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Comptroller of the Currency  
Administrator of National Banks

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New York, New York 10017

Licensing Division  
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October 30, 2007

**Conditional Approval #829**  
**December 2007**

Mr. Stephen R. Brown  
Chief Financial Officer  
Hudson Valley Holding Corporation.  
21 Scarsdale Road  
Yonkers, NY 10707

Re: Proposed conversion of NYNB Bank, Bronx, New York to a national banking association  
under the title New York National Bank.  
Application Control Number: 2007-NE-01-008 Charter No: 24791

Dear Mr. Brown:

The Comptroller of the Currency (“OCC”) has reviewed your application to convert NYNB Bank to a national bank and retain all its branches. After a thorough review of all information available, and reliance upon the representations and commitments made in the application and by the bank’s representatives, we find that your conversion application meets the requirements for conditional approval to convert to a national banking association pursuant to 12 USC 35 and 12 CFR 5.24 as follows:

Title: New York National Bank (“NYNB” or “bank”)

Location: Bronx, New York

This conversion approval is subject to the following special condition:

The converted bank shall take all steps necessary to ensure that the commitments set forth in the October 18, 2007, letter from NYNB to the OCC are fully adopted and timely implemented.

The condition of this approval is a condition “imposed in writing by the agency in connection with the granting of any application or other request” within the meaning of 12 USC 1818 and, as such, is enforceable under 12 USC 1818.

This approval is based in part upon the institution’s representation that, prior to the conversion, the capital structure will be realigned to comply with the minimum capital requirements of 12 USC 35, 36, 52, and 371d to the extent applicable.

Mr. Stephen R. Brown  
Chief Financial Officer

The OCC approves NYNB's plans to retain the following operating subsidiary, 369 East 149<sup>th</sup> Street Corp. The subsidiary conducts activities that are eligible for after-the-fact notice procedures.

This letter constitutes official OCC authorization for NYNB to operate the branches listed on Attachment A

You should retain this letter as the official branch authorization. OCC branch numbers have been assigned to each of the branches. If, at some time in the future, the bank desires to close a branch, the requirements of 12 USC 1831r-1 must be met, including the submission of a 90-day advance notice of the proposed branch closing to the OCC. Following the branch closing, a final closing notice should be submitted to the OCC and the branch authorization must be surrendered. In the event the branch is sold, the branch authorization should also be surrendered to the OCC.

You are reminded that the following items must be satisfactorily addressed on or before the effective date of the conversion:

1. NYNB must purchase adequate fidelity bond coverage in accordance with 12 CFR 7.2013, which lists four factors the directors should consider to determine adequacy.
2. If a director, officer, employee, or principal shareholder of the institution (including an entity in which such person owns an interest of 10 percent or more) is involved in the sale of credit life insurance to loan customers, the bank should ensure compliance with 12 CFR 2, which among other things, prohibits a covered person from retaining commissions or other income from the sale of credit life insurance connected with any loan the bank makes.
3. NYNB has represented that it intends to maintain its membership in the Federal Home Loan Bank (FHLB) system. If, at any time, NYNB ceases to be a member of the FHLB system, it must use its best efforts, including contacting the appropriate FHLB or the Federal Housing Finance Board, to dispose of any stock in the FHLB. The OCC will consider this stock a nonconforming asset for any period that NYNB is not a member of the FHLB system.
4. The converting institution must apply to the Federal Reserve for membership.
5. The converting institution must ensure that all other required regulatory approvals have been obtained. Final authorization to operate as a national bank will not be given to an institution with a bank holding company until the Federal Reserve Board has approved the holding company.
6. The directors must own qualifying shares in conformance with 12 USC 72 and 12 CFR 7.2005.
7. The bank must maintain liquidation accounts established when the bank acquired institutions that converted from mutual to stock form.
8. If the converting institution is subject to the Home Mortgage Disclosure Act (HMDA), the banks must ensure that its reporter identification number included on its HMDA transmittal sheet is changed to reflect its new OCC charter number.

Mr. Stephen R. Brown  
Chief Financial Officer

9. The converting institution must notify the OCC if the facts described in the filing materially change at any time prior to consummation of the conversion. Any changes to the executive officers or directors must receive a “no objection” from the OCC.

Upon completion of all steps required to convert to a national banking association, submit the “Conversion Completion Certification” (enclosed) certifying that you have done so.

When the institution has satisfactorily completed all of the above steps, the OCC will issue a Conversion Completion Acknowledgment officially authorizing the institution to commence business as a national banking association. At that time you will receive the charter certificate. If the conversion is not consummated within six months from the date of the decision, the approval will automatically terminate unless the OCC grants an extension of the time period. The OCC is opposed to granting extensions, except under the most extenuating circumstances and expects the conversion to occur as soon as possible.

The OCC will send to you under separate cover an appropriate set of OCC handbooks, manuals, issuances, and selected other publications. This information does not include the Comptroller’s Licensing Manual, which is available in electronic form on our Web site <http://www.occ.treas.gov/corpapps/corpapplic.htm>.

This conditional approval, and the activities and communications by OCC employees in connection with the filing, do not constitute a contract, express or implied, or any other obligation binding upon the OCC, the United States, any agency or entity of the United States, or any officer or employee of the United States, and do not affect the ability of the OCC to exercise its supervisory, regulatory, and examination authorities under applicable law and regulations. The foregoing may not be modified or waived by any employee or agent of the OCC or the United States.

All correspondence regarding this application should reference the application control number. If you have any questions, contact Senior Licensing Analyst Sandya Reddy at (212) 790-4055.

Sincerely,

*J. Greg Parvin*

J. Greg Parvin  
Director for District Licensing

Enclosures: Conversion Completion Certification  
Minimum Policies and Procedures  
12 CFR 9  
Survey Letter

**Attachment A**  
**New York National Bank**  
**Bronx, New York**

139365A  
Hunts Point Branch  
1042 Westchester Avenue  
Bronx, NY 10459

139366A  
East Harlem Branch  
2256 Second Avenue  
New York, NY 10029

139367A  
Washington Heights Branch  
4211 Broadway, Concourse Level, GWB Bus Terminal  
New York, NY 10033

139368A  
Roosevelt Island Branch  
619 Main Street  
Roosevelt Island, NY 10044