

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

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

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

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

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

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

**Rated area:** A rated area is a state or multistate 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 multistate metropolitan area, the institution will receive a rating for the multistate metropolitan area.

**Small loan(s) to business(es):** A loan included in “loans to small businesses” as defined in the Consolidated Report of Condition and Income (“Call Report”) and the Thrift Financial Reporting (“TFR”) instructions. These loans have original amounts of \$1 million or less and typically are either secured by nonfarm or nonresidential real estate or are classified as commercial and industrial loans. However, thrift institutions may also exercise the option to report loans secured by nonfarm residential real estate as "small business loans" if the loans are reported on the TFR as nonmortgage, commercial loans.

**Small loan(s) to farm(s):** A loan included in “loans to small farms” as defined in the instructions for preparation of the Call Report. These loans have original amounts of \$500 thousand or less and are either secured by farmland, or are classified as loans to finance agricultural production and other loans to farmers.

**Upper-income:** Individual income that is more than 120 percent of the area median income, or a median family income that is more than 120 percent, in the case of a geography.

**CRA APPENDIX C**  
**CRA CORE TABLES**

**Table 1. Lending Volume**

LENDING VOLUME		Geography: SUFFOLK COUNTY				Evaluation Period: JULY 1, 2000 TO DECEMBER 31, 2001						
Metropolitan Area/ Assessment Area (2001)	% of Rated Area Loans (#) in MA/AA*	Home Mortgage		Small Loans to Businesses		Small Loans to Farms		Community Development Loans**		Total Reported Loans		% of Rated Area Deposits In MA/AA***
		#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$(000's)	
<b>Full Review:</b>												
PMSA 5380 – Suffolk Cty.	100.00	100	23,142	139	33,702	0	0	7	11,778	245	68,406	100.00

\* Loan data as of December 31, 2001. Rated area refers to either the state or multistate MA rating area.

\*\* The evaluation period for community development loans is July 1, 2000, to June 30, 2002.

\*\*\* Deposit data as of June 30, 2002. Rated area refers to either the state, multistate MA, or institution, as appropriate.

**Table2. Geographic Distribution of Home Purchase Loans**

Geographic Distribution: HOME PURCHASE		Geography: SUFFOLK COUNTY				Evaluation Period: JULY 1, 2000 TO DECEMBER 31, 2001								
Metropolitan Area/ Assessment Area (2001)	Total Home Purchase Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate HMDA Lending (%) By Tract Income*			
	#	% of Total**	% Owner- Occupied Units***	% Bank Loans	% Owner- Occupied Units***	% Bank Loans	% Owner- Occupied Units***	% Bank Loans	% Owner- Occupied Units***	% Bank Loans	Low	Mod	Mid	Upper
<b>Full Review:</b>														
PMSA 5380 – Suffolk Cty.	31	100.00	0.09	0.00	18.56	12.90	67.37	61.29	13.99	25.81	0.11	26.17	62.50	11.12

\* Based on 2000 Peer Mortgage Data: Northeast Region.

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

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



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

Geographic Distribution: HOME IMPROVEMENT		Geography: SUFFOLK COUNTY						Evaluation Period: JULY 1, 2000 TO DECEMBER 31, 2001						
Metropolitan Area/ Assessment Area (2001)	Total Home Improvement Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate HMDA Lending (%) By Tract Income*			
	#	% of Total**	% Owner-Occupied Units***	% Bank Loans	% Owner-Occupied Units***	% Bank Loans	% Owner-Occupied Units***	% Bank Loans	% Owner-Occupied Units***	% Bank Loans	Low	Mod	Mid	Upper
<b>Full Review:</b>														
PMSA 5380 – Suffolk Cty.	34	100.00	0.09	0.00	18.56	0.00	67.37	76.47	13.99	23.53	0.26	19.40	68.55	11.74

\* Based on 2000 Peer Mortgage Data: Northeast Region.

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

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

**Table 4. Geographic Distribution of Home Mortgage Refinance Loans ("Refinancings")**

Geographic Distribution: HOME MORTGAGE REFINANCE		Geography: SUFFOLK COUNTY						Evaluation Period: JULY 1, 2000 TO DECEMBER 31, 2001						
Metropolitan Area/ Assessment Area (2001)	Total Refinancings		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate HMDA Lending (%) By Tract Income*			
	#	% of Total**	% Owner-Occupied Units***	% Bank Loans	% Owner-Occupied Units***	% Bank Loans	% Owner-Occupied Units***	% Bank Loans	% Owner-Occupied Units***	% Bank Loans	Low	Mod	Mid	Upper
<b>Full Review:</b>														
PMSA 5380 – Suffolk Cty.	35	100.00	0.09	0.00	18.56	17.14	67.37	54.29	13.99	28.57	0.15	20.96	67.95	10.88

\* Based on 2000 Peer Mortgage Data: Northeast Region.

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

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

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

Geographic Distribution: SMALL LOANS TO BUSINESSES		Geography: SUFFOLK COUNTY						Evaluation Period: JULY 1, 2000 TO DECEMBER 31, 2001						
Metropolitan Area/ Assessment Area (2001)	Total Small Business Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate Lending (%) By Tract Income*			
	#	% of Total**	% of Businesses***	% Bank Loans	% of Businesses***	% Bank Loans	% of Businesses***	% Bank Loans	% of Businesses***	% Bank Loans	Low	Mod	Mid	Upper
<b>Full Review:</b>														
PMSA 5380 – Suffolk Cty.	139	100.00	0.30	0.00	20.25	12.95	65.71	71.22	13.71	15.83	0.14	17.41	63.49	14.55

\* Based on 2000 Peer Small Business Data: US&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 (2001).

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

Borrower Distribution: HOME PURCHASE		Geography: SUFFOLK COUNTY					Evaluation Period: JULY 1, 2000 TO DECEMBER 31, 2001							
Metropolitan Area/ Assessment Area (2001)	Total Home Purchase Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Aggregate Lending Data*			
	#	% of Total**	% Families***	% Bank Loans****	% Families***	% Bank Loans****	% Families***	% Bank Loans****	% Families***	% Bank Loans****	Low	Mod	Mid	Upper
<b>Full Review:</b>														
PMSA 5380 – Suffolk Cty.	31	100.00	18.00	3.23	20.99	9.68	27.55	22.58	33.45	64.52	6.42	26.20	32.51	34.87

\* Based on 2000 Peer Mortgage Data: Northeast Region.

\*\* As a percentage of loans with borrower income information available.

\*\*\* Percentage of families is based on the 1990 Census information.

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

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

Borrower Distribution: HOME IMPROVEMENT		Geography: SUFFOLK COUNTY					Evaluation Period: JULY 1, 2000 TO DECEMBER 31, 2001							
Metropolitan Area/ Assessment Area (2001)	Total Home Improvement Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Aggregate Lending Data*			
	#	% of Total**	% Families***	% Bank Loans****	% Families***	% Bank Loans****	% Families***	% Bank Loans****	% Families***	% Bank Loans****	Low	Mod	Mid	Upper
<b>Full Review:</b>														
PMSA 5380 – Suffolk Cty.	34	100.00	18.00	18.18	20.99	15.15	27.55	27.27	33.45	39.39	8.63	23.64	33.09	34.64

\* Based on 2000 Peer Mortgage Data: Northeast Region.

\*\* As a percentage of loans with borrower income information available. No information was available for 2.94% of loans originated and purchased by the bank.

\*\*\* Percentage of families is based on the 1990 Census information.

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

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

Borrower Distribution: HOME MORTGAGE REFINANCE		Geography: SUFFOLK COUNTY					Evaluation Period: JULY 1, 2000 TO DECEMBER 31, 2001							
Metropolitan Area/ Assessment Area (2001)	Total Home Mortgage Refinance Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Aggregate Lending Data*			
	#	% of Total**	% Families***	% Bank Loans****	% Families***	% Bank Loans****	% Families***	% Bank Loans****	% Families***	% Bank Loans****	Low	Mod	Mid	Upper
<b>Full Review:</b>														
PMSA 5380 – Suffolk Cty.	35	100.00	18.00	3.03	20.99	6.06	27.55	21.21	33.45	69.70	9.36	26.28	32.35	32.01

\* Based on 2000 Peer Mortgage Data: Northeast Region.

\*\* As a percentage of loans with borrower income information available. No information was available for 5.71% of loans originated and purchased by the bank.

\*\*\* Percentage of families is based on the 1990 Census information.

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

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

Borrower Distribution: SMALL LOANS TO BUSINESSES		Geography: SUFFOLK COUNTY				Evaluation Period: JULY 1, 2000 TO DECEMBER 31, 2001			
Metropolitan Area/ Assessment Area (2001)	Total Small Loans to Businesses		Businesses With Revenues of \$1 million or less		Loans by Original Amount Regardless of Business Size			Aggregate Lending Data*	
	#	% of Total**	% of Businesses***	% Bank Loans****	\$100,000 or less	> \$100,000 to \$250,000	> \$250,000 to \$1,000,000	All	Rev\$ 1 Million or Less
<b>Full Review:</b>									
PMSA 5380 – Suffolk Cty.	139	100.00	84.83	59.71	36.69	27.34	35.97	36,992	15,767

\* Based on 2000 Peer Small Business Data: US&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.

\*\*\* Businesses with revenues of \$1 million or less as a percentage of all businesses (Source D&B - 2001).

\*\*\*\* 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 20.14% of small loans to businesses originated and purchased by the bank.

**Table 14. Qualified Investments**

QUALIFIED INVESTMENTS		Geography: SUFFOLK COUNTY				Evaluation Period: JULY 1, 2000 TO DECEMBER 31, 2001			
Metropolitan Area/ Assessment Area (2001)	Prior Period Investments*		Current Period Investments		Total Investments			Unfunded Commitments**	
	#	\$(000's)	#	\$(000's)	#	\$(000's)	% of Total	#	\$(000's)
<b>Full Review:</b>									
PMSA 5380 – Suffolk Cty.	0	0	13	58	13	58	100.00	0	0

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

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

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

DISTRIBUTION OF BRANCH DELIVERY SYSTEM AND BRANCH OPENINGS/CLOSINGS		Geography: SUFFOLK COUNTY						Evaluation Period: JULY 1, 2000 TO DECEMBER 31, 2001									
Metropolitan Area/ Assessment Area (2001)	Deposits	Branches				Branch Openings/Closings				Population							
	% of Rated Area Deposits in AA	# of Bank Branches	% of Rated Area Branches in AA	Location of Branches by Income of Geographies (%)				# of Branch Openings	# of Branch Closings	Net change in Location of Branches (+ or -)				% of Population within Each Geography			
				Low	Mod	Mid	Upper			Low	Mod	Mid	Upper	Low	Mod	Mid	Upper
<b>Full Review:</b>																	
PMSA 5380 – Suffolk Cty.	100.00	9	100	0.00	0.00	88.89	11.11	2	0	0	0	2	0	0.59	19.92	66.48	12.61

**CRA APPENDIX D  
ASSESSMENT AREA MAP(S)**