

PUBLIC DISCLOSURE

January 7, 2002

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**SUBURBAN COMMUNITY BANK
RSSD ID - 2511386
CHALFONT, PENNSYLVANIA**

**FEDERAL RESERVE BANK OF PHILADELPHIA
PHILADELPHIA, PENNSYLVANIA**

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 Reserve Bank of Philadelphia concerning the safety and soundness of this financial institution.

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INSTITUTION'S CRA RATING

This institution is rated Satisfactory.

Major factors contributing to this rating include:

- The bank has a reasonable loan-to-deposit ratio given its size, financial condition, and assessment area credit needs.
- The majority of loans are in the assessment area.
- The distribution of borrowers reflects reasonable penetration among borrowers of different incomes.
- The distribution of small business loans reflects excellent penetration among businesses of different sizes.
- The geographic distribution of loans reflects a reasonable penetration throughout the assessment area.

DESCRIPTION OF INSTITUTION

Suburban Community Bank (Suburban), headquartered in Chalfont, Bucks County, Pennsylvania, is a state-chartered, full-service commercial bank. Through two offices located in Chalfont and Feasterville, PA, the bank offers a variety of consumer and commercial banking services. Suburban operates two automated teller machines (ATMs) at its branches through its 24-hour Banking Network, which is linked with MAC, a regional ATM network, and Cirrus, a national ATM network.

As of September 30, 2001, Suburban reported \$78 million in total assets of which \$43.8 million or 56% were loans. The composition of the bank's loan portfolio as of September 30, 2001 is presented in the table below:

LOANS	\$	%
Construction & Land Development	4,745	11
Open-End Loans Secured by Residential Properties	975	2
Closed-End Secured by Residential Property	10,352	24
Secured by Multifamily Residential Property	2,834	6
Commercial Mortgages	19,076	44
Commercial and Industrial	5,181	12
Consumer Installment	593	1
GROSS LOANS	\$43,756	100%

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DESCRIPTION OF ASSESSMENT AREA

For purposes of CRA and this written evaluation, geographies and family income levels are categorized and defined as follows:

- Low-income geographies and families have median family incomes less than 50% of the MSA median family income;
- Moderate-income geographies and families have median family incomes from 50% to less than 80% of the MSA median family income;
- Middle-income geographies and families have median family incomes from 80% to less than 120% of the MSA median family income; and
- Upper-income geographies and families have median family incomes equal to or greater than 120% of the MSA median family income.

Median family income and all other demographic indices and statistics presented throughout this evaluation are based on 1990 U.S. Census data unless otherwise noted.

Suburban has designated its assessment area to include portions of Bucks and Montgomery counties, in the Philadelphia MSA. According to 1990 census data, this assessment area comprises 123 geographies (census tracts). Of these 123 geographies, two (2%) are designated as low-income, four (3%) moderate-income, 63 (51%) middle-income, and 54 (44%) upper-income.

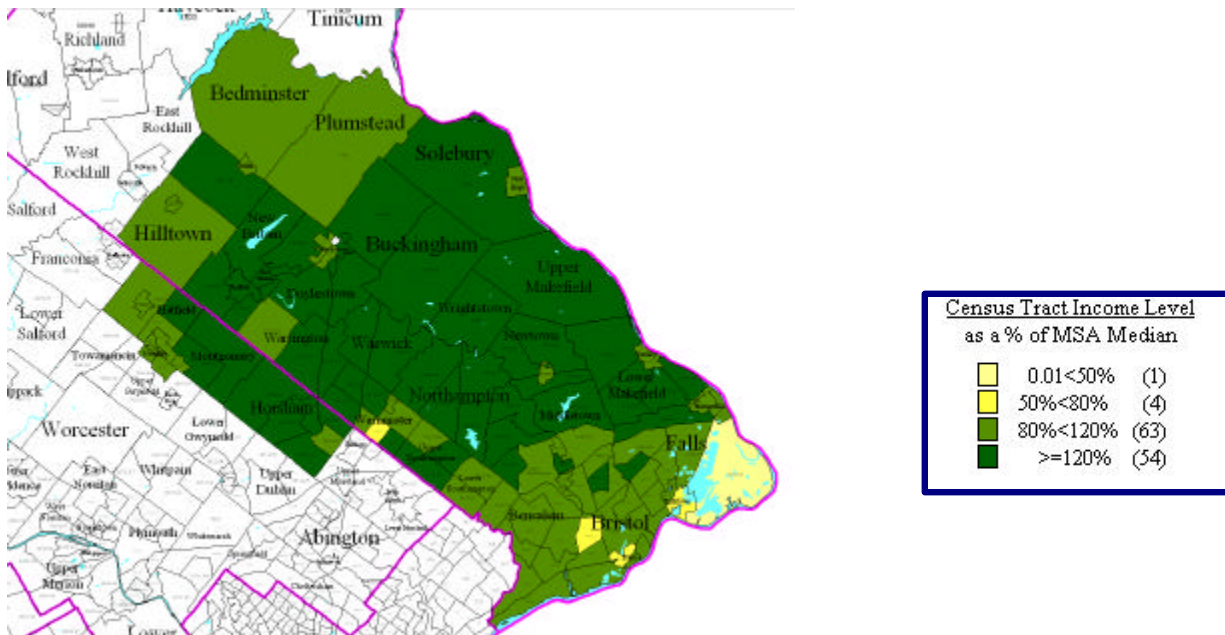
Only 2% of the assessment area's population resides in low- and moderate-income geographies. One low-income geography consists of a park in Doylestown with no population or housing; the other low-income geography houses the location of the former U.S. Steel Fairless Works in Fairless Hills, PA, and contains very few housing units and very little population. The geography with no population or housing will be excluded from the analysis, leaving a total of 122 geographies in the assessment area.

The following table presents relevant demographic information:

SUBURBAN 'S ASSESSMENT AREA DEMOGRAPHICS BY GEOGRAPHY				
Type of Geography	Number of Geographies	Percent	Population of Geographies	Percent
Low-Income	1	1	72	Negligible
Moderate-Income	4	3	10,885	2
Middle-Income	63	52	289,001	53
Upper-Income	54	44	242,031	45
Total	122	100%	541,989	100%

Source: Assessment Area In-Depth 1990 Population – HMDA (Census Tract and Total Population-page 3)

ASSESSMENT AREA



MEDIAN FAMILY INCOME

According to 1990 Census Bureau Statistics, the median family income for the assessment area was \$51,056, higher than both the MSA at \$41,908 and the statewide median of \$34,856.

Of the total number of families in the assessment area, 26% are designated as low- and moderate-income. A majority of these families (67%) live in middle-income geographies within the assessment area. The following table shows the number of families by income level designation.

SUBURBAN'S ASSESSMENT AREA DEMOGRAPHICS BY INCOME		
Type of Family	Number of Families	Percent
Low-Income	15,260	11
Moderate-Income	22,109	15
Middle-Income	37,083	25
Upper-Income	72,202	49
Total Families	146,654	100%

Source: Assessment Area In Depth 1990 Families by Income – HMDA (Assessment Area Total – page 1)

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HOUSING

The assessment area contains 201,705 housing units, 71% of which are owner-occupied. Single family units comprise 61% of the housing units, while two-to-four family units comprise 18%, mobile homes 3%, and multi-family units 19%. The median housing value is \$152,721 (well above the MSA value of \$99,212), and the median gross rent is \$631 per month, again well above that of the MSA median rent of \$515. There is a significant disparity between the median housing value in the assessment area's upper-income geographies (\$183,165) and that in moderate-income geographies (\$84,109). The median age of housing stock is 23 years, below the state median age of 34 years.

Owner-occupancy in moderate-income geographies is 38%. This compares unfavorably to owner-occupancy levels of 64% and 82% in middle- and upper-income geographies, respectively. The overall owner-occupancy rate in the assessment area is 71%, which is greater than both that of the MSA at 65% and that of the state at 64%. The following chart represents the number of owner-occupied housing units relative to the number of total available units within the assessment area.

SUBURBAN'S ASSESSMENT AREA HOUSING PROFILE BY GEOGRAPHY			
Type of Geography	Total Units	Owner-Occupancy	Percent Owner-Occupied
Low-Income	24	18	75
Moderate-Income	4,269	1,621	38
Middle-Income	111,715	71,341	64
Upper-Income	85,697	69,961	82
Assessment Area	201,705	142,941	71

Source: Assessment Area In Depth 1990 Housing (HMDA Total Units and Owner-Occupied Units – page 4)

The percentage of owner-occupied units contained within designated geographies is used as a proxy to estimate demand for residential mortgage lending within such geographies. As the following table illustrates, the vast majority of owner-occupied units in Suburban's assessment area are located in the middle- and upper-income geographies.

SUBURBAN'S ASSESSMENT AREA OWNER-OCCUPANCY DISTRIBUTION BY GEOGRAPHY		
Type of Geography	Number of Owner-Occupied Units	Percentage of All Owner-Occupied Units
Low-Income	18	Negligible
Moderate-Income	1,621	1
Middle-Income	71,341	50
Upper-Income	69,961	49
All Geographies	142,941	100%

Source: Assessment Area In Depth 1990 Housing (HMDA Owner-Occupied Units – page 4)

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SMALL BUSINESS GEOGRAPHIC DATA

The percentage of small businesses¹ located within designated geographies is used as a proxy to estimate demand for small business credit within those geographies. Information from Dun and Bradstreet on the number of businesses in the assessment area in 2001 was used to compile the following table. As this table illustrates, the vast majority of small businesses in the assessment area are located in the middle- and upper-income geographies.

SUBURBAN'S ASSESSMENT AREA SMALL BUSINESS DISTRIBUTION BY GEOGRAPHY		
Type of Geography	Number of Small Businesses	Percent of Total Small Businesses
Low-Income	70	Negligible
Moderate-Income	563	2
Middle-Income	12,668	51
Upper-Income	11,890	47
All Geographies	25,191	100%

ECONOMIC CHARACTERISTICS

Located in Bucks and Montgomery counties, Suburban's assessment area is in the Philadelphia MSA and is subject to the same economic vagaries as the metropolitan area as a whole. The economy is generally diverse, and even though there is a continued reliance on manufacturing, the area's biotechnology and healthcare industries continue to expand. Prior to September 11th, the Federal Reserve Bank's Business Outlook Survey showed improvement in the economy; however, the unemployment rate has risen slightly, along with the state and the rest of the country, to 4.4%. The impact of the September 11th tragedy is moderate, affecting mostly the tourism and convention industries. Both industries are forecast to rebound in the coming year.

The largest employers in the Philadelphia MSA are the federal, state, and local governments. Major private sector employers in the MSA include the University of Pennsylvania and Temple University, Jefferson Health System, Aetna/US Healthcare, Merck, SmithKline Beecham, and Verizon.

As of November 2001, the seasonally unadjusted² unemployment rate for the Philadelphia MSA was 4.4%, below the state unemployment rate of 4.8%. The unemployment rates for the two counties in Suburban's assessment area, Bucks and Montgomery, were 4.0% and 3.8%, both lower than the MSA and the state, but higher than the same period in 2000.

¹ Defined as those businesses with annual revenues of \$1 million or less.

² Seasonally unadjusted unemployment rates were used for comparison purposes.

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Unemployment Rates	November 2001	November 2000
Montgomery County	3.8%	2.9%
Bucks County	4.0%	3.1%
Philadelphia-MSA	4.4%	4.0%
Pennsylvania	4.8%	4.1%

Although there are no large regional and super-regional banks headquartered in Suburban's assessment area, there is fierce competition for loan and deposit dollars among the many banks with branches in the area. Super-regional banks First Union National Bank, Charlotte, NC, Fleet National Bank, Providence, RI, and PNC Bank and Mellon Bank, Pittsburgh, PA have a presence in the market, holding 42% of deposits in Bucks County and 52% of those in the MSA. Several mid-size banks and savings and loans, including Sovereign Bank, First National Bank and Trust of Newtown, and First Federal Savings and Loan of Bucks County, also provide significant competition for Suburban, which holds only 0.64% of deposits in Bucks County.

According to the latest available annual Home Mortgage Disclosure Act (HMDA) peer mortgage data from 2000, there were 402 lenders in the assessment area reporting loans pursuant to HMDA. First Union is the largest HMDA originator with over 5% of the market, followed by Chase Manhattan Mortgage Corp with 5%, and Sovereign Bank with 4%. Suburban, with its focus on commercial lending, is not a major HMDA originator, with only 0.10% of all HMDA loans in the assessment area.

In October 2000, the Consumer and Community Affairs Department of the Federal Reserve Bank of Philadelphia published a report titled "A Community Profile for Lenders: Bucks, Chester, Montgomery, and Philadelphia Counties." The report provides information and insights into the perceived credit needs and opportunities in the Pennsylvania portion of the Philadelphia MSA. Information in the report was obtained from interviews and contacts with bankers, community organizations, and local government officials.

The report also includes pertinent demographic and economic data regarding the city of Philadelphia. In the report, community leaders, when asked what credit needs existed in the assessment area, indicated a need for: (1) checking and savings accounts priced for low- and moderate-income families, (2) first-time homebuyer loan programs for low- and moderate-income families, (3) operational funding for area non-profits and community development organizations, (4) short- and long-term financing for larger affordable housing projects, and (5) support of commercial real estate development in northeast Philadelphia.

The bank's asset size and financial condition indicate that it has the ability to effectively meet the credit needs of its assessment area. There are no legal or other impediments that would hamper the bank's ability to meet community credit needs.

SCOPE OF EXAMINATION

The evaluation of Suburban's CRA performance covered the period from March 1998 through November 2001. The examination included an analysis of the bank's:

- loan-to-deposit ratio,
- volume of loans extended inside and outside of the bank's assessment area,
- extent of lending to borrowers of different incomes, especially low- and moderate-income borrowers, and businesses of different sizes, especially small businesses, and
- geographic distribution of loans within the assessment area, with particular emphasis on lending penetration in low- and moderate-income geographies.

Loan products evaluated included home purchase loans and refinancings of such loans, home-improvement loans, and small business loans.

Written documentation of interviews conducted with community representatives and prepared by the Federal Reserve and other regulatory agencies were reviewed during the course of the examination.

To conduct the evaluation of the geographic distribution of loans, geographies are classified on the basis of 1990 U.S. Census data. Determination of the distribution of loans to borrowers of different income levels is based upon 2001 adjusted median family income data, made available by the U.S. Department of Housing and Urban Development (HUD).

Suburban's HMDA loans were compared to the aggregate of all lenders in the bank's assessment area reporting real estate loans pursuant to HMDA. This data is reported annually, and the most recent year for which information was available is 2000 when there were a total of 402 HMDA reporters.

LOAN- TO- DEPOSIT RATIO

A financial institution's loan-to-deposit ratio compares the institution's aggregate loan balances outstanding to its total deposits outstanding. The ratio is a measure of an institution's lending volume relative to its capacity to lend, and is derived by adding the quarterly loan-to-deposit ratios and dividing the total by the number of quarters.

The loan-to-deposit ratio is reasonable, given the bank's size, financial condition and assessment area credit needs. Suburban has maintained a strong loan-to-deposit ratio, averaging 82% over the past 14 quarters of operation and has consistently outperformed the peer group average ratio (75%) by a significant margin.³ The following table shows Suburban's quarterly loan-to-deposit ratios for the 14 quarters since the bank's previous examination, together with the average loan-to-deposit ratio for the same period.

³ Suburban's national peer group consists of all insured commercial banks having assets between \$50 million and \$100 million, with two or less banking offices and located in a metropolitan area.

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SUBURBAN'S HISTORICAL LOAN TO DEPOSIT RATIOS			
AS OF DATE	NET LOANS (THOUSANDS)	TOTAL DEPOSITS (THOUSANDS)	RATIO
09/30/01	42,874	52,823	81
06/30/01	42,161	49,622	85
03/31/01	43,152	47,833	90
12/31/00	39,550	39,749	99
09/30/00	37,970	38,782	98
06/30/00	38,704	41,805	93
03/31/00	34,231	39,370	87
12/31/99	29,177	40,066	73
09/30/99	26,032	40,202	65
06/30/99	23,777	40,751	58
03/31/99	23,563	31,470	75
12/31/98	21,196	29,029	73
09/30/98	19,487	22,443	87
06/30/98	15,499	19,326	80
Average Quarterly Loan-to-Deposit Ratio Since Previous Examination			82%

Source: The Uniform Bank Performance Report prepared by the Federal Deposit Insurance Corporation for use by Federal regulators.

LENDING IN ASSESSMENT AREA

An analysis was performed to determine the volume of loans extended inside and outside of the bank's assessment area as delineated for purposes of CRA. The analysis consisted of an evaluation of HMDA loans originated from January 1999 through November 2001, and small business loans originated from January 2001 through November 2001.

As illustrated in the following table, a majority of the bank's loans, 71% of home mortgage originations and 63% of small business loans, were extended within the bank's assessment area. The table depicts the volume of loans extended both inside and outside of the assessment area.

SUBURBAN BANK LENDING INSIDE AND OUTSIDE THE ASSESSMENT AREA										
Loan Type	Inside				Outside				Total	
	#	%	\$000's	%	#	%	\$000's	%	#	\$
HMDA	47	71	4,433	56	19	29	3,494	44	66	7,927
Small Business	31	63	3,648	45	18	37	4,423	55	49	8,071
Total Loans	78	68	8,081	51	37	32	7,917	49	115	15,998

Source: Loan Mix of Reportable Loans and Distribution of Loans In/Out Assessment Area HMDA (page 2) and Small

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DISTRIBUTION OF LENDING TO BUSINESSES OF DIFFERENT SIZES AND BORROWERS OF DIFFERENT INCOMES

A review of the demographic and economic characteristics of the assessment area, in conjunction with an analysis of HMDA and small business lending data, was conducted to ascertain the extent of lending to borrowers of different incomes and to businesses of different sizes. This analysis reflects the bank's reasonable overall penetration among both borrowers of different income levels and businesses of different sizes. Given the fact that there are so few low- and moderate-income geographies in the assessment area with so little population, this component of the analysis will carry more weight in the overall evaluation than the geographic analysis of the bank's lending.

LENDING TO SMALL BUSINESSES

An analysis of the distribution of loans to businesses determined that the distribution of lending activities among small businesses is consistent with the institution's asset size, lending capacity, and business objectives and reflects an excellent penetration among business customers of different sizes.

For the purpose of this evaluation, a small business loan is defined as a commercial loan with an origination amount of \$1 million or less. Small business loans are further quantified to identify those loans to businesses with gross annual revenues of \$1 million or less. Schedule RC-C Part II (Loans to Small Farms and Small Businesses) of the bank's Consolidated Reports of Condition and Income as of June 30, 2001, indicates that 100% of the bank's commercial loans were designated as small business loans, as detailed in the following chart.

SUBURBAN'S COMMERCIAL LOAN PORTFOLIO		
	Amount Outstanding as of 6/30/01 (\$000)	Percent
Loans with original amounts of \$100,000 or less	2,811	11
Loans with original amounts of more than \$100,000 through \$250,000	6,364	25
Loans with original amounts of more than \$250,000 through \$1,000,000	15,929	64
Total Small Business Loans	25,104	100
Loans with original amounts greater than \$1,000,000	0	0
Total Commercial Loans	\$25,104	100%

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The next table shows the bank's small business loan originations within the bank's assessment area from January to November 2001.

SUBURBAN'S ASSESSMENT AREA 2001 SMALL BUSINESS LOANS				
	Number	Percent	\$000	Percent
Loans with original amounts of \$100,000 or less	21	68	729	20
Loans with original amounts of more than \$100,000 through \$250,000	6	19	972	27
Loans with original amounts of more than \$250,000 through \$1,000,000	4	13	1,947	53
Total Small Business Loans	31	100%	\$3,648	100%

The next table further quantifies 2001 small business lending based upon the annual revenue of the business. Small business loans were analyzed to determine whether they were made to businesses with gross annual revenues of less than \$1 million. Business demographic data revealed that there were 30,060 businesses, including 864 agricultural entities, in the bank's assessment area in 2000. Of these businesses, 25,191 (84%) had sales of less than \$1 million.

Of the 31 loans originated in the assessment area during 2001, 71% were originated to businesses with gross annual revenues of \$1 million or less. Moreover, of the 22 loans originated to businesses with gross annual revenues of \$1 million or less, 18 (82%) were extended in amounts less than \$100 thousand.

SUBURBAN'S ASSESSMENT AREA 2001 SMALL BUSINESS LOANS BUSINESS REVENUES				
	Number	Percent	\$000's	Percent
Loans to business with revenues of \$1 million or less	22	71	1,499	41
Loans to business with revenues of more than \$1 million	9	29	2,149	59
Total Small Business Loans	31	100%	\$3,648	100%

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BORROWER CHARACTERISTICS

The adjusted annual median family incomes of the Philadelphia MSA for 2001, 2000 and 1999, as reported by the U.S. Department of Housing and Urban Development (HUD), are \$60,100, \$57,800 and \$55,600, respectively. The following table categorizes the dollar amounts recognized as low-, moderate-, middle- and upper-income, predicated upon adjusted median family income measures.

Year	HUD Adjusted Median Family Income	Low Income (<50%)	Moderate Income (50%-79%)	Middle Income (80%-119%)	Upper Income (120% or Greater)
2001	\$60,100	Less than \$30,050	\$30,050--\$48,079	\$48,080--\$72,119	\$72,120 or more
2000	\$57,800	Less than \$28,900	\$28,900--\$46,239	\$46,240--69,359	\$69,360 or more
1999	\$55,600	Less than \$27,800	\$27,800--\$44,479	\$44,480--\$66,719	\$66,720 or more

Source: FFIEC Census Report-Summary Census Demographic Information

The penetration of all of the bank's HMDA loans among individuals of different incomes, including low- and moderate-income individuals, is reasonable in the context of applicable demographics. The analysis of the bank's HMDA data from 1999 through November 2001 revealed the following income distribution for loans within the bank's assessment area⁴:

SUBURBAN'S ASSESSMENT AREA JANUARY 1999 – NOVEMBER 2001 HMDA LOANS BORROWER INCOME DISTRIBUTION					
Income Level	Number of Loans	Percent of Loans	Number of Families	Percent of Families	Percentage of Loans to Percentage of Families
Low-Income	0	0	15,260	11	N/A
Moderate-Income	9	21	22,109	15	1.4
Middle-Income	4	9	37,083	25	0.36
Upper-Income	31	70	72,202	49	1.43
All Borrowers	44	100%	146,654	100%	1.0

Source: Distribution of HMDA/Consumer Loans Across AA by Income of Borrower – page 2 and Assessment Area In Depth – 1990 Families by Income – page 1

⁴ Of Suburban's 47 HMDA reportable loans in the examination period, three had no borrower income information available and were excluded from the analysis.

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The distribution of loans to low- and moderate-income families, in comparison to the demographics of the assessment area, is deemed adequate. However, the distribution indicates the need for greater emphasis on loans to low-income families. Of the 146,654 families in the bank's assessment area, 15,260 (11%) are designated as low-income, while none of the bank's loans were to low-income families.

The bank's low level of penetration may be partially attributed to the demographics of the bank's assessment area. Of the 37,369 families designated as low- or moderate-income, 67% reside in middle-income geographies and 29% reside in upper-income geographies. Because of the lack of owner-occupied housing in moderate-income geographies and the high cost of homes in middle- and upper-income geographies, there is a limited supply of affordable housing units available for purchase by low- and moderate-income families.

Distribution of Loans to Borrowers of Different Incomes in Relation to Market Performance

A comparison of Suburban's lending activity to market activity shows that lending levels are generally consistent with aggregate lending levels in the assessment area, except among low-income borrowers, where the bank lagged behind the competition. However, Suburban performed at least as well as the market among moderate-income borrowers in the assessment area.

The following table compares Suburban's lending activity to market activity (less Suburban):

SUBURBAN'S ASSESSMENT AREA MARKET COMPARISON DISTRIBUTION OF HMDA LOANS BY INCOME LEVEL OF BORROWER PERCENT OF LOANS ORIGINATED				
Borrower Income Level	Suburban 1999	Suburban 2000	Suburban 2001	Market 2000
Low-Income	0	0	0	4
Moderate-Income	18	23	14	14
Middle-Income	18	5	7	23
Upper-Income	46	68	79	47
Borrowers for which income not available	18	4	0	12
All Borrowers	100%	100%	100%	100%

Source: Distribution of HMDA/Consumer Loans Across Assessment Area by Income Level of Borrower [Total Home – Total and Market (Less Lender Count %)] – page 2

In summary, the examination found that Suburban's penetration among businesses of different sizes and borrowers of different income levels was reasonable.

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GEOGRAPHIC DISTRIBUTION OF LENDING

An analysis of the geographic distribution of loans was conducted in an effort to determine the dispersion of loans among different geographies within the bank's assessment area. The analysis reflected a reasonable overall dispersion throughout the assessment area.

SMALL BUSINESS LOANS

An analysis was performed of a sample of the commercial loans originated by the bank from January through November 2001. Business demographics reveal that there were a total of 25,191 small businesses, including 755 agricultural entities, in Suburban's assessment area in 2001. The bank's extension of credit to these businesses roughly follows the distribution of small businesses by geography income level.

Middle-income geographies received 52% of small business loans for their 50% share of total small businesses. Upper-income geographies received 48% of small business loans for their 47% share of total small businesses. No small business loans were originated in low- or moderate-income geographies, but this is not surprising since less than 3% of the assessment area's small businesses are located in these geographies. The following table depicts the geographic distribution of the bank's small business loans:

SUBURBAN'S ASSESSMENT AREA JANUARY - NOVEMBER 2001 SMALL BUSINESS LOANS GEOGRAPHIC DISTRIBUTION					
Type of Geography	Number of Loans	Percent of Loans	Number of Small Businesses	Percent of Small Businesses	Percentage of Loans to Percentage of Businesses
Low-Income	0	0	70	Negligible	N/A
Moderate-Income	0	0	563	2	N/A
Middle-Income	16	52	12,668	51	1.02
Upper-Income	15	48	11,890	47	1.02
All Geographies	31	100%	25,191	100%	1.00

Source: Distribution of HMDA/Consumer Loans Across Assessment Area by Income Level of Tract/BNA – Small Business (Total Home – Total Line – page 3) and Business Demographic Data

HOME MORTGAGE LENDING

Suburban is a minor mortgage originator within the assessment area. According to 2000 aggregate HMDA data, 22,390 home mortgage loans were collectively originated by 402 financial institutions within the assessment area. Suburban ranked 136th, with a market share of 0.10%. Overall, residential mortgage lending activities currently account for roughly 26% of the bank's lending activity.

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A review of the HMDA data revealed no lending in low-income geographies and modest lending levels in moderate-income geographies within the assessment area. However, demographic, economic and other factors prevalent in the assessment area were considered in assessing the bank's penetration levels. Most importantly, less than 3% of the assessment area's population resides in the low- and moderate-income geographies.

Also impacting the bank's ability to generate HMDA loans is the amount of available housing in the low- and moderate-income geographies. Of the 201,705 available housing units in the assessment area, only 2% are located in low- or moderate-income geographies, with just 1,639 of those units (38%) owner-occupied. The majority of available housing units (111,715) are located in the assessment area's middle-income geographies and 71,341 (64%) of those units are owner-occupied. In the upper-income geographies, there are 85,697 available housing units with 69,961 units (82%) owner-occupied.

SUBURBAN'S ASSESSMENT AREA JANUARY 1999- NOVEMBER 2001 HMDA LOANS GEOGRAPHIC DISTRIBUTION					
Type of Geography	Number of Loans	Percent of Loans	Number of Owner-Occupied Units	Percent of Owner-Occupied Units	Percentage of Loans to Percentage of Units
Low-Income	0	0	18	Negligible	N/A
Moderate-Income	1	2	1,621	1	2.0
Middle-Income	21	45	71,341	50	0.9
Upper-Income	25	53	69,961	49	1.1
All Geographies	47	100%	142,941	100%	1.0

Source: Distribution of HMDA/Consumer Loan Across Assessment Area by Income Level of Tract/BNA (Total Home – Total Line – page 2) and Assessment Area In Depth – Owner-Occupied Units – page 4

Geographic Distribution in Relation to Market Performance

An analysis of aggregate lending in the assessment area revealed that none of the area banks, including Suburban, are lending in low-income geographies and all are lending only minimally in moderate-income geographies. Suburban's performance relative to its competitors was sporadic; the bank was below the market in moderate-income geographies two out of three years evaluated, and above the market in middle-income geographies in two of three years.

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The following table compares Suburban's lending activity to market activity (less Suburban):

SUBURBAN'S ASSESSMENT AREA MARKET COMPARISON OF THE GEOGRAPHIC DISTRIBUTION OF HMDA LOANS PERCENT OF LOANS ORIGINATED				
Type of Geography	Suburban 1999	Suburban 2000	Suburban 2001	Market 2000 ⁵
Low-Income	0	0	0	0
Moderate-Income	0	0	7	1
Middle-Income	27	50	50	43
Upper-Income	73	50	43	56
All Geographies	100%	100%	100%	100%

Source: Distribution of HMDA/Consumer Loans Across by Income Tract/BNA (Total Line and Market Less Lender Count % Total page 2)

In summary, the examination revealed an overall reasonable geographic distribution of home mortgage loans and small business loans throughout the bank's assessment area.

RESPONSE TO SUBSTANTIATED COMPLAINTS

There were no CRA-related complaints filed against Suburban during the evaluation period.

COMPLIANCE WITH FAIR LENDING 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), Fair Housing Act, Home Mortgage Disclosure Act (Regulation C), and all relevant agency regulations pertaining to nondiscriminatory treatment of credit applicants.

⁵ Calendar year 2000 is the most recent year for which aggregate HMDA data is available.

APPENDIX

GEOGRAPHIC DISTRIBUTION

Home Mortgage Loans

SUBURBAN'S ASSESSMENT AREA 1999 HMDA GEOGRAPHIC DISTRIBUTION NUMBER AND DOLLAR AMOUNTS OF LOANS				
Type of Geography	Number	Percent	\$000's	Percent
Low-Income	0	0	0	0
Moderate-Income	0	0	0	0
Middle-Income	3	27	95	5
Upper-Income	8	73	1,927	95
All Geographies	11	100%	\$2,022	100%

Source: Distribution of HMDA/Consumer Loans Across Assessment Area by Income Level of Tract/BNA (Total Home – Total Line – page 2)

SUBURBAN'S ASSESSMENT AREA 2000 HMDA GEOGRAPHIC DISTRIBUTION NUMBER AND DOLLAR AMOUNTS OF LOANS				
Type of Geography	Number	Percent	\$000's	Percent
Low-Income	0	0	0	0
Moderate-Income	0	0	0	0
Middle-Income	11	50	749	51
Upper-Income	11	50	714	49
All Geographies	22	100%	\$1,463	100%

Source: Distribution of HMDA/Consumer Loans Across Assessment Area by Income Level of Tract/BNA (Total Home – Total Line – page 2)

SUBURBAN'S ASSESSMENT AREA YEAR-TO-DATE 11/14/01 HMDA GEOGRAPHIC DISTRIBUTION NUMBER AND DOLLAR AMOUNTS OF LOANS				
Type of Geography	Number	Percent	\$000's	Percent
Low-Income	0	0	0	0
Moderate-Income	1	7	63	7
Middle-Income	7	50	598	63
Upper-Income	6	43	287	30
All Geographies	14	100%	\$948	100%

Source: Distribution of HMDA/Consumer Loans Across Assessment Area by Income Level of Tract/BNA (Total Home – Total Line

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Small Business Loans

SUBURBAN'S ASSESSMENT AREA JANUARY – NOVEMBER 2001 SMALL BUSINESS LOANS GEOGRAPHIC DISTRIBUTION				
Type of Geography	Number	Percent	\$000's	Percent
Low-Income	0	0	0	0
Moderate-Income	0	0	0	0
Middle-Income	16	52	2,308	63
Upper-Income	15	48	1,340	37
All Geographies	31	100%	\$3,648	100%

DISTRIBUTION OF LOANS TO BORROWERS OF DIFFERENT INCOME LEVELS

SUBURBAN'S ASSESSMENT AREA 1999 DISTRIBUTION OF HMDA LOANS BY BORROWER INCOME LEVEL NUMBER AND DOLLAR AMOUNTS OF LOANS				
Type of Borrower	Number	Percent	\$000's	Percent
Low-Income	0	0	0	0
Moderate-Income	2	18	24	1
Middle-Income	2	18	95	5
Upper-Income	5	46	722	36
Borrowers for which income not available	2	18	1,181	58
All Borrowers	11	100%	\$2,022	100%

Source: Distribution of HMDA/Consumer Loans Across Assessment Area by Income Level of Borrower (Total Home – Total page 2)

SUBURBAN'S ASSESSMENT AREA 2000 DISTRIBUTION OF HMDA LOANS BY BORROWER INCOME LEVEL NUMBER AND DOLLAR AMOUNTS OF LOANS				
Type of Borrower	Number	Percent	\$000's	Percent
Low-Income	0	0	0	0
Moderate-Income	5	23	371	25
Middle-Income	1	5	6	Negligible
Upper-Income	15	68	856	59
Borrowers for which income not available	1	4	230	6
All Borrowers	22	100%	\$1,463	100%

Source: Distribution of HMDA/Consumer Loans Across Assessment Area by Income Level of Borrower (Total Home – Total page 2)

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SIJBURBAN'S ASSESSMENT AREA				
YEAR-TO-DATE 11/14/01 DISTRIBUTION OF HMDA LOANS BY BORROWER INCOME LEVEL				
NUMBER AND DOLLAR AMOUNTS OF LOANS				
Type of Borrower	Number	Percent	\$000's	Percent
Low-Income	0	0	0	0
Moderate-Income	2	14	47	5
Middle-Income	1	7	45	5
Upper-Income	11	79	856	90
All Borrowers	14	100%	\$948	100%

Source: Distribution of HMDA/Consumer Loans Across Assessment Area by Income Level of Borrower (Total Home – Total page 2)