

PUBLIC DISCLOSURE

November 8, 2004

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

The Bank of Smithtown
RSSD No. 475215

100 Motor Parkway
Hauppauge, NY 11788

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	X		
Low Satisfactory		X	X
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 number of home purchase, refinance and small business loans originated by the bank displayed good responsiveness to credit needs in the bank's assessment area.
- The bank had an excellent level of community development loans totaling over \$14 million.
- The distribution of loans among borrowers of different income levels and businesses of different sizes was good.
- The distribution of loans across census tracts of different income levels was adequate.
- The bank had an adequate level of qualified investments totaling more than \$1.4 million.
- 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 Hauppauge, New York, the Bank of Smithtown (“Smithtown”) is a New York State-chartered bank and a member of the Federal Reserve System. It is a wholly owned subsidiary of Smithtown Bancorp, a single-bank holding company. As of December 31, 2003, the bank had total assets of \$565 million, total loans and leases of \$455 million, and total retail deposits of \$483 million.

As of December 31, 2003, the last day of the assessment period Smithtown operated ten full-service branches in Suffolk County, Long Island, where it offers various deposit and loan products and services to consumers and small and medium-sized businesses. Smithtown’s business strategy focuses on commercial lending activities. Approximately, 81% of the bank’s loan portfolio is commercial in nature.

The bank’s one assessment area, Suffolk County, is part of Primary Metropolitan Statistical Area (“PMSA”) 5380 (Nassau-Suffolk, NY). Smithtown’s assessment area has not changed since the previous examination. 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. A map of the assessment area appears on page BB20.

The market is highly competitive with branches of numerous local, regional and multinational banks, mortgage companies, and other financial institutions operating in the bank’s assessment area. Smithtown’s primary competitors include Citibank, N.A., North Fork Bank, HSBC Bank, J.P. Morgan Chase, Fleet Bank and the Bank of New York. All these banks are significantly larger than Smithtown.

Based on figures reported to the Federal Deposit Insurance Corporation (“FDIC”) on June 30, 2003, Smithtown’s deposits totaled 1.57% of all bank branch deposits in Suffolk County. Smithtown ranks 14th in deposit market share.

Smithtown’s previous CRA examination was conducted as of August 26, 2002. The bank received an overall rating of “satisfactory” following a performance evaluation using large bank CRA performance standards for the first time. There are no financial or legal factors that would prevent the bank from fulfilling its responsibilities under CRA.

PERFORMANCE CONTEXT

Demographic and economic information also impacts the bank’s performance context and is discussed on page BB3 and depicted in detail in Exhibit 1 on page BB4. 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”), and the New York State Department of Labor.

Demographic Characteristics

According to the 2000 Census, Suffolk County's population is 1,419,369, a 7% increase since 1990. Of this total, nearly 24% or 338,310 residents are located in LMI geographies.

Income Characteristics

The HUD-adjusted median family income for PMSA 5380 (Nassau-Suffolk, NY) was \$83,700 in 2003 and \$83,000 in 2002. Of the 320 census tracts in the assessment area, 67 or 21% are LMI. According to the 2000 Census, the assessment area has 362,857 households that are classified as families.

Approximately 19% of the families are low-income, 20% are moderate-income families, 25% are middle-income and 35% are upper-income. Four 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, limiting Smithtown's capacity to readily serve these areas.

Housing Characteristics

Of the assessment area's 522,323 housing units, 72% are owner-occupied, 18% are rental, and 10% are vacant. In the LMI census tracts, rental units represent 26% of the housing units while owner-occupied units represent 59%.

According to the National Association of Realtors, the median sales price of existing single-family homes in PMSA 5380 (Nassau-Suffolk, NY) was \$312,900 in 2002, increasing to \$364,500 in 2003. These prices are significantly higher than the median family incomes of LMI families, indicating that without substantial subsidies affordable housing is beyond the reach of most LMI borrowers. Community contacts have identified affordable housing as one of Suffolk County's chief concerns.

Labor, Employment and Economic Characteristics

After increasing in 2002, unemployment stabilized in Suffolk County in 2003. The average annual unemployment rate in the county is 4.4% for both years, up from 3.5% in 2001. This compares favorably with New York State as a whole, where the unemployment rates averaged 6.3% for 2003 and 6.1% for 2002, up from 4.9% in 2001. Suffolk County's three Empire Development Zones -- located in the towns of Brookhaven, Islip and Riverhead -- are targeted for commercial growth.

SCOPE OF EXAMINATION

Smithtown's assessment area was reviewed using *Interagency Procedures and Guidelines for Large Retail Institutions*, compiled by the Federal Financial Institutions Examination Council ("FFIEC"). Loan products evaluated include home purchase, refinance and small business loans, as well as other loans qualifying as community development. The home purchase and refinance mortgage loans included in the evaluation were reported under HMDA, and the small business

EXHIBIT 1 Assessment Area Demographics

Assessment Area : Suffolk County

Selected year: 2003

Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low-income	2	0.6	1,241	0.3	190	15.3	70,048	19.3
Moderate-income	65	20.3	76,815	21.2	5,876	7.6	72,924	20.1
Middle-income	196	61.3	226,879	62.5	7,249	3.2	91,887	25.3
Upper-income	49	15.3	57,922	16.0	1,012	1.7	127,998	35.3
Tract not reported	8	2.5	0	0.0	0	0.0	0	0.0
Total Assessment Area	320	100.0	362,857	100.0	14,327	3.9	362,857	100.0
	Housing Units by Tract	Housing Types by Tract						
		Owner-Occupied			Rental		Vacant	
		#	%	%	#	%	#	%
Low-income	2,112	943	0.3	44.6	757	35.8	412	19.5
Moderate-income	124,937	73,796	19.7	59.1	32,418	25.9	18,723	15.0
Middle-income	323,051	236,795	63.3	73.3	54,451	16.9	31,805	9.8
Upper-income	72,223	62,837	16.8	87.0	7,302	10.1	2,084	2.9
Tract not reported	0	0	0.0	0.0	0	0.0	0	0.0
Total Assessment Area	522,323	374,371	100.0	71.7	94,928	18.2	53,024	10.2
	Total Businesses by Tract	Businesses by Tract & Revenue Size						
		Less Than or = \$1 Million			Over \$1 Million		Revenue Not Reported	
		#	%	#	%	#	%	#
Low-income	240	0.5	202	0.6	30	0.5	8	0.8
Moderate-income	9,615	21.9	7,930	21.7	1,445	22.7	240	24.6
Middle-income	26,288	59.8	22,039	60.2	3,689	58.0	560	57.4
Upper-income	7,801	17.7	6,444	17.6	1,190	18.7	167	17.1
Unknown-income	6	0.0	5	0.0	1	0.0	0	0.0
Total Assessment Area	43,950	100.0	36,620	100.0	6,355	100.0	975	100.0
	Percentage of Total Businesses:			83.3		14.5		2.2

Based on 2000 Census Information.

loans were reported under CRA. Examiners verified the integrity of HMDA and small business loan data that the bank reported in 2002 and 2003; both were found to have acceptable data integrity.

The evaluation of HMDA-related and small business loans covers the bank's CRA performance from January 1, 2002, through December 31, 2003. Examiners also reviewed service test criteria and community development loans for the same period. Qualified investments were reviewed through June 30, 2004, to be consistent with the previous examination. Smithtown did not originate multifamily and small farm loans, and the bank elected not to provide consumer loan data for consideration.

For the evaluation of geographic distribution of loans, examiners performed one analysis for the period of January 1, 2002, through December 31, 2002, and another for January 1, 2003, through December 31, 2003. The former used 1990 Census data and the latter used 2000 Census data.

In evaluating the geographic distribution of HMDA-related loans, examiners analyzed the distribution of loan originations compared with the proportion of owner-occupied housing units in LMI and non-LMI geographies. For small business loans, the analysis compared the distribution of loan originations with the proportion of businesses in LMI and non-LMI geographies.

For the evaluation of borrower characteristics, examiners also performed separate analyses for the period of January 1, 2002, through December 31, 2002, using 1990 Census data, and January 1, 2003, through December 31, 2003, using 2000 Census data. The distribution of loans to borrowers of different income levels was based on 2002 median family income data for the 2002 period as estimated by the HUD. The 2003 HUD-estimated median family income was used for the 2003 period.

In evaluating the borrower characteristics of HMDA-related loans, the analysis compared the proportion of LMI loan originations with the proportion of LMI families in the assessment area. The analysis of small business loans compared the proportion of loan originations to businesses having gross annual revenues ("GAR") of \$1 million or less with the proportion of businesses with GAR of \$1 million or less. For small business loans, the size of the small business loan was also used as a proxy to identify lending to businesses with GAR of \$1 million or less.

HMDA-related and small business loan performance was compared with the aggregate of all lenders in Smithtown's assessment areas reporting real estate loans under HMDA and small business loans under CRA. For HMDA-related and small business lending, 2002 aggregate lending performance was compared only with the bank's 2002 lending performance and 2003 aggregate lending performance was compared only with the bank's 2003 lending performance.

Only loans inside the assessment area were included in the analysis of geographic and borrower distribution. Before reaching a conclusion about the bank's overall performance regarding geographic distribution and borrower characteristics in the assessment area, examiners gave greater weight to certain loan products. A product's volume compared with the total evaluated retail lending volume determined the weight of a product's performance in an overall conclusion.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

LENDING TEST

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

The facts and data used to evaluate the bank's performance in the assessment area 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. There are separate sets of tables for 2002 and 2003 data.

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 home purchase, refinance and small business loans reported. Lending activity increased from levels reported at the previous examination as the bank expanded its market presence by adding another branch in its assessment area.

Overall, the bank originated 135 HMDA-related loans (25%) and 395 small business loans (75%) in its assessment area, totaling approximately \$120 million. The bank's lending activity reflects its business strategy and is comparable with similarly situated banks. Of all loans originated by the bank, 86% of the number and 78% of the dollar volume were made in the assessment area, as detailed in the Exhibit 2 below. Only assessment area loans were analyzed for lending activity and for geographic and borrower distribution.

In 2003, the bank's ten branches had a 1.57% deposit market share in Suffolk County, ranking 14th in the market, while the home purchase market share is very small at 0.04%, ranking 146th in the market. Refinance lending market share is also very small at 0.06%, ranking 142nd in the market. There are 475 HMDA reporters in this market. After removing major national credit card lenders from the market data, however, the bank's small business market share is 1.14%, ranking 12th, with 111 small business reporters in the market. The bank's stronger small business loan market share reflects its deposit market share as well as the bank's overall business strategy.

EXHIBIT 2								
Lending Inside and Outside the Assessment Area								
	Inside				Outside			
	#	%	\$('000s)	%	#	%	\$('000s)	%
HMDA home purchase	28	78	9,686	53	8	22	8,475	47
HMDA refinancings	107	94	31,424	92	7	6	2,694	8
Total HMDA-related	135	90	41,110	79	15	10	11,169	21
Total small business	395	85	78,446	77	71	15	23,057	23
TOTAL LOANS	530	86	119,556	78	86	14	34,226	22

Geographic Distribution: Overall, the geographic distribution of HMDA-related products and small loans to businesses reflects adequate penetration. Conclusions were based on performance in moderate-income geographies.

In 1990, the number of owner-occupied housing units in the two low-income census tracts was only 298, providing very limited opportunities for HMDA-related lending. Furthermore, the 2000 number of owner-occupied housing units was only 943. Only 115 businesses were located in the low-income tracts in 2002 and only 240 in 2003, also providing very limited lending opportunities.

HMDA-related Lending

Compared with the level of owner-occupancy and performance of the aggregate, the geographic distribution of HMDA-related loan products was adequate. The bank's refinance lending performance in 2003 was adequate, but below the aggregate performance.

Smithtown's home purchase lending in 2002 and 2003, and refinance lending in 2002, were not evaluated because the insufficient overall volume of these products precludes meaningful conclusions. Although overall volume was low in these products and time periods, loans were originated in moderate-income census tracts. Details follow:

- Of 12 home purchase loans made in 2002, 17% were made in moderate-income census tracts.
- Of 16 home purchase loans made in 2003, 6% were made in the moderate-income census tracts.
- Of 41 refinance loans made in 2002, 29% were made in moderate-income census tracts.

Small Loans to Businesses

The geographic distribution of small loans to businesses across census tracts of different income levels reflects adequate penetration. The percentage of lending in moderate-income census tracts was less than the percentage of business establishments located in moderate-income census tracts. The bank's performance was below the aggregate performance in 2002 and slightly below the aggregate performance in 2003.

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 good based on good small business lending and adequate HMDA-related lending.

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 levels and housing costs, creating a significant barrier to home purchase and refinance lending opportunities. This issue reflects the market aggregate and the bank's weak

low-income lending performance. However, the bank was able to make a few 2002 and 2003 refinance loans to low-income borrowers in this lending environment.

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. Smithtown's refinance lending in 2003 was adequate but below the aggregate performance.

The bank's home purchase lending in 2002 and 2003, and refinance lending in 2002, were not evaluated because the overall insufficient volume of these products precludes meaningful conclusions. Although overall volume was low in these products and time periods, loans were originated to moderate-income borrowers. Details follow:

- Of 12 home purchase loans made in 2002, 17% were made to moderate-income borrowers.
- Of 41 refinance loans made in 2002, 10% were made to moderate-income borrowers.

Small Loans to Businesses

Smithtown's performance in providing small loans to businesses was good. The bank's lending in Suffolk County to businesses with GAR of \$1 million or less was good in 2002 and 2003, and significantly above the aggregate performance. A small majority or approximately 55% of Smithtown's small loans to businesses were in amounts of \$100 thousand or less. The average size of such loans was \$46,187, an amount that would typically meet the need of small businesses.

The bank's participation in the Small Business Administration's 504 Loan Program enhanced small business lending performance. The SBA program allows the borrower a higher loan-to-value ratio and a smaller equity injection than traditionally accepted. Smithtown originated 4 loans in 2002 and 17 loans in 2003 under this program.

Community Development Lending: The bank's community development lending performance in its assessment area was outstanding. During the examination period, community development loan commitments totaled \$14.1 million as shown in the 2003 Table 1 in Appendix C. The majority of Smithtown's community development loans targeted community service activities throughout Suffolk County, while 28% supported revitalization and stabilization initiatives and 14% supported the construction of affordable housing.

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

- A \$5 million commercial mortgage loan to rehabilitate a 250-bed skilled care nursing home facility that provided services to LMI individuals in Suffolk County.

- A \$1.7 million commercial mortgage loan to redevelop a building in an industrial park in a New York State enterprise zone.
- A \$2.3 million commercial mortgage loan to refit three former aviation-related buildings in an economic redevelopment zone for use as a warehouse, and for distribution and manufacturing of commercial ceiling and construction projects.

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. The bank's level of qualified investments totaled \$1.4 million at this examination. For details, see Table 14 in the 2003 set of Appendix C tables.

Investments included a \$1 million mortgage-backed security supporting affordable homeownership for LMI borrowers, and a \$355 thousand municipal bond supporting the infrastructure of an LMI area. In addition, a \$50 thousand investment in a community development corporation ("CDC") serving as a financial intermediary lending to small businesses on Long Island was carried forward from the previous examination. The bank also made \$13 thousand 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."

Retail Services: The bank's delivery systems are reasonably accessible to essentially all portions of the bank's assessment area. Smithtown operates ten branches in its assessment area. Of the total number of branches, one or 10% was located in an LMI geography, which generally does not reflect the 24% of the assessment area's population residing in LMI census tracts. However, the bank has only a small branch network compared with the large geographic size of its assessment area. For details, see Table 15 in the Appendix C tables for 2003.

Smithtown's record of opening and closing branches did not adversely affect the overall accessibility of the bank's delivery systems. During the review period, Smithtown opened one branch in a middle-income geography and did not close any branches. The bank offers a full range of retail and commercial deposit and loan services at all branch offices. Products and services did not vary in a way that inconveniences portions of the assessment area. In particular, Smithtown offers a free checking account with no minimum balance requirements, no monthly service charge and unlimited check writing. This product's features are helpful to individuals of low- or moderate-income.

Business hours are reasonable and tailored to the needs of the assessment area. Extended branch business hours are available on Friday nights and Saturdays. All ten branches offer 24-hour

automated teller machines (“ATMs”) that help expand the delivery of banking services. Alternative delivery systems such as banking services by mail, telephone and Internet are available and provide some enhancement to the delivery of the bank’s products and services. 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. Seven officers and employees served on boards and committees of community development organizations, such as the Long Island Community Development Corporation, the Small Business Advisory Council of the Town of Brookhaven, and the New York Business Development Corporation.

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

SCOPE OF EXAMINATION			
THE BANK OF SMITHOWN			
TIME PERIOD REVIEWED		1/1/2002 TO 12/31/2003	
FINANCIAL INSTITUTION			PRODUCTS REVIEWED
The Bank of Smithtown Smithtown, NY			<ul style="list-style-type: none"> • Home Purchase • Refinancings • Small Business • Community Development

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.

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 on 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 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. 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”): This statute 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 HMDA. This definition also includes loans for multifamily dwellings (five or more families), 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% tabulations, the count of households always equals the count of occupied housing units.

Low-income: Individual income that is less than 50% of the area median income, or a median family income that is less than 50%, 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% and less than 120% of the area median income, or a median family income that is at least 80% and less than 120%, in the case of a geography.

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

Multifamily: Refers to a residential structure containing 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% of the area median income, or a median family income that is more than 120%, in the case of a geography.

CRA APPENDIX C
FEDERAL FINANCIAL INSTITUTION EXAMINATIONS COUNCIL
INTERAGENCY CORE CRA PUBLIC EVALUATION TABLES

2002 FFIEC Interagency Core CRA PE Tables

Suffolk County

Table 1. Lending Volume

LENDING VOLUME		State: New York				Evaluation Period: JANUARY 01, 2002 TO DECEMBER 31, 2002						
Metropolitan Area/ Assessment Area		Home Mortgage		Small Loans to Businesses		Small Loans to Farms		Community Development Loans *		Total Reported Loans		
		#	\$(000's)	#	\$(000's)	#	\$(000's)	#	\$(000's)	#	\$(000's)	
Full-Review:												
Suffolk		53	15,937	214	38,803	0	0	0	0	267	54,740	

(*) 2002 Community Development Loans are included in Lending Volume Table 1 for 2003.

(**) Deposit data as of 2002. Rated area refers to either the state or multistate MSA rating area.

(***) Loan data as of 2002. Rated area refers to either the state or multistate MSA ratings area.

Table 2. Geographic Distribution of Home Purchase Loans

Geographic Distribution: HOME PURCHASE		State: New York				Evaluation Period: JANUARY 01, 2002 TO DECEMBER 31, 2002								
Metropolitan Area/ Assessment Area	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 Occ Units***	% Bank Loans	% Owner Occ Units***	% Bank Loans	% Owner Occ Units***	% Bank Loans	% Owner Occ Units***	% Bank Loans	Low	Mod	Mid	Upp
Full-Review:														
Suffolk	12	100.00	0.09	0.00	18.56	16.67	67.37	66.67	13.99	16.67	0.12	26.02	63.36	10.43

(*) Based on 2002 Aggregate HMDA Data only.

(**) 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.

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

Geographic Distribution: HOME MORTGAGE REFINANCE		State: New York		Evaluation Period: JANUARY 01, 2002 TO DECEMBER 31, 2002										
Metropolitan Area Assessment Area	Total Home Mortgage Refinance Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate HMDA Lending (%) by Tract Income*			
	#	% of Total**	% Owner Occ Units***	% Bank Loans	% Owner Occ Units***	% Bank Loans	% Owner Occ Units***	% Bank Loans	% Owner Occ Units***	% Bank Loans	Low	Mod	Mid	Upp
Full-Review:														
Suffolk	41	100.00	0.09	0.00	18.56	29.27	67.37	43.90	13.99	26.83	0.08	19.75	68.02	12.06

(*) Based on 2002 Aggregate HMDA Data only.

(**) 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.

(***) 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 6. Geographic Distribution of Small Loans to Businesses

Geographic Distribution: SMALL LOANS TO BUSINESSES		State: New York		Evaluation Period: JANUARY 01, 2002 TO DECEMBER 31, 2002										
Metropolitan Area/ Assessment Area	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	Upp
Full-Review:														
Suffolk	214	100.00	0.26	0.00	20.33	12.62	65.27	60.28	14.11	27.10	0.12	18.88	61.82	13.49

(*) Based on 2002 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.

(***) Source of data-D&B.

Table 8. Borrower Distribution of Home Purchase Loans

Borrower Distribution: HOME PURCHASE		State: New York		Evaluation Period: JANUARY 01, 2002 TO DECEMBER 31, 2002										
Metropolitan Area/ Assessment Area	Total Home Purchase Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Aggregate Lending Data (%) **			
	#	% of Total*	% of Families***	% Bank Loans*	% of Families***	% Bank Loans*	% of Families***	% Bank Loans*	% of Families***	% Bank Loans*	Low	Mod	Mid	Upp
Full-Review:														
Suffolk	12	100.00	18.00	0.00	21.00	16.67	27.55	8.33	33.45	50.00	4.06	19.37	24.92	28.19

(*) 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.

(**) Based on 2002 Aggregate HMDA Data only.

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

Table 10. Borrower Distribution of Home Mortgage Refinance Loans

Borrower Distribution: HOME MORTGAGE REFINANCE														State: New York		Evaluation Period: JANUARY 01, 2002 TO DECEMBER 31, 2002			
Metropolitan Area/ Assessment Area	Total Home Mortgage Refinance Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Aggregate Lending Data (%) **								
	#	% of Total*	% of Families***	% Bank Loans*	% of Families***	% Bank Loans*	% of Families***	% Bank Loans*	% of Families***	% Bank Loans***	Low	Mod	Mid	Upp					
Full-Review:																			
Suffolk	41	100.00	18.00	2.44	21.00	9.76	27.55	7.32	33.45	75.61	5.53	21.21	26.96	28.87					

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

(**) Based on 2002 Aggregate HMDA Data only.

(***) Percentage of Families is based on 1990 Census Information.

Table 11. Borrower Distribution of Small Loans to Businesses

Borrower Distribution: SMALL LOANS TO BUSINESSES										State: New York		Evaluation Period: JANUARY 01, 2002 TO DECEMBER 31, 2002			
Metropolitan Area/ Assessment Area	Total Small Loans to Businesses		Businesses with Revenues of \$1 million or less		Loans by Original Amount Regardless of Business Size			Aggregate 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						
Full-Review:															
Suffolk	214	100.00	82.79	68.69	119	50	45	51,142	16,223						

(*) Businesses with revenue of \$1 million or less as a percentage of all businesses. Data-D&B 2002

(**) Small loans to businesses with revenue of \$1 million or less as a percentage of all loans reported as small loans to businesses.

(***) Based on 2002 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.

2003 FFIEC Interagency Core CRA PE Tables

Suffolk County

Table 1. Lending Volume

LENDING VOLUME		State: New York				Evaluation Period: JANUARY 01, 2003 TO DECEMBER 31, 2003						
Metropolitan Area/ Assessment Area		Home Mortgage		Small Loans to Businesses		Small Loans to Farms		Community Development Loans *		Total Reported Loans		
		#	\$(000's)	#	\$(000's)	#	\$(000's)	#	\$(000's)	#	\$(000's)	
Full-Review:												
Suffolk		82	25,173	181	39,643	0	0	5	14,081	268	78,897	

(*) Evaluation period for community development loans is January 1, 2002 to December 31, 2003. Amount includes one community development loan outside Suffolk County but in New York State for \$2,150,000.

(**) Deposit data as of 2003. Rated area refers to either the state or multistate MSA rating area.

(***) Loan data as of 2003. Rated area refers to either the state or multistate MSA ratings area.

Table 2. Geographic Distribution of Home Purchase Loans

Geographic Distribution: HOME PURCHASE		State: New York				Evaluation Period: JANUARY 01, 2003 TO DECEMBER 31, 2003								
Metropolitan Area/ Assessment Area	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 Occ Units***	% Bank Loans	% Owner Occ Units***	% Bank Loans	% Owner Occ Units***	% Bank Loans	% Owner Occ Units***	% Bank Loans	Low	Mod	Mid	Upp
Full-Review:														
Suffolk	16	100.00	0.25	0.00	19.71	6.25	63.25	75.00	16.78	18.75	0.52	27.90	58.25	13.32

(*) Based on 2003 Aggregate HMDA Data only.

(**) 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.

(***) 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 2000 Census information.

Table 4. Geographic Distribution of Home Mortgage Refinance Loans

Geographic Distribution: REFINANCINGS		State: New York				Evaluation Period: JANUARY 01, 2003 TO DECEMBER 31, 2003								
Metropolitan Area/ Assessment Area	Total Home Mortgage Refinance Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate HMDA Lending (%) by Tract Income*			
	#	% of Total**	% Owner Occ Units***	% Bank Loans	% Owner Occ Units***	% Bank Loans	% Owner Occ Units***	% Bank Loans	% Owner Occ Units***	% Bank Loans	Low	Mod	Mid	Upp
Full-Review:														
Suffolk	66	100.00	0.25	0.00	19.71	13.64	63.25	71.21	16.78	15.15	0.29	20.86	63.85	15.00

(*) Based on 2003 aggregate HMDA data only. (**) Home mortgage refinance loans originated and purchased in the MSA/AA as a percentage of all refinancings 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 2000 Census information.

Table 6. Geographic Distribution of Small Loans to Businesses

Geographic Distribution: SMALL LOANS TO BUSINESSES														State: New York		Evaluation Period: JANUARY 01, 2003 TO DECEMBER 31, 2003			
Metropolitan Area/ Assessment Area	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	Upp					
Full-Review:																			
Suffolk	181	100.00	0.55	0.00	21.88	14.92	59.81	69.06	17.75	16.02	0.45	19.03	58.89	17.19					

(*) Based on 2003 Aggregate Small Business Data only.

(***) Source of data-D&B.

(**) 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 8. Borrower Distribution of Home Purchase Loans

Borrower Distribution: HOME PURCHASE														State: New York		Evaluation Period: JANUARY 01, 2003 TO DECEMBER 31, 2003			
Metropolitan Area/ Assessment Area	Total Home Purchase Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Aggregate Lending Data (%) **								
	#	% of Total*	% of Families***	% Bank Loans*	% of Families***	% Bank Loans*	% of Families***	% Bank Loans*	% of Families***	% Bank Loans*	Low	Mod	Mid	Upp					
Full-Review:																			
Suffolk	16	100.00	19.30	0.00	20.10	0.00	25.32	25.00	35.28	56.25	3.07	16.90	27.15	29.96					

(*) 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.

(**) Based on 2003 Aggregate HMDA Data only.

(***) Percentage of Families is based on the 2000 Census information.

Table 10. Borrower Distribution of Home Mortgage Refinance Loans

Borrower Distribution: REFINANCINGS														State: New York		Evaluation Period: JANUARY 01, 2003 TO DECEMBER 31, 2003			
Metropolitan Area/ Assessment Area	Total Home Mortgage Refinance Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Aggregate Lending Data (%) **								
	#	% of Total*	% of Families***	% Bank Loans*	% of Families***	% Bank Loans*	% of Families***	% Bank Loans*	% of Families***	% Bank Loans***	Low	Mod	Mid	Upp					
Full-Review:																			
Suffolk 2003	66	100.00	19.30	9.09	20.10	12.12	25.32	16.67	35.28	54.55	5.40	21.18	27.72	28.26					

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

(**) Based on 2003 Aggregate HMDA Data only.

(***) Percentage of Families is based on 2000 Census Information.

Table 11. Borrower Distribution of Small Loans to Businesses

Borrower Distribution: SMALL LOANS TO BUSINESSES		State: New York			Evaluation Period: JANUARY 01, 2003 TO DECEMBER 31, 2003				
Metropolitan Area/ Assessment Area	Total Small Loans to Businesses		Businesses with Revenues of \$1 million or less		Loans by Original Amount Regardless of Business Size			Aggregate 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
Full-Review:									
Suffolk	181	100.00	83.32	64.09	100	21	60	56,333	21,556

(*) Businesses with revenue of \$1 million or less as a percentage of all businesses. Data-D&B 2003.

(***) Based on 2003 Aggregate Small Business Data only.

(**) Small loans to businesses with revenue of \$1 million or less as a percentage of all loans reported as small loans to businesses.

(****) 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 14. Qualified Investments

QUALIFIED INVESTMENTS		State: New York			Evaluation Period: JANUARY 01, 2002 TO JUNE 30, 2004				
Metropolitan Area Assessment Area	Prior Period Investments*		Current Period Investments		Total Investments			Unfunded Commitments**	
	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	% of Total \$'s	#	\$ (000's)
Full-Review:									
Suffolk	1	50	8	1,388	9	1,438	100.00	0	0

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

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

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

BRANCH DELIVERY SYSTEM AND BRANCH OPENINGS/CLOSINGS		State: New York			Evaluation Period: JANUARY 01, 2002 TO DECEMBER 31, 2003												
Metropolitan Area/ Assessment Area	[REDACTED]	Branches						Branch Openings/ Closings				Population					
		# 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-Review:																	
Suffolk	[REDACTED]	10	100.00	0	1	7	1	0	1	0	0	1	0	0.42	23.42	61.45	14.71

Bank of Smithtown

Assessment Area

January 1, 2003 - December 31, 2003

Suffolk

