



NEW YORK STATE BANKING DEPARTMENT
CONSUMER SERVICES DIVISION
One State Street Plaza
New York, NY 10004

PUBLIC SUMMARY

**COMMUNITY REINVESTMENT ACT
PERFORMANCE EVALUATION**

Date of Evaluation: December 31, 2008

Institution: Country Bank
200 East 42nd Street
New York, NY 10017

Note: This evaluation is not an assessment of the financial condition of this institution. The rating assigned does not represent an analysis, conclusion or opinion of the New York State Banking Department concerning the safety and soundness of this financial institution.

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GENERAL INFORMATION

This document is an evaluation of the Community Reinvestment Act (“CRA”) performance of Country Bank (“CB”), prepared by the New York State Banking Department. The evaluation represents the Banking Department’s current assessment and rating of the institution’s CRA performance based on an evaluation conducted as of December 31, 2008.

Section 28-b of the New York State Banking Law, as amended, requires that when evaluating certain applications, the Superintendent of Banks shall assess a banking institution’s record of helping to meet the credit needs of its entire community, including low and moderate income areas, consistent with safe and sound operations.

Part 76 of the General Regulations of the Banking Board implements Section 28-b and further requires that the Banking Department assess the CRA performance records of regulated financial institutions. Part 76 establishes the framework and criteria by which the Department will evaluate the performance. Section 76.5 further provides that the Banking Department will prepare a written report summarizing the results of such assessment and will assign to each institution a numerical CRA rating based on a 1 to 4 scoring system. The numerical scores represent an assessment of CRA performance as follows:

- (1) outstanding record of meeting community credit needs;
- (2) satisfactory record of meeting community credit needs;
- (3) needs to improve record of meeting community credit needs; and
- (4) substantial noncompliance in meeting community credit needs.

Section 76.5 further requires that the CRA ratings and the written summary be made available to the public (“Evaluation”). Evaluations are primarily based on a review of performance tests and standards described in Section 76.7 and detailed in Sections 76.8 – 76.13. The tests and standards incorporate the 12 assessment factors contained in Section 28-b of the New York State Banking Law.

For explanation of technical terms used in this report, please consult the **GLOSSARY** at the back of this document.

OVERVIEW OF INSTITUTION'S PERFORMANCE

CB's performance was evaluated according to the intermediate small bank performance criteria. CB is rated "1," indicating an **"Outstanding"** record of helping to meet community credit needs. This rating is an improvement from the prior New York State Banking Department Performance Evaluation, dated December 31, 2005, wherein CB was rated "2", indicating a "satisfactory" record of helping to meet community credit needs. CB's rating is based on the following factors:

Overall Rating

CB is rated "1," indicating an outstanding record of helping to meet community credit needs.

I. Lending Test - "Outstanding"

- **Loan-to-Deposit Ratio: "Satisfactory"**
CB's LTD ratio is reasonable given the bank's size, financial condition and the competitive environment within which it operates. CB's average LTD ratio for the 12 quarters since the prior evaluation is 87.1%, slightly lower than the peer group's 88.4%.
- **Assessment Area Concentration: "Satisfactory"**
Taken together, CB extended a majority of its HMDA-reportable and small business loans inside the assessment area. CB extended 72.6% by number and 76.6% by dollars lent, within its assessment area.
- **Distribution by Borrower Characteristics: "Outstanding"**
CB's HMDA-reportable data were not analyzed for borrowers' characteristics because all but one of the HMDA-reportable loans originated during 2006, 2007 and 2008 were extended to entities (corporations, partnerships, etc.) that are not natural persons. Income information reporting is therefore not required.

CB's distribution of small business loans based on borrower characteristics reflected an excellent penetration among businesses of different revenue sizes operating within the assessment area. For 2006 and 2007, CB's lending penetration ratio to businesses with gross annual revenues of \leq \$1MM was more than double the aggregate's penetration ratio, whether considering number of loans or dollars lent. In 2008, for which aggregate data are not available, CB's lending penetration ratio to businesses with gross annual revenues of \leq \$1MM soared to 90.3% by number of loans and 85.5% by dollars lent.

- **Geographic Distribution of Loans: "Outstanding"**
Taken together, the bank's distribution of HMDA-reportable and small business loans reflected excellent dispersion across different geography income levels within the assessment area. Over the three-year evaluation period, CB made 45.5% of its HMDA-reportable loans in LMI geographies, an excellent penetration ratio.

For small business lending, the geographic distribution of lending reflected a reasonable penetration rate of lending in LMI geographies. In 2006, CB's penetration ratio in LMI geographies exceeded the aggregate's penetration ratio, while in 2007 CB's penetration ratio fell below the aggregate's penetration ratio. No aggregate data were available for 2008, but CB's penetration ratio did increase slightly.

- Action Taken in Response to Written Complaints With Respect to CRA: "Satisfactory"
Neither the CB nor the New York State Banking Department received any written complaints with respect to the bank's CRA performance during the evaluation period.

II. Community Development Test - "Outstanding"

- Community Development Loans: "Outstanding"
CB's community development performance demonstrated excellent responsiveness to community development needs in its assessment area through community development loans, qualified investments and community development services.

CB was a leader in making qualified community development loans. During the evaluation period, CB's community development commitments totaled \$33.8 million, all of which was new money.

- Community Development Investments: "Outstanding"
CB's level of qualified community development investments reflected excellent responsiveness to the credit needs of the assessment area. During the evaluation period, qualified investments totaled \$2.2 million, all of which was new money.
- Community Development Services: "Satisfactory"
CB provided an adequate level of community development services. CB's management and other staff provided technical assistance to organizations and programs focused on economic development and community services in the assessment area.

This Evaluation was conducted based on a review of the 12 assessment factors set forth in Section 28-b of the New York State Banking Law and Part 76 of the General Regulations of the Banking Board.

PERFORMANCE CONTEXT

Institution's Profile:

CB was established in Putnam County in 1988 as a state-chartered commercial bank. The bank operates two branches in midtown Manhattan, two in the Bronx, and one in Westchester County. CB became a wholly owned subsidiary of Country Bank Holding Company ("CBHC") in 2003. CB has a wholly owned subsidiary, Country Financial Services, Inc., offering insurance products and financial planning services.

According to the Federal Deposit Insurance Corporation's ("FDIC") Call Report as of December 31, 2008, CB reported total assets of \$520.1 million, a 51.8% increase since the prior evaluation (\$342.6 million). Net loans and leases stood at \$386.7 million and deposits were \$428.9 million, which resulted in a loan-to-deposit ratio of 90.2%.

Based on the FDIC's deposit market share report of June 30, 2008, CB reached approximately 5.9% market share of the \$2.65 billion deposit pool within Bronx County. This deposit market share placed CB 4th among 11 deposit-taking institutions in the Bronx County. The bank's deposit market share within New York and Westchester Counties is relatively insignificant.

CB is primarily a commercial real estate lender. As of December 31, 2008, CB's loan portfolio included 39.2% of commercial mortgage loans, 27% 1-4 family residential mortgages, 26.8% multifamily mortgage loans, 3.9% commercial and industrial loans and 3% consumer loans. In spite of the economic downturn in 2008, the bank's gross loan portfolio as of 12/31/2008 increased by 14.6% (by \$49.2 million) when compared to the level as of 12/31/2007.

The following chart is a summary of the bank's lending portfolio, based on Schedule RC-C of the bank's 2007 and 2008 year-end Call Reports:

TOTAL GROSS LOANS OUTSTANDING						
LOAN TYPE	12/31/2006		12/31/2007		12/31/2008	
	\$(000s)	%	\$(000s)	%	\$(000s)	%
Commercial Mortgage Loans	96,063	37.6	133,578	39.6	151,462	39.2
1-4 Residential Mortgage Loans	55,168	21.6	97,350	28.8	104,307	27.0
Multifamily Mortgage Loans	74,398	29.1	76,642	22.7	103,685	26.8
Commercial & Industrial Loans	27,422	10.7	20,331	6.0	15,263	3.9
Construction Loans	2,277	0.9	9,290	2.8	11,656	3.0
Consumer Loans	257	0.1	268	0.1	306	0.1
Total Gross Loans	255,585	100.0	337,459	100.0	386,679	100.0

There are no known financial or legal impediments that adversely impacted the bank's ability to meet the credit needs of its community.

Assessment Area:

CB's has delineated New York and Westchester Counties as well as portions of the Bronx, Kings and Queens Counties as its assessment area. Based on the 2000 U.S Census, the assessment area consists of 892 census tracts, 373 (41.8%) of which are LMI, 144 (16.14%) are middle-income, 355 (39.8%) are upper-income, and 20 (2.2%) are zero-income tracts. Since the last CRA examination, the bank has added 529 additional geographic census tracts in the counties of Brooklyn, New York and Queens.

The following chart shows the income-level distribution of the census tracts by counties:

Distribution of Census Tracts Within the Assessment Area								
County	Zero-Income	Low-Income	Moderate-Income	Middle-Income	Upper-Income	Total Census	LMI Tracts %	#
Bronx *	2	1	14	7	17	41	15	36.6
Kings *	2	68	109	41	37	257	177	68.9
New York	9	60	59	24	144	296	119	40.2
Queens *	3	4	33	33	4	77	37	48.1
Westchester	4	4	21	39	153	221	25	11.3
Total	20	137	236	144	355	892	373	41.8

* Partial County

The assessment area appears reasonable based upon the location of CB's branches and its lending patterns. There is no evidence that LMI areas were arbitrarily excluded.

Demographic & Economic Data:

Demographic data regarding the owner-occupied housing units and small businesses located in LMI census tracts, as well as families that are LMI and businesses with revenues of less than \$1MM, are discussed in the appropriate sections.

The total population for the assessment area is 3,691,990. The median family income is \$65,872. The HUD Updated Income for the New York—Northern New Jersey—Long Island (Part) MSA is \$63,000.

The largest industry in the assessment area was service providers, which constituted 39.7% of the total businesses. Retail trade and finance, insurance and real estate were the second and third largest industries, accounting for 14.6% and 10.3% of the total businesses, respectively. The fourth largest industry was wholesale trade, with 5.2% of all businesses within the assessment area. Approximately 18.1% of all businesses however, were non-classifiable establishments.

Unemployment Rates

The unemployment rates in New York State for all three years were higher than

unemployment rates in New York and Westchester counties but lower than the unemployment rates in Bronx County. However, the New York City unemployment rates, when all five boroughs/counties are included, were higher than the statewide rates during the three-year period, as illustrated in the following chart.

<i>Average Yearly Unemployment Rates</i>			
	2006	2007	2008
New York State	4.6%	4.5%	5.4%
NYC (five boroughs)	5.0%	4.9%	5.5%
Bronx County	6.6%	6.6%	7.4%
New York County	4.3%	4.2%	4.9%
Westchester County	3.9%	3.8%	4.8%

PERFORMANCE TESTS AND ASSESSMENT FACTORS

CB's performance was evaluated according to the intermediate small bank's performance under the Lending and Community Development tests pursuant to part 76.12 of the General Regulations of the Banking Board. The Lending test includes the following criteria: (1) Loan-to-Deposit Ratio and other Lending-Related Activities; (2) Assessment Area Concentration; (3) Distribution by Borrower Characteristics; (4) Geographic Distribution of Loans; and (5) Action Taken in Response to Written Complaints Regarding CRA. The Community Development test entails the review of: (1) Community Development Loans (2) Community Development Qualified Investments and (3) Community Development Services. The following factors were also considered in assessing CB's record of performance: the extent of participation by the board of directors or board of trustees in formulating CRA policies and reviewing CRA performance; any practices intended to discourage credit applications; evidence of prohibited discriminatory or other illegal credit practices; record of opening and closing offices and providing services at offices; and process factors such as activities to ascertain credit needs; and the extent of marketing and special credit related programs. Finally, the evaluation considered other factors as delineated in Section 28-b of the Banking Law that reasonably bear upon the extent to which a banking institution is helping to meet the credit needs of its entire community.

The assessment period includes calendar years 2006, 2007 and 2008. Examiners considered CB's HMDA-reportable and small business loans in evaluating lending factors (2) and (4), as noted above. Only small business lending was considered for lending factor 3, distribution by borrower characteristics. CB's HMDA-reportable data were not analyzed for borrowers' characteristics because 99% of the loans originated during 2006, 2007 and 2008 were extended to entities (corporations, partnerships, etc.) that are not natural persons. Income information reporting is therefore not required. Lending factors (3) and (4) only consider loans within CB's assessment area. Small business loan aggregate data are shown for comparative purposes, CB is not required to report these data and as such, CB is not included in the aggregate data. The 2008 HMDA-reportable and small business loan aggregate data were not available when this evaluation was conducted.

Statistics employed in this evaluation were derived from various sources. In addition to specific loan information submitted by CB, aggregate data for small business and HMDA-reportable lending activity were obtained from the Federal Financial Institutions Examination Council ("FFIEC"). In some cases, aggregate data is only available for entire counties, including those where the bank has determined a partial county to be in its assessment area. Call report data were obtained from the reports submitted by CB to the Federal Deposit Insurance Corporation ("FDIC"). Loan-to-deposit ratios were calculated from information shown in the bank's Uniform Bank Performance Report ("UBPR") as prepared by the FDIC.

The bank's peer group includes all insured commercial banks having assets between \$300 million and \$1 billion. The UBPR peer group is a national peer group and includes banks that may be operating in very different economic environments. Deposit market share was derived from FDIC's deposit market share reports.

The demographic and census data referred to in this report were obtained from the 2000 U.S. Census Data, with updated median family income figures provided by the US Department of Housing and Urban Development (“HUD”). Business demographic data used in this report are information on US businesses, enhanced by Dun & Bradstreet and updated annually.

CB received a rating of “2” reflecting a “Satisfactory” record of helping to meet community credit needs based on the **prior** NYSBD Performance Evaluation dated December 31, 2005.

CRA Rating: “Outstanding”

I. Lending Test: “Outstanding”

Loan-to-Deposit Ratio Analysis: “Satisfactory”

CB’s LTD ratio is reasonable given the bank’s size, financial condition and the competitive environment within which it operates. CB’s average LTD ratio for the 12 quarters since the prior evaluation is 87.1%, slightly lower than the peer group’s 88.4%.

The following chart illustrates CB’s and its peer group’s LTD ratios for the 12 quarters ending December 31, 2008.

Loan-to-Deposit Ratios													
	2006 Q1	2006 Q2	2006 Q3	2006 Q4	2007 Q1	2007 Q2	2007 Q3	2007 Q4	2008 Q1	2008 Q2	2008 Q3	2008 Q4	Average LTD
Bank	81.23	88.50	83.38	79.09	82.06	90.73	92.15	89.25	91.29	88.75	89.38	89.51	87.11
Peer	85.54	87.00	87.60	86.83	86.56	87.86	88.56	89.45	89.47	91.00	91.10	89.31	88.36

Assessment Area Concentration: “Satisfactory”

Taken together, CB extended a majority of its HMDA-reportable and small business loans inside the assessment area. CB extended 72.6% by number and 76.6% by dollars lent, within its assessment area.

HMDA-Reportable Loans: “Outstanding”

CB extended a significant majority of HMDA-reportable loans within its assessment area. In addition, CB showed marked improvement in HMDA-reportable lending within the assessment area. While the three-year average was 83% by number and 82.8% by dollar volume, each year’s results improved over the prior year’s results. In 2006, CB made 57.1% by number of loans and 61.3% by dollars lent within the assessment area. By 2008, CB’s record was 94% and 97% respectively.

Small Business Loans: Satisfactory

For small business lending, while there was a general upward trend in lending within the assessment area, 2006 dollars within the assessment area were less than a majority of lending, leading to a three year-average of just 54.3% of dollars lent within the assessment area. In terms of number of loans, 65.1% were made within the assessment area.

The following table illustrates the distribution of HMDA-reportable and small business loans originated inside and outside of the assessment area:

Distribution of Loans Inside and Outside of the Assessment Area										
Loan Type	Number of Loans					Loans in Dollars (in thousands)				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
HMDA -2006	16	57.1	12	42.9	28	38,308	61.3	24,193	38.7	62,501
HMDA -2007	25	89.3	3	10.7	28	42,058	86.7	6,425	13.3	48,483
HMDA -2008	47	94.0	3	6.0	50	78,726	97.0	2,420	3.0	81,146
3-year total	88	83.0	18	17.0	106	159,092	82.8	33,038	17.2	192,130
SBL -2006	23	54.8	19	45.2	42	6,256	40.7	9,110	59.3	15,366
SBL -2007	41	69.5	18	30.5	59	11,360	62.1	6,937.1	37.9	18,297
SBL -2008	31	68.9	14	31.1	45	11,464	57.8	8,386	42.2	19,850
3-year total	95	65.1	51	34.9	146	29,080	54.3	24,433	45.7	53,513
combined 3-year total	183	72.6	69	27.4	252	188,172	76.6	57,471	23.4	245,643

Distribution by Borrower Characteristics: “Outstanding”

CB’s distribution of small business loans based on borrower characteristics reflected an excellent penetration among businesses of different revenue sizes operating within the assessment area.

HMDA-Reportable Loans: Not Rated

HMDA-reportable data were not analyzed for borrowers’ characteristics because all but one of the HMDA-reportable loans originated in 2006, 2007 and 2008 were extended to entities (corporations, partnerships, etc.) that are not natural persons. Income information reporting is therefore not required.

Small Business: Outstanding

CB’s distribution of small business loans based on borrower characteristics reflected an excellent penetration among businesses of different revenue sizes operating within the assessment area. For 2006 and 2007, CB’s lending penetration ratio to businesses with gross annual revenues of < = \$1MM was more than double the aggregate’s penetration ratio, whether considering number of loans or dollars lent. In 2008, for which aggregate data are not available, CB’s lending penetration ratio to businesses with gross annual revenues of < = \$1MM soared to 90.3% by number of loans and 85.5% by dollars lent.

In 2006, CB originated 65.2% of its small business loans to businesses with annual revenues of \$1 million or less, significantly higher than the aggregate banks' penetration ratio of 27.6% for the same category of borrowers.

In 2007, the bank originated 73.2% of its small business loans to businesses with annual revenues of \$1 million or less, also much higher than the aggregate banks' penetration ratio of 28.6% for the same category of borrowers.

These performances are consistent with the bank's niche in financing bars, restaurants and construction projects of small-to-medium size contractors.

The following table illustrates the distribution of small business loans by business revenue size for 2007 and 2008.

Distribution of Small Business Loans by Business Revenue Size									
2006									
Business Revenue Level	Bank				Aggregate				Business Demographics
	#	%	\$(000's)	%	#	%	\$(000's)	%	
\$1million or less	15	65.2	5,223	83.5	76,072	27.6	1,905,217	37.2	64.6
Over \$1 million	8	34.8	1,033	16.5	-	-	-	-	8.1
No Revenue Info	0	-	0	-	-	-	-	-	-
Total	23	100.0	6,256	100.0	275,474	100.0	5,124,847	100.0	
2007									
Business Revenue Level	Bank				Aggregate				Business Demographics
	#	%	\$(000's)	%	#	%	\$(000's)	%	
\$1million or less	30	73.2	8,685	76.5	81,080	28.6	2,043,358	34.8	67.1
Over \$1 million	11	26.8	2,675	23.5	-	-	-	-	7.9
No Revenue Info	0	-	0	-	-	-	-	-	-
Total	41	100.0	11,360	100.0	283,696	100.0	5,874,922	100.0	
2008									
Business Revenue Level	Bank				Aggregate				Business Demographics
	#	%	\$(000's)	%	#	%	\$(000's)	%	
\$1million or less	28	90.3	9,839	85.8	<i>not available</i>				65.9
Over \$1 million	3	9.7	1,625	14.2					7.1
No Revenue Info	0	-	0	-					-
Total	31	100.0	11,464	100.0					
3 Year Total	95	100.0	29,080	100.0					
Total <\$1 million	73	76.8	23,747	81.7					

Geographic Distribution of Loans: "Outstanding"

Taken together, the bank's distribution of HMDA-reportable and small business loans reflected excellent dispersion across different geography income levels within the assessment area.

HMDA-reportable Loans: Outstanding

Over the three-year evaluation period, CB made 45.5% of its HMDA-reportable loans in LMI geographies, an excellent penetration ratio. In addition, each of the three years showed marked improvement, beginning with 25.1% in 2006 and ending with 51% in 2008. While CB's 2006 record was comparable to the aggregate's penetration rate, in 2007 CB's record was more than double that of the aggregate.

In 2006, CB originated 25.1% of its HMDA-reportable loans within LMI geographies, which was in line with the aggregate banks' 25.7%.

In 2007, the bank's LMI-geography penetration increased to 48%, which was much better than the aggregate banks' ratio of 20.8%.

In 2008, CB's LMI-geography lending further increased to 51% of the number of loans originated in the assessment area. No aggregate data were available at the time of the evaluation.

Overall, the bank's three-year combined geographic LMI penetration ratio of 45.5% compares well to the percentage of LMI tracts in the assessment area – 41.8%.

The following chart summarizes the bank's distribution of HMDA-reportable loans by geographic income level.

Distribution of HMDA-reportable Loans by Geographic Income Level*									
2006									
Geography Income Level	Bank				Aggregate**				Owner- Occupied Housing Units
	#	%	\$000's	%	#	%	\$000's	%	
Low	1	6.3%	2,500	6.5%	4,541	7.1%	1,919,003	6.3%	2.5
Moderate	3	18.8%	4,900	12.8%	11,902	18.6%	4,980,941	16.3%	11.1
Middle	4	25.0%	7,300	19.1%	9,761	15.3%	3,886,749	12.7%	12.3
Upper	8	50.0%	23,608	61.6%	37,690	58.9%	19,776,043	64.6%	74.1
NA					52	0.1%	38,013	0.1%	
Total	16	100.0%	38,308	100.0%	63,946	100.0%	30,600,749	100.0%	100.0
2007									
Geography Income Level	Bank				Aggregate**				Owner- Occupied Housing Units
	#	%	\$000's	%	#	%	\$000's	%	
Low	5	20.0%	8,450	20.1%	3,148	5.6%	1,811,458	5.9%	2.5
Moderate	7	28.0%	9,603	22.8%	8,494	15.2%	4,500,417	14.5%	11.1
Middle	2	8.0%	2,025	4.8%	8,177	14.7%	3,585,970	11.6%	12.3
Upper	11	44.0%	21,980	52.3%	35,900	64.4%	20,963,206	67.7%	74.1
NA	0	0.0%			51	0.1%	84,742	0.3%	0
Total	25	100.0%	42,058	100.0%	55,770	100.0%	30,945,793	100.0%	100.0
2008									
Geography Income Level	Bank				Aggregate**				Owner- Occupied Housing Units
	#	%	\$000's	%	#	%	\$000's	%	
Low	9	19.1%	8,355	10.6%	not available				2.5
Moderate	15	31.9%	16,313	20.7%					11.1
Middle	8	17.0%	11,575	14.7%					12.3
Upper	15	31.9%	42,483	54.0%					74.1
NA	0	0.0%							0
Total	47	100.0%	78,726	100.0%					100.0
LMI 3-year	40	45.5%	50,121	31.5%					
Total	88	100.0%	159,092	100.0%					

Small Business Loans: Satisfactory

The geographic distribution of lending reflected a reasonable penetration rate of lending in LMI geographies. In 2006, CB's penetration ratio in LMI geographies exceeded the aggregate's penetration ratio, while in 2007 CB's penetration ratio fell below the aggregate's penetration ratio. No aggregate data were available for 2008, but CB's penetration ratio did increase slightly.

In 2006, CB originated 21.7% of its small business loans within LMI geographies, which was higher than the aggregate banks' 16.4%.

In 2007, CB's geographic LMI penetration ratio decreased to 12.2% while the aggregate

banks increased their penetration rate to 17.6%.

In 2008, CB's LMI-geography lending slightly increased to 12.9% of the number of loans originated in the assessment area.

Overall, CB's geographic LMI penetration improved since the prior evaluation – 14.7% for the 2006-2008 period vs. 7.7% for the 2003-2005 period.

The following chart summarizes the bank's distribution of small business loans by geographic income level.

Distribution of Small Business Loans by Geographic Income Level									
2006									
Geography Income Level	Bank				Aggregate				Business Demo- graphics %
	#	%	\$000's	%	#	%	\$000's	%	
Low	2	8.7	712	11.4	12,650	4.6	230,085	4.5	6.4
Moderate	3	13.0	1,350	21.6	32,479	11.8	603,631	11.8	13.8
Middle	2	8.7	498	8.0	33,831	12.3	628,231	12.3	12.3
Upper	16	69.6	3,696	59.1	193,378	70.2	3,564,741	69.6	66.2
NA	0	0.0	0	0.0	3,136	1.1	98,159	1.9	1.3
Total	23	100.0	6,256	100.0	275,474	100.0	5,124,847	100.0	100.0
2007									
Geography Income Level	Bank				Aggregate				%
	#	%	\$000's	%	#	%	\$000's	%	
Low	1	2.4	50	0.4	14,341	5.1	247,089	4.2	6.4
Moderate	4	9.8	1,550	13.6	35,554	12.5	656,677	11.2	13.8
Middle	10	24.4	4,618	40.7	36,112	12.7	728,170	12.4	12.3
Upper	24	58.5	5,037	44.3	194,652	68.6	4,121,946	70.2	66.0
NA	2	4.9	105	0.9	3,037	1.1	121,040	2.1	1.5
Total	41	100.0	11,360	100.0	283,696	100.0	5,874,922	100.0	100.0
2008									
Geography Income Level	Bank				Aggregate				%
	#	%	\$000's	%	#	%	\$000's	%	
Low	0	0.0	0	0.0	not available				6.6
Moderate	4	12.9	1,881	16.4					14.0
Middle	4	12.9	3,560	31.1					12.5
Upper	22	71.0	5,923	51.7					65.4
NA	1	3.2	100	0.9					1.5
Total	31	100.0	11,464	100.0	100.0				
LMI 3-year	14	14.7	5,543	19.1					
Total	95	100.0	29,080	100.0					

Action Taken in Response to Written Complaints With Respect to CRA

Neither CB nor the New York State Banking Department has received any written complaints regarding the bank's CRA performance since the latest CRA evaluation

conducted as of December 31, 2005.

II. Community Development Test: “Outstanding”

CB’s community development performance demonstrated excellent responsiveness to community development needs in its assessment area through community development loans, qualified investments and community development services.

Community Development Loans: Outstanding

CB was a leader in making qualified community development loans.

During the evaluation period, CB’s community development commitments totaled \$33.8 million, all of which is new money. This is a significant development for the bank as it did not grant any such loans during the prior evaluation period.

Most of CB’s community development commitments consisted of real estate secured and construction loans that were extended for purposes of acquisition and renovation of mixed use properties (residential and commercial), often in LMI geographies. These undertakings help to revitalize and stabilize LMI neighborhoods, and increase economic development and job creation by facilitating the establishment of new businesses. One commitment financed an organization focused on providing services to LMI individuals.

The following chart shows the number of loans and dollar volume by designation:

Community Development Loans (\$000s)			
<i>Designation</i>	<i># of loans</i>	<i>volume</i>	<i>vol. %</i>
Community Service	1	\$ 4,600	13.6%
Economic Development	3	\$ 6,965	20.6%
Revitalization & Stabilization	12	\$ 22,219	65.8%
Total	16	\$ 33,784	100.0%

Below are examples of some of the larger community development loans and lines:

- In 2007, CB extended a \$3.8 million term loan to fund the acquisition and renovation of a mixed-use property located in a low-income geography in Brooklyn, NY. This type of project supports the economic development of LMI geographies through retention and addition of jobs.
- In 2006, CB extended a \$3 million term loan to fund the acquisition of a vacant property and development of a hotel in a low-income geography in Brooklyn, NY. At least 50% of the employees will come from LMI households or LMI geographies.
- In 2007, CB extended a \$3.9 million term loan to fund the acquisition and renovation of a commercial property located in a low-income census tract in Harlem, NY. The property was being developed to host three different businesses, and provided permanent employment. At least 50% of the employees will come from LMI households

or LMI geographies.

Qualified Investments: Outstanding

CB's level of qualified community development investments reflected excellent responsiveness to the credit needs of the assessment area.

During the evaluation period, qualified investments totaled \$2.2 million, all of which was new money.

The most significant investments CB made during the evaluation period were the purchases of two \$1MM bonds issued by the Senior Housing Crime Prevention Foundation in 2007 and 2008. The funds are used to support the Senior Crimestoppers program for LMI seniors residing in the foundation's housing facility in Westchester County.

In September 2006, CB invested in a \$100-thousand one-year certificate of deposit (renewable annually) with Carver Federal Savings Bank. Carver is designated by the U.S. Department of Treasury as a Community Development Financial Institution (CDFI). The certification indicates that the entity's primary mission and operational purpose is addressing the community development needs of those areas in which it operates and serves, primarily through economic development and affordable housing initiatives and projects.

Also in September 2006, the bank invested in a \$100-thousand one-year certificate of deposit (renewable annually) issued by First American International Bank ("FAIB"). FAIB is also certified as a CDFI by the U.S. Department of Treasury for its engagement in economic development projects and community services.

Finally, in 2008, CB contributed \$6,738.15 to the Federal Home Loan Bank (FHLB) of New York to help fund its Affordable Housing Program (AHP). The amount is the New York State portion (56.8%) of CB's contribution of \$11,871.22 toward all FHLB's Affordable Housing Programs in the region.

Community Development Services: Satisfactory

CB provided an adequate level of community development services. CB's management provided technical assistance to organizations and programs that promote economic development and community services in the assessment area.

Through its Branch Neighborhood Participation Program, CB encourages its employees to be active in its community. Branch managers are required to attend local meetings within their neighborhoods, including Chambers of Commerce, local churches and other non-profit organizations. Through these meetings, branch managers find out more on the community needs and thus provide more suitable community development services.

III. Additional Factors

The extent of participation by the banking institution's board of directors/trustees in formulating the banking institution's policies and reviewing its performance with respect to the purposes of the Community Reinvestment Act

On a monthly basis, CB's board of directors receives the minutes of the compliance committee meetings, which include information on CRA items. Annually, the board of directors reviews and approves the bank's CRA statement.

Any practices intended to discourage applications for types of credit set forth in the banking institution's CRA Public File.

There were no practices noted that were intended to discourage applications for the types of credit offered by the institution.

Evidence of prohibited discriminatory or other illegal credit practices

No evidence of prohibited discrimination or other illegal credit practices was noted.

Process Factors

Activities conducted by the banking institution to ascertain the credit needs of its community, including the extent of the banking institution's efforts to communicate with members of its community regarding the credit services being provided by the banking institution

CB ascertains the credit needs of its community through the involvement of its officers and staff in local community organizations such as the Economic Development Committee in Riverdale and the Chamber of Commerce in Eastchester. The bank provides contributions to many community organizations and solicits information on community credit needs through those contacts.

CB has developed a branch officer call program that requires the managers to visit local small- and medium-sized businesses. These calls assist the bank in identifying the credit needs of these businesses.

The extent of the banking institution's marketing and special credit-related programs to make members of the community aware of the credit services offered by the banking institution

CB does not advertise in major newspapers, radio, television or cable. CB mainly promotes its products and services through the regular course of business as well as contacts with various non-profit organizations, schools, local business groups and hospitals.

The bank also advertises in other organizations' print media to promote and inform the community about its product and credit services. The following are the organizations whose print media CB uses: JDFR Juvenile Diabetes Research, Jewish Family Congregation, St. Gabriel's School, United Irish Counties, Iona Grammar School, NY Real Estate Journal, Italian Charities of America, Congregation Shaarei Shalom, Manhattan Chamber of Commerce, The Hope for Change Foundation and Manhattan Chamber of Commerce.

Other factors that, in the judgment of the Superintendent and Banking Board, bear upon the extent to which a banking institution is helping to meet the credit needs of its entire community

Two organizations located in the bank's assessment area – both with a focus on affordable housing projects – were contacted to share information on the credit needs of the area and local banks' CRA performance. They had no concerns or adverse comments on CB.

GLOSSARY

Aggregate Penetration Rate

The number of loans originated and purchased by all reporting lenders in specified categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the assessment area.

Community Development

The term “community development” is defined to mean:

1. Affordable housing (including multifamily housing) for low- or moderate-income (“LMI”) individuals;
2. Community services targeted to LMI individuals;
3. Activities that promote economic development by financing business or farms that meet the size eligibility standards of the United States Small Business Administration (“SBA”) Development Company or Small Business Investment Company programs, or have gross annual incomes of \$1 million or less;
4. Activities that revitalize or stabilize LMI geographies; and
5. Activities that seek to prevent defaults and/or foreclosures in loans included in (1) and (3) above.

A “community development loan” is defined as a loan that has as its *primary purpose* community development. This includes but is not limited to loans to:

- Borrowers for affordable housing rehabilitation and construction, including construction and permanent financing for multifamily rental property serving low or moderate income (“LMI”) persons;
- Nonprofit organizations serving primarily LMI or other community development needs;
- Borrowers to construct or rehabilitate community facilities that are located in LMI areas or that primarily serve LMI individuals;
- Financial intermediaries including community development financial institutions, community development corporations, minority- and women-owned financial institutions, community loan funds or pools, micro-finance institutions, and low-income or community development credit unions that primarily lend or facilitate lending to promote community development;
- Local, state and tribal governments for community development activities; and
- Borrowers to finance environmental clean up or redevelopment of an industrial site as part of an effort to revitalize the LMI community in which the property is located.

A “qualified investment” is defined as a lawful investment, deposit, membership share or grant that has as its *primary purpose* community development. This includes but is not limited to investments, deposits, membership shares or grants in or to:

- Financial intermediaries (including community development financial institutions, community development corporations, minority- and women-owned financial institutions, community loan funds, micro-finance institutions and low-income or community development credit unions) that primarily lend or facilitate lending in LMI areas or to LMI individuals in order to promote community development;
- Organizations engaged in affordable housing rehabilitation and construction;
- Organizations, including, for example, small business investment corporations that promote economic development by financing small businesses;
- Facilities that promote community development in LMI areas or LMI individuals, such as youth programs, homeless centers, soup kitchens, health care facilities, battered women’s centers, and alcohol and drug recovery centers;
- Projects eligible for low-income housing tax credits;
- State and municipal obligations, such as revenue bonds that specifically support affordable housing or other community development needs;
- Organizations serving LMI housing or other community development needs, such as counseling for credit, home ownership, home maintenance, and other financial services education; and
- Organizations supporting activities essential to the capacity of LMI individuals or geographies to utilize credit to sustain economic development, such as day care operations and job training programs that facilitate access to permanent jobs.

A “community development service” is defined as a service that has as its *primary purpose* community development, is related to the provision of financial services, and has not been considered in the evaluation of the banking institution's retail banking services. This includes but is not limited to:

- Providing technical assistance on financial matters to nonprofit, tribal or government organizations serving LMI housing or economic revitalization and development needs;
- Providing technical assistance on financial matters to small businesses or community development organizations;
- Lending employees to provide financial services for organizations facilitating affordable housing construction and rehabilitation or development of affordable housing;
- Providing credit counseling, home buyers and home maintenance counseling, financial planning or other financial services education to promote community development and affordable housing;
- Establishing school savings programs for LMI individuals;
- Providing seminars for LMI persons on banking and bank account record-keeping;
- Making ATM “Training Machines” available for extended periods at LMI community sites or at community facilities that serve LMI individuals; and
- Technical assistance activities to community development organizations such as:
 - ❖ Serving on a loan review committee;
 - ❖ Developing loan application and underwriting standards;
 - ❖ Developing loan processing systems;

- ❖ Developing secondary market vehicles or programs;
- ❖ Assisting in marketing financial services, including the development of advertising and promotions, publications, workshops and conferences;
- ❖ Furnishing financial services training for staff and management;
- ❖ Contributing accounting/bookkeeping services; and
- ❖ Assisting in fund raising, including soliciting or arranging investments.

Home Mortgage Disclosure Act (“HMDA”)

The Home Mortgage Disclosure Act, enacted by Congress in 1975, and subsequently amended, requires institutions to annually report data about applications for residential (including multifamily) financing.

Income Level

The income level of the person, family or household is based on the income of person, family or household. A geography’s income is categorized by median family income for the geography. In both cases, the income is compared to the MSA or statewide nonmetropolitan median income.

Income level of individual or geography	% of the area median income
Low-income	Less than 50
Moderate-income	At least 50 and less than 80
Middle-income	At least 80 and less than 120
Upper-income	120 or more

Loans to Small Businesses

Small business loans to businesses with gross annual revenues (“GAR”) of \$1 million or less (“< = \$ 1MM”).

Low or Moderate Income (“LMI”) Geographies

Those census tracts or block numbering areas (“BNAs”), where according to the 2000 US Census, the median family income is less than 80% of the area median family income. In the case of tracted areas that are part of a Metropolitan Statistical Area (“MSA”) or Primary Metropolitan Statistical Area (“PMSA”), this would relate to the median family income for the MSA or PMSA in which the tracts are located. In the case of BNAs and tracted areas that are not part of a MSA or PMSA, the area median family income would be the statewide non-metropolitan median family income.

LMI Borrowers

Borrowers whose income, as reported on the loan application which the lender relied upon in making the credit decision, is less than 80% of the area median family income. In the case where the residential property is located in a MSA or PMSA, this would

relate to the median family income for that MSA or PMSA. Otherwise, the area median family income would be the statewide non-metropolitan median family income. In all instances, the area median family incomes used to measure borrower income levels are updated annually by the U.S. Department of Housing and Urban Development (“HUD”).

LMI Individuals/Persons

Individuals or persons whose income is less than 80% of the area median family income. In the case where the individual resides in a MSA or PMSA, this would relate to the median family income for that MSA or PMSA. Otherwise, the area median family income would be the statewide non-metropolitan median family income. In all instances, the area median family incomes used to measure individual income levels are updated annually by HUD.

LMI Penetration Rate

A number that depicts the percentage of a bank’s total loans (for a particular product) that was extended to LMI geographies or borrowers. For example, an LMI penetration rate of 20% would indicate that the bank made 20 out of a total of 100 loans in LMI geographies or to LMI borrowers.

Small Business Loans

Loans to businesses with original amounts of \leq \$1MM.