NEW YORK PRIVATE BANK & TRUST CORPORATION

March 9, 2009

HOWARD P. MILSTEIN
CHAIRMAN
PRESIDENT & CEO
(b) (6)

**Electronic Transmission to SIGTARP.response@do.treas.gov
and VIA REGULAR MAIL**

Mr. Neil M. Barofsky
Special Inspector General – TARP
1500 Pennsylvania Avenue, N.W.
Suite 1064
Washington, D.C. 20220

Dear Mr. Barofsky:

The following information is the response of New York Private Bank & Trust Corporation ("NYPB&T Corp.") to your letter of February 6, 2009. NYPB&T Corp. received $267.274 million in funding under the CPP program pursuant to a closing held on January 9, 2009.

(1)(a) and (d): Anticipated Use of TARP Funds and Expected Use of Unspent TARP Funds

We have targeted four anticipated principal uses of TARP funds, all of which were under consideration at the time that NYPB&T Corp. applied for TARP funding:

(i) Expansion of credit to creditworthy borrowers
(ii) Working with existing borrowers to modify loans to prevent foreclosures
(iii) Strengthening the organization's capital position
(iv) Making of investments on an opportunistic basis to strengthen the organization's financial and competitive position

(i) Expansion of Credit

We will provide credit, including consideration of new lending opportunities, in a manner consistent with prudent lending practices and on the basis of realistic asset valuations and a balanced assessment of borrowers' repayment capacities, as provided in the Interagency Statement on Meeting the Needs of Creditworthy Borrowers dated November 12, 2008.

As has been the experience generally with lenders, the economic crisis has greatly limited loan demand. In addition, our organization has experienced conditions in our loan portfolios that have required the reduction of lending in certain product areas. For [redacted] The organization continues to make a significant volume of loans to residential borrowers and is committed to work to increase the volume level of residential lending through the allocation of TARP funding to residential lending.

In furtherance of this goal, [redacted] As a result, we have begun to enjoy a significant increase in our Agency lending. In [redacted] We hope to continue to increase our Agency loan applications, and the volume of closed loans is expected to increase significantly as loans move through the pipeline.

In addition, on February 4, 2009, we introduced the following revisions of our residential loan underwriting procedures for loans retained in the bank's portfolio: (A) We [redacted] It is as yet too early to see results from the LTV revisions to the portfolio underwriting guidelines, but we anticipate that these revisions will increase our residential lending, while meeting prudent lending and safety and soundness standards as required by the November 12 Interagency Statement. [redacted] This will deploy TARP funding to prudently support credit needs in our market, and strengthen capital, as provided in FDIC Financial Institution Letter FIL-1-2009 issued January 12, 2009. We will monitor progress in this area and consider additional revisions to our residential lending program to expand credit efforts in our market. However, it is noted that a continued downturn in residential property values and the economy in general, including increased unemployment, would have a negative impact on this effort. In addition, there is a significant time lag between revising the residential guidelines and the realization of increased loan applications, In addition, once we receive more applications there will be an additional time lag for processing and closing loans.

Our commercial real estate and construction loans have also been reduced due to economic factors. (b) (4) [redacted] 2008. However, outstanding commercial real estate and construction loan commitments at January 31, 2009 (b) (4) [redacted] Much of these funding commitments consists of previously existing but unused lines of credit. The commercial real estate and construction loan outlook generally does not appear positive for the immediate future, but we will be open to consideration of opportunities in this area.

(b) (4) [redacted]

We continue to lend in other areas, such as REITs, sports and art lending, commercial lending, and other areas. We continue to make prudent loans in these areas that meet our underwriting criteria. TARP funding may permit us to identify and make additional loans in these areas, but it is too early at this time to predict the extent of allocation of TARP funds to loans in these areas.

TARP funds have been and will be downstreamed to Emigrant Bank and, where necessary, to the appropriate lending subsidiary of Emigrant Bank to make such funds available to fund lending operations. (b) (4) [redacted]

It is noted that TARP funds will not be used for the following:

- Compensation or bonuses;
- Dividend payments except payments on preferred stock held by the Treasury in connection with the TARP funding. (b) (4) [redacted]
- Lobbying or governmental relations activities; or
- Marketing, advertising or corporate sponsorship activities.

Compensation and dividend payments will be sourced from current and retained earnings. The organization will comply with the requirements under the American Recovery and Reinvestment Act signed by the President on February 17, 2009 and U.S. Treasury regulations to be issued which are applicable to the organization, as more fully described in (2), Implementation of Plans to Address Executive Compensation, below.

(ii) Loan Modifications

We are acting to work with existing borrowers to avoid preventable foreclosures, as provided in the November 12, 2008 Interagency Statement. In this connection, we have developed a 3-tiered process to assist borrowers whose loans are in default or at risk of default, or are in foreclosure. Under the first procedure, loans that can be brought current within one year will be eligible for waiver of certain contractual default interest payments during the payment plan period. Under the second procedure, loans that can not be assisted under the above procedure will by analyzed under a systematic, proactive program employing a net present value test for purposes of offering an eligible borrower a loan modification [redacted] If the loan is not eligible for either the payment plan nor the net present value modification procedure, the loan may nevertheless be eligible for a modification in the event certain hardship criteria are met, such as job loss or high medical bills due to serious illness, and there is no evidence that misstatements on the loan application were made. These procedures went into effect on February 1, 2009, and [redacted] We believe that the reduction in contractual amounts due under the terms of loans that are worked out under these procedures will be significant, but it is not possible to predict at this time the amounts that will be involved. These amounts will be tracked, and will be noted in the calculation of the use of TARP funding.

We are reviewing the Treasury guidelines and updated program description for the Making Home Affordable loan modification program issued by the U.S. Treasury on March 4, 2009.

We are increasing staff in the loan administration area with respect to loan modifications. A highly qualified loan originator, a graduate of NYU with an MBA from Fordham, having over 10 years experience in loan underwriting and production, is being reassigned to the loan administration to assist in the handling of loan modifications.

(iii) Strengthening of Capital Position

The infusion of capital into NYPB&T Corp. has strengthened the organization's capital position. All banks under the umbrella of the holding company are well capitalized for regulatory purposes. We anticipate that while TARP funds will certainly be used to fund lending programs and to assist our loan borrowers in staving off foreclosure, a certain amount of such funds will necessarily be held in reserve to protect the capital position of the organization. This is particularly necessary in light of the nation's continuing economic deterioration, which may result in additional asset writedowns. To an extent, the amount of TARP funding held for this purpose will be contingent on the success of our efforts to increase lending, the progress of our efforts to improve income earned, and the overall condition of the economy and our existing asset portfolios. It is not possible at this time to predict how much of the TARP funds will be maintained for this purpose, but as confidence in the economy improves, the necessity for use of TARP funds for this purpose would be alleviated. (b) (4) [redacted] (b) (4) [redacted]

(iv) Investments

The organization will continue to be open to advantageous investment opportunities that will strengthen the organization. The improved capital position of the organization may make it possible for us to entertain certain investment opportunities that would not have been feasible without the infusion of capital. Thus, while capital is fungible and TARP funds should not necessarily be attributed to any such investments of which we may be able to take advantage, the strengthening of the organization resulting from the receipt of TARP funds may permit us to consider additional investment opportunities. Emigrant Bank and the regional Emigrant Bank affiliates each hold mortgage backed securities portfolios guaranteed by GNMA. In this regard, it is noted that Emigrant Bank purchased (b) (4) [redacted] in GNMA adjustable Mortgage Backed Securities in January 2009. We believe that securities purchases contribute to the expansion of credit in our markets.

(b) Segregation of TARP Funds

TARP funds were initially segregated from other institutional funds in an account maintained at Emigrant Bank. (b) (4) [redacted] (b) (4) [redacted] The organization is developing a procedure for the tracking of the direction and use of TARP funds.

(c) Actual Use of TARP Funds to Date

NYPB&T Corp. received TARP funds on January 9, 2009. As noted above, TARP funds have supported initiatives in the lending sector to increase credit transactions. While, as noted in (a), above, we have revised our underwriting to expand credit, there is a significant time lag between these revisions and an increase in application flow, and in the closing of loans. As noted, however, we have experienced a significant improvement in Agency loan production, which is expected to continue to improve. Commencing February 1, 2009, we have instituted new mortgage workout/modification procedures that will assist existing borrowers to avoid foreclosures. We anticipate that this will resolve many defaulted loans with amounts due thereon reduced to the borrowers' benefit.

(d) Expected Use of Unspent TARP Funds

See (1)(a) and (d) above.

(2) Implementation of Plans to Address Executive Compensation

A Board Compensation Committee consisting entirely of independent directors is already in existence. The Compensation Committee has been informed of the requirements of the requirements of Section 111 of the Emergency Economic Stabilization Act of 2008 ("EESA"), as amended by the American Recovery and Reinvestment Act of 2009 ("ARRA"), with respect to executive compensation. The Compensation Committee will review the compensation packages of Senior Executive Officers (SEOs) to determine if there exist any incentive compensation arrangements that could lead SEOs to take unnecessary and excessive risks that could threaten the value of the financial institution and review the SEO incentive compensation arrangements with the organization's Risk Committee to ensure that the SEO incentive compensation arrangements do not encourage SEOs to take unnecessary and excessive risks. The Compensation Committee, the Chief Executive Officer and the Chief Financial Officer will comply with the applicable requirements and timeframes for certification of completion thereof under ARRA Section 111. The Compensation Committee will meet at least semi-annually to discuss and evaluate employee compensation plans and conduct risk assessment.

The organization will develop a Board-approved policy on excessive or luxury expenditures, covering at a minimum entertainment and events, office and facility renovations, aviation and other transportation services, and other activities or events that are not reasonable expenditures for staff development, reasonable performance incentives, or other similar measures conducted in our normal course of business operations. It is noted that the organization currently has a travel and entertainment standard and rules governing gifts, meals, entertainment and other gratuities set forth in its Code of Conduct and an internal corporate policy.

The particulars of these plans, and plans to address executive compensation with respect to bonuses not required to be paid under a written employment contracts entered into on or prior to February 11, 2009; incentive compensation and retention awards with respect to the 15 highest paid employees; severance and "golden parachute" payments to SEOs and the 5 next highest compensated employees; and "say on pay" rules as set forth in

ARRA, will be addressed as required following issuance of Treasury standards regarding the requirements under amended Section 111.

(b) (4) (b) (4) [redacted] There is no relationship to executive compensation, except with respect to underwriting the loan to meet debt-to-income underwriting standards.

There is not currently a plan with respect to compensation of employees affected by amended Section 111 compensation limitations in the form of long term restricted stock that does not fully vest during the period there is an outstanding obligation arising from the TARP and otherwise complies with the statute and Treasury guidelines to be issued.

The organization is privately held, and accordingly, there have not been statements to shareholders or others regarding intended or actual use of funds.

Confidential Treatment Requested. We request that this submission be treated as confidential and exempt from disclosure under the Freedom of Information Act ("FOIA"). The submission contains confidential business, commercial and financial information, the release of which would be competitively harmful. Such information is proprietary to NYPB&T Corp. and would not ordinarily be disclosed to the public.

Under 5 U.S.C. §552(b)(4), information that is commercial or financial and is confidential is exempt from the FOIA's mandatory disclosure policy. One relevant consideration in determining whether information is confidential is "[w]hether particular information would customarily be disclosed to the public by the person from whom it was obtained." National Parks and Conservation Bank v. Morton, 498 F.2d 765, 767 (D.C. Cir. 1975). Certain financial and strategic information throughout this submission would not be disclosed to the public in NYPB&T Corp's normal course of business.

Other relevant considerations are whether disclosure would "impair[] the Government's ability to obtain necessary information in the future ... [or] cause substantial harm to the competitive position of the person from whom the information was obtained." Id. at 770. Disclosure of confidential information may discourage TARP recipients from providing a full and complete picture of their business plans or operations for fear of public disclosure, thereby impairing Treasury's ability obtain necessary information in the future. Further, NYPB&T Corp. does not possess comparable information about its competitors; thus, disclosure of the submission could harm our competitive position.

We respectfully request that Treasury advise us immediately if it determines not to afford confidential treatment to any material contained in the submission.

The statements, representations and supporting information contained in this submission are hereby certified as accurate, subject to the requirements and penalties set forth in 18 U.S.C. Section 1001.

Thank you for your consideration of this response.

Very truly yours,

[redacted] Notary Public
State of New York
Exp: 12 / 18 / 2010