



**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: September 30, 2002

Institution: Deutsche Bank Trust
31 West 52nd Street
New York, NY 10019

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 Deutsche Bank Trust (“DB”) 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 September 30, 2002.

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

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

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

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

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

OVERVIEW OF INSTITUTION'S PERFORMANCE

Overall Rating

DB is rated "1", indicating an outstanding record of helping to meet community credit needs. This rating is based on the following factors.

- The bank has an excellent level of community development activity and often takes a leadership role in crafting programs that respond to unmet needs in its assessment area.
- The level of community development commitments reported for this evaluation reflected a significant decrease from the level at the previous evaluation, as the bank was significantly impacted by the tragic events of September 11, 2001. As of September 30, 2002 DB's New York-based community development commitments totaled \$153.9 million, a decrease of 30%, or \$64.5 million from the level at the prior evaluation. During the same period, total assets decreased by 6% to \$43.6 billion, from \$46.3 billion. The decreased volume notwithstanding, DB's performance shows an excellent response to the needs of its community, given its size, capacity and the operational constraints under which it functioned during the assessment period.
- Of the total community development credits, \$54.9 million or 35% represented new commitments.
- The bank's community development lending is atypical for a wholesale bank, in that it includes acquisition financing, working capital loans and other facilities that require more complex underwriting and monitoring. The lending also shows a high level of responsiveness to community needs, in that nearly all are long-term facilities and several are provided at zero or below-market rates of interest, thereby enabling the intermediary to provide funds to the ultimate recipient on an affordable basis.
- The bank provides a significant level of grants, totaling \$14.1 million, to organizations working to preserve, create and support community services for low- and moderate-income individuals and households. The grant total was nearly twice the level reported for the last evaluation.
- The bank's community development service activities demonstrate an excellent level of responsiveness to its community development needs. These activities include providing technical assistance on financial matters to small businesses and serving on boards of directors of non-profit organizations engaged in community development activities. DB has been a leader in initiating programs that respond to unmet needs within distressed communities.

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

PERFORMANCE CONTEXT

Institution's Profile

Deutsche Bank Trust (formerly Bankers Trust Company) was originally chartered in 1903. The Bank was acquired by Deutsche Bank on June 4, 1999 and was integrated into the Deutsche Bank Group, with DB remaining a separately chartered banking entity. The bank is a limited purpose trust company. As of June 30, 2002, DB reported total assets of \$43.6 billion, of which \$15.4 billion or 35% were loans. Total domestic deposits were \$10.4 billion.

The bank focuses primarily on providing global institutional services. In addition to the bank's wholesale credit business, it serves high net worth individuals by providing a number of global investment and financial services. The bank is not in the business of originating or purchasing residential mortgage, housing rehabilitation, home improvement, small business or small farm loans to retail customers, except as an accommodation to its existing clients. Accordingly, on August 18, 1997 the Federal Reserve Bank of New York granted bank the designation of a wholesale institution for purposes of its evaluation under the CRA.

The bank has not opened nor closed any branches since the prior performance evaluation.

The bank has a very broad national community development program that is not limited to New York State.

The September 11, 2001 World Trade Center disaster adversely impacted the performance of the bank. DB's offices at 130 Liberty Street were destroyed and the bank's operations were severely affected as a result of the terrorist attacks. It was not until January of 2002 that the Community Development Group ("CDG") and Deutsche Bank Americas Foundation were able to secure offices, after having been "homeless" for about four months. When it became official in the summer of 2002 that no files could be retrieved from 130 Liberty Street due to severe environmental contamination, the CDG communicated to all clients that copies of official documents needed to be replaced. Since then, the bank has worked to rebuild official files for all CRA loans and investments.

DB received a rating of "1" rating at its last Performance Evaluation by the Banking Department dated June 5, 2000, reflecting an "outstanding" record of helping to meet community credit needs.

Assessment Area

The bank has designated all of New York City as its assessment area. Excluding zero income tracts (66), the bank's assessment area consists of 2,150 census tracts, of which 314 (or 14.6%) are low-income, 419 (or 19.5%) are moderate-income, 779 (or 36.2%) are middle-income and 638 (or 29.7%) are upper-income.

The assessment area is considered reasonable, and there is no evidence that LMI areas were arbitrarily excluded.

PERFORMANCE TEST AND ASSESSMENT FACTORS

This evaluation incorporates a review of DB's community development activities for the period from June 5, 2000 to September 30, 2002.

The Banking Department evaluates the CRA performance of wholesale banks pursuant to the "community development test", as provided in section 76.11 of the New York Banking Law. Performance criteria may include (1) the number and amount of community development loans, qualified investments or community development services; (2) the use of innovative or complex qualified investments, community development loans or community development services and the extent to which the investments are not routinely provided by private investors; and (3) the banking institution's responsiveness to credit and community development needs.

DB's community development activities are national in scope and include initiatives outside of New York. This evaluation considers only those initiatives based in the New York assessment area or a broader regional area that includes the New York assessment area.

I. Community Development Test

The bank participates in community development initiatives primarily by working with intermediaries that serve its assessment area and often takes a leadership role in the creation and development of programs and projects to address unmet needs. As of September 30, 2002, the bank's assessment area-based community development loans, qualified investments and grants totaled \$153.9 million, with \$110.9 million outstanding, a decrease of \$64.5 million or 30% since the prior performance evaluation. During the same period, the bank's assets decreased by 6%, to \$43.6 billion. The decreased volume notwithstanding, DB's performance shows an excellent response to the needs of its community, given its size, capacity and the operational constraints under which it functioned during the assessment period.

As of this evaluation, the bank's total community development portfolio of loans and investments within its assessment area was comprised as follows:

Community Development Portfolio – 09/30/02					
Type	No. of Comm'ts	Comm't Amt (in millions)	Percentage	O/S (in millions)	Percentage
Affordable Housing	105	112.4	73.1	85.5	77.1
Community Service	235	15.4	10.0	8.1	7.3
Economic Develop.	63	24.2	15.7	17.3	15.6
Revitalization/Stabilization	45	1.9	1.2		
Total	448	153.9	100	110.9	100

Of the total, 411 represented new commitments for \$54.9 million. New commitments and outstandings were in the following community development categories:

Commitments and Outstandings (06/05/00 to 09/30/02)					
Type	No. of Comm'ts	Comm't Amt (in millions)	Percentage	O/S (in millions)	Percentage
Affordable Housing	79	34.1	62.1	14.5	75.5
Community Service	233	7.5	13.7	0.1	0.5
Economic Develop.	54	11.4	20.8	4.6	24.0
Revitalization/Stabilization	45	1.9	3.4		
Total	411	54.9	100	19.2	100

A more detailed description of the bank's community development activity follows:

- **Community Development Lending**

The level of community development lending was outstanding. Community development loan commitments totaled \$76.5 million for the evaluation period from June 5, 2000 to September 30, 2002, of which \$30.8 million or 40% were new commitments originated since the prior evaluation. Total commitments at this evaluation represent a 20% decrease since the prior evaluation, when community development loans totaled \$95.3 million.

The bank's community development lending is atypical for a wholesale bank, in that it includes acquisition financing, working capital loans and other facilities that require more complex underwriting and monitoring. The lending also shows a high level of responsiveness to community needs, in that nearly all are long-term facilities and several are provided at zero or below-market rates of interest, thereby enabling the intermediary to provide funds to the ultimate recipient on an affordable basis.

The following is a brief description of the bank's community development lending:

Regional Economic Development Assistance Corporation ("REDAC") - The bank committed to a \$100 thousand participation in a \$1.18 million facility. REDAC provides 5-year loans between \$5 thousand and \$50 thousand, to small New York City businesses with annual sales of less than \$2 million. The loans can be utilized for working capital, equipment and machinery purchase, renovation and leasehold improvement and acquisition of land and property. The bank also provided REDAC with a \$60 thousand, 5-year, zero interest loan as part of its participation in the American Dream Fund collaborative.

New Majority Holdings LLC – Papa John's - The bank committed \$60.4 thousand in working capital financing to New Majority Holdings, a limited partnership created to develop a Papa John's Franchise in Central Harlem. The franchise offers high quality, value-priced pizza in this under-served market and employs a total of 30 employees, most of whom will come from the local community.

Asian Americas for Equality ("AAFE") - The bank committed \$1.9 million to finance the acquisition of 47 one-to-five family and mixed-use homes throughout Queens. The bank also provided a \$400 thousand working capital line to cover the renovation of these homes. A mix of low and moderate-income tenants currently occupies the properties. AAFE was formed in 1974 to advocate for equal opportunities for minorities. AAFE operates in Chinatown/Lower East Side areas of Manhattan and in Flushing, Queens. AAFE provides extensive services to the current tenants including homeownership counseling, human service counseling, and relocation assistance for tenants who express a desire to find housing more suitable to their needs.

Accion New York ("ACCION") - The bank committed \$300 thousand in a revolving facility as additional loan capital for ACCION New York's revolving loan fund. The bank also provided ACCION with a \$260 thousand, 5-year, zero interest loan as part of its participation in the American Dream Fund collaborative. ACCION is an affiliate of ACCION International. Its goal is to provide loans and basic technical assistance to self-employed individuals in New York who do not have access to traditional sources of business credit.

Local Initiative Support Corporation (LISC) - LISC is a lending and development intermediary that supports the activities of not-for-profit community development corporations engaged in affordable housing and economic development activities nationwide. LISC, and its two arms, the National Equity Fund (a syndicator of low-income housing tax credits) and the Local

Initiatives Managed Assets Corporation (a secondary market) (i) finance affordable housing units and commercial space; (ii) provide loans, grants, equity and gap financing for high-risk projects; and (iii) provide financial and technical assistance to ensure project viability. The bank's commitment was \$15 million, of which \$9.9 million is dedicated to projects in New York State.

National Community Development Initiative Second Decade ("NCDI" 2D) - The bank committed an \$8 million 10-year term loan as part of a \$66 million facility. NCDI 2D advances the field of community development by making available, through LISC and Enterprise, funds for grants and below market loans in community development programs in areas such as affordable housing, health care, community organizing, and developing community-owned businesses.

New York Community Investment Corporation ("NYCIC") - NYCIC is a for-profit, multi-bank, community development venture capital fund created in 1995 to support the growth of small New York businesses, to help retain and generate jobs, and to facilitate neighborhood stabilization and revitalization in New York City. The bank committed \$1 million in an \$8 million syndicated revolving line of credit to be used to make small business loans in New York City.

New York Equity Fund 2001 ("NYEF") - NYEF is a joint venture of the National Equity Fund (a LISC affiliate) and the Enterprise Social Investment Corporation (an Enterprise affiliate). Its purpose is to channel corporate equity investments, through the syndication of the Low-Income Housing Tax Credit, into the renovation of low-income housing in New York City. The bank committed to an \$8 million participation in a \$70 million tax credit bridge loan.

Nonprofit Finance Fund ("NFF") - NFF provides financial and advisory assistance to small-to-medium sized nonprofit organizations engaged in the delivery of cultural, social, educational, religious, and health services to low- and moderate-income communities. The bank committed \$300 thousand financing in a \$2.2 million revolving line of credit/term loan that allows NFF to provide project financing and working capital to its nonprofit clients. More than half of this commitment (\$165 thousand) provides financing for clients based within New York State.

Sustained Excellence Alliance Corp. ("SEACorp") - SEACorp is a Washington, D.C.-based non-profit corporation formed by 10 community development corporations nationwide that were the 1998 recipients of Fannie Mae Foundation's Sustained Excellence Award, an award presented to community-based nonprofit organizations which are seen as exemplary in their creation and management of neighborhoods. The bank provided a \$150 thousand 3-year loan to SEACorp, as pre-development capital to fund affordable housing and other community development initiatives in cities and rural areas across the country. Approximately one-third of the proceeds (\$54 thousand) were dedicated to activities based in New York State.

New York City Housing Partnership Development Fund ("NYCHP") - NYCHP, one of the nation's largest producers of affordable housing, has sponsored development of more than 18

thousand owner-occupied homes and rental apartments valued in excess of \$2.5 billion and spurred community revitalization across the five boroughs. The bank committed a \$84.750 thousand loan to support the development of Melrose Commons II, a cluster of 30 three-family homes for first-time low- and moderate-income homebuyers located in the Melrose section of the South Bronx.

World Trade Center Small Business Recovery Fund - This fund was launched by the New York State Small Business Development Center in coordination with the New York Business Development Corporation, to provide low-interest loans to speed the recovery of small- and medium-sized businesses physically or economically impacted by 9/11. The bank provided a \$250 thousand, zero interest, 5-year term loan to this fund.

Renaissance Economic Development Corporation ("Renaissance") - Renaissance is a non-profit that provides direct financing and technical assistance services throughout New York City. Renaissance focuses on low-income, immigrant neighborhoods where the barriers of language, culture and conventional loan underwriting have stymied the growth of small businesses. The bank provided a \$180 thousand, 5-year, zero interest loan as part of its participation in the American Dream Fund collaborative. The collaborative was formed to assist micro-businesses located below 14th Street to recover from the economic effects of 9/11.

- **Qualified Community Development Investments**

DB has an excellent level of qualified investments. Qualified investments totaled \$63.3 million at this evaluation. This represents a decrease of about half from the \$123.2 million qualified investments at the prior evaluation. Of the \$63.3 million, \$10 million or 15.8% represents new investments.

The following is a brief description of the bank's new qualified investments:

New York Equity Fund 2001 LP - The New York Equity Fund is an investment pool governed jointly by the Low Income Support Corporation and the Enterprise Foundation, which aggregates and channels corporate equity investments into low-income housing to be developed, owned and managed by nonprofit community-based housing organizations. DB's investment in the fund is \$5 million.

Community Preservation Corporation Investment Fund ("CPC") - CPC is a lending consortium that makes construction and permanent loans for the creation, rehabilitation and preservation of affordable housing throughout the State of New York. DB's investment is \$5 million.

Grants - DB provided 393 grants totaling \$14.1 million to qualified community development organizations during the evaluation period, representing more than twice the level reported at the prior evaluation. Of that total, \$3 million were grants to facilitate affordable housing activities, \$7.3 million to provide community services, \$1.9 million to promote economic

development and \$1.9 million to revitalize and stabilize LMI communities.

In addition, the bank made in-kind donations. These donations included 645 processors, 460 desktops, seven docking stations, 10 laptops, 430 monitors, 1 03 printers, one scanner and 38 servers.

- **Community Development Services**

Deutsche Bank provided a high level of community development services in its assessment area, including technical assistance, seminars and investment advisory services to benefit low and moderate-income communities. The bank has been a leader in initiating programs and awards that meet the needs of the area. Concerted efforts have been made to craft programs that respond to unmet needs within distressed communities.

The bank provided technical assistance and advisory services on several levels to nonprofit organizations serving the bank's assessment area. Following is a review of notable services supplied by the bank:

DB Micro-credit Development Fund - This fund provides below-market rate loans to non-profit micro-credit lending programs to leverage conventional debt and to achieve the economies of scale needed for these programs to become self-sufficient. The fund's board of directors is comprised of individual donors, representatives from Deutsche Bank, and at least one expert in the field of micro-credit lending. The bank's CDG provides credit analysis of micro-credit institutions seeking to borrow from the fund and administers the fund's portfolio of loans. These services are provided on a pro bono basis.

DB Microfinance Working Group - This group provides a channel for utilizing the financial knowledge and expertise of DB employees in furthering the development of the micro-finance industry. Twenty Deutsche Bankers volunteer their time to analyze loan applications and write credit memos for loan approvals for the DB Micro-credit Development Fund.

Neighborhood 2000 Fund (N2F) - The bank was a key organizer in establishing the Neighborhood 2000 program, convening 32 foundations and corporations to allocate \$12 million to invest in New York City's community development corporations to meet their community credit needs. The bank's managing director chaired the N2F during its first year and over the past two years have served on its board and reviewed grants applications and renewals.

Mentoring Programs - The bank actively supports the Big Brothers/Big Sisters of New York City, Inc. mentoring program with the participation of its employees. Fifteen DB employees worked with students from JHS 56 located on the lower east side to promote achievement in a wide spectrum of academic subjects and to explore the field of investment banking.

Stern Rebuilds - Twenty DB employees participated in the Stern Rebuilds Program. Stern Rebuilds provides practical, customized business solutions on a pro-bono basis to meet the

needs of small- and medium-sized New York City businesses affected by the events of 9/11.

Leadership and Constituency Building Award - The bank developed the award to encourage and assist community development corporations that are involved in redevelopment projects to optimally engage their constituencies in issues of critical concern to their communities, as well as the activities of their own organizations. In the first round, eight organizations received \$50 thousand two-year awards providing funding for the development of training opportunities for residents, the facilitation of outreach and organization, and the sharing of problem solving and networking ideas.

Workforce Development - The bank was involved in a number of initiatives to strengthen the non-profit workforce development sector, including the provision of technical assistance to non-profit contractors of the youth component under the Workforce Investment Act, support of the New York City Employment and Training Coalition, sectoral research performed by the Center for an Urban Future and a unique approach to an integrated workforce development system, the IT Career Ladder Consortium, led by the Workforce Strategy Center. In addition, a vice president of the bank currently serves on an advisory council to the Department of Employment's Commissioner.

Banking on Our Future - This is a model financial literacy training program, pioneered by Operation HOPE, Inc., which provides youth with the basic information and core skills necessary for building their financial futures.

Everybody Wins! - This is a literacy and mentoring program through which corporate volunteers partner with elementary school children for one hour per week, to nurture the love of reading at two New York City elementary schools – PS 111 and PS 126. Between June 30, 2000 and September 30, 2002, a total of 69 DB employees volunteered to read at these schools.

DB Awards for Excellence in Microenterprise – DB created the Awards for Excellence in Microenterprise in partnership with the Association for Enterprise Opportunity. This award consists of two initiatives, one that recognizes excellence in lending and the other that rewards excellence in training. Each award consists of a \$6 thousand cash payment, \$ 1 thousand of which is designated as a bonus to the individual most responsible for moving the organization towards excellence. The bank awarded ACCION, New Mexico for the lending award and Washington Cash for the training award.

Brownfield Reclamation and Community Planning - The bank worked in partnership with the Department of Housing Preservation and Development of New York City to host two brownfield design charettes that created a unique, high profile forum for the process of reclaiming and re-envisioning two large, contaminated land sites. The charette has generated substantial community planning and engagement from key local stakeholders for the revitalization of this derelict 55-acre parcel.

School Partnerships - The bank focuses its commitment to public education by supporting

community-based schools where partnerships of parents, students, educators and area residents are redefining the public education system while providing immediate improvement to the quality of education students receive. This partnership existed with the Friends of the Family Academy, a K-7 school in Harlem; the Lab School, a K-7 school in the Bronx and Decatur-Clearpool School, a K-8 school in Brooklyn. The bank's employees volunteer once per month for academically oriented field trips, tutoring or topic oriented panels.

"The World of Finance and You" Conference - The bank along with other financial institutions, the Federal Reserve Bank of New York and the New York State Education Department sponsored a five-day summer institute entitled "The World of Finance and You: A Financial Literacy Institute for New York State Educators." Participants were provided with an in-depth view of Wall Street – from the perspective of the banks, the markets, and financial professionals – in order to help them prepare a viable economics and financial curriculum that is relevant in the real world.

Banking on Youth - DB volunteers helped provide the five-week financial education curriculum in the FDIC's Money Smart curriculum to 650 of the 1,655 youth that were involved.

Financing Energy Saving Improvements - The Low Income Housing Fund ("LIHF") and the New York State Energy Research Development Authority ("NYSERDA") developed a loan product for the rehabilitation of affordable housing to upgrade heating, insulation and lighting to reduced energy costs. The bank hosted the special presentation by LIHF and NYSERDA to home-owning clients of LISC, the Enterprise Foundation and the Supportive Housing Network of New York to help promote this product.

- **Noteworthy New Programs**

In addition to the initiatives discussed above, DB introduced the following new community development programs:

The Second Story Fund - This special program provides four leading CDCs with \$250 thousand each in quasi-equity financing, enabling them to tackle their development goals with readily available financing for site options, predevelopment expenses, equity for joint ventures with private developers, and so on.

WinCo - This syndication of employment tax credits is an important but novel approach to creating an investment vehicle in support of workforce development.

The Microfinance Collaborative – The bank not only provided technical assistance but also committed a \$500 thousand interest-free loan and a \$150 thousand grant to a newly created Microfinance Consortium of leading micro-lenders to assist vulnerable small businesses.

CASH IV - This is a signature loan program developed in conjunction with Neighborhood Housing Services of New York City, for which the bank is the agent. The fourth round of this facility was launched in 2002, providing a total of \$2 million to facilitate home purchases by

first-time LMI homebuyers.

II. Discrimination or Other Illegal Practices

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

Examiners 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.

The most recent regulatory compliance report or concurrent with this assessment indicates satisfactory adherence to antidiscrimination or other applicable laws and regulations. No evidence of prohibited discriminatory or other illegal credit practices was noted.

III. Other 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.

The Community Development Group ("CDG")/Deutsche Bank Americas Foundation (DBAF) is the bank's primary vehicle for ascertaining its community's credit needs. The CDG/DBAF is staffed with seasoned community development professionals. CDG/DBAF serves as a point of access for community-based organizations wishing to introduce projects for financing and also meets regularly with government representatives, elected officials, neighborhood organizations and community advocates to ascertain the needs within LMI areas. The efforts have resulted in a broad variety of credit, investment and service products and programs structured specifically to meet the needs of LMI communities. In addition to legacy programs such as CASH, GRAND, the Working Capital Program, the Neighborhood 2000 Fund and the DB Micro-credit Development Fund, several new programs were developed during the evaluation period, including The Second Story Fund, WinCo, The Microfinance Collaborative and CASH IV, as detailed above.

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

The bank is a wholesale financial institution without retail products or retail branches. The CDG is the primary vehicle for making members of the community aware of its programs and products.

Officers of the bank serve on the boards of nonprofit organizations and speak on panels and at conferences in order to assess community credit needs and keep the community abreast of its programs.

The bank began a signature ad campaign under the banner of “Tomorrow Starts Today” to promote and advertise its commitment to address community issues.

The resources of the bank are allocated through a competitive “Requests for Proposals” (RFP) process. These opportunities are broadly circulated to organizations representing LMI communities.

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

DB’s board of directors provides ultimate oversight of the bank’s CRA compliance effort. This is accomplished primarily through its Committee on Public Responsibility and Concern (“PRC”), which is involved in directing and monitoring Banker’s policies and performance in meeting community credit needs. Chaired by the CEO of DB Americas, the committee meets at least two times a year and reviews written reports generated by the CDG on a quarterly basis. Two outside directors have long histories reflecting involvement in community affairs.

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.

In addition to the commitments and outstanding amounts noted above, the bank’s community development activities included the following:

- 1) In-kind donation of facility conference space. The bank’s offices have state of the art conference facilities and small meeting rooms that can host a wide variety of functions. The bank frequently offers these facilities for short conferences, large presentations, celebrations and important convocations that might otherwise add a substantial cost to an important event.
- 2) The bank hosted 30 high school students from the Federal Reserve Bank of New York’s Wall Street Economics and Finance Club. The goal of the club is to help students strengthen their interest in economics, create awareness of job opportunities, promote greater economic and financial literacy, and develop a closer relationship between the financial industry and New York City area high schools. Six DB employees participated in the 2-1/2 hour program.
- 3) Forty-five DB employees volunteered and provided 38 hours of on-site meal-serving service at Encore. Encore serves hot meals twice daily on weekdays, delivers meals to homebound seniors, and provides counseling, legal and other social services.

- 4) The bank provided a one-time grant of \$2.5 thousand to Terence Cardinal Cooke Health Care Center (“Cardinal Cooke”) to cover the cost of organizing a social event for the elderly resident patients. Cardinal Cooke is a non-profit nursing home and long-term care health service provider serving the elderly and HIV/AIDS patients.
- 5) The bank donated more than 4,900 toys in 2000 and 2,400 toys in 2001 to LMI children through social service agencies operating throughout New York City. Children particularly targeted were those in homeless shelters or in direct contact with social services due to some family trauma or difficulty.

GLOSSARY

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.

Low or Moderate Income (“LMI”) Geographies

Those census tracts or block numbering areas (“BNAs”), where according to the 1990 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 Individuals/Persons

Those individuals, 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 the U.S. Department of Housing and Urban Development (“HUD”).

Wholesale Institution

The term “wholesale institution” means a banking institution that is not in the business of extending home mortgage, small business, small farm or consumer loans to retail customers, and for which a designation as a wholesale banking institution by the appropriate Federal regulatory authority is in effect. When evaluating a wholesale institution’s CRA performance, the Banking Department looks primarily at its record of helping to meet the credit needs of its assessment are through community development lending, qualified investments and community development services.