



# LARGE BANK

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Comptroller of the Currency  
Administrator of National Banks

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Washington, DC 20219

## **PUBLIC DISCLOSURE**

May 6, 2013

## **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

Hudson Valley Bank, N.A.  
Charter Number: 24790

21 Scarsdale Road  
Yonkers, New York 10707

Office of the Comptroller of the Currency

New York - Jersey City  
Harborside Financial Center - Plaza Five  
Jersey City, New Jersey 07311

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

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## Overall CRA Rating

**Institution’s CRA Rating:** This institution is rated **Satisfactory**.

The following table indicates the performance level of Hudson Valley Bank, N.A. with respect to the Lending, Investment, and Service Tests:

Performance Levels	Hudson Valley Bank, N.A. Performance Tests		
	Lending Test*	Investment Test	Service Test
Outstanding			
High Satisfactory		X	X
Low Satisfactory	X		
Needs to Improve			
Substantial Noncompliance			

\*The lending Test is weighted more heavily than the investment and service tests when arriving at an overall rating.

The major factors that support this rating include:

- A majority of the home mortgages and small business loans were made within the assessment areas with no lending gaps identified;
- The geographic distribution of home mortgage loans is good and small loans to businesses by income level of the geography is adequate;
- The borrower distribution of home mortgage loans by income level of the borrower and distribution of small loans to businesses is poor;
- Positive consideration was given to the lending test based on the high level of community development loans made;
- The level of qualified investments was significant and exhibited good responsiveness to community needs; and
- Retail services are reasonably accessible and the level of community development services provided was adequate.

## Definitions and Common Abbreviations

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

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

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

**Census Tract (CT):** A small subdivision of metropolitan and other densely populated counties. Census tract boundaries do not cross county lines; however, they may cross the boundaries of metropolitan areas. Census tracts usually have between 2,500 and 8,000 persons, and their physical size varies widely depending upon population density. Census tracts are designed to be homogeneous with respect to population characteristics, economic status, and living conditions to allow for statistical comparisons.

**Community Development:** Affordable housing (including multifamily rental housing) for low- or moderate-income individuals; community services targeted to low- or moderate-income individuals; activities that promote economic development by financing businesses or farms that meet the size eligibility standards of the Small Business Administration's Development Company or Small Business Investment Company programs (13 CFR 121.301) or have gross annual revenues of \$1 million or less; or, activities that revitalize or stabilize low- or moderate-income geographies.

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

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

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

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

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

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

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

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

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

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

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

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

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

**Median Family Income (MFI):** The median income determined by the U.S. Census Bureau every ten years and used to determine the income level category of geographies. Also, the median income determined by the Department of Housing and Urban Development annually that is used to determine the income level category of individuals. For any given area, the median is the point at which half of the families have income above it and half below it.

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

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

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

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

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

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

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

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

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

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

**Small Loan(s) to Business(es):** A loan included in 'loans to small businesses' as defined in the Consolidated Report of Condition and Income (Call Report) and the Thrift Financial Reporting (TFR) instructions. These loans have original amounts of \$1 million or less and typically are either secured by nonfarm or nonresidential real estate or are classified as commercial and industrial loans.

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

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

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

## Description of Institution

Hudson Valley Bank, NA (HVB) is an interstate bank headquartered in Yonkers, New York. As of December 31, 2012, assets totaled \$2.9 billion, deposits totaled \$2.5 billion, and the bank's Tier 1 Capital ratio was 9.16 percent.

HVB is wholly-owned by Hudson Valley Holding Corp. (HVHC) which owns nine operating subsidiaries: Sprain Brook Realty Corp., Grassy Sprain Real Estate Holdings, Inc., HVB Leasing Corp., HVB Realty Corp., HVB Employment Corp., AR Schmeidler & Co., HVB Properties Corp., and 21 Scarsdale Road Corp, 369 East 149<sup>th</sup> Street Corp., 369 East Realty Corp., and 2256 Second Avenue Corp. HVB also owns a charitable organization, Hudson Valley National Foundation (Foundation), from which grants and contributions are returned to the communities through its charitable works with local not-for-profit organizations. The bank operates 36 full-service branches in New York and Connecticut. Automated Teller Machines (ATMs) are conveniently located in 23 of the branch sites, with an additional three off-site ATMs dispersed throughout their assessment areas. Since 2010, the bank opened 2 branches and closed 2 branches.

HVB is one of the largest independent commercial banks in Westchester County, New York. The bank's principal vision is to meet the financial needs of businesses and individuals residing in their local communities. Their business model targets the needs of small to mid-size businesses, specializing in industries related to real estate, legal services, municipalities and not-for-profit organizations. Individual members of the communities benefit from the charitable works of the Foundation via grant funding and donations from not-for-profit community groups. HVB serves eight counties within the states of New York and Connecticut, including Westchester, Bronx, Rockland, Manhattan, Fairfield and sections of Brooklyn and New Haven.

HVB offers a full range of credit and deposit services throughout its assessment areas (AAs). Lending products include real estate loans, commercial loans as well as consumer loans. Deposit services provided by the bank include Basic Banking, Savings, Checking and Money Market accounts. As of December 31, 2012, HVB's loan portfolio approximated 51 percent of assets and was predominately centered in commercial real estate loans at 40 percent, followed by residential mortgages at 20 percent. Deposits account for 87 percent of bank assets.

There are no impediments, legal or otherwise, which would hinder the bank's ability to help meet the credit needs of its assessment area. The last CRA exam was rated "Satisfactory" on June 7, 2010.

## Scope of the Evaluation

### Evaluation Period/Products Evaluated

This Performance Evaluation assesses HVB's performance under the Lending, Investment, and Service Tests. For the lending evaluation, we covered the period from January 1, 2010 to December 31, 2012. We evaluated residential real estate lending subject to HMDA reporting, small loans to businesses subject to reporting under the CRA, and community development loans. We also reviewed community development investments and services.

Community development loans and the investment and services tests cover the period from June 7, 2010 to May 6, 2013. All qualified investments originated within the evaluation period, and still outstanding as May 6, 2013, were also considered. We based our conclusions related to community development loans and qualified investments on the number and dollar amounts made during the evaluation period. In addition, we considered the level of innovation, complexity, responsiveness to community credit needs, and the degree to which these instruments are not routinely provided by private investors.

Small loans to farms reported under the CRA are not evaluated because the bank does not originate a volume large enough to provide any meaningful analysis.

For the period from January 1, 2010 through December 31, 2011, the data from the 2000 U.S. Census was used. For the period from January 1, 2012 through December 31, 2012, data from the 2010 U.S. Census was used.

### Data Integrity

This evaluation is based on accurate data. Prior to this evaluation, we conducted a data integrity review in February 2013. We reviewed HMDA data, data reported under the CRA regulatory requirements and community development activities to determine accuracy of lending-related data supplied by HVB. Recorded data for HMDA and small loans to businesses was considered accurate and was used in this evaluation.

In addition, during the CRA exam we verified that all of the community development loans, qualified investments, and community development services met the definitions and standards of community development activities.

### Selection of Areas for Full-Scope Review

A sample of AAs was reviewed in each state where the bank has an office. For HVB, a full-scope review was performed for the state of New York, since New York is its headquarter state and is where a majority of its branches and ATMs are located. The New York AA consists of six counties: Westchester, Bronx, Rockland, Manhattan, and a portion of Brooklyn. HVB has two AAs in the state of Connecticut, which consists of all of Fairfield County and a portion of New Haven County. The Connecticut AAs were evaluated on a limited-scope basis. Our analysis was, therefore, more heavily weighted on the bank's performance in the state of New York.

## **Ratings**

The bank's overall rating is a blend of state ratings with weighted consideration from AAs receiving full-scope reviews. In reaching our conclusions, more weight was given to HVB's lending, investment and service performances within the New York AA given its home state designation and the fact that the majority of its activities are concentrated in this AA.

Refer to the "Scope" section under each State Rating section for details regarding how the areas were weighted in arriving at the respective ratings.

## **Other**

Community credit needs in the AAs were determined by reviewing recent housing and demographic information, and by community contacts conducted by the OCC in conjunction with CRA evaluations for banks operating in the same AAs. An interview was not conducted during this evaluation, we utilized information recorded from an earlier interview with one of the local community groups within the bank's AA in identifying local community needs.

Refer to Appendix C for more details on specific needs of the markets that are reviewed using full-scope procedures.

## **Fair Lending or Other Illegal Credit Practices Review**

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

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

## State Ratings

### State of New York

#### CRA Rating for New York<sup>1</sup>: Satisfactory

The lending test is rated: **Low Satisfactory**

The investment test is rated: **High Satisfactory**

The service test is rated: **High Satisfactory**

The major factors that support this rating include:

- HVB has achieved an adequate level of lending in the New York AA;
- The geographic distribution home mortgage loans analyzed is good;
- The geographic distribution for small business loans is adequate and the borrower distribution of small business loans is poor;
- The level and responsiveness of community development investments is excellent; and
- Retail services are satisfactory with good access to delivery systems. Delivery systems are supplemented by community development services that are responsive to community needs.

### Description of Institution's Operations in New York

HVB operates 30 full-service branches and 22 ATMs within the New York AA. The New York AA encompasses Westchester, Bronx, Rockland, Manhattan (New York County) and a section of Brooklyn (Kings County) Counties in the state of New York and falls under the New York-Northern New Jersey-Long Island, NY-NJ-PA MSA.

As of June 30, 2012, this AA had approximately \$2.44 billion in total deposits, representing 99 percent of total bank deposits. The AA accounts for 89 percent of mortgages and small business loans analyzed for this evaluation. HVB has a deposit market share of 0.2 percent and ranks 38<sup>th</sup> among 231 other financial institutions reporting deposits for the entire New-York-Northern New Jersey-Long Island, NY-NJ-PA MSA.

Refer to the Appendix C, Market Profiles for Full-Scope Areas, for detailed demographics and other performance context information.

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<sup>1</sup> For institutions with branches in two or more states in a multistate metropolitan area, this statewide evaluation does not reflect performance in the parts of this state contained within the multistate metropolitan area. Refer to the multistate metropolitan area rating and discussion for the rating and evaluation of the institution's performance in that area.

## Scope of Evaluation in New York

A full-scope analysis was conducted for the New York AA. This AA accounts for 78 percent of reported loans and 97 percent of overall bank deposits. Loan products include home purchase, home improvement, and home refinance loans reported under HMDA and small business loans reported under CRA. Loans to small businesses account for a large portion of loans originated in the AA and are assigned more weight in their performance conclusions since they are the bank's primary lending product. Positive consideration was given to the lending test based on the level of community development loans made in the AA.

## LENDING TEST

The bank's performance under the lending test in the New York AA is rated Low Satisfactory. Based on a full-scope review, the bank's performance in the New York AA is adequate. The geographic distribution of loans is reasonable and the level of community development loans is excellent.

### Lending Activity

Refer to Table 1 of Appendix D, HVB NY AA, for the facts and data used to evaluate the bank's lending activity.

HVB's lending levels reflect adequate responsiveness to the AA's credit needs. During the evaluation period, the bank originated 48 home mortgage loans totaling \$57 million, 522 small loans to businesses totaling \$163 million, and 62 community development loans totaling \$114 million. Home purchase loans comprise 29 percent, home improvement loans 4 percent, home refinance loans 11 percent, and multifamily loans 56 percent of all home mortgage loans originated and purchased during the evaluation period.

In order to determine if the level of lending activity is appropriate, we compared the deposit market share to the market share for individual loan products. As of June 30, 2012, HVB held 0.2 percent of its deposits in the market and ranked 38<sup>th</sup> out of 231 institutions in the entire MSA.

The most recent loan market share information for home mortgage loans and small business loans was from 2011. Overall market share for home mortgage loans was 0.04 percent, with HVB ranking 128 out of 330 lenders in its AA. Market share of small loans to business was 0.14 percent and ranked 24<sup>th</sup> out of 206 lenders.

HVB has an average loan-to-deposit ratio of 82 percent since the last examination, which demonstrates an adequate level of lending activity in its AAs.

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

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

Refer to Tables 2, 3, 4, and 5 of Appendix D, HVB NY AA, for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations/purchases.

Home purchase loan geographic distribution is good. The percentage of home purchase loans distributed among low-income geographies in the AA exceeds the percentage of owner-occupied units in low-income geographies in the AA. The percentage of home purchase loans distributed among moderate-income geographies is near or equal to the percentage of owner-occupied units in moderate-income geographies. The housing demographic of HVB's NY AA is predominantly made up of rental units, accounting for 64 percent of total housing units in the AA. Of the total rental units, 50 percent are located in low- and moderate-income census tracts.

Home refinance loan geographic distribution is good. The percentage of home refinance loans distributed among moderate-income geographies in the AA exceeds the percentage of owner-occupied units in moderate-income geographies in the AA. No home refinance loans were made to low-income geographies. The market share by geography of home refinance loans originated in moderate-income geographies exceeds overall market share.

A meaningful analysis cannot be made on the geographic distribution of home improvement loans in the AA. According to bank policy, HVB does not finance home improvement loans. However, two home improvement loans were originated during the evaluation period as an accommodation to two long standing customers.

Multi-family loan geographic distribution is excellent. The percentage of multifamily loans distributed among low- and moderate-income geographies in the AA exceeds the percentage of multi-family units in low- and moderate-income geographies in the AA. The market share of multi-family loans originated in low- and moderate-income geographies is higher than the bank's overall market share.

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

Refer to Table 6 of Appendix D, HVB NY AA, for the facts and data used to evaluate the geographic distribution of the bank's origination/purchase of small loans to businesses.

The geographic distribution of small loans to businesses is adequate. The percentage of small loans made to businesses in moderate-income geographies is near to the percentage of businesses that are located in these geographies. The percentage of small loans made to businesses in low-income geographies is lower than the percentage of businesses that are located in these geographies. However, opportunities to meet the needs of small businesses located in low-income geographies are limited since 66 percent of the small business entities are located in upper-income geographies.

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

We did not identify any conspicuous or unexplained gaps in lending patterns that would reveal low loan penetration in low- or moderate-income geographies.

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

Lending inside the AA analysis is performed at the bank level rather than the state or AA level. For the evaluation period, HVB has a good level of reported loans within its AAs, with 81 percent of the number of loans and 78 percent of the dollar amounts loaned within the defined AAs. By loan type, 71 percent by number and 77 percent by dollar are within the AAs for home mortgage loans, and 86 percent by number and 82 percent by dollar are within the AAs for loans to small businesses.

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

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

Refer to Tables 8, 9 and 10 of Appendix D, HVB NY AA, for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases.

Home purchase loan borrower distribution is poor. The bank made 14 home purchase loans and none were to low and moderate income borrowers. A significant amount of the housing units in the AA are rental units.

During 2010 and 2011, based on 2000 census data, the median housing value in the MSA was \$276 thousand. The HUD updated median family income for 2011 was \$67,400. Additionally, 18 percent of the households in the MSA are living below the poverty level.

During 2012, based upon 2010 census data, the median housing value in the MSA was \$548 thousand. The HUD adjusted median family income for 2012 was \$68,300. Additionally, 17 percent of the households in the MSA are living below the poverty level.

More than 28 percent of the rental housing units are paying more than 28 percent of their income in monthly rental costs, which is a measure of affordability. The market share to low-income borrowers is significantly higher than the overall market share in the AA.

In 2010 and 2011, based on 2000 census data, and in 2012, based upon 2010 census data, the percentage of loans made to low-income and moderate-income borrowers in the AA is below the percentage of low-income and moderate-income families in the MSA. This performance is adequate when considering the affordability of housing for a low-income and moderate-income person in the MSA as discussed above.

Home refinance loan borrower distribution is adequate. The percentage of home refinance loans made to low- and moderate-income borrowers in the AA is somewhat lower than the percentage of low- and moderate-income families in the AA. The bank made one home refinance loan to a low-income borrower and no home refinance loans were made to moderate-income borrowers. The market share of home purchase loans originated in low-geographies is higher than the bank's overall market share.

A meaningful analysis cannot be made on borrower distribution of home improvement loans in the AA. HVB does not finance home improvement loans. Only two home improvement loans were originated during the evaluation period.

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

Refer to Table 11 of Appendix D, HVB NY AA, for the facts and data used to evaluate the borrower distribution of the bank's origination and purchase of small loans to businesses.

The borrower distribution of small loans to businesses is poor. Small loans to small businesses (businesses with revenues of \$1 million or less) represents 39 percent of all small loans to businesses originated by HVB in 2010 and 2011, and 30 percent in 2012 compared to 64 percent of the businesses within the MSA defined as such in 2010 and 2011, and 38 percent in 2012. The distribution by size of loan shows that 35 percent of the loan originations are for \$100,000 or less in 2010 and 2011, and 38 percent in 2012.

### **Community Development Lending**

The bank originated an excellent level of CD loans, which had a positive impact on the Lending Test rating for the New York AA. During the evaluation period, the bank originated 62 loans totaling \$114 million, CD loans were made to construct, renovate, and fund operations of learning facilities, nursing homes, hospitals, and affordable housing for low- and moderate-income individuals.

### **Product Innovation and Flexibility**

HVB has limited products with flexible terms and this has a neutral impact on the overall lending test.

## **INVESTMENT TEST**

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

The bank's performance under the investment test in the New York AA is rated high satisfactory. Based on a full-scope review, the bank's performance in the New York AA is good.

Refer to Table 14 of Appendix D, HVB NY AA, for the facts and data used to evaluate the bank's level of qualified investments.

During the evaluation period, the bank originated three investments totaling \$3.7 million. Additionally, we considered three prior period investments totaling \$6.2 million. HVB exhibited good responsiveness to the credit and community economic development needs within its AA, particularly given the fact that the majority of the dollar amounts of the investments targeted an identified need, affordable housing.

Current period investments constitute three investments totaling \$3.7 million to Special Act School Districts to educate and support troubled children within the AA, the majority of whom live in low- and moderate-income households. Additionally, \$67 thousand in donations were made during the evaluation period to organizations which benefited low- and moderate-income families, individuals, and geographies in the AA. These current period investments have a positive impact on the Investment Test.

The three prior period investments totaled \$6.2 million. One investment has a continuing impact to the AA and assisted in the construction and permanent financing of affordable housing, an identified need. One investment supports economic development within the City of Yonkers. The third investment promotes the expansion and growth of businesses by completing conventional bank financing to provide credit to businesses, many of which do not meet the requirements for traditional financing. None of the investments are considered complex or innovative.

## **SERVICE TEST**

The bank's performance under the Service Test in the state of New York is rated high satisfactory. Based on full-scope reviews, the bank's performance in the New York-White Plains-Wayne, NY/NJ MD is good.

### **Retail Banking Services**

Refer to Table 15 of Appendix D, HVB NY AA, for the facts and data used to evaluate the distribution of the bank's branch delivery system and branch openings and closings.

HVB's retail delivery systems are reasonably accessible to all geographies and individuals of different incomes within the bank's New York AA. Three of the 30 NY branches are located in the low- or moderate-income geographies, and serve approximately 20 percent of the AA businesses residing in low- and moderate-income geographies. Over the evaluation period, the bank opened two branch locations and closed two branches. This did not have an impact on the overall number of low and moderate-income geographies.

Branch hours, products and services are consistent within the AA. Branches offer extended hours one day during the work week and/or weekend banking hours to accommodate consumer banking needs. A variety of consumer and business deposit products, services and loan products are offered at all branch locations. Deposit products include Basic Banking

Account, which offers a non-interest bearing checking account with up to eight permissible withdrawals, for a nominal fee. There is no minimum balance requirement for opening a Basic Banking Account.

HVB continues to provide a high level of community development services through their provisioning of financial and technical expertise to low- and moderate-income individuals and to small businesses. Many of the bank's Board of Directors and Officers serve on the Board of non-profit organizations promoting access to financial services and products to low- and moderate-income individuals and areas.

## **Community Development Services**

HVB provided a good level of qualified community development services in the New York AA, working with various non-profit organizations that provide affordable housing for low-income families, promote small business ventures and educate young low-income individuals on the importance of financial planning and stability.

## **State of Connecticut**

### **CRA Rating for Connecticut<sup>2</sup>: Satisfactory**

**The lending test is rated: Low Satisfactory**

**The investment test is rated: High Satisfactory**

**The service test is rated: Low Satisfactory**

The major factors that support this rating include:

- HVB has achieved an adequate level of lending in the Connecticut AA;
- The geographic distribution of small loans to businesses is excellent. The percentage of small loans made to businesses in moderate-income geographies significantly exceeds the percentage of businesses that are located in these geographies and the percentage of small loans made to businesses in low-income geographies is good;
- The borrower distribution of small business loans and the borrower distribution for residential real estate loans is poor;
- The level and responsiveness of community development investments is good; and
- Access to delivery systems is limited, particularly in low- and moderate-income geographies and to low- and moderate-income individuals with community development services provided that are responsive to community needs.

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<sup>2</sup>For institutions with branches in two or more states in a multistate metropolitan area, this statewide evaluation does not reflect performance in the parts of this state contained within the multistate metropolitan area. Refer to the multistate metropolitan area rating and discussion for the rating and evaluation of the institution's performance in that area.

## Description of Institution's Operations in Connecticut

HVB operates six branches and five ATMs within the state of Connecticut. The bank's AA within the state of Connecticut falls under the Bridgeport-Stamford-Norwalk, CT MSA and a portion of New Haven-Milford, CT MSA, consisting of Fairfield County and a section of New Haven County. HVB has five branches in Fairfield County and one branch in New Haven County. **As part of an April 23, 2013 press release, HVB updated the status on the closing of all the CT branches. The plan is on schedule to close the branches later in 2013. The branches represent less than 3 percent of the bank's total deposit base.**

Fairfield County is one of the wealthiest counties in the United States, which helps to make Connecticut one of the richest states in the United States. The towns in the southwestern part of the county are generally considered to be exceptionally wealthy. Fairfield County is also home to lower-middle and working class cities such as Bridgeport and Norwalk. Other communities are more densely populated and economically diverse than the affluent areas for which the county is better known. The median family income was \$115,999 and households living below the poverty level are 8 percent. Fairfield County is the largest county in the state of Connecticut, by population.

New Haven County is located in the south-central part of Connecticut. The median family income was \$93,897 and 4 percent of the households were living below the poverty level.

HVB's market share in 2011 for home mortgage loans in Fairfield County was 0.03 percent, placing the bank 137<sup>th</sup> out of 269 lenders and for home mortgage refinances was 0.01 percent placing the bank 241<sup>st</sup> out of 359 lenders. Market share of small loans to businesses was 0.04 percent, ranking 40<sup>th</sup> out of 86 lenders. HVB did not make any loans in New Haven County during the evaluation period.

## Scope of Evaluation in Connecticut

A limited-scope analysis was conducted for the Connecticut AAs consisting of Fairfield County and a section of New Haven County in the state of Connecticut. The two AAs account for approximately 11 percent of reported loans and 3 percent of deposits. HVB did not make any loans in New Haven County during the evaluation period.

## LENDING TEST

The bank's performance under the lending test is rated low satisfactory. Based on a limited-scope review, the bank's performance in the Connecticut AA is adequate. HVB made two community development loans during the period totaling \$8.1 million.

## Conclusions for Areas Receiving Limited-Scope Reviews

Refer to Tables 1 through 13 of Appendix D, HVB Fairfield and HVB New Haven, for the facts and data that support these conclusions.

Based on limited-scope reviews, the geographic distribution of small loans to businesses is - excellent and the percentage of small loans made to businesses in low-income geographies is good. The borrower distribution of small business loans and the borrower distribution for residential real estate loans are poor.

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

We did not identify any conspicuous or unexplained gaps in lending patterns that would reveal low loan penetration in low- or moderate-income geographies.

## **INVESTMENT TEST**

Refer to the Table 14 of Appendix D, HVB Fairfield and HVB New Haven, for the facts and data that support these conclusions.

Based on limited-scope reviews, the bank's performance under the investment test in the Connecticut AA is High Satisfactory and consistent with the bank's overall High Satisfactory performance under the investment test. During the evaluation period, the bank originated one investment totaling \$2.6 million. Additionally, we considered two prior period investments totaling \$1.24 million. The investments provide affordable housing opportunities for low-moderate income borrowers.

## **SERVICE TEST**

Based on limited-scope reviews, the bank's performances under the Service Test in the State of Connecticut is rated low-satisfactory. Fairfield County consists primarily of middle- to upper-income census tracts, with small pockets of low- to moderate-income areas. The bank has five branch locations within the Fairfield County AA. The branches are located in close proximity to low- or moderate-income geographies that is readily accessible by mass transit. The section of New Haven being served by the single branch location is made up of middle- and upper-income census tracts. Refer to Table 15 of Appendix D, HVB Fairfield and HVB New Haven, for the facts and data that support these conclusions.

Branch hours, products and services are consistent within the AA. Branches offer extended hours one day during the work week and/or weekend banking hours to accommodate consumer banking needs. A variety of consumer and business deposit products, services and loan products are offered at all branch locations. Deposit products include Basic Banking Account, which offers a non-interest bearing checking account with up to eight permissible withdrawals, for a nominal fee. There is no minimum balance requirement for opening a Basic Banking Account.

## **Community Development Services**

HVB did provide several qualified community development services in the limited-scope AAs that benefit low and moderate-income geographies.

## Appendix A: Scope of Examination

The following table identifies the time period covered in this evaluation, affiliate activities that were reviewed, and loan products considered. The table also reflects the metropolitan and nonmetropolitan areas that received comprehensive examination review (designated by the term “full-scope”) and those that received a less comprehensive review (designated by the term “limited-scope”).

<b>Time Period Reviewed</b>	<b>Lending Test (excludes CD loans): 1/1/2010 to 12/31/12 Investment and Service Tests and CD Loans: 6/7/10 to 5/6/13</b>	
<b>Financial Institution</b>	<b>Products Reviewed</b>	
Hudson Valley Bank, NA (HVB) Yonkers, NY	Home mortgages and small loans to businesses, community development loans, qualified investments and community development services.	
<b>Affiliate(s)</b>	<b>Affiliate Relationship</b>	<b>Products Reviewed</b>
Not Applicable		
<b>List of Assessment Areas and Type of Examination</b>		
<b>Assessment Area</b>	<b>Type of Exam</b>	<b>Other Information</b>
HVB New York AA HVB Fairfield AA HVB New Haven AA	Full-Scope Limited-Scope Limited Scope	

## Appendix B: Summary of Multistate Metropolitan Area and State Ratings

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<b>HUDSON VALLEY BANK, NA RATINGS</b>				
<b>Overall Bank:</b>	<b>Lending Test Rating*</b>	<b>Investment Test Rating</b>	<b>Service Test Rating</b>	<b>Overall Bank/State/Multistate Rating</b>
HUDSON VALLEY BANK, NA	Low Satisfactory	High Satisfactory	High Satisfactory	Satisfactory
<b>Multistate Metropolitan Area or State:</b>				
NEW YORK	Low Satisfactory	High Satisfactory	High Satisfactory	Satisfactory
CONNECTICUT	Low Satisfactory	High Satisfactory	Low Satisfactory	Satisfactory

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

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

### State of New York

#### Hudson Valley NB - MSA 35644 - AA

Demographic Information for Full Scope Area: Hudson Valley NB - MSA 35644 - AA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	958	18.79	20.46	16.91	40.81	3.03
Population by Geography	4,360,450	20.31	21.76	15.17	42.23	0.52
Owner-Occupied Housing by Geography	568,476	2.71	8.30	17.71	71.27	0.01
Business by Geography	502,784	8.00	12.49	11.75	63.58	4.17
Farms by Geography	3,494	3.43	8.44	14.42	72.67	1.03
Family Distribution by Income Level	949,667	27.51	14.10	13.86	44.52	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	395,217	38.19	32.28	14.26	15.25	0.02
Median Family Income HUD Adjusted Median Family Income for 2012 Households Below Poverty Level		64,171 68,300 17%	Median Housing Value Unemployment Rate (2010 US Census)		547,634 4.40%	

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

Source: 2010 US Census and 2012 HUD updated MFI

### HVB New York Assessment Area

The bank's assessment area (AA) in New York encompasses all of Westchester County, the Bronx, Rockland County, Manhattan (New York County), and a section of Queens and Brooklyn (Kings County), all of which is part of the Metropolitan Division #35644 New York-Wayne-White Plains, NY-NJ. The AA meets regulatory guidelines as it corresponds to an accepted political subdivision (county) and does not arbitrarily exclude any low- or moderate-income areas.

Unemployment in 2012 stands at 8.2 percent for the state of New York, which is slightly above the national level of 7.8 percent (source: New York State Labor Department and the U.S. Bureau of Labor Statistics, December 2012).

Housing in the area is largely rental-occupied and is very expensive. According to 2010 census data, the median housing value was \$548 thousand, approximately eight times the HUD adjusted median family income. The weighted Average Monthly Gross rent is \$1,173. More than 28 percent of the rental units are paying in excess of 28 percent of income towards monthly rental costs.

This AA is in a highly competitive banking environment, served by several national and large regional banks. HVB ranked 38<sup>th</sup> out of 231 institutions inside their market, holding 0.2 percent of the deposit market shares as of June 30, 2009. The top three banks with the highest deposit market shares were (in ranking order) JP Morgan Chase Bank NA (34.53 percent), The Bank of New York Mellon (7.91 percent), and Bank of America, NA (7.84 percent).

Community contacts conducted identified a pressing need for affordable housing within the AA. The creation of new affordable housing and availability of flexible programs that allow low- and moderate-income individuals to purchase housing are identified as community development needs.

## Appendix D: Tables of Performance Data

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### Content of Standardized Tables

References to the “bank” include activities of any affiliates that the bank provided for consideration (refer to appendix A: Scope of the Examination). For purposes of reviewing the lending test tables, the following are applicable: (1) purchased loans are treated as originations/purchases and market share is the number of loans originated and purchased by the bank as a percentage of the aggregate number of reportable loans originated and purchased by all lenders in the MA/assessment area; (2) Partially geocoded loans (loans where no census tract is provided) cannot be broken down by income geographies and, therefore, are only reflected in the Total Loans in Core Tables 2 through 7 and part of Table 13; and (3) Partially geocoded loans are included in the Total Loans and percent Bank Loans Column in Core Tables 8 through 12 and part of Table 13. Deposit data are compiled by the FDIC and are available as of June 30<sup>th</sup> of each year. Tables without data are not included in this PE. [Note: Do not renumber the tables.]

The following is a listing and brief description of the tables included in each set:

- Table 1. Lending Volume** - Presents the number and dollar amount of reportable loans originated and purchased by the bank over the evaluation period by MA/assessment area. Community development loans to statewide or regional entities or made outside the bank’s assessment area may receive positive CRA consideration.
- Table 1. Other Products** - This table is not applicable and not included.
- Table 2. Geographic Distribution of Home Purchase Loans** - Compares the percentage distribution of the number of loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of owner-occupied housing units throughout those geographies. The table also presents market share information based on the most recent aggregate market data available.
- Table 3. Geographic Distribution of Home Improvement Loans** - See Table 2.
- Table 4. Geographic Distribution of Home Mortgage Refinance Loans** - See Table 2.

- Table 5. Geographic Distribution of Multifamily Loans** - Compares the percentage distribution of the number of multifamily loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of multifamily housing units throughout those geographies. The table also presents market share information based on the most recent aggregate market data available.
- Table 6. Geographic Distribution of Small Loans to Businesses** - The percentage distribution of the number of small loans (less than or equal to \$1 million) to businesses originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies compared to the percentage distribution of businesses (regardless of revenue size) throughout those geographies. The table also presents market share information based on the most recent aggregate market data available. Because small business data are not available for geographic areas smaller than counties, it may be necessary to use geographic areas larger than the bank's assessment area.
- Table 7. Geographic Distribution of Small Loans to Farms** - This table is not applicable and not included.
- Table 8. Borrower Distribution of Home Purchase Loans** - Compares the percentage distribution of the number of loans originated and purchased by the bank to low-, moderate-, middle-, and upper-income borrowers to the percentage distribution of families by income level in each MA/assessment area. The table also presents market share information based on the most recent aggregate market data available.
- Table 9. Borrower Distribution of Home Improvement Loans** - See Table 8.
- Table 10. Borrower Distribution of Refinance Loans** - See Table 8.
- Table 11. Borrower Distribution of Small Loans to Businesses** - Compares the percentage distribution of the number of small loans (less than or equal to \$1 million) originated and purchased by the bank to businesses with revenues of \$1 million or less to the percentage distribution of businesses with revenues of \$1 million or less. In addition, the table presents the percentage distribution of the number of loans originated and purchased by the bank by loan size, regardless of the revenue size of the business. Market share information is presented based on the most recent aggregate market data available.
- Table 12. Borrower Distribution of Small Loans to Farms** - This table is not applicable and not included.

**Table 13. Geographic and Borrower Distribution of Consumer Loans** - This table is not applicable and not included.

**Table 14. Qualified Investments** - Presents the number and dollar amount of qualified investments made by the bank in each MA/AA. The table separately presents investments made during prior evaluation periods that are still outstanding and investments made during the current evaluation period. Prior-period investments are reflected at their book value as of the end of the evaluation period. Current period investments are reflected at their original investment amount even if that amount is greater than the current book value of the investment. The table also presents the number and dollar amount of unfunded qualified investment commitments. In order to be included, an unfunded commitment must be legally binding and tracked and recorded by the bank's financial reporting system.

A bank may receive positive consideration for qualified investments in statewide/regional entities or made outside of the bank's assessment area.

**Table 15. Distribution of Branch Delivery System and Branch Openings/Closings** - Compares the percentage distribution of the number of the bank's branches in low-, moderate-, middle-, and upper-income geographies to the percentage of the population within each geography in each MA/AA. The table also presents data on branch openings and closings in each MA/AA.

## Tables of Performance Data

Institution ID: Hudson Valley Bank, N.A.

**Table 1. Lending Volume**

LENDING VOLUME		Geography: HVB ASSESSMENT AREAS						Evaluation Period: JANUARY 1, 2010 TO DECEMBER 31, 2012				
Assessment Area:	% 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>												
MSA 35644 - New York AA 2010-2011	94.47	38	45,329	406	128,510	0	0	44	79,319	488	253,158	97.50
MSA 35644 - New York AA 2012	77.30	10	11,847	116	34,756	0	0	16	34,535	142	81,138	97.30
<b>Limited Review:</b>												
MSA 35300 - New Haven County AA 2010-2011	0.00	0	0	0	0	0	0	0	0	0	0	0.20
MSA 35300 - New Haven County AA 2012	0.00	0	0	0	0	0	0	0	0	0	0	0.30
MSA 14860 Fairfield County AA 2010-2011	5.53	5	13,583	21	9,177	0	0	2	8,100	28	30,860	2.30
MSA 14860 Fairfield County AA 2012	22.70	32	37,382	5	1,654	0	0	0	0	37	39,036	2.40

\* Loan Data as of December 31, 2011 and December 31, 2012. Rated area refers to either state or multi-state MA rating area.

\*\* The evaluation period for Community Development Loans is from June 7, 2010 to May 6, 2013.

\*\*\* Deposit Data as of June 30, 2012 and June 30, 2011. Rated Area refers to either the state, multi-state MA, or institution, as appropriate.

Institution ID: Hudson Valley Bank, N.A.

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

Geographic Distribution: HOME PURCHASE		Geography: HVB ASSESSMENT AREAS						Evaluation Period: JANUARY 1, 2010 TO DECEMBER 31, 2012							
Assessment Area:	Total Home Purchase Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*				
	#	% of Total**	% Owner Occ Units***	% BANK Loans***	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Over all	Low	Mod	Mid	Upp
<b>Full Review:</b>															
MSA 35644 -New York AA 2010-2011	5	38.46	2.71	0.00	8.30	0.00	17.71	0.00	71.28	100.00	0.00	0.00	0.00	0.00	0.00
MSA 35644 - New York AA 2012	9	81.82	3.24	11.11	7.69	11.11	13.32	11.11	75.75	66.67	0.02	0.00	0.05	0.04	0.01
<b>Limited Review:</b>															
MSA 35300 - New Haven County AA 2010-2011	0	0.00	0.00	0.00	0.00	0.00	41.92	0.00	58.08	0.00	0.00	0.00	0.00	0.00	0.00
MSA 14860 Fairfield County AA 2010-2011	2	18.18	3.34	0.00	16.53	0.00	39.53	50.00	40.60	50.00	0.02	0.00	0.00	0.03	0.02
MSA 35300 –AA 2012	0	0.00	0.00	0.00	0.00	0.00	40.90	0.00	59.10	0.00	0.00	0.00	0.00	0.00	0.00
MSA 14860 – AA 2012	8	61.54	5.20	0.00	15.88	0.00	40.35	12.50	38.57	87.50	0.00	0.00	0.00	0.00	0.00

\* Based on 2011 Peer Mortgage Data (USPR)

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

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

Institution ID: Hudson Valley Bank, N.A.

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

Geographic Distribution: HOME IMPROVEMENT		Geography: HVB ASSESSMENT AREAS								Evaluation Period: JANUARY 1, 2010 TO DECEMBER 31, 2012					
Assessment Area:	Total Home Improvement Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*				
	#	% of Total*	% Owner Occ Units***	% BANK Loans***	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Overa ll	Low	Mod	Mid	Upp
<b>Full Review:</b>															
MSA 35644 - New York AA 2010-2011	1	100.00	3.24	0.00	7.69	100.00	13.32	0.00	75.75	0.00	0.00	0.00	0.00	0.00	0.00
MSA 35644- AA 2012	1	100.00	2.71	0.00	8.30	0.00	17.71	0.00	71.28	100.00	0.00	0.00	0.00	0.00	0.00
<b>Limited Review:</b>															
MSA 35300 - New Haven County AA 2010-2011	0	0.00	0.00	0.00	0.00	0.00	41.92	0.00	58.08	0.00	0.00	0.00	0.00	0.00	0.00
MSA 14860 Fairfield County AA 2010-2011	0	0.00	3.34	0.00	16.53	0.00	39.53	0.00	40.60	0.00	0.00	0.00	0.00	0.00	0.00
MSA 35300 –AA 2012	0	0.00	0.00	0.00	0.00	0.00	40.90	0.00	59.10	0.00	0.00	0.00	0.00	0.00	0.00
MSA 14860 – AA 2012	0	0.00	5.20	0.00	15.88	0.00	40.35	0.00	38.57	0.00	0.00	0.00	0.00	0.00	0.00

\* Based on 2011 Peer Mortgage Data (USPR)

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

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

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

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

Geographic Distribution: HOME MORTGAGE REFINANCE 31, 2012			Geography: HVB ASSESSMENT AREAS						Evaluation Period: JANUARY 1, 2010 TO DECEMBER						
Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*				
	#	% of Total*	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Overa ll	Low	Mod	Mid	Upp
<b>Full Review:</b>															
MSA 35644 - New York AA 2010-2011	2	100.00	3.24	0.00	7.69	0.00	13.32	0.00	75.75	100.00	0.00	0.00	0.00	0.00	0.00
MSA 35644 - AA 2012	3	11.54	2.71	0.00	8.30	33.33	17.71	33.33	71.28	33.33	0.00	0.00	0.00	0.00	0.00
<b>Limited Review:</b>															
MSA 35300 - New Haven County AA 2010-2011	0	0.00	0.00	0.00	0.00	0.00	41.92	0.00	58.08	0.00	0.00	0.00	0.00	0.00	0.00
MSA 14860 Fairfield County AA 2010-2011	0	0.00	3.34	0.00	16.53	0.00	39.53	0.00	40.60	0.00	0.00	0.00	0.00	0.00	0.00
MSA 35300 –AA 2012	0	0.00	0.00	0.00	0.00	0.00	40.90	0.00	59.10	0.00	0.00	0.00	0.00	0.00	0.00
MSA 14860 – AA 2012	23	88.46	5.20	0.00	15.88	0.00	40.35	4.35	38.57	95.65	0.00	0.00	0.00	0.00	0.00

\* Based on 2011 Peer Mortgage Data (USPR)

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

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

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

Institution ID: Hudson Valley Bank, N.A.

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

Geographic Distribution: MULTIFAMILY		Geography: HVB ASSESSMENT AREAS						Evaluation Period: JANUARY 1, 2010 TO DECEMBER 31, 2012									
Assessment Area:	Total Multifamily Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*						
	#	% of Total**	% of MF Units***	% BANK Loans****	% MF Units***	% BANK Loans	% MF Units***	% BANK Loans	% MF Units***	% BANK Loans	% MF Units***	% BANK Loans	Overa II	Low	Mod	Mid	Upp
<b>Full Review:</b>																	
MSA 35644 - New York AA 2010-2011	26	89.66	22.31	26.92	22.36	38.46	11.33	11.54	44.00	23.08	1.70	3.83	3.57	0.75	0.47		
MSA 35644 - AA 2012	1	50.00	20.61	100.00	22.20	0.00	12.57	0.00	44.62	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Limited Review:</b>																	
MSA 35300 - New Haven County AA 2010-2011	0	0.00	0.00	0.00	0.00	0.00	47.24	0.00	52.76	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
MSA 14860 Fairfield County AA 2010-2011	3	10.34	20.80	33.33	42.87	66.67	29.03	0.00	7.31	0.00	6.12	6.67	7.41	0.00	0.00		
MSA 35300 –AA 2012	0	0.00	0.00	0.00	0.00	0.00	52.87	0.00	47.13	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
MSA 14860 – AA 2012	1	50.00	27.12	0.00	37.71	100.00	27.47	0.00	7.71	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

\* Based on 2011 Peer Mortgage Data (USPR)

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

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

\*\*\*\* Multifamily loan distribution includes Home Purchases, Home Improvement and Refinances.

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

Geographic Distribution: SMALL LOANS TO BUSINESSES			Geography: HVB ASSESSMENT AREAS						Evaluation Period: JANUARY 1, 2010 TO DECEMBER 31, 2012						
Assessment Area:	Total Small Business Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*				
	#	% of Total*	% of Business***	% BANK Loans	% of Business***	% BANK Loans	% of Business***	% BANK Loans	% of Business***	% BANK Loans	Overall	Low	Mod	Mid	Upp
<b>Full Review:</b>															
MSA 35644 - New York AA 2010-2011	405	95.07	8.70	5.68	11.45	9.88	11.09	16.30	67.23	68.15	0.14	0.10	0.11	0.16	0.15
MSA 35644 - AA 2012	115	95.83	8.00	1.74	12.49	13.04	11.75	13.04	63.58	72.17	0.00	0.00	0.00	0.00	0.00
<b>Limited Review:</b>															
MSA 35300 - New Haven County AA 2010-2011	0	0.00	0.00	0.00	0.00	0.00	32.83	0.00	67.17	0.00	0.01	0.25	0.00	0.00	0.00
MSA 14860 Fairfield County AA 2010-2011	21	4.93	7.56	9.52	19.04	23.81	33.66	38.10	39.74	28.57	0.04	0.14	0.00	0.05	0.03
MSA 35300 - AA 2012	0	0.00	0.00	0.00	0.00	0.00	45.77	0.00	54.23	0.00	0.00	0.00	0.00	0.00	0.00
MSA 14860 - AA 2012	5	4.17	10.32	0.00	16.40	40.00	32.64	20.00	40.64	40.00	0.00	0.00	0.00	0.00	0.00

\* Based on 2011 Peer Small Business Data -- US and PR

\*\* Small loans to businesses originated and purchased in the MA/AA as a percentage of all small loans to businesses originated and purchased in the rated area.

\*\*\* Source Data - Dun and Bradstreet (2011).

Institution ID: Hudson Valley Bank, N.A.

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

Borrower Distribution: HOME PURCHASE		Geography: HVB ASSESSMENT AREAS							Evaluation Period: JANUARY 1, 2010 TO DECEMBER 31, 2012						
Assessment Area:	Total Home Purchase Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share*				
	#	% of Total*	% Families***	% BANK Loans**	% Families3	% BANK Loans**	% Families***	% BANK Loans****	% Families**	% BANK Loans****	Overall	Low	Mod	Mid	Upp
<b>Full Review:</b>															
MSA 35644 - New York AA 2010-2011	9	81.82	28.05	0.00	14.04	0.00	14.37	0.00	43.54	100.00	0.02	0.00	0.00	0.00	0.02
MSA 35644 - AA 2012	5	38.46	27.51	0.00	14.10	0.00	13.86	0.00	44.52	100.00	0.00	0.00	0.00	0.00	0.00
<b>Limited Review:</b>															
MSA 35300 - New Haven County AA 2010-2011	0	0.00	11.66	0.00	15.80	0.00	23.90	0.00	48.65	0.00	0.00	0.00	0.00	0.00	0.00
MSA 14860 Fairfield County AA 2010-2011	2	18.18	21.61	0.00	17.25	0.00	19.58	0.00	41.56	100.00	0.01	0.00	0.00	0.00	0.02
MSA 35300 - AA 2012	0	0.00	13.54	0.00	14.52	0.00	21.53	0.00	50.42	0.00	0.00	0.00	0.00	0.00	0.00
MSA 14860 - AA 2012	8	61.54	22.70	0.00	16.66	12.50	19.96	12.50	40.68	75.00	0.00	0.00	0.00	0.00	0.00

\* Based on 2011 Peer Mortgage Data (USPR)

\*\* 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 Families is based on the 2000 Census information.

\*\*\*\* As a percentage of loans with borrower income information available. No information was available for 36.4% of loans originated and purchased by bank.

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

Institution ID: Hudson Valley Bank, N.A.

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

Borrower Distribution: HOME IMPROVEMENT		Geography: HVB ASSESSMENT AREAS								Evaluation Period: JANUARY 1, 2010 TO DECEMBER 31, 2012					
Assessment Area:	Total Home Improvement Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share*				
	#	% of Total*	% Families***	% BANK Loans***	% Families <sup>4</sup>	% BANK Loans****	% Families**	% BANK Loans****	% Families**	% BANK Loans****	Overall	Low	Mod	Mid	Upp
<b>Full Review:</b>															
MSA 35644 - New York AA 2010-2011	1	100.00	28.05	0.00	14.04	0.00	14.37	0.00	43.54	0.00	0.00	0.00	0.00	0.00	0.00
MSA 35644 - AA 2012	1	100.00	27.51	0.00	14.10	0.00	13.86	0.00	44.52	100.00	0.00	0.00	0.00	0.00	0.00
<b>Limited Review:</b>															
MSA 35300 - New Haven County AA 2010-2011	0	0.00	11.66	0.00	15.80	0.00	23.90	0.00	48.65	0.00	0.00	0.00	0.00	0.00	0.00
MSA 14860 Fairfield County AA 2010-2011	0	0.00	21.61	0.00	17.25	0.00	19.58	0.00	41.56	0.00	0.00	0.00	0.00	0.00	0.00
MSA 35300 - AA 2012	0	0.00	13.54	0.00	14.52	0.00	21.53	0.00	50.42	0.00	0.00	0.00	0.00	0.00	0.00
MSA 14860 - AA 2012	0	0.00	22.70	0.00	16.66	0.00	19.96	0.00	40.68	0.00	0.00	0.00	0.00	0.00	0.00

\* Based on 2011 Peer Mortgage Data (USPR)

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

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

\*\*\*\* As a percentage of loans with borrower income information available. No information was available for 100.0% of loans originated and purchased by bank.

<sup>4</sup> Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

Institution ID: Hudson Valley Bank, N.A.

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

Borrower Distribution: HOME MORTGAGE REFINANCE			Geography: HVB ASSESSMENT AREAS					Evaluation Period: JANUARY 1, 2010 TO DECEMBER 31, 2012							
Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share*				
	#	% of Total*	% Families***	% BANK Loans****	% Families <sup>5</sup>	% BANK Loans****	% Families**	% BANK Loans****	% Families*	% BANK Loans***	Overall	Low	Mod	Mid	Upp
<b>Full Review:</b>															
MSA 35644 - New York AA 2010-2011	2	100.00	28.05	0.00	14.04	0.00	14.37	0.00	43.54	100.00	0.00	0.00	0.00	0.00	0.00
MSA 35644 - AA 2012	3	11.54	27.51	50.00	14.10	0.00	13.86	0.00	44.52	50.00	0.00	0.00	0.00	0.00	0.00
<b>Limited Review:</b>															
MSA 35300 - New Haven County AA 2010-2011	0	0.00	11.66	0.00	15.80	0.00	23.90	0.00	48.65	0.00	0.00	0.00	0.00	0.00	0.00
MSA 14860 Fairfield County AA 2010-2011	0	0.00	21.61	0.00	17.25	0.00	19.58	0.00	41.56	0.00	0.00	0.00	0.00	0.00	0.00
MSA 35300 - AA 2012	0	0.00	13.54	0.00	14.52	0.00	21.53	0.00	50.42	0.00	0.00	0.00	0.00	0.00	0.00
MSA 14860 - AA 2012	23	88.46	22.70	0.00	16.66	0.00	19.96	8.70	40.68	91.30	0.00	0.00	0.00	0.00	0.00

\* Based on 2011 Peer Mortgage Data (USPR)

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

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

\*\*\*\* As a percentage of loans with borrower income information available. No information was available for 50.0% of loans originated and purchased by bank.

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

Institution ID: Hudson Valley Bank, N.A.

Table 11. Borrower Distribution of Small Loans to Businesses

Borrower Distribution: SMALL LOANS TO BUSINESSES		Geography: HVB ASSESSMENT AREAS			Evaluation Period: JANUARY 1, 2010 TO DECEMBER 31, 2012				
Assessment Area:	Total Small Loans to Businesses		Businesses With Revenues of \$1 million or less		Loans by Original Amount Regardless of Business Size			Market Share*	
	#	% 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>									
MSA 35644 - New York AA 2010-2011	406	95.08	64.25	38.67	34.48	18.97	46.55	0.14	0.15
MSA 35644 - AA 2012	116	95.87	69.62	30.17	37.93	12.93	49.14	0.00	0.00
<b>Limited Review:</b>									
MSA 35300 - New Haven County AA 2010-2011	0	0.00	66.34	0.00	0.00	0.00	0.00	0.01	0.03
MSA 14860 Fairfield County AA 2010-2011	21	4.92	68.81	33.33	9.52	14.29	76.19	0.04	0.01
MSA 35300 –AA 2012	0	0.00	70.58	0.00	0.00	0.00	0.00	0.00	0.00
MSA 14860 – AA 2012	5	4.13	73.37	20.00	40.00	20.00	40.00	0.00	0.00

\* Based on 2011 Peer Small Business Data -- US and PR

\*\* Small loans to businesses originated and purchased in the MA/AA as a percentage of all small loans to businesses originated and purchased in the rated area.

\*\*\* Businesses with revenues of \$1 million or less as a percentage of all businesses (Source D&B - 2011).

\*\*\*\* 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 26.70% of small loans to businesses originated and purchased by the bank.

Institution ID: Hudson Valley Bank, N.A.

Table 14. Qualified Investments

QUALIFIED INVESTMENTS		Geography: HVB ASSESSMENT AREAS				Evaluation Period: JANUARY 1, 2010 TO DECEMBER 31, 2012			
Assessment Area:	Prior Period Investments*		Current Period Investments		Total Investments			Unfunded Commitments**	
	#	\$(000's)	#	\$(000's)	#	\$(000's)	% of Total	#	\$(000's)
<b>Full Review:</b>									
MSA 35644 - New York AA	3	6,223	3	3,700	6	9,923	0.00	0	0
<b>Limited Review:</b>									
MSA 35300 - New Haven County AA	1	1,189	1	2,570	2	3,759	0.00	0	0
MSA 14860 Fairfield County AA	1	51	0	0	1	51	0.00	0	0

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

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

Institution ID: Hudson Valley Bank, N.A.

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

DISTRIBUTION OF BRANCH DELIVERY SYSTEM AND BRANCH OPENINGS/CLOSINGS								Geography: HVB ASSESSMENT AREAS									
Evaluation Period: JANUARY 1, 2010 TO DECEMBER 31, 2012																	
MA/Assessment Area:	Deposit s	Branches						Branch Openings/Closings				Population					
	% of Rated Area Deposit s in AA	# of BANK Branch es	% of Rated Area Branch es in AA	Location of Branches by Income of Geographies (%)				# of Branch Openin gs	# of Branch Closing s	Net change in Location of Branches (+ or -)				% of Population within Each Geography			
				Low	Mod	Mid	Upper			Low	Mod	Mid	Upp	Low	Mod	Mid	Upp
<b>Full Review:</b>																	
MSA 35644 - New York AA	97.30	30	83.33	10.00	10.00	23.33	56.67	2	2	0	0	0	0	21.82	21.05	13.41	43.35
<b>Limited Review:</b>																	
MSA 35300 - New Haven County AA	0.30	1	2.78	0.00	0.00	0.00	100.00	0	0	0	0	0	0	0.00	0.00	44.82	55.18
MSA 14860 Fairfield County AA	2.40	5	13.89	0.00	0.00	60.00	40.00	0	0	0	0	0	0	10.24	22.80	33.16	33.80

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**Distribution of Branch and ATM Delivery System**

Distribution of Branch and ATM Delivery System		Geography: HVB ASSESSMENT AREAS						Evaluation Period: JANUARY 1, 2010 TO DECEMBER 31, 2012									
MA/Assessment Area:	Deposits	Branches						ATMs						Population			
	% of Total Bank Deposits	# of Bank Branches	% of Total Bank Branches	Location of Branches by Income of Geographies (%)				#of Bank ATMs	% of Total Bank ATMs	Location of ATMs by Income of Geographies				% of Population within Each Geography			
				Low	Mod	Mid	Upp			Low	Mod	Mid	Upp	Low	Mod	Mid	Upp
<b>Full Review:</b>																	
MSA 35644 - New York AA	97.30	30	83.33	10.00	10.00	23.33	56.67	22	84.60	1	4	4	12	21.82	21.05	13.41	43.35
<b>Limited Review:</b>																	
MSA 35300 - New Haven County AA	0.30	1	2.78	0.00	0.00	0.00	100.00	1	3.90	0	0	0	1	0.00	0.00	44.82	55.18
MSA 14860 Fairfield County AA	2.40	5	13.89	0.00	0.00	60.00	40.00	3	11.50	0	0	2	1	10.24	22.80	33.16	33.80