



LARGE BANK

Comptroller of the Currency
Administrator of National Banks

Washington, DC 20219

PUBLIC DISCLOSURE

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COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

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

21 Scarsdale Road
Yonkers, NY10707

Office of the Comptroller of the Currency

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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	
Low Satisfactory	X		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 and borrower distributions are good among low- and moderate-income geographies and low- and moderate-income borrowers;
- 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 refinancings, 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 March 31, 2010, assets totaled \$2.8 billion and deposits totaled \$2.3 billion. For the first quarter of 2010, the bank's Tier 1 Capital ratio was 8.28 percent, reflecting a declining trend from 8.43 percent at year-end 2009.

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. As a result of its merger with New York National Bank (NYNB) in March 2010, HVB also acquired three additional subsidiaries: 369 East 149th 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, which includes their recent expansion of its branch network systems into Connecticut. Automated Teller Machines (ATMs) are conveniently located in 24 of the branch sites, with an additional three off-site ATMs dispersed throughout their assessment areas. Since 2007, the bank opened a total of 11 branches, six of which were opened in the state of Connecticut. The branch openings do not include the three branches acquired from NYNB on March 1, 2010. NYNB branches previously operated as the "New York National Division" branches of HVB.

HVB converted its charter to a national charter in November 2007 and 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, sections of Queens and Brooklyn, Manhattan, Fairfield and a section of 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 March 31, 2010, HVB's loan portfolio approximated 63 percent of assets and was predominately centered in commercial real estate loans at 43 percent, followed by residential mortgages at 20 percent. Deposits account for 83 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" by The Federal Deposit Insurance Corporation (FDIC) on May 8, 2007.

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, 2007 to December 31, 2009. 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 May 8, 2007 to June 7, 2010. All qualified investments originated within the evaluation period, and still outstanding as June 7, 2010, 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.

Data Integrity

This evaluation is based on accurate data. Prior to this evaluation, we conducted a data integrity review in April 2010. 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. Quality errors noted in the 2007-2009 HMDA LAR, particularly with respect to 2007 data, did not adversely impact our analysis.

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 sections of Queens and 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 due to the short time the branches were in operation. 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 (April 2010) 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

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 York¹: 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 of loans analyzed is good;
- The borrower distribution of small business loans is poor and has a significant impact on the rating. The borrower distribution is good for residential real estate loans to low- and moderate-income borrowers;
- 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), a section of Queens, 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 March 2010, HVB merged with NYNB and acquired three additional branches located in low-income census tracts.

As of June 30, 2009, this AA had approximately \$1.9 billion in total deposits, representing 99 percent of total bank deposits. The AA accounts for 88 percent of mortgages and small business loans analyzed for this evaluation. HVB has a deposit market share of 0.23 percent and ranks 34th among 244 other financial institutions reporting deposits for the entire New-York-Northern New Jersey-Long Island, NY-NJ-PA MSA.

¹ 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.

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

Scope of Evaluation in New York

A full-scope analysis was conducted for the New York AA. This AA accounts for 99 percent of reported loans and 98 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. Both the geographic and borrower distribution of loans are 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 99 home mortgage loans totaling \$55 million, 628 small loans to businesses totaling \$232 million, and 28 community development loans totaling \$57 million. Home purchase loans comprise 43 percent, home improvement loans 1 percent, home refinance loans 21 percent, and multifamily loans 34 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, 2009, HVB held 0.23 percent of its deposits in the market and ranked 34th out of 244 institutions in the entire MSA.

The most recent loan market share information for home mortgage loans and small business loans was from 2008. Overall market share for home mortgage loans was 0.06 percent, with HVB ranking 108 out of 485 lenders in its AA. Market share of small loans to business was 0.06 percent and ranked 29th out of 229 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 substantially exceeds the percentage of owner-occupied units in low-income geographies in the AA. However, the percentage of home purchase loans distributed among moderate-income geographies is poor due to the bank's lower market share in low- and moderate-income geographies when compared to its overall market share. The housing demographic of HVB's NY AA is predominantly made up of rental units, accounting for 67 percent of total housing units in the AA. Of the total rental units, 49 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, one home improvement loan was originated during the evaluation period as an accommodation to one of their long standing customers.

Multi-family loan geographic distribution is adequate. The percentage of multifamily loans distributed among low- and moderate-income geographies in the AA is below 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 lower 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 83 percent of the number of loans and dollar amounts loaned within the defined AAs. By loan type, 76 percent by number and 80 percent by dollar are within the AAs for home mortgage loans, and 86 percent by number and 87 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 adequate. The percentage of home purchase loans made to low- and moderate-income borrowers in the AA is significantly lower than the percentage of low-and moderate-income families in the AA. A significant amount of the housing units in the AA are rental units. The median housing value of homes is \$272 thousand. Seventeen percent of the households in the AA are individuals living below the poverty level and more than 25 percent of the rental housing units are paying more than 30 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.

Home refinance loan borrower distribution is poor. The percentage of home refinance loans made to low- and moderate-income borrowers in the AA is significantly lower than percentage of low-and moderate-income families in the AA. No home refinance loans were made to moderate-income borrowers. The market share of home purchase loans originated in low-geographies is significantly 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 one home improvement loan was 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. The percentage of small loans made to small businesses is lower than the percent of small businesses in the AA. Businesses

with revenues of \$1 million or less consist of 73 percent of businesses located in the AA; the number of loans originated to small businesses with revenues of \$1 million or less is 26 percent.

Community Development Lending

Refer to Table 1 Lending Volume of Appendix D, HVB NY AA, for the facts and data used to evaluate the bank's level of community development lending. This table includes all CD loans, including multi-family loans that also qualify as CD loans. Table 5 includes geographic lending data on all multi-family loans, including those that also qualify as CD loans. Table 5, however, does not separately list CD loans.

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 28 loans totaling \$57.5 million, or 26 percent, of Tier 1 Capital at March 31, 2010. 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 four investments totaling \$3.7 million. Additionally, we considered four prior period investments totaling \$9.5 million (\$1.2 million of one loan was invested in the state of Connecticut). 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. The opportunities for investments, particularly for affordable housing projects, have been limited in the last two years as a nationwide recession reduced the number of ongoing and planned affordable housing projects.

Current period investments constitute four 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, \$463 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 four prior period investments totaled \$9.5 million. Two investments have 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 fourth 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, serving nearly 21 percent of the geographic population. These branches also serve approximately 20 percent of the AA businesses residing in low- and moderate-income geographies. The branches were acquired as a result of New York National Bank's merger with and into HVB in March 2010. Over the evaluation period, the bank opened five other branch locations with one of the branches established in a moderate-income geography. The bank also closed one branch in a middle-income geography with minimal impact on its accessibility to 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 Connecticut²: Satisfactory

The lending test is rated: Low Satisfactory

The investment test is rated: High Satisfactory

The service test is rated: Needs to Improve

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;
- The borrower distribution of small business loans is good. The borrower distribution is adequate for residential real estate loans;
- The level and responsiveness of community development investments is excellent; and
- Access to delivery systems is limited, particularly in low- and moderate-income geographies and to low- and moderate-income individuals.

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's five branches in Fairfield County were opened after HVB's last CRA evaluation. HVB's one branch in New Haven County was opened in July 2009.

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

² 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.

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 \$77,332 and households living below the poverty levels totaled 7 percent.

Fairfield County is a county located in the southwestern corner of the state of Connecticut and is the largest county in the state of Connecticut, by population. Its population, according to the 2000 census, was 882,567. It is the most populous county in the state of Connecticut and contains four of the State's largest cities: Bridgeport, Stamford, Norwalk and Danbury. When combined, the county contains about 420,000 people, accounting for nearly half of the county's population.

New Haven County is located in the south-central part of Connecticut. According to 2000 census data, the median family income was \$60,512 and 4 percent of the households were living below the poverty level.

The most recent loan market share information for home mortgage loans and small business loans was from 2008. HVB's overall market share for home mortgage loans was 0.06 percent, placing the bank 148th out of 439 lenders. Market share of small loans to businesses was 0.06 percent, ranking 36th out of 98 lenders.

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 0.09 percent of reported loans and 1.32 percent of deposits. Six branches were opened in the Connecticut AAs since the last evaluation. HVB did not have any branches in the state of Connecticut during the last CRA evaluation.

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. Both the geographic and borrower distribution of loans are adequate and the level of community development loans is excellent.

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 bank's performance under the lending test in the Connecticut AA is weaker than the bank's overall performance in the state of New York AA, but is considered adequate. The geographic distributions of home purchase loans and multi-family loans to moderate-income geographies and small loans to businesses are excellent. The percentage of mortgage and small business loans made to moderate-income geographies

well exceeds the percentage of owner-occupied units and businesses, respectively. Borrower distributions of mortgage loans and small loans to businesses, however, are weak.

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 not inconsistent with the bank's overall High Satisfactory performance under the investment test in state of New York. In the New York AA, the bank's performance is stronger than the bank's overall performance in the state of Connecticut due to the length of time the NY branch network systems have been in operation. During the evaluation period, the bank has a total of \$2 million in unfunded investments. A portion of these unfunded investments will go towards meeting the needs of low- or moderate-income individuals and geographies in the Connecticut AA. Additionally, we considered one prior period investment totaling \$8 million of which \$1.24 million was invested in the Connecticut AA. Performance is good as a majority of the investments target an identified need in the AA, affordable housing.

SERVICE TEST

Based on limited-scope reviews, the bank's performances under the Service Test in the Connecticut AA are not inconsistent with the bank's overall needs to improve performance under the service test in the state of Connecticut. Fairfield County consists primarily of middle- to upper-income census tracts, with small pockets of low- to moderate-income areas. The bank opened five branch locations within the Fairfield County AA. Only one of the branches, Greenwich, is actually located in a moderate-income geography. The remaining 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 not provide any qualified community development services in the limited-scope AAs.

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”).

Time Period Reviewed	Lending Test (excludes CD loans): 1/1/2007 to 12/31/09 Investment and Service Tests and CD Loans: 5/8/07 to 6/7/10	
Financial Institution	Products Reviewed	
Hudson Valley Bank, NA (HVB) Yonkers, NY	Home mortgages and small loans to businesses, community development loans, qualified investments and community development services.	
Affiliate(s)	Affiliate Relationship	Products Reviewed
Not Applicable		
List of Assessment Areas and Type of Examination		
Assessment Area	Type of Exam	Other Information
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

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

Demographic Information for Full Scope Area: HVB NY AA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	1,074	19.46	19.18	16.76	41.99	2.61
Population by Geography	4,534,744	20.33	21.00	15.14	43.19	0.34
Owner-Occupied Housing by Geography	581,891	2.91	7.61	15.34	74.13	0.00
Business by Geography	510,963	8.31	11.71	12.25	66.47	1.27
Farms by Geography	3,379	3.88	6.13	13.11	76.68	0.21
Family Distribution by Income Level	1,042,526	20.35	21.07	15.05	43.53	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	433,451	37.37	31.29	14.38	16.96	0.00
Median Family Income HUD Adjusted Median Family Income for 2009 Households Below Poverty Level		49,461 64,800 18%	Median Housing Value Unemployment Rate (2000 US Census)		272,242 4.00%	

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

Source: 2000 US Census and 2009 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 increased sharply in 2008 and 2009 and stands at 8 percent for the state of New York, which is below the national level of 10 percent (source: Bureau of Labor Statistics, May 2010).

Housing in the area is largely rental-occupied and is very expensive. According to 2000 census data, the median housing value was \$272 thousand, approximately five times the median family income. The weighted Average Monthly Gross rent is \$802. More than 25 percent of the rental units are paying in excess of 30 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 34th out of 244 institutions inside their market, holding 0.23 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 (32.48%), Bank of America, NA (8.82%), and Citibank NA (7.68%).

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

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 % 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 30th 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** - Presents the number and dollar amount of any unreported category of loans originated and purchased by the bank, if applicable, over the evaluation period by MA/assessment area. Examples include consumer loans or other data that a bank may provide, at its option, concerning its lending performance. This is a two-page table that lists specific categories.
- 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** - The percentage distribution of the number of small loans (less than or equal to \$500,000) to farms originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies compared to the percentage distribution of farms (regardless of revenue size) throughout those geographies. The table also presents market share information based on the most recent aggregate market data available. Because small farm 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 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** - Compares the percentage distribution of the number of small loans (less than or equal to \$500,000) originated and purchased by the bank to farms with revenues of \$1 million or less to the percentage distribution of farms with revenues of \$1 million or less. In addition, the table presents the percentage distribution of the number of loans originated and purchased by the bank by loan size, regardless of the revenue size of the farm. Market share information is presented based on the most recent aggregate market data available.
- Table 13. Geographic and Borrower Distribution of Consumer Loans** - For geographic distribution, the table compares the percentage distribution of the number of loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of households within each geography. For borrower distribution, the table compares the percentage distribution of the number of loans originated and purchased by the bank to low-, moderate-, middle-, and upper-income borrowers to the percentage of households by income level in each MA/assessment area.
- 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

Table 1: Lending Volume

LENDING VOLUME		Geography: HVB ASSESSMENT AREAS						Evaluation Period: MAY 8, 2007 TO JUNE 7, 2010				
Assessment Area (2009):	% 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)	
Full Review:												
HVB NY AA	99.91	99	55,418	628	232,355	0	0	28	56,776	755	344,549	98.68
Limited Review:												
HVB Fairfield	0.09	21	25,620	30	13,585	0	0	0	0	51	39,205	1.32
HVB New Haven	0.00	0	0	0	0	0	0	0	0	0	0	0.00

* Loan Data as of June 07, 2010. Rated area refers to either state or multi-state MA rating area.

** The evaluation period for Community Development Loans is from May 07, 2007 to June 07, 2010.

*** Deposit Data as of June 30, 2009. Rated Area refers to either the state, multi-state MA, or institution, as appropriate.

Table 1: Other Products

LENDING VOLUME		Geography: HVB ASSESSMENT AREAS										Evaluation Period: MAY 8, 2007 TO JUNE 7, 2010		
Assessment Area (2009):	% of Rated Area Loans (#) in MA/AA*	Total Optional Loans**		Small Business Real Estate Secured**		Home Equity**		Motor Vehicle**		Credit Card**		Other Secured Consumer**		% of Rated Area Deposits in AA***
		#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	
Full Review:														
HVB NY AA	0.00	0	0	0	0	0	0	0	0	0	0	0	0	98.68
Limited Review:														
HVB Fairfield	0.00	0	0	0	0	0	0	0	0	0	0	0	0	1.32
HVB New Haven	0.00	0	0	0	0	0	0	0	0	0	0	0	0	0.00

* Loan Data as of June 07, 2010. Rated area refers to either state or multi-state MA rating area.

** The evaluation period for Optional Product Line(s) is from May 08, 2007 to June 07, 2010.

*** Deposit Data as of June 30, 2009. Rated Area refers to either the state, multi-state MA, or institution, as appropriate.

Table 2: Geographic Distribution of Home Purchase Loans

Geographic Distribution: HOME PURCHASE		Geography: HVB ASSESSMENT AREAS								Evaluation Period: MAY 8, 2007 TO JUNE 7, 2010					
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
Full Review:															
HVB NY AA	43	76.79	2.92	11.63	7.61	2.33	15.34	11.63	74.13	74.42	0.05	0.00	0.00	0.06	0.06
Limited Review:															
HVB Fairfield	13	23.21	3.34	0.00	16.53	23.08	39.53	38.46	40.60	38.46	0.05	0.00	0.05	0.07	0.05
HVB New Haven	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

* Based on 2008 Peer Mortgage Data (Eastern)

** 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)

Table 3: Geographic Distribution of Home Improvement Loans

Geographic Distribution: HOME IMPROVEMENT			Geography: HVB ASSESSMENT AREAS						Evaluation Period: MAY 8, 2007 TO JUNE 7, 2010						
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
Full Review:															
HVB NY AA	1	100.00	2.92	0.00	7.61	0.00	15.34	0.00	74.13	100.00	0.00	0.00	0.00	0.00	0.00
Limited Review:															
HVB Fairfield	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
HVB New Haven	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

* Based on 2008 Peer Mortgage Data (Eastern)

** 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			Geography: HVB ASSESSMENT AREAS						Evaluation Period: MAY 8, 2007 TO JUNE 7, 2010						
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
Full Review:															
HVB NY AA	21	77.78	2.92	0.00	7.61	9.52	15.34	19.05	74.13	71.43	0.03	0.00	0.05	0.03	0.02
Limited Review:															
HVB Fairfield	6	22.22	3.34	0.00	16.53	0.00	39.53	66.67	40.60	33.33	0.03	0.00	0.00	0.04	0.03
HVB New Haven	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

* Based on 2008 Peer Mortgage Data (Eastern)

** 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)

Table 5: Geographic Distribution of Multifamily Loans

Geographic Distribution: MULTIFAMILY		Geography: HVB ASSESSMENT AREAS								Evaluation Period: MAY 8, 2007 TO JUNE 7, 2010					
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	Overa II	Low	Mod	Mid	Upp
Full Review:															
HVB NY AA	34	94.44	21.60	8.82	22.94	11.76	12.25	29.41	43.21	50.00	0.59	0.18	0.14	0.77	1.09
Limited Review:															
HVB Fairfield	2	5.56	20.80	0.00	42.87	50.00	29.03	50.00	7.31	0.00	0.00	0.00	0.00	0.00	0.00
HVB New Haven	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

* Based on 2008 Peer Mortgage Data (Eastern)

** 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: MAY 8, 2007 TO JUNE 7, 2010				
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 Busines ses***	% BANK Loans	% of Busines ses***	% BANK Loans	% of Busines ses***	% BANK Loans	% of Busines ses***	% BANK Loans	Overall	Low	Mod	Mid	Upp
Full Review:															
HVB NY AA	628	95.44	8.31	3.34	11.71	11.46	12.25	16.40	66.47	68.79	0.06	0.04	0.04	0.05	0.07
Limited Review:															
HVB Fairfield	30	4.56	8.38	6.67	19.70	26.67	34.18	40.00	37.74	26.67	0.02	0.03	0.05	0.02	0.02
HVB New Haven	0	0.00	0.00	0.00	0.00	0.00	30.69	0.00	69.31	0.00	0.00	0.00	0.00	0.00	0.01

* Based on 2008 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 (2009).

Table 7: Geographic Distribution of Small Loans to Farms

Geographic Distribution: SMALL LOANS TO FARMS		Geography: HVB ASSESSMENT AREAS										Evaluation Period: MAY 8, 2007 TO JUNE 7, 2010				
Assessment Area:	Total Small Farm Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*					
	#	% of Total**	% of Farms** *	% BANK Loans	% of Farms** *	% BANK Loans	% of Farms** *	% BANK Loans	% of Farms** *	% BANK Loans	Overall	Low	Mod	Mid	Upp	
Full Review:																
HVB NY AA	0	0.00	3.88	0.00	6.13	0.00	13.11	0.00	76.68	0.00	0.00	0.00	0.00	0.00	0.00	
Limited Review:																
HVB Fairfield	0	0.00	5.23	0.00	18.15	0.00	36.37	0.00	40.25	0.00	0.00	0.00	0.00	0.00	0.00	
HVB New Haven	0	0.00	0.00	0.00	0.00	0.00	26.77	0.00	73.23	0.00	0.00	0.00	0.00	0.00	0.00	

* Based on 2008 Peer Small Business Data -- US and PR

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

*** Source Data - Dun and Bradstreet (2009).

Table 8: Borrower Distribution of Home Purchase Loans

Borrower Distribution: HOME PURCHASE		Geography: HVB ASSESSMENT AREAS								Evaluation Period: MAY 8, 2007 TO JUNE 7, 2010					
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
Full Review:															
HVB NY AA	43	76.79	27.39	3.85	14.19	3.85	14.78	7.69	43.64	84.62	0.04	0.56	0.00	0.03	0.04
Limited Review:															
HVB Fairfield	13	23.21	21.61	9.09	17.25	0.00	19.58	27.27	41.56	63.64	0.06	0.15	0.00	0.04	0.09
HVB New Haven	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

* Based on 2008 Peer Mortgage Data (Eastern)

** 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 33.9% 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)

Table 9: Borrower Distribution of Home Improvement Loans

Borrower Distribution: HOME IMPROVEMENT			Geography: HVB ASSESSMENT AREAS								Evaluation Period: MAY 8, 2007 TO JUNE 7, 2010				
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 ⁴	% BANK Loans****	% Families**	% BANK Loans****	% Families**	% BANK Loans****	Overall	Low	Mod	Mid	Upp
Full Review:															
HVB NY AA	1	100.00	27.39	0.00	14.19	0.00	14.78	0.00	43.64	0.00	0.00	0.00	0.00	0.00	0.00
Limited Review:															
HVB Fairfield	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
HVB New Haven	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

* Based on 2008 Peer Mortgage Data (Eastern)

** 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.

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

Table 10: Borrower Distribution of Home Mortgage Refinance Loans

Borrower Distribution: HOME MORTGAGE REFINANCE			Geography: HVB ASSESSMENT AREAS						Evaluation Period: MAY 8, 2007 TO JUNE 7, 2010						
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 ⁵	% BANK Loans****	% Families*	% BANK Loans****	% Families*	% BANK Loans***	Overa ll	Low	Mod	Mid	Upp
Full Review:															
HVB NY AA	21	77.78	27.39	8.33	14.19	0.00	14.78	25.00	43.64	66.67	0.02	0.56	0.00	0.00	0.02
Limited Review:															
HVB Fairfield	6	22.22	21.61	0.00	17.25	0.00	19.58	0.00	41.56	100.00	0.02	0.00	0.00	0.00	0.05
HVB New Haven	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

* Based on 2008 Peer Mortgage Data (Eastern)

** 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 44.4% 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)

Table 11: Borrower Distribution of Small Loans to Businesses

Borrower Distribution: SMALL LOANS TO BUSINESSES		Geography: HVB ASSESSMENT AREAS			Evaluation Period: MAY 8, 2007 TO JUNE 7, 2010				
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
Full Review:									
HVB NY AA	628	95.44	73.25	26.43	22.61	19.90	57.48	0.06	0.08
Limited Review:									
HVB Fairfield	30	4.56	77.90	13.33	20.00	6.67	73.33	0.02	0.00
HVB New Haven	0	0.00	75.20	0.00	0.00	0.00	0.00	0.00	0.01

* Based on 2008 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 - 2009).

**** 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 44.38% of small loans to businesses originated and purchased by the bank.

Table 12: Borrower Distribution of Small Loans to Farms

Borrower Distribution: SMALL LOANS TO FARMS			Geography: HVB ASSESSMENT AREAS			Evaluation Period: MAY 8, 2007 TO JUNE 7, 2010			
Assessment Area:	Total Small Loans to Farms		Farms With Revenues of \$1 million or less		Loans by Original Amount Regardless of Farm Size			Market Share*	
	#	% of Total**	% of Farms***	% BANK Loans****	\$100,000 or less	>\$100,000 to \$250,000	>\$250,000 to \$500,000	All	Rev\$ 1 Million or Less
Full Review:									
HVB NY AA	0	0.00	95.83	0.00	0.00	0.00	0.00	0.00	0.00
Limited Review:									
HVB Fairfield	0	0.00	97.86	0.00	0.00	0.00	0.00	0.00	0.00
HVB New Haven	0	0.00	97.64	0.00	0.00	0.00	0.00	0.00	0.00

* Based on 2008 Peer Small Business Data -- US and PR

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

*** Farms with revenues of \$1 million or less as a percentage of all farms (Source D&B - 2009).

**** Small loans to farms with revenues of \$1 million or less as a percentage of all loans reported as small loans to farms. No information was available for 0.00% of small loans to farms originated and purchased by the bank.

Table 14: Qualified Investments

QUALIFIED INVESTMENTS		Geography: HVB ASSESSMENT AREAS				Evaluation Period: MAY 8, 2007 TO JUNE 7, 2010			
Assessment Area:	Prior Period Investments*		Current Period Investments		Total Investments			Unfunded Commitments**	
	#	\$(000's)	#	\$(000's)	#	\$(000's)	% of Total	#	\$(000's)
Full Review:									
HVB NY AA	4***	9,537	4	3,735	8	13,272	100.00	1	2,000
Limited Review:									
HVB Fairfield	0	0	0	0	0	0	0.00	0	0
HVB New Haven	0	0	0	0	0	0	0.00	0	0

* '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.

*** ' A portion (\$1.2 4 million) of one of the investments caters to the HVB Fairfield AA(1.19 million) and New Haven AA (\$51thousand)

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

DISTRIBUTION OF BRANCH DELIVERY SYSTEM AND BRANCH OPENINGS/CLOSINGS MAY 8, 2007 TO JUNE 7, 2010								Geography: HVB ASSESSMENT AREAS				Evaluation Period:					
MA/Assessment Area:	Deposits	Branches				Branch Openings/Closings				Population							
	% of Rated Area Deposits in AA	# of BANK Branches	Location of Branches by Income of Geographies (%)				# of Branch Openings	# of Branch Closings	Net change in Location of Branches (+ or -)				% of Population within Each Geography				
			Low	Mod	Mid	Upp			Low	Mod	Mid	Upp	Low	Mod	Mid	Upp	
Full Review:																	
HVB NY AA	98.68	30	83.33	10.00	10.00	23.33	56.67	8*	1	3	1	0	3	20.33	21.00	15.14	43.19
Limited Review:																	
HVB Fairfield	1.32	5	13.89	0.00	0.00	60.00	40.00	5	0	0	0	3	2	10.24	22.80	33.16	33.80
HVB New Haven	0.00	1	2.78	0.00	0.00	0.00	100.00	1	0	0	0	0	1	0.00	0.00	44.82	55.18

* Includes the 3 branches from the New York National Bank (NYNB) acquired after the merger in March 2010.

Distribution of Branch and ATM Delivery System

Distribution of Branch and ATM Delivery System 2010				Geography: HVB ASSESSMENT AREAS				Evaluation Period: MAY 8, 2007 TO JUNE 7,									
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
Full Review:																	
HVB NY AA	98.68	30	83.33	10	10	23	57	22	81.48	3	3	5	11	20.33	21.00	15.14	43.19
Limited Review:																	
HVB Fairfield	1.32	5	13.89	0	0	60	40	4	14.81	0	0	2	2	10.24	22.80	33.16	33.80
HVB New Haven	0.00	1	2.78	0	0	0	100	1	3.70	0	0	0	1	0.00	0.00	44.82	55.18