



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

PUBLIC SUMMARY

**COMMUNITY REINVESTMENT ACT
PERFORMANCE EVALUATION**

Date of Evaluation: December 31, 2009

Institution: Ridgewood Savings Bank
71-02 Forest Ave
Ridgewood, NY 11385-5647

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 Ridgewood Savings Bank (“RSB”) 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, 2009.

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 (“LMI”) 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 rating and the written summary be made available to the public (“Evaluation”). Evaluations of large banking institutions are primarily based on a review of performance tests and standards described in Section 76.7 and detailed in Sections 76.8 – 76.10. The tests and standards incorporate the 12 assessment factors contained in Section 28-b of the New York State Banking Law.

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

OVERVIEW OF INSTITUTION'S PERFORMANCE

RSB is rated "2," indicating a satisfactory record of helping to meet community credit needs. This rating is based on the following factors:

Lending Test – "High Satisfactory"

- RSB's lending levels were reasonable considering its size, business strategy and financial condition, as well as peer group activity and demographics. RSB's level of lending reflected good responsiveness to the credit needs of the assessment area.
- RSB bank originated a substantial majority of its loans within its assessment area. For HMDA-reportable lending, RSB originated 98.5% by number, and 97.5% by dollar value of its loans within the assessment area.
- The distribution of HMDA-reportable loans based on the income level of the geography demonstrated a poor penetration rate of lending. In 2007 and 2008, RSB's LMI census tracts penetration rates were 13.2% and 14.4% by number of loans, and 10.1% and 9.6% by dollar volume, respectively; the LMI penetration rates were significantly below the corresponding market aggregate rates of 22.8% and 20.1% by number of loans, and 22.6% and 19.6% by dollar volume. The 2009 market aggregate rate was not available for comparison.
- The distribution of the bank's loans based on borrower characteristics reflected an excellent penetration among borrowers of different income levels. At this evaluation, HMDA-reportable loans to LMI borrowers of one-to-four family loans originated in its assessment area surpassed the LMI penetration rate achieved by the market aggregate.
- RSB's community development lending was outstanding. At this evaluation, the total qualified community development loans of \$156.8 million represented a substantial increase from \$111.5 million reported at the prior evaluation period. RSB made \$155.1 million community development loans during the evaluation period, and still had \$1.7 million outstanding from the prior evaluation period. The \$155.1 million community development loans largely consisted of purchase or refinance loans on multifamily and mixed-used properties.
- The bank offered several innovative or flexible lending programs to meet the credit needs of its assessment area.

Investment Test - "High Satisfactory"

- RSB had a significant level of community development investments. At this

evaluation, qualified community development investments totaled \$35 million, up 16% from the amount reported at the previous evaluation. Of the total, approximately 55%, or \$19 million, was new money.

Service Test - “Outstanding”

- RSB’s network of branches and ATM’s and alternative delivery systems were readily accessible to LMI geographies.
- RSB’s record of opening and closing of branches has improved the accessibility of its delivery systems, particularly to LMI geographies and/or LMI individuals.
- Business hours and services do not vary in a way that inconveniences any particular portion of the assessment area, including LMI geographies and/or LMI individuals.
- RSB is a leader in providing community development services.

This onsite 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 Profile:

Chartered in 1921, RSB is a mutual savings bank, headquartered in Ridgewood, Queens, New York. It operates 37 full-service banking offices in seven counties: Bronx, Kings, Nassau, New York, Queens, Suffolk and Westchester. The bank is mainly active in the origination of 1-4 family residential mortgage loans. RSB opened two new branches during this evaluation period; in 2007 in the Morris Park section of the Bronx and in 2008 in the Sheepshead Bay section of Brooklyn. In July 2007, RSB acquired City & Suburban Federal Savings Bank, adding two branches in Manhattan, three in Westchester and seven branches in Bronx County, including a NYS Banking Development District branch in the Soundview section of the Bronx.

As per the Consolidated Report of Condition (the Call Report) dated December 31, 2009 filed with the Federal Deposit Insurance Corporation ("FDIC"), RSB reported total assets of \$4.4 billion, of which \$2.7 billion were net loans and lease finance receivables. It also reported total deposits of \$3.6 billion, resulting in a loan-to-deposit ratio of 75.0%. According to the latest available comparative deposit data as of June 30, 2010, RSB obtained a market share of .56%, or \$3.6 billion in a market of \$646 billion inside its assessment area, ranking it 17th among 145 deposit-taking institutions in the assessment area.

The following is a summary of the bank's loan portfolio, based on Schedule RC-C of the bank's December 31, 2007, 2008 and December 31, 2009's Call Reports:

TOTAL GROSS LOANS OUTSTANDING						
Loan Type	12/31/2007		12/31/2008		12/31/2009	
	\$000's	%	\$000's	%	\$000's	%
1-4 Family Residential Mortgage Loans	1,819,680	68.9	1,943,161	68.7	1,775,110	65.2
Commercial & Industrial Loans	8,540	0.3	8,801	0.3	7,506	0.3
Commercial Mortgage Loans	399,661	15.1	296,039	10.5	324,769	11.9
Multifamily Mortgages	387,741	14.7	555,294	19.6	610,219	22.4
Consumer Loans	4,762	0.2	5,318	0.2	5,104	0.2
Agricultural Loans		0.0		0.0		0.0
Construction Loans	18,732	0.7	18,861	0.7	0	0.0
Obligations of States & Municipalities		0.0		0.0		0.0
Other Loans	1,268	0.0	974	0.0	1,512	0.1
Lease financing		0.0		0.0		0.0
Total Gross Loans	2,640,384	100.0	2,828,448	100.0	2,724,220	100.0

As illustrated in the above chart, RSB is primarily a residential real estate lender, with 65.2% of its loan portfolio in one-to-four family residential mortgage loans as of December 31, 2009, followed by multifamily mortgages comprising 22.4% of its loan portfolio.

RSB operates 37 full-service banking offices in seven counties, of which nine are located in the Bronx, five are in Kings, six are in Nassau, two each are in New York and Suffolk, three are in Westchester and ten are in Queens (including the main office). Supplementing the banking offices is an automated teller machine (“ATM”) network that accepts deposits in each location. RSB continued to operate its mobile branch, a literal bank on wheels, which served 17 facilities, mostly senior citizen residences.

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:

The bank’s assessment area is comprised of the entire counties of Bronx, Kings, Nassau, New York, Queens, Suffolk and Westchester.

There are 2,925 census tracts in the area, of which 331 are low-income, 707 are moderate-income, 1,048 are middle-income, 763 are upper-income and 76 are tracts with no income indicated.

Assessment Area Census Tracts by Income Level							
County	N/A	Low	Mod	Middle	Upper	Total	LMI %
Bronx	14	132	98	65	46	355	64.8
Kings	15	119	297	235	117	783	53.1
Nassau	8	2	20	178	69	277	7.9
New York	9	60	59	24	144	296	40.2
Queens	18	12	148	310	185	673	23.8
Suffolk	8	2	64	197	49	320	20.6
Westchester	4	4	21	39	153	221	11.3
Total	76	331	707	1,048	763	2,925	35.5

The assessment area appears reasonable based upon the location of the bank’s offices and its lending patterns. There is no evidence that LMI areas have been arbitrarily excluded.

Demographic & Economic Data

The assessment area had a population of 11.2 million during the examination period. About 12.31% of the population were over the age of 65 and 21.9% were under the age of 16.

Of the 2.7 million families in the assessment area, 26.48% were low-income, 16.84% were moderate-income, 18.62% were middle-income and 38.06% were upper-income families.

There were 4.1 million households in the assessment area, of which 15.97% had income below the poverty level and 5.94% were on public assistance.

The MSA median family income within the assessment area was \$54.9 thousand. The U.S. Department of Housing and Urban Development (“HUD”) estimated median family income for the area was \$72.3 thousand in 2009.

There were 4.4 million housing units within the assessment area, of which 51.4% were one- to four-family units, and 48.60% were multifamily units. A majority (56.53%) of the area’s housing units were rental units, while 39.96% were owner-occupied. Of the 1.74 million owner-occupied housing units, 14.23% were in moderate-income geographies while 45.84% were in middle-income tracts. The median age of the housing stock was 57 years and the median home value in the assessment area was \$245.4 thousand.

There were 1.02 million non-farm businesses in the assessment area. Of these, 76.41% were businesses with reported revenues of less than or equal to \$1 million, 5.52% reported revenues of more than \$1 million and 18.07% did not report their revenues. Of all the non-farm businesses in the assessment area, 83.65% were businesses with less than fifty employees; 93.63% operated from a single location. The largest industries in the area were services (45.02%), followed by retail trade (15.76%) and finance insurance and real estate (9.44%); 10.09% of businesses in the assessment area were not classified.

According to the New York State Department of Labor, the average unemployment rates for New York State for the years 2007, 2008, and 2009, were 4.5%, 5.3%, and 8.4% respectively. The statewide dramatic increase in 2009 also occurred in each of the counties within RSB’s assessment area. The four counties within New York City (Bronx, Kings, New York and Queens) generally had higher unemployment rates than the statewide average, while the suburban counties (Westchester, Nassau and Suffolk) had lower unemployment rates than the statewide average.

Assessment Area Unemployment Rate								
	NYS	Bronx	Kings	New York	Queens	Westchester	Nassau	Suffolk
2007	4.5	6.6	5.3	4.2	4.3	3.7	3.7	3.9
2008	5.3	7.3	5.8	4.7	4.9	4.7	4.7	4.9
2009	8.4	12.2	10.1	8.5	8.6	7.1	6.9	7.3

Community Information

According to a not-for-profit organization focusing on community-based housing preservation activities, the primary concern is the difficulty of LMI individuals to qualify for a mortgage under the strict underwriting criteria imposed by banks in response to the current economic environment. The organization had no adverse comments regarding RSB.

PERFORMANCE STANDARDS AND ASSESSMENT FACTORS

RSB was evaluated under the large banking institution's performance standards in accordance with Parts 76.8, 76.9 and 76.10 of the General Regulations of the Banking Board. RSB's performance was evaluated according to the large bank performance criteria, which consists of the lending, investment and service tests. The following factors were also considered in assessing the bank'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.

Statistics employed in this evaluation were derived from various sources. Bank-specific information was submitted by the bank both as part of the examination process and on its Call Report submitted to the Federal Deposit Insurance Corporation ("FDIC"). Aggregate lending data were obtained from the Federal Financial Institutions Examination Council ("FFIEC") and deposit data were obtained from the FDIC. Loan-to-deposit ratios were calculated from information shown in the bank's Uniform Bank Performance Report ("UBPR") as submitted to the FDIC.

The demographic data referred to in this report were derived from the 2000 U.S. Census and the U.S. Department of Housing and Urban Development ("HUD"). Business demographic data used in this report provide information on US businesses, enhanced by Dun & Bradstreet reports and updated annually. Unemployment data were obtained from the New York State Department of Labor.

The assessment period included calendar years 2007, 2008 and 2009.

Examiners considered RSB's HMDA-reportable loans in evaluating factors (2), (3) and (4) of the lending test as noted above.

RSB received a rating of "2," reflecting a "Satisfactory" record of helping to meet community credit needs at its **prior** Performance Evaluation conducted by the New York State Banking Department as of December 31, 2006.

Current CRA Rating: "Satisfactory"

LENDING TEST: "High Satisfactory"

The bank's lending performance was evaluated pursuant to the following criteria: (1) Lending Activity; (2) Assessment Area Concentration; (3) Geographic Distribution of

Loans; (4) Borrower Characteristics; (5) Community Development Lending and (6) Flexible and/or Innovative Lending Practices.

Lending Activity: “High Satisfactory”

RSB’s lending levels were reasonable considering its size, business strategy and financial condition, as well as peer group activity and demographics.

RSB’s lending levels reflected good responsiveness to the credit needs of its assessment area.

During the evaluation period, RSB originated 1,449 loans within its assessment area totaling \$843.5 million. RSB also purchased 243 loans from other lenders for \$50.6 million. These purchased loans were also to borrowers within RSB’s assessment area.

According to the Institution Market Share Report, RSB’s lending market share in 2007 and 2008 was 0.27% and 0.44% by number of loans, and 0.40% and 0.66% by dollar value, respectively. RSB’s deposit market shares were 0.45%, 0.53% and 0.56% in 2007, 2008 and 2009, respectively. RSB’s lending market shares, therefore, were comparable to the deposit market shares in 2007 and 2008. The 2009 data could not be compared because the 2009 lending market share data was not available.

Assessment Area Concentration: “Outstanding”

During the evaluation period, for HMDA-reportable lending, RSB originated 98.5% by number, and 97.5% by dollar value of its loans within the assessment area. This substantial majority of lending inside of its assessment area is an outstanding record of lending within RSB’s 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-Reportable										
2007	640	98.2%	12	1.8%	652	325,467	96.2%	12,703	3.8%	338,170
2008	601	99.0%	6	1.0%	607	330,662	98.1%	6,556	1.9%	337,218
2009	451	98.5%	7	1.5%	458	237,947	98.5%	3,675	1.5%	241,622
Total	1,692	98.5%	25	1.5%	1,717	894,076	97.5%	22,934	2.5%	917,010

Geographic Distribution of Loans: “Needs to Improve”

The distribution of HMDA-reportable loans based on the income level of the geography demonstrated a poor penetration rate of lending.

In 2007 and 2008, RSB’s LMI census tract penetration rates were 13.2% and 14.4% by number of loans, and 10.1% and 9.6% by dollar value, respectively; the LMI penetration

rates were significantly below the corresponding market aggregate rates of 22.8% and 20.1% by number of loans, and 22.6% and 19.6% by dollar value. The 2009 market aggregate rate was not available for comparison.

The following chart provides a summary of the RSB's HMDA-reportable lending distribution based on the income level of the geography.

Distribution of HMDA-Reportable Lending by Geographic Income of the Census Tract									
2007									
Geographic Income	Bank				Aggregate				OO HUs
	#	%	\$000's	%	#	%	\$000's	%	%
Low	12	1.9%	9,404	2.9%	6,959	3.5%	3,560,230	4.6%	1.8%
Moderate	72	11.3%	23,524	7.2%	38,743	19.3%	13,844,571	18.0%	14.2%
LMI	84	13.1%	32,928	10.1%	45,702	22.8%	17,404,801	22.6%	16.0%
Middle	166	25.9%	41,701	12.8%	89,692	44.8%	27,896,311	36.2%	45.9%
Upper	390	60.9%	250,838	77.1%	64,747	32.3%	31,627,716	41.1%	12.8%
Unknown	0	0.0%	0	0.0%	95	0.0%	98,583	0.1%	0.0%
Total	640		325,467		200,236		77,027,411		
2008									
Geographic Income	Bank				Aggregate				OO HUs
	#	%	\$000's	%	#	%	\$000's	%	%
Low	11	1.8%	5,592	1.7%	3,612	3.2%	2,003,908	4.3%	1.8%
Moderate	76	12.6%	26,129	7.9%	19,214	16.9%	7,160,320	15.3%	14.2%
LMI	87	14.5%	31,721	9.6%	22,826	20.1%	9,164,228	19.5%	16.0%
Middle	136	22.6%	46,565	14.1%	48,554	42.8%	15,909,073	33.9%	45.9%
Upper	378	62.9%	252,376	76.3%	42,061	37.0%	21,744,141	46.3%	38.1%
Unknown	0	0.0%	0	0.0%	85	0.1%	117,127	0.2%	0.0%
Total	601		330,662		113,526		46,934,569		
2009									
Geographic Income	Bank				Aggregate				OO HUs
	#	%	\$000's	%	#	%	\$000's	%	%
Low	7	1.6%	3,694	1.6%	Data not available.				
Moderate	62	13.7%	26,071	11.0%					
LMI	69	15.3%	29,765	12.5%					
Middle	121	26.8%	43,984	18.5%					
Upper	261	57.9%	164,198	69.0%					
Unknown	0	0.0%	0	0.0%					
Total	451		237,947						
GRAND TOTAL									
Geographic Income	Bank				Aggregate				OO HUs
	#	%	\$000's	%	#	%	\$000's	%	%
Low	30	1.8%	18,690	2.1%		3.4%		4.5%	
Moderate	210	12.4%	75,724	8.5%		18.5%		16.9%	
LMI	240	14.2%	94,414	10.6%	68,525	21.8%	26,569,025	21.4%	
Middle	423	25.0%	132,250	14.8%		44.1%		35.3%	
Upper	1,029	60.8%	667,412	74.6%		34.0%		43.1%	
Unknown	0	0.0%	0	0.0%		0.1%		0.2%	
Total	1,692		894,076						

Distribution by Borrower Characteristics: “Outstanding”

RSB’s HMDA-reportable loans demonstrated an excellent penetration rate of lending among individuals of different income levels.

For both 2007 and 2008, RSB’s LMI penetration rate for number of loans was approximately 16%, surpassing the market aggregate rates for the same period (9.8% and 13.5%). In 2009, RSB’s penetration rate to LMI borrowers dropped to 13.9%; market aggregate data were not available for comparison. All of these penetration rates were significantly below the family demographics for the assessment area; 43.3% of families are low- and moderate-income. However, this can be attributed, in part, to the demographics of the area. Almost 1/3 of the assessment area’s families were below the poverty level. In addition, the relatively high median housing value (\$245.4 thousand) compared to the 2009 HUD estimated median income (72.3 thousand) made affordability difficult for low- and moderate-income borrowers. These issues were even more pronounced within MSA 35644, which includes the five boroughs of New York City and Westchester County, and almost 3/4 of the families within the assessment area. In this portion of the assessment area, 46% of families were low- and moderate-income and 39% of these families were below the poverty level. The median housing value was slightly higher (\$246.8 thousand), while the 2009 HUD estimated median income was lower (\$64.8 thousand). Housing affordability within the entire assessment area was low, and it was lower still in MSA 35644.

The following chart provides a summary of the HMDA-reportable lending distribution based on household income.

Distribution of HMDA-Reportable Lending by Borrower Income									
Oldest Year									
Borrower Income	Bank				Aggregate				Fam.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Low	22	3.5%	1,603	0.5%	3,065	1.6%	370,297	0.5%	26.5%
Moderate	79	12.6%	11,281	3.7%	16,207	8.2%	2,810,624	4.1%	16.8%
LMI	101	16.1%	12,884	4.2%	19,272	9.8%	3,180,921	4.6%	43.3%
Middle	57	9.1%	7,958	2.6%	38,190	19.4%	8,675,653	12.5%	18.6%
Upper	464	74.1%	287,128	93.0%	128,018	65.0%	52,802,722	76.1%	12.8%
Unknown	4	0.6%	623	0.2%	11,376	5.8%	4,700,510	6.8%	0.0%
Total	626		308,593		196,856		69,359,806		
2008									
Borrower Income	Bank				Aggregate				Fam.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Low	23	3.9%	2,525	0.8%	2,717	2.4%	336,989	0.8%	26.5%
Moderate	72	12.1%	10,662	3.3%	12,294	11.1%	2,257,627	5.4%	16.8%
LMI	95	16.0%	13,187	4.1%	15,011	13.5%	2,594,616	6.3%	43.3%
Middle	51	8.6%	8,625	2.7%	24,996	22.5%	6,127,570	14.8%	18.6%
Upper	448	75.4%	300,160	93.2%	67,457	60.8%	30,712,845	74.1%	38.1%
Unknown	0	0.0%	0	0.0%	3,567	3.2%	2,022,349	4.9%	0.0%
Total	594		321,972		111,031		41,457,380		
2009									
Borrower Income	Bank				Aggregate				Fam.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Low	14	3.2%	1,791	0.8%	Data not available				
Moderate	47	10.7%	8,023	3.5%					
LMI	61	13.9%	9,814	4.3%					
Middle	56	12.8%	9,601	4.2%					
Upper	314	71.7%	206,169	89.8%					
Unknown	7	1.6%	4,118	1.8%					
Total	438		229,702						
GRAND TOTAL									
Borrower Income	Bank				Aggregate				Fam.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Low	59	3.6%	5,919	0.7%		1.9%		0.6%	
Moderate	198	11.9%	29,966	3.5%		9.3%		4.6%	
LMI	257	15.5%	35,885	4.2%	34,283	11.1%	5,775,537	5.2%	
Middle	164	9.9%	26,184	3.0%		20.5%		13.4%	
Upper	1,226	73.9%	793,457	92.2%		63.5%		75.4%	
Unknown	11	0.7%	4,741	0.6%		4.9%		6.1%	
Total	1,658		860,267						

Community Development Lending: "Outstanding"

RSB extended \$155.1 million in community development loans during the evaluation period, and still had \$1.7 million outstanding from the prior evaluation period. The \$155.1 million in community development loans largely consisted of purchase or refinance loans on multifamily and mixed-used properties. The \$1.7 million outstanding balance from the prior evaluation period consisted of loans made to various non-profit community organizations for community development activities.

The total amount of qualified community development loans was \$156.8 million, which represented a substantial increase from the \$111.5 million reported at the prior evaluation period, and demonstrated an excellent level of community development lending over the course of the evaluation period.

Community Development Loans				
Purpose	This Evaluation Period		Outstandings from Prior Evaluation Periods	
	# of Loans	\$000	# of Loans	\$000
Affordable Housing	63	133,629	2	152
Economic Development	3	5,250	1	750
Community Services	3	16,200	2	750
Other (Please Specify)				
Total	69	155,079	5	1,652

Below are highlights of RSB's community development lending:

- Community Preservation Corporation (“CPC): In 2008, RSB renewed a \$3 million Revolving Credit Agreement first originated in 1998. CPC is a not-for-profit mortgage lender that makes construction and permanent loans which create, rehabilitate, and preserve affordable housing in LMI neighborhoods.
- Leviticus 25:23 Alternative Fund, Inc. (“Leviticus”): Since the prior evaluation period, RSB has maintained two loans with Leviticus totaling \$750 thousand. In 2008, RSB extended an additional \$250 thousand loan to Leviticus. Therefore, as of 2009, RSB's total commitment to Leviticus was \$1.0 million. Leviticus is a not-for-profit intermediary lender offering financing for the construction of low-income housing, child-care centers and community facilities.
- Low Income Investment Fund (LIIF): RSB has maintained a \$750 thousand loan with LIIF since 2006. LIIF is a Community Development Financial Institution. LIFF's mission is to alleviate poverty by providing capital for affordable housing, work force development, child care and education.
- In 2007, RSB extended a \$7.9 million loan secured by a six-story brick apartment building containing 74 rent-stabilized apartments and 5 retail units in Bronx, New York. The building consists of 12 studio apartments, 50 one-bedroom apartments, and 12 two-bedroom apartments. The retail units included a grocery store, restaurant, and barber shop. The residential units help to create affordable housing to LMI communities and the retail units contribute to the economic development of the area.
- In 2007, RSB extended an \$8.5 million loan for construction of a five-story

professional office building in Bronx, New York. The building is occupied by an ambulatory center, a dental office, a diagnostic and treatment center, a rehabilitation center, a pharmacy, a laboratory, a cardiology testing office and a sleeping disorder clinic. The property is located in a LMI geography and serves community service needs.

Flexible and/or Innovative Lending Practices: “Outstanding”

RSB offered several innovative or flexible lending programs to meet the credit needs of its assessment area. The following is a brief description of these programs:

- Tuition Loan Program: RSB offered a tuition loan program for several parochial elementary schools in its assessment area. This program provided loans with reduced rates to low-income families, with customized terms for parents to manage tuition payments for their children. During the evaluation, RSB provided 1,552 loans totaling \$5.4 million.
- RSB Affordable Housing Product: RSB offered a unique “Affordable Housing Product” to home buyers with flexible loan terms and various repayment plans. The borrower’s income limit was \$92.4 thousand in New York City, \$152.7 thousand in Long Island, \$157.9 thousand in Westchester and \$153.0 thousand in Rockland County. The minimum down payment ranged from 5% to 10% of the loan amount. During the evaluation period, RSB extended 11 loans totaling \$2.5 million.
- Government-Guaranteed Programs: RSB participated in the SONYMA program. During the evaluation period, RSB made 17 SONYMA loans totaling \$3.7 million.

However, the originations in the tuition loan, affordable housing, and government guaranteed programs decreased during the evaluation period when compared to the prior evaluation period. According to management, the difficult economic times that existed during the evaluation period caused the decline in the loan originations.

INVESTMENT TEST: “High Satisfactory”

RSB’s investment performance was evaluated pursuant to the following criteria: (1) the dollar amount of qualified investments; (2) the innovativeness or complexity of qualified investments; (3) the responsiveness of qualified investments to credit and community development needs; (4) the degree to which the qualified investments are not routinely provided by private investors.

RSB’s community development investments were significant in light of the assessment area’s credit needs.

Amount of Community Development Investments: “High Satisfactory”

During the evaluation period, RSB made \$19.1 million in new community development investments, and still had \$15.9 million outstanding from prior evaluation periods. Total qualified investments of \$35.0 million represented an increase of \$4.8 million from the \$30.2 million reported at the previous evaluation. New money accounted for 54.6% of the total investments. In addition, RSB made \$1.0 million in community development grants. This demonstrated a significant level of community development investments and grants over the course of the evaluation period.

Community Development Investments and Grants				
	This Evaluation Period		Outstandings from Prior Evaluation Periods	
	# of Inv.	\$000	# of Inv.	\$000
CD Investments				
Affordable Housing	12	\$ 19,139	10	13,513
Economic Development			3	2,400
Community Services			1	75
Other (Please Specify)				
Total	12	\$ 19,139	14	15,988
CD Grants	# of Grants	\$000	<i>Not Applicable</i>	
Affordable Housing	55	\$ 145		
Economic Development	11	\$ 17		
Community Services	412	\$ 508		
Other (Please Specify)				
Total	478	\$ 670		

Below are highlights of RSB’s community development investments:

- Mortgage Backed Securities (MBS): During the current evaluation period, RSB invested \$19.1 million in various government issued MBS. These MBS are backed by residential mortgages extended to LMI borrowers in RSB’s assessment area.
- WNC Institutional Tax Credit Fund X New York Series: RSB invested in different series of the tax credit fund since 2000. As of the end of current evaluation period, RSB had a total balance of \$9.8 million invested in various series of the tax credit fund. The purpose of the fund is to build affordable housing units throughout New York City.
- 1818 SBIC Fund, L.P.: In 2002, RSB committed to invest \$3.0 in the 1818 SBIC fund. As of the end of evaluation period, RSB had \$1.9 million invested in the fund. The 1818 SBIC fund is licensed by the U.S. Small Business Administration

("SBA") to operate as a small business investment company ("SBIC") that will help to sustain the growth of small business via debt and equity investments.

- Bushwick Cooperative Federal Credit Union: RSB invested \$25 thousand in a certificate of deposit issued by this credit union in 2001. Since then, RSB renewed the deposit with the credit union on a yearly basis. The credit union is a U.S. Treasury certified Community Development Financial Institution that serves the "under-banked" in a LMI area of Brooklyn.

Grants

During the evaluation period, RSB contributed grants totaling \$ 670 thousand to various community development and charitable organizations. These grants largely benefited organizations that provide community development services within RSB's assessment area. The following are some of the recipients of the grant: Habitat for Humanity, New York Mortgage Coalition, Neighborhood Housing services of New York, University Neighborhood Housing Program, Church Ave Merchants Block Assoc. Inc., Coalition for the Homeless, and Mercy Home.

Innovativeness of Community Development Investments: "Low Satisfactory"

RSB never used innovative and/or complex investments to support community development.

Responsiveness of Community Development Investments to Credit and Community Development Needs: "High Satisfactory"

RSB's community development investments exhibited excellent responsiveness to credit and community development needs.

Degree to which Investments Are Not Routinely Provided by Private Investors:

RSB's community development investments are routinely provided by private investors.

SERVICE TEST: "Outstanding"

RSB's retail service performance is evaluated pursuant to the following criteria: (1) the current distribution of the banking institution's branches; (2) the institution's record of opening and closing branches; (3) the availability and effectiveness of alternative systems for delivering retail services; and (4) the range of services provided. RSB's community development service performance was evaluated pursuant to the following criteria: (1) the extent to which the banking institution provided community development services; and (2) the innovativeness and responsiveness of its community development services.

Retail Banking Services: “Outstanding”

RSB continued to have excellent delivery systems of its retail banking services through its branch network, branch hours and services, and alternative delivery systems.

Distribution of the banking institution’s branches: “Outstanding”

RSB’s branches continued to represent an excellent distribution of branches within its assessment area.

RSB’s retail delivery system was readily accessible to LMI individuals inside its assessment area. As of the evaluation date, RSB had 37 branches and one mobile branch. Of these branches, seven were located in moderate-income geographies. All branches had 24-hour ATMs that accepted deposits. Two of the Bronx branches located in White Plains Road and Soundview were designated as Banking Development Districts by the NYSBD.

RSB continued to operate its mobile banking center to serve residents who were unable to access banking services due to mobility constraints or distance from traditional banking branches. This mobile center served 17 facilities within the assessment area, mostly senior citizen residences. Customers were able to open accounts and conduct transactions at the full service mobile banking center, which was also equipped with an ATM. The mobile branch was the first of its kind in New York State.

Record of opening and closing branches: “Outstanding”

RSB’s record of opening and closing branches has improved the accessibility of its delivery systems, particularly to LMI geographies and or LMI individuals. For example, during the evaluation period, RSB opened two branches, one in the Morris Park section of the Bronx and the other in the Sheepshead Bay section of Brooklyn. In July 2007, RSB acquired City & Suburban Federal Savings Bank, adding two offices in Manhattan, three in Westchester and seven branches in Bronx County, one of which has been designated a NYS Banking Development District branch in the Soundview section of the Bronx. Seven branches (18.9%) are in LMI areas, and eleven branches (29.7%) are adjacent to LMI areas. RSB did not close any branches.

Distribution of Banking Branches-2009								
County	Low	Mod	Middle	Upper	Total	# Adjacent to LMI	% Adjacent to LMI	LMI %
Bronx	1	3	2	3	9	2	5.4	44.4
Kings		2	2	1	5	3	8.1	40.0
Nassau			6		6	2	5.4	0.0
New York				2	2	0	0.0	0.0
Queens		1	4	5	10	4	10.8	10.0
Suffolk			2		2	0		0.0
Westchester				3	3	0	0.0	0.0
Total	1	6	16	14	37	11	29.7	18.9

Availability and effectiveness of alternative systems for delivering retail services:
“Outstanding”

RSB’s delivery of retail services continued to be accessible to LMI geographies and individuals.

RSB offered numerous alternative delivery systems including online banking, bill pay, online mortgage application, mobile banking, telephone banking, bank-by-mail. RSB also had loan production and servicing offices located in Glendale, Garden City Park and Hicksville.

Range of services provided: “Satisfactory”

RSB’s services continued to meet the convenience and needs of its assessment area, particularly LMI geographies and individuals.

Branch business hours and services were tailored to the convenience and needs of its assessment area. All branches were open on Saturdays from 9 A.M to 1 P.M. and had extended banking hours at least once during weekdays. In addition, some branches had either walk-up or drive-up facilities. All branches had 24-hour ATM service that accepted deposits.

With respect to special efforts to reach LMI individuals and those in LMI communities, the bank introduced initiatives, such as, the “Sizzle card” which allowed customers to send money anytime using their cell phone. It is a unique mobile stored value product that enabled mobile (cellular telephone) money access. This was a good way to reach the unbanked and under-banked via unique incentives, as well as the Fee-For-Me-CD. This product eliminates check-cashing fees provided the customer opens a savings account with RSB. Each time the customer cashes a check, the “fee” that normally

would be assessed by the bank is collected and deposited in the customer's own account. The service was created to help unbanked individuals become comfortable with banks, and to motivate them to open savings and/or checking accounts.

Community Development Services: "High Satisfactory"

RSB is a leader in providing community development services in its assessment area.

Following are highlights of community development services provided by RSB through its officers:

- St. Vincent's Services (SVS) – A member of the RSB's board of trustees sat on the board of directors of the SVS organization. SVS is a charitable agency that offers a wide array of community programs including foster care, group homes, adoption services and services for children with AIDS and other medically fragile conditions.
- Mercy First Agency (MFA) –The president & CEO of RSB was a member of the board of directors of MFA. MFA is a nonprofit organization that provides foster care and family services to children living in Brooklyn, Queens and Long Island.
- Boys Hope/Girl Hope (Hope). A member of the RSB's board of trustees sat on the board of Hope, a non-profit, multi-denominational organization that provides at-risk children with a stable home, positive parenting, high quality education, and the support needed to reach their full potential.

Workshop and Seminars

First-Time Homebuyer Workshops- RSB held educational workshops for first-time homebuyers. This initiative was expanded in 2008 to include four Bronx branches located in LMI census tracts targeting LMI individuals. Two of these sites qualified as Enriched Banking Developing Districts (EBDD) per NYSBD's flagship program addressing the "under/un-banked." These workshops included professional presentations from engineers, attorneys, and mortgage officers. RSB provided six workshops in 2009.

Teach Children to Save

This was a financial literacy initiative in which 61 employees of RSB provided presentations in 26 area schools (from elementary through secondary levels) on saving. In 2009, the bank provided 26 "Teach Children to Save" workshops and 14 "Get Smart about Credit" workshops. These workshops reached approximately 4,900 students in RSB's assessment area; about 50% of the workshops were conducted in LMI communities.

Money Matters

RSB initiated adult-oriented financial literacy workshops to teach individuals the value of having savings checking accounts.

Tax Preparation Events

In 2008, the bank initiated its free tax preparation events for those who were income-eligible through its partnership with ARIVA, a Bronx-based non-profit organization that provides tax preparation and financial literacy classes to low-and moderate-income residents. The preparers were provided by ARIVA through the help of the IRS' Volunteer Income Tax Assistance (VITA) program, while the bank hosted and provided necessary financial support for ARIVA. In 2009, 136 returns provided \$132,000 in refunds for those of LMI individuals.

Additional Factors:

The following factors were also considered in assessing RSB's record of performance.

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

RSB's board of trustees reviewed and approved the annual CRA report presented by the CRA/FAIR Lending committee and monitored the CRA activities and performance. The last annual report reviewed by the board of trustees was 3/31/2009. In addition, on a quarterly basis the CRA officer presented status reports to senior management.

Discrimination and other illegal practices

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

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

Evidence of prohibited discriminatory or other illegal credit practices.

NYSBD noted no evidence of prohibited discriminatory or other illegal practices.

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.

RSB ascertained the credit needs of its community by working closely with various community-based organizations, such as Neighborhood Housing Services of New York City (NHS), University Neighborhood Housing Program (UNHP) and Ridgewood Local Development Corporation (RLDC). Through these contacts, RSB communicated with members of its community concerning various credit services provided by the bank.

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

RSB advertised its products and services through its website, billboards, radio, newspapers and publications. It promoted its affordable housing products in branches that are close to LMI neighborhoods; and held first-time home-buyer workshops attended primarily by LMI individuals. Additionally RSB regularly participated in local street fairs at which it distributed mortgage brochures.

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

Since the latest CRA evaluation as of date, neither RSB nor the New York State Banking Department has received any written complaints regarding RSB's CRA performance.

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.