



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

PUBLIC SUMMARY
OFF-SITE EVALUATION

COMMUNITY REINVESTMENT ACT
PERFORMANCE EVALUATION

Date of Evaluation: December 31, 2003

Institution: Bank of Tokyo-Mitsubishi Trust Company
1251 Avenue of the Americas, 14th Floor
New York, NY 10020-1104

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.

TABLE OF CONTENTS

	Section
General Information	1
Overview of Institution's Performance	2
Performance Context.....	3
Institution's Profile	
Assessment Area	
Performance Tests and Assessment Factors	4
Community Development Test	
Discrimination or Other Illegal Practices	
Other Factors	
Glossary	5

GENERAL INFORMATION

This document is an off-site evaluation of the Community Reinvestment Act (“CRA”) performance of Bank of Tokyo-Mitsubishi Trust Company (“BTMT”) prepared by the New York State Banking Department. The evaluation represents the Banking Department’s current assessment and rating of the institution’s CRA performance based on an evaluation conducted as of December 31, 2003.

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

Part 76 of the General Regulations of the Banking Board implements Section 28-b and further requires the Banking Department to assess the CRA performance records of regulated financial institutions. Part 76 establishes the framework and criteria by which the Department will evaluate an institution’s 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;
- (4) Substantial noncompliance in meeting community credit needs.

Section 76.5 further requires that the CRA rating and the written summary (“Evaluation”) be made available to the public. Evaluations are primarily based on a review of performance tests and standards described in Section 76.7 and detailed in Sections 76.8 through 76.13. These 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

Bank of Tokyo-Mitsubishi Trust Company is rated "1," indicating an outstanding record of helping to meet community credit needs. This rating is based on the following factors:

- The bank's volume of community development activities continues to be excellent. During the evaluation period, the bank's community development loan and investment activity totaled \$57.8 million, which represents an increase of 4.9%, or \$2.7 million, over the bank's community development activities reported at the prior evaluation.
- Community development loans at the current evaluation total \$36.2 million, virtually all of which is new money.
- Qualified investments total \$21.6 million, a significant increase over the prior evaluation period's total of \$4.1 million. The increase is mainly due to the bank's investment in qualified mortgage-backed securities totaling \$17.8 million. Grants account for \$660 thousand of the bank's qualified investments.
- BTMT's considerable community development activity, while not very innovative or complex, demonstrates an excellent level of responsiveness to the credit needs of the bank's assessment area.

This off-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:

Chartered in 1996, BTMT was formed as a result of a merger between the Bank of Tokyo Trust Company and Mitsubishi Bank and Trust Company of New York. BTMT is a commercial bank and a wholly-owned subsidiary of the Bank of Tokyo-Mitsubishi LTD, ("BTM"), a multi-national banking corporation headquartered in Tokyo, Japan. BTMT's office is located in Manhattan at 1251 Avenue of Americas.

Mitsubishi Tokyo Financial Group, Inc. ("MTFG") is a holding company established in April 2001 to oversee the operations of BTM, the Mitsubishi Trust and Banking Corporation, and Nippon Trust Bank Ltd. As of March 31, 2003, MTFG reported total assets of \$817.6 billion.

BTMT 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 December 5, 1996, the FDIC granted the bank's request to be designated a wholesale institution for purposes of its evaluation under the CRA.

On its year-end Call Report for 2003, BTMT reported total assets of \$5.7 billion, including \$1.5 billion in net loans, \$1.6 billion in securities and \$1.6 billion in interest-bearing bank balances. On the same Call Report, the bank reported total deposit liabilities of \$2.0 billion, including \$1.3 billion (65.0%) in domestic deposits. Based on its level of domestic deposits, BTMT achieved a market share of 0.42% and ranked 19th out of 93 FDIC-insured deposit-taking institutions in New York County (i.e., Manhattan).

BTMT's assets have grown by 32.6%, or \$1.4 billion, since the prior evaluation. The prior evaluation, conducted by the Banking Department as of December 31, 2001, resulted in a rating of "1," reflecting an outstanding record of helping to meet community credit needs.

There are no known financial or legal impediments affecting the bank's ability to meet the credit needs of its community.

Assessment Area:

BTMT's assessment area is New York City, which comprises the following five counties: Bronx, Kings, New York, Queens and Richmond.¹ These counties contain 2,217 census tracts and form a substantial portion of Primary Metropolitan Statistical Area ("PMSA") 5600. The following table shows a county-by-county breakdown of the census tracts within BTMT's assessment area based on the income level of the tracts.

¹ Kings County is also known as Brooklyn. New York County is also known as Manhattan. Richmond County is also known as Staten Island.

Assessment Area - Distribution of Census Tracts by Income Level												
County	Low		Moderate		Middle		Upper		NA		Total	
	#	%	#	%	#	%	#	%	#	%	#	%
Bronx	117	33.0	99	27.9	72	20.3	53	14.9	14	3.9	355	100
Kings	100	12.8	271	34.6	250	31.9	147	18.8	15	1.9	783	100
New York	47	15.9	68	23.0	26	8.8	146	49.3	9	3.0	296	100
Queens	12	1.8	107	15.9	298	44.3	238	35.4	18	2.7	673	100
Richmond	3	2.7	7	6.4	25	22.7	73	66.4	2	1.8	110	100
Total	279	12.6	552	24.9	671	30.3	657	29.6	58	2.6	2,217	100

Population: According data from the 2000 U.S. Census, BTMT's assessment area has a population of approximately 8.0 million residents. These residents live within 3.0 million households, of which 595 thousand, or almost 20.0%, had income below the poverty level.

Housing: The assessment area contains 3.2 million housing units. Approximately 39% of these units are located within 1-4 family buildings, while the remaining 61% are located in multifamily buildings. Six percent of all housing units in the assessment area were vacant. As of 2003, the median housing value in New York City was nearly \$241 thousand.

Income: Based on U.S. Department of Housing and Urban Development ("HUD") estimates, the median family income for MSA 5600 was \$51.9 thousand in 2003.

The assessment area appears reasonable based upon the bank's location and its designation as a wholesale institution. There is no evidence that LMI areas have been arbitrarily excluded from the assessment area.

PERFORMANCE TEST AND ASSESSMENT FACTORS

BTMT's performance was evaluated according to the community development performance criteria for wholesale banking institutions, which include the following: (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 these investments are not routinely provided by private investors; and (3) the banking institution's responsiveness to credit and community development needs.

The evaluation period covers calendar years 2002 and 2003.

I. Community Development Test – “Outstanding”

The bank's level of community development activity continues to be excellent. During the evaluation period, the bank made community development loans, qualified investments, including grants, totaling \$57.8 million, of which new money accounted for 95.3% or \$55.1 million. Furthermore, the total amount of funds made available for community development activity by the bank increased \$2.7 million or 4.9% over the level reported at the prior evaluation.

The bank's community development activities, although not particularly innovative or complex, demonstrate an exceptional level of responsiveness to community credit needs.

The following chart shows the bank's community development loans and investments, exclusive of grants, by category:

Community Development Activity - January 2002 through December 2003				
Type	Commitments		New Money	
	\$ (000's)	%	\$ (000's)	%
Affordable Housing	45,238	79.2	43,056	79.1
Community Service	1,050	1.8	500	0.9
Economic Development	10,850	19.0	10,850	19.9
Revitalization/Stabilization	-	-	-	-
Total	57,138	100.0	54,406	100.0

Additionally, BTMT made \$660 thousand in qualified grants during the evaluation period.

- **Community Development Lending**

During the evaluation period, BTMT made community development loans totaling \$36.2 million. This total includes 10 new community development loans totaling \$36.1 million.

Examples of the bank's community development lending activities are provided below:

Community Preservation Corporation (“CPC”): This organization is a consortium that makes construction and permanent loans for the rehabilitation and preservation of affordable housing throughout New York State. The various banks that sponsor CPC provide secured financing via revolving lines of credit for housing construction and rehabilitation. Sponsoring banks also provide permanent financing for CPC’s development initiatives by purchasing collateral trust notes backed by CPC mortgages. During the evaluation period, BTMT renewed a revolving line of credit to CPC and increased the credit limit by 50% to \$3.9 million.

Structured Employment Economic Development Corp. (“SEEDCO”): SEEDCO is a national nonprofit organization formed by the Ford Foundation in 1986. SEEDCO develops model projects and provides technical and financial assistance to community-based organizations and local anchor institutions -- such as universities and hospitals -- that are working to revitalize LMI communities. During the evaluation period, BTMT increased its existing loan to SEEDCO’s New York City office by \$1.0 million to \$1.25 million.

The Enterprise Foundation (“Enterprise”): Enterprise is a national nonprofit housing and community development organization that provides affordable rental and ownership housing for LMI individuals. BTMT granted a new 3-year, \$5 million revolving line of credit to Enterprise’s operations in New York City. The bank granted this new line of credit at a reduced interest rate. Previously, the bank had a \$1 million commitment to this organization.

Neighborhood Housing Services of New York City (“NHS”): NHS is a not-for-profit intermediary that creates and preserves affordable housing and promotes increased investment in underserved and declining New York City neighborhoods through a broad range of initiatives. During the evaluation period, BTMT committed \$250 thousand in new money to NHS’s CASH IV program. The bank also has two other loans to NHS that are outstanding from the prior evaluation period: \$40 thousand under the CASH II program and \$48 thousand under the CASH III program. The CASH program provides down payment and closing cost assistance to first-time LMI homebuyers in connection with the purchase of a 1-4 family residence.

New York Business Development Corporation (“NYBDC”): NYBDC was established in 1955 by an act of the New York State Legislature to work with banks in providing working capital, equipment, and real estate loans to a variety of small businesses in New York State. BTMT has continued its commitment to NYBDC by renewing the organization’s \$200 thousand revolving line of credit in both 2002 and 2003.

Medallion Financial Corporation (“Medallion Financial”): Medallion Financial is a regulated investment company under U.S. Small Business Administration (“SBA”) guidelines. The borrower makes working capital loans to minority-owned and other small businesses located primarily in New York City. In 2002, BTMT renewed a revolving line of credit to this entity for \$4.9 million, a reduction of \$5.1 million from the prior commitment.

Medallion Funding Corporation (“MFC”): MFC, a subsidiary of Medallion Financial, is an SBA-licensed Small Business Investment Company that makes working capital loans to small businesses located primarily in New York City. In 2002, the bank renewed a revolving line of credit to this organization. The renewal was for \$4.3 million, a reduction of \$15.7 million from the prior commitment.

New York State Housing Finance Agency (“NYSHFA”): In 2002, the bank renewed a \$16.2 million standby letter of credit to NYSHFA. This letter of credit enhances a revenue bond issued to finance the construction of LMI housing in Rome, LeRay and Johnstown, New York. While these areas are located outside the bank’s assessment area, BTMT’s support of these initiatives is an enhancement to the bank’s already strong performance in serving the needs of its community.²

- **Qualified Investments**

During the evaluation period, BTMT’s qualified investments totaled \$21.6 million, of which \$18.9 million is new money. Grants accounted for \$660 thousand of the overall total. The current level of investment represents a significant increase from the prior evaluation’s total of \$4.1 million. The increase is attributable primarily to BTMT’s investment in mortgage-backed securities, which represent 82.4% of qualified investments at this evaluation.

Brief descriptions of the bank’s qualified investments are provided below:

Community Preservation Corporation: As mentioned in the Community Development Lending section of this evaluation, BTMT has continued its support of CPC’s affordable housing initiatives. During the evaluation period, the bank extended its commitment to investing \$2.1 million in collateral trust notes from CPC.

Mortgage Backed Securities: During the current evaluation period, the bank purchased \$17.8 million in qualified community development investments in the form of Fannie Mae and Freddie Mac mortgage-backed securities. Two-thirds of the total, or \$11.9 million, is backed by loans originated within the assessment area, while the remainder is backed by loans originated in New York State but beyond the assessment area.

Bethex Federal Credit Union (“Bethex”): Bethex is a community development credit union located in the South Bronx. In 2002, BTMT renewed its \$90 thousand certificate of deposit for one year. In 2003, the bank increased the amount of the certificate to \$100 thousand. Bethex uses these funds to make loans in the South Bronx.

Bushwick Federal Credit Union (“BFCU”): BFCU is a community development credit union that serves residents of the Bushwick section of Brooklyn. In 2003, BTMT acquired a three-year, \$100 thousand certificate of deposit from BFCU.

² As a designated wholesale bank, BTMT is able to claim CRA credit for qualified investments beyond its assessment area. To receive this credit, the bank must have already addressed the needs of its assessment area satisfactorily.

Community Capital Bank (“CCB”): CCB is a Brooklyn-based community development financial institution that lends primarily to developers of low-income housing in New York City. BTMT maintains a \$100 thousand certificate of deposit with CCB and renewed the certificate during each year of the evaluation period.

Homesteaders Federal Credit Union (“Homesteaders”): Homesteaders is a low-income designated community development credit union that serves the tenants of Housing Development Fund Corporation’s (“HDFC”) limited equity cooperatives and nonprofit rental buildings. In 2002, BTMT renewed its \$90 thousand certificate of deposit with Homesteaders for one year. In 2003, the bank increased its deposit to \$100 thousand.

Lower East Side People’s Federal Credit Union: BTMT maintains a \$90 thousand certificate of deposit at this credit union. BTMT’s deposit provides loan funds for this community development credit union to use in serving the Lower East Side of Manhattan.

Neighborhood Trust Federal Credit Union (“NTFCU”): NTFCU is a community development financial institution that serves residents of the Inwood and Washington Heights neighborhoods in Manhattan. In 2002, BTMT renewed its \$90 thousand certificate of deposit with NTFCU for one year. In 2003, the bank increased its deposit to \$100 thousand and renewed its certificate for three years.

Union Settlement Federal Credit Union (“USFCU”): USFCU is a designated community development credit union serving the East Harlem community. BTMT holds a three-year, \$90 thousand certificate of deposit with USFCU.

Grants: BTMT and its affiliated foundation made \$660 thousand in qualified grants during the evaluation period. Grants made directly by BTMT represent \$113 thousand of the total. The Bank of Tokyo-Mitsubishi Trust Foundation (“Foundation”) generated the remaining \$547 thousand in CRA-eligible grants. The Foundation is a nonprofit charitable organization that received its permanent endowment from BTMT.

- **Community Development Services**

The bank provides community development services to a number of organizations. Examples of these services are provided below:

- The bank’s CRA officer serves the following organizations on their advisory committees:
 - *Local Initiatives Support Corporation (“LISC”)*: LISC is a community development financial intermediary.
 - *Neighborhood Opportunities Fund (“NOF”)*: NOF is a consortium of foundations and corporations that support community development in New York City.
 - *Bethex Federal Credit Union*: As mentioned previously, Bethex is a community development credit union that serves the South Bronx.

- BTMT's volunteer and grants coordinator is a member of the following organizations' advisory committees:
 - *Banking on Our Future*: This financial literacy program is an initiative of Operation HOPE, a national nonprofit organization. The program aims to provide essential financial skills to students in public schools and after-school programs in low-income neighborhoods.
 - *Banking on Youth*: This financial literacy program is coordinated by the Federal Reserve Bank of New York and the New York City Department of Youth and Community Development.
 - *Neighborhood Opportunities Fund*: As mentioned above, NOF is a consortium of foundations and corporations that support community development in New York City.

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 did not observe any practices 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 examination of BTMT found satisfactory performance in terms of adherence to antidiscrimination and 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.

BTMT continues to ascertain the credit needs of its assessment area by direct outreach. The bank's CRA officer meets regularly with community-based organizations throughout the five boroughs of New York City to discuss local credit needs. Bank management also maintains ongoing communications with local public officials.

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.

As a wholesale bank, BTMT does not advertise its program and services to the general public. BTMT continues to rely on direct officer contact to market its special credit and other programs.

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

BTMT's board of directors actively participates in the bank's CRA program. The board has created a CRA liaison committee that monitors developments with respect to CRA and makes appropriate recommendations to the full board and management. In addition, the committee works with management to conduct annual reviews of the bank's CRA program.

Other factors that in the judgement 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.

None noted.

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 an 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 income 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.