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CARVER BANCORP INC
Form 11-K
June 26, 2009

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 11-K

ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2008

OR

TRANSITION REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 [NO FEE REQUIRED].

For the transition period from _____ to _____

Commission File Number 1-13007

A. Full title of the plan and the address of the plan, if different from that of the issuer named below:

Carver Federal Savings Bank 401(k) Savings Plan

B: Name of issuer of the securities held pursuant to the plan and the address of its principal executive office:

Carver Bancorp, Inc.
75 W. 125th Street
New York, New York 10027-4512

CARVER FEDERAL SAVINGS BANK 401(k) SAVINGS PLAN

Financial Statements and Supplemental Schedule
December 31, 2008 and 2007

CARVER FEDERAL SAVINGS BANK 401(k) SAVINGS PLAN

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All other schedules required by Section 2520.103-10 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974 have been omitted because they are not applicable.

P&G Associates

Auditors and Consultants
www.pgcpa.com

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Trustees and Participants in the
Carver Federal Savings Bank
401(k) Savings Plan

We have audited the accompanying statements of net assets available for benefits of the Carver Federal Savings Bank 401(k) Savings Plan (the Plan), as of December 31, 2008 and 2007, and the related statement of changes in net assets available for benefits for the year ended December 31, 2008. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of the Plan as of December 31, 2008 and 2007, and the changes in net assets available for benefits for the year ended December 31, 2008, in conformity with U.S. generally accepted accounting principles.

Our audits were performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedule H, line 4i - schedule of assets (held at end of year) as of December 31, 2008 is presented for the purpose of additional analysis and is not a required part of the basic financial statements but is supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. This supplemental schedule is the responsibility of the Plan's management. The supplemental schedule has been subjected to the auditing procedures applied in the audits of the basic

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financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

/s/ P&G Associates
P&G Associates

June 22, 2009

646 Highway 18, East Brunswick, NJ 08816
(732) 651-1700 . (732) 651-1195 FAX

CARVER FEDERAL SAVINGS BANK 401(k) SAVINGS PLAN
Statement of Changes in Net Assets Available for Plan Benefits

As of December 31,

Assets	2008
Investments	
Mutual Funds	\$1,409,149
Common Collective Trust	354,974
Self directed brokerage accounts:	
Mutual funds	237,129

Total self directed brokerage	237,129
Common Stock - Carver Bankcorp	36,715
Participant loans	45,544

Total investments	2,083,511
Other Assets	
Cash	159
Other (Contributions Receivable, Accrued Income, etc.)	3,269

Total Other Assets	3,428

Total Assets	2,086,939

Liabilities	
Unclaimed Checks	41,632
Other	-0-

Total Liabilities	41,632

Net assets available for plan benefits at fair value	2,045,307
Adjustment from fair value to contract value for fully benefit responsive investment contracts (Note 2(b))	57,307

Net assets available for plan benefits	\$2,102,614
	=====

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See accompanying notes to financial statements

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CARVER FEDERAL SAVINGS BANK 401(k) SAVINGS PLAN

Statement of Changes in Net Assets Available for Plan Benefits

Year ended December 31, 2008

 Additions to net assets attributed to:

Investment income

Net appreciation (depreciation) in fair value of investments \$ (

Interest and Dividends

Participant loans interest

Net investment gain (loss) ----- (

Contributions

Employer contributions

Participant contributions

Rollover contributions

Total contributions -----

Total additions (subtractions) ----- (

Deductions from net assets attributed to:

Benefits paid to participants

Other Deductions

Administrative expenses

Total deductions -----

Net decrease in assets available for plan benefits ----- (

Net assets available for plan benefits:

Beginning of year ----- \$ 3,

End of Year ----- \$ 2,

=====

See accompanying notes to financial statements

CARVER FEDERAL SAVINGS BANK 401(k) SAVINGS PLAN

Notes to Financial Statement
Year ended December 31, 2008

1. Description of the Plan

The following description of the Carver Federal Savings Bank 401(k) Savings Plan (the "Plan") is provided for general information purposes only. Participants should refer to the Plan document for a more complete description of the plan and provisions.

(a) General

The Plan is a non-standardized prototype defined contribution 401(k) Plan. Carver Federal Savings Bank (the "Company" or the "Employer") established the Plan effective October 1, 1989, and last amended the Plan on March 31, 2008. The Plan is administered by a Plan Administrator, which controls and manages the operations of the Plan. The Plan Administrator is Carver Federal Savings Bank, and the Plan's operations are overseen by an Employee Benefits Committee named by the Company whose members are also employees or officers of the Company. The Plan's Trustee is Merrill Lynch Trust Co., FSB. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA).

(b) Eligibility

All employees of the Company are eligible to participate in the Plan, except employees who have less than three months of service, employees who are members of a union that bargained separately for retirement benefits during negotiations, non-resident aliens who received no earned income from sources within the United States, employees of an affiliate that has not adopted the Plan, leased employees, any employee classified by his or her employer as a temporary employee, and expatriates assigned to the Employer of a participating affiliate on a non-permanent basis. If the employee is not excluded from participation due to the above eligibility requirements, he or she will become eligible to participate in the Plan and receive Company matching contributions upon attaining age 21 and completing three months of service. Eligible employees may enter the plan on the first day of the calendar month next following their meeting eligibility requirements.

CARVER FEDERAL SAVINGS BANK 401(k) SAVINGS PLAN

Notes to Financial Statement
Year ended December 31, 2008
(Continued)

(c) Contributions

Each year, participants may contribute up to 50% of pre-tax annual

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compensation, as defined in the Plan, subject to certain Internal Revenue Code limitations. Participants may also contribute amounts representing rollover distributions from other qualified defined benefit or defined contribution plans. The Company makes a matching contribution equal to the first 4% of total compensation that a participant contributes as pre-tax contributions to the Plan. In addition, the Company may make a profit sharing discretionary contribution allocated as a percentage of participant's compensation.

(d) Participant Accounts

Individual accounts are maintained for each Plan participant. Each participant's account is credited with the participant's contribution and allocations of: (a) the Company's contribution, and (b) Plan earnings, and is charged with withdrawals, administrative expenses and an allocation of Plan losses. Allocations are based on participant earnings or account balances, as defined. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account.

(e) Investments

Participants direct the investment of their contributions and Company matching contributions, among mutual fund and other investment options as offered by the Plan.

(f) Vesting

Participants are immediately 100% vested in their contributions, including "rollovers", and the Company's matching contribution, plus actual earnings thereon. Participants are vested in the Company's profit sharing contributions, plus actual earnings thereon evenly over a five year vesting period (20% after one year, 40% after two years, 60% after three years, 80% after four years and 100% after five years).

During the year ended December 31, 2008, no forfeited non-vested account balances were used to reduce employer contributions. There were \$34 and \$8,606 of forfeited non-vested balances as of December 31, 2007 and 2008, respectively.

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CARVER FEDERAL SAVINGS BANK 401(k) SAVINGS PLAN

Notes to Financial Statement
Year ended December 31, 2008
(Continued)

(g) Participant Loans

Participants may borrow from their fund accounts. Such participant loans must be a minimum of \$1,000 and may go up to a maximum of \$50,000 reduced by the highest outstanding loan balance during the previous 12 months, or 50% of their vested account balance. The loans are secured by the balance in the participant's account and bear interest at rates commensurate with local prevailing rates as determined quarterly by the plan administrator. Principal and interest are paid ratably through payroll deductions.

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(h) Payment of Benefits

On termination of service due to death, disability, retirement or in some cases upon reaching the age of 59 1/2, a participant may elect to receive a lump-sum amount equal to the value of the participant's vested interest in his or her account.

2. Summary of Significant Accounting Policies

(a) Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting.

(b) Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires Plan management to make estimates and assumptions that affect the reported amounts of assets, liabilities, and changes therein. Actual results could differ from those estimates.

(c) Risk and Uncertainties

The Plan invests in various investment securities. Investment securities are exposed to various risks, such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such change could materially affect participants' balances and the amounts reported in the statement of net assets available for plan benefits.

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CARVER FEDERAL SAVINGS BANK 401(k) SAVINGS PLAN

Notes to Financial Statement
Year ended December 31, 2008
(Continued)

(d) Investment Valuation and Income Recognition

The Plan's investments are stated at fair value. Assets are held at Merrill Lynch Trust Company at December 31, 2008 and 2007. Shares of common stock and mutual funds are valued at quoted market prices, which represent the net asset value of shares held by the Plan at year-end. These investments are valued at fair value as determined by a national exchange.

Participant loans are valued at outstanding loan balances, which approximates fair value.

Purchases and sales of securities are recorded on a trade-date basis. Dividend income is recorded on the ex-dividend date. Interest income is recorded on the accrual basis.

Management fees and operating expenses charged to the Plan for

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investments in the mutual funds are deducted from income earned on a daily basis and are not separately reflected. Consequently, management fees and operating expenses are reflected as a reduction of net appreciation in fair market value of investments for such investments.

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CARVER FEDERAL SAVINGS BANK 401(k) SAVINGS PLAN

Notes to Financial Statement
Year ended December 31, 2008
(Continued)

The Plan is also a participant in the Merrill Lynch Retirement Preservation Trust (the "RPT"). The value is recorded at fair value on the Statement of Net Assets available for Plan Benefits. As of December 31, 2006 the Plan adopted Financial Accounting Standards Board ("FASB") Staff Position AAG INV-1 and Statement of Position No. 94-4-1, Reporting for Benefit-Responsive Investment Contracts Held by Certain Investment Companies Subject to the AICPA Investment Company Guide and Defined-Contribution Health and Welfare and Pension Plans (the FSP). The FSP requires that investment contracts be reported at fair value rather than contract value. Accordingly, the investment in RPT is stated at fair value as of December 31, 2007 and 2008 with a corresponding adjustment to reflect the investment at contract value. The fair value of RPT is calculated based on market values and prices obtained from an independent pricing service. The bonds are valued at the last available bid price, options are valued at the last sale price or bid price. Money market instruments are valued at amortized cost. Swap contracts are valued based on market quotes obtained from a pricing service. Synthetic GIC wrapper values are calculated based on the difference between the sum of present values of wrap fees based on replacement costs and the sum of present values of wrap fees at the beginning of the year.

The Retirement Preservation Trust uses wrapper contracts to allow for unscheduled withdrawals at a stable "contract value", regardless of the value of the Trust's underlying assets. The issuer of the wrapper contracts provides assurances that future adjustments to Trust earnings ("crediting rate") will not be reduced to a rate less than zero. Certain conditions might limit the Trust's ability to transact at contract value, however. Specifically, events outside the normal operation of the Trust which cause a withdrawal from an investment contract might result in a negative market value adjustment. Examples of such events include partial or complete termination of the Trust or a unitholder, tax disqualification of the trust or a unitholder, and certain Trust amendments if issuers' consent is not obtained. As of December 31, 2008, the occurrence of such events was not considered probable.

The average yield earned by the Trust (which may differ from the interest rate credited to participants in the Trust) at December 31, 2008 and 2007, were 9.49% and 5.50%, respectively. The average yield earned by the Trust with an adjustment to reflect actual interest rate credited to participants in the Trust at December 31, 2008 and

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2007, were 4.10% and 5.12%, respectively. This rate was calculated by dividing the annualized earnings credited to participants in the Trust (irrespective of the actual earnings of the investments in the trust) by the fair value of all investments in the Trust.

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CARVER FEDERAL SAVINGS BANK 401(k) SAVINGS PLAN

Notes to Financial Statement
Year ended December 31, 2008
(Continued)

3. Administrative Expenses

Administrative expenses of the Plan are paid by the Plan or the Company as provided in the Plan document.

4. Payment of Benefits

Benefit payments to participants are recorded upon distribution.

5. Investments

The plan held the following investments:

	December 31,	
	2008	2007
Mutual Funds	\$1,409,149	\$2,390,149
Common Collective Trusts**	354,974	510,711
Self Directed Brokerage Accounts	237,129	-
Common Stocks	36,715	107,166
Participant Loans	45,544	42,244
Total	\$2,083,511	\$3,050,270

During 2008, the Plan's investments (including gains and losses on investments bought, sold and held during the year) depreciated in value by \$943,194 as follows:

Mutual Funds	\$ (873,102)
Common Stock	(70,092)
Net Appreciation (Depreciation)	\$ (943,194)

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CARVER FEDERAL SAVINGS BANK 401(k) SAVINGS PLAN

Notes to Financial Statement
Year ended December 31, 2008
(Continued)

The following presents investments at December 31, 2008 and 2007 that represent 5% or more of the plan's net assets:

	2008
ML Retirement Preservation Trust**	\$ 354,974
American Capital INCM Bld R2	\$ 398,708
Self-directed Brokerage Accounts	\$ 237,129
Eaton Vance Lrg Cap Val R	\$ 181,263
Blackrock Government	\$ 149,451
American Growth Fund of Amer	\$ 134,800
Alliance Bernstein Bal Shr R	\$ 129,707

** Reported at fair value; Contract value on December 31, 2008 was \$412,281.

	2007
Retirement Preservation Trust**	\$ 510,710
American CapitalIncm Bld R2	\$ 545,033
Eaton Vance Lrg Cap Val R	\$ 354,489
Alliance Bernstein Bal Shr R	\$ 300,447
American Growth Fund of Amer	\$ 286,160

** Reported at fair value; Contract value at December 31, 2007 was \$515,443.

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CARVER FEDERAL SAVINGS BANK 401(k) SAVINGS PLAN

Notes to Financial Statement
Year ended December 31, 2008
(Continued)

6. Related-Party Transactions

The Plan's investments include shares in a common collective trust and mutual funds managed by Merrill Lynch Bank and its affiliates. Merrill Lynch also holds the assets of the Plan and also performs certain administrative functions. During the first ten months of 2007, assets were also held by Alliance Bernstein and HSBC. They also performed some administrative functions. Therefore, transactions involving Merrill Lynch and/or its affiliates or with funds managed by them qualify as party-in-interest transactions.

Fees paid by the Plan for investment management services were included as a reduction of the return earned on each fund. Certain officers and employees of the Company (who may also be participants in the Plan) perform administrative services related to the operation, record keeping

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and financial reporting of the Plan. The Company pays the salaries of these individuals and also pays other administrative expenses on behalf of the Plan.

These transactions are not deemed prohibited party-in-interest transactions because they are covered by statutory and administrative exemptions from the Internal Revenue Code and ERISA's rules on prohibited transactions.

7. Plan Termination

Although it has not expressed any intention to do so, the Company has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions set forth in ERISA. In the event that the Plan is terminated, participants would become 100% vested in their account and shall be distributed to participants and beneficiaries based on their individual accounts in the Plan as of the termination date.

8. Income Tax Status

The Plan adopted a prototype standardized 401(k) plan. The Internal Revenue Service has determined and informed the Company by a letter dated March 21, 1995, that the Plan and related trust are designed in accordance with applicable sections of the Internal Revenue Code (IRC). The plan administrator believes that the Plan is currently being operated in compliance with the applicable requirements of the Internal Revenue Code. Therefore, no provision for income taxes has been included in the Plan's financial statement.

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CARVER FEDERAL SAVINGS BANK 401(k) SAVINGS PLAN

Notes to Financial Statement
Year ended December 31, 2008
(Concluded)

9. Reconciliation of financial statements to Form 5500

The following is a reconciliation of the net assets available for plan benefits as of December 31, 2008 to the form 5500:

Net assets available for benefits per the Financial Statements	\$
Less	
Adjustment from fair value to contract value for fully benefit responsive investment contracts (see note 2(e))	

Net assets available for plan benefits per Form 5500	\$ =====

10. Impact of new Accounting Standards and Interpretations

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In June 2006, the Financial Accounting Standards Board ("FASB") issued Interpretation No. 48, Accounting for Uncertainty in Income Taxes - an interpretation of FASB Statement No. 109 (FIN 48), which clarifies the accounting for uncertainty in income taxes recognized in an enterprise's financial statements in accordance with Statement of Financial Accounting Standards (SFAS) No. 109, Accounting for Income Taxes. FIN 48 prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. FIN 48 also provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. FIN 48 was effective for fiscal years beginning after December 15, 2006. The Plan's adoption of FIN 48 did not have any impact on the statement of net assets available for benefits or statement of changes in net assets available for benefits for the years ended December 31, 2007 and 2008.

In September 2006, the FASB issued SFAS No. 157, Fair Value Measurements, which defines fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurements. SFAS No. 157 applies only to fair value measurements already required or permitted by other accounting standards and does not impose requirements for additional fair value measures. SFAS No. 157 was issued to increase consistency and comparability in reporting fair values. SFAS No. 157 is effective for financial statements issued for fiscal years beginning after November 15, 2007, and interim periods within those fiscal years. The Company does not expect the adoption of SFAS No. 157 to have a material impact on the statement of net assets.

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In accordance with SFAS 157, the Plan classifies its investments into Level 1, Level 2 and Level 3 as defined below:

Level 1: Quoted market prices in active markets for identical assets or liabilities

Level 2: Observable market-based inputs or unobservable inputs that are corroborated by market data

Level 3: Unobservable inputs reflecting the reporting entity's own assumptions

	TOTAL	Level 1	Level 2
Common stock	\$ 36,715	\$ 36,715	\$ -
Mutual funds	1,409,149	1,409,149	-
Participant loans	45,544	--	-
Common/collective trust	354,974	--	354,974
Self-directed brokerage assets	237,129	237,129	-
	-----	-----	-----
Total	\$ 2,083,511	\$ 1,682,993	\$ 354,974

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The following is a reconciliation of the beginning and ending balances of the fair value measurements using significant unobservable inputs for level 3 assets:

	Participant Loans

Beginning balance	\$ 42,243
New Loans Issued	35,787
Principal paid and deemed distributions	-32,486
Gain or loss on loans	0

Ending balance	\$ 45,544
	=====

There were no losses for the period included in changes in net assets available for benefits attributable to the changes in unrealized gains or losses relating to assets still held at the reporting date for level 3 assets.

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CARVER FEDERAL SAVINGS BANK 401(k) SAVINGS PLAN
Schedule H Line 4i
Schedule of Assets (Held at End of Year)
As of December 31, 2008

(a)	(b) Identity of Issue, Borrower or Similar Party	(c) Description of Investment	Number of shares of Unit

*	ML Retirement Preservation Trust**	Common Collective Trust	412,281
	Oppenheimer Global Opport N	Mutual Fund	5,199
	Oppenheimer Main Strt SML CP		
	FD CL N	Mutual Fund	507
	Blackrock EQ Dividend R	Mutual Fund	6,060
	Goldman Sachs MID CAP VAL SER	Mutual Fund	1,422
	American Capital INCM BLD R2	Mutual Fund	9,600
	American Growth Fund of Amer	Mutual Fund	6,723
	Victory Special Value FD CL R	Mutual Fund	7,488
	Delaware High Yield OPP CL R	Mutual Fund	11,617
	Eaton Vance LRG CAP VAL R	Mutual Fund	12,475
	Alliance Bernstein INT VAL R	Mutual Fund	3,510
	Alliance Bernstein BAL SHR R	Mutual Fund	11,220
	Alliance Bernstein 2015 RETIRMN	Mutual Fund	2,131
	Janus Adviser Inter Grwth FD R	Mutual Fund	2,211
	Alliance Bernstein 2035 RET STR	Mutual Fund	27
	Alliance Bernstein 2045 RET STR	Mutual Fund	9
	Blackrock Government	Mutual Fund	13,864
*	Self-directed Brokerage Account	Self-directed Account	237,129
*	Carver Bancorp Common	Common Stock	7,343
*	Participant Loans	11 Loans with maturities up to 5 years and interest rates	45,544.3700

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from 6% to 9.25%

* Other Assets

TOTAL

* Parties-in-interest as defined by ERISA

**Reported at fair value; contract value on December 31, 2008 was \$412,280.81

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SIGNATURES

The Plan. Pursuant to the requirements of the Securities Exchange Act of 1934, the trustees (or other persons who administer the employee benefit plan) have duly caused this annual report to be signed on its behalf by the undersigned hereunto duly authorized.

CARVER FEDERAL SAVINGS BANK 401(k)
SAVINGS PLAN

Date: June 26, 2009

By: /s/ Margaret Roberts

Name: Margaret Roberts
Title: Senior Vice President and Chief
HR Officer
Carver Federal Savings Bank

P&G Associates
Auditors and Consultants
www.pgcpa.com

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in this Registration Statement (No. 333-152698 on Form S-8) pertaining to Carver Federal Saving Bank's 401(k) Savings Plan of our report dated June 22, 2009, with respect to the financial

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statements and schedules of the Carver Federal Savings Bank 401(k) Savings Plan included in this Annual Report (Form 11-K) for the year ended December 31, 2008, filed with the Securities and Exchange Commission.

Very truly yours,

/s/ P&G Associates

P&G Associates

June 26, 2009

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