



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: December 31, 2006

Institution: Bank of Tokyo-Mitsubishi UFJ Trust Company
1251 Avenue of the Americas
New York, NY 10020

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 Bank of Tokyo-Mitsubishi UFJ Trust Company (“BTMUT”) 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, 2006.

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 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

BTMUT is rated "1," indicating an outstanding record of helping to meet community credit needs.

As of December 31, 2006, BTMUT's community development loans and qualified investments totaled \$47.5 million, of which \$34.6 million (72.9%) were new commitments.

Community Development Lending:

BTMUT's community development lending reflects an excellent responsiveness to community development needs, with total community development loans of \$19.7 million. Of this total, six were new commitments totaling \$14.4 million.

Qualified Investments

As of December 31, 2006, BTMUT's qualified investments including grants totaled \$27.8 million, of which \$20.3 were new money. Mortgage-backed securities totaling \$16.5 million accounted for the 59.5% of the total investment portfolio. Certificates of deposits and collateral trust notes accounted for the rest of the portfolio.

Community Development Services

BTMUT's community development services demonstrated an excellent level of responsiveness to its local community needs. Its employees participated actively in various organizations that promote community development initiatives.

This 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, BTMUT was formed when Mitsubishi Bank Trust Company of New York merged with Bank of Tokyo Trust Company. In 2005, BTMUL merged with UFJ Holdings, Inc. and adopted its current name from the former Bank of Tokyo-Mitsubishi Trust Company ("BTMT"). BTMUT is now a wholly owned subsidiary of Bank of Tokyo-Mitsubishi UFJ, Ltd. ("BTMUL").

BTMUT is affiliated with the following banking entities located in New York City: The Bank of Tokyo-Mitsubishi UFJ, Ltd., New York Branch; Mitsubishi UFJ Securities USA, Inc., BTMU Leasing & Finance, Inc., and The BTMU Foundation, Inc ("the Foundation"). Established in 1997, the Foundation's primary mission is to support not-for-profit organizations, which sustain and improve the quality of life in urban communities, particularly New York City. BTMUT coordinates its CRA activities with the Foundation.

As per the Federal Deposit Insurance Corporation's ("FDIC") Consolidated Report of Condition ("Call Report") dated December 31, 2006, BTMUT reported total assets of \$4.0 billion, including net loans and leases of \$2.0 billion. BTMUT's deposits totaled \$2.3 billion, of which \$1.3 billion were domestic deposits.

As a wholesale bank, BTMUT focuses primarily on corporate and project finance, trust and fiduciary services. BTMUT is not in the business of originating or purchasing residential mortgage, home improvement, small business or small farm loans, except as an accommodation to its existing clients. Accordingly, in 1996, the Federal Deposit Insurance Corporation ("FDIC") granted BTMUT's request to be designated as a wholesale institution for purposes of its evaluation under the CRA.

BTMUT's principal office is located at 1251 Avenue of the Americas. It has not opened or closed any branches since the last Performance Evaluation.

In its prior Performance Evaluation conducted by the New York State Banking Department as of December 31, 2003, BTMUT was rated "1," reflecting an outstanding record of helping to meet community credit needs.

There were no financial or legal impediments that had impacted or would impact negatively BTMUT's ability to meet credit needs of its community.

Assessment Area:

Economic and statistical data used in this evaluation were derived from various sources. The demographic data was obtained from the 2000 U.S. Census data. The 2006 updated median family income figures were obtained from Department of Housing and Urban Development ("HUD") estimates.

BTMUT's assessment area is comprised of the five counties of New York City: Bronx, Kings (Brooklyn), New York (Manhattan), Queens and Richmond (Staten Island). There are 2,217 census tracts in the area, of which 326 were low-income, 613 were moderate-income, 663 were middle-income, 557 were upper-income and 58 were zero-income tracts. The following chart shows the distribution of the census tracts within the assessment area:

Distribution of Census Tracts Within the Assessment Area								
County	Zero- Income Tracts	Low- Income Tracts	Moderate- Income Tracts	Middle- Income Tracts	Upper- Income Tracts	Total Census Tracts	LMI Tracts	
							#	%
New York	9	60	59	24	144	296	119	40.2
Bronx	14	132	98	65	46	355	230	64.8
Queens	18	12	148	310	185	673	160	23.8
Kings	15	119	297	235	117	783	416	53.1
Richmond	2	3	11	29	65	110	14	12.7
Total	58	326	613	663	557	2217	939	42.4

The assessment area appears reasonable based upon BTMUT's location and its designation as a wholesale institution. There is no evidence that LMI areas are arbitrarily excluded.

Other Data:

Population: According to the 2000 US Census updated with 2006 data, the total population of the assessment area was 8 million. Of the total population, 937.9 thousand (11.7%) were over the age of 65 and \$1.7 million (21.3%) were under the age of 16.

Unemployment Rates: According to the New York State Department of Labor, the assessment area's average unemployment rate was 4.9% in 2006. This rate was above the statewide average 4.5% during the same time frame.

Business Demographic Data: According to data obtained from PCi Corporation's CRA Wiz software, there were 544 thousand businesses in New York City in 2006. Among these businesses, 66.1% reported revenues of \$1 million or less, 6.8% reported revenues greater than \$1 million and 27.1% did not report their revenues. Of all the businesses, 75% had fewer than 50 employees and 91.3% operated from a single location. Service providers were the largest industry, representing 38.3% of all businesses. Retail trade (17.6%) and finance, insurance and real estate (9.5%) were the second and third largest industries.

Income: Based on U. S. Department of Housing and Urban Development ('HUD') estimates, the updated median family income was \$57 thousand, \$57.7 thousand and \$59.2 thousand in 2004, 2005 and 2006, respectively.

PERFORMANCE TEST AND ASSESSMENT FACTORS

The Banking Department evaluates the CRA performance of wholesale banks pursuant to the “community development test” as provided for in part 76.11 of the General Regulations of the Banking Board. Performance criteria 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 and the extent to which the investment are not routinely provided by private investors; (3) the banking institution’s responsiveness to the credit and community development needs.

This performance evaluation was based on a review of BTMUT’s lending, investment and service activities between January 1, 2004 and December 31, 2006.

I. Community Development Test

BTMUT continues to demonstrate an excellent level of responsiveness to credit and community development needs. During the evaluation period, BTMUT’s community development loans and qualified investments including grants totaled \$47.5 million, of which \$34.6 million (72.8%) was new money. BTMUT’s community development portfolio decreased 16.9% along with the 29.2% in its total assets between evaluation periods.

BTMUT’s community development activities, although not particularly innovative or complex, displays an outstanding level of responsiveness to community credit needs.

The following chart summarizes BTMUT’s portfolio of community development loans and investments:

Community Development Portfolio - 12/31/06				
Type	Commitments		New Money	
	\$000	%	\$000	%
Affordable Housing	34,746	73.2	23,127	66.8
Community Service	870	1.8	870	2.5
Economic Development	11,874	25.0	10,624	30.7
Total	47,490	100.0	34,621	100.0

A significant portion of BTMUT’s community development activities supported affordable housing initiatives while the second largest funding went to economic development.

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

- **Community Development Lending**

During the evaluation period, BTMUT demonstrated an excellent level of responsiveness to community development needs through its community development lending. As of December 31, 2006, BTMUT's community development loans totaled \$19.7 million, which included six new loans totaling \$14.4 million.

The following are BTMUT's community development loans originated or renewed during the evaluation period:

The New York City Acquisition Fund LLC ("NAFL"): BTMUT committed a \$5 million line of credit to finance NAFL's low-income housing projects in New York City. The borrower is a non-profit intermediary that offers acquisition and predevelopment loans to developers committed to the creation and preservation of affordable housing throughout New York City.

Low-Income Investment Fund ("LIIF"): BTMUT extended a \$7 million revolving line of credit to LIIF. The borrower is a national non-profit community development financial intermediary, which provides financing programs and projects to combat community deterioration and promote revitalization in depressed neighborhoods. LIIF's projects include low- and moderate-income housing projects, economic development projects, daycare centers, Head Start small businesses, healthcare centers and job creation programs, among other initiatives. In addition, LIIF's projects and programs target individuals at the lowest income levels who are not served by other nonprofit lenders. The proceeds of this loan will be used to finance community development projects in New York City.

SEEDCo Financial Services ("SFS"): In 2005, BTMUT increased its existing term loan to SFS by \$1.75 million to \$3 million. SFS is a subsidiary of Structured Employment Economic Development Corporation ("SEEDCo") structured primarily to support SEEDCo's mission. SFS is the lending and financing function arm of SEEDCo. SEEDCo is an international CDFI that provides financial and technical assistance to community-based organizations and local "anchor" institutions. Its mission is to revitalize low-income neighborhoods. The loan is at below-market rate with the majority of the proceeds to be used by the NYC program of SEEDCo.

New York Business Development Corporation ("NYBDC"): BTMUT renewed its one-year revolving line of credit for \$200 thousand to NYBDC in each year of the evaluation period. NYBDC is a non-profit intermediary established by the New York State legislature to work with banks in providing funding to small businesses in the 51 economically distressed areas designated as "Empire Zones" across the State, which includes the assessment area.

- **Qualified Investments**

BTMUT's qualified investments including grants totaled \$27.8 million, representing a 28.7% increase since the prior evaluation. Of the total investments, \$20.3 million or 73.0% were new money. Mortgage-backed securities totaled \$16.5 million, which accounted for the 59.5% of total investments. Approximately 67.1% of the investments supported affordable housing and 25.2% funded economic development.

The following are examples of BTMUT's qualified investments:

Community Preservation Corporation ("CPC"): In 2004, BTMUT purchased \$2.1 million of collateral trust notes from CPC. CPC, a private nonprofit mortgage lender, is a CDFI that makes construction and permanent loans to create, rehabilitate, and/or preserve affordable housing in LMI neighborhoods.

The investment is considered innovative because it is not a typical way of funding nonprofit housing developers. CPC securitizes its loan portfolio and sells the securities as collateralized trust notes ("CTNs"). By committing to purchase up to \$2.1 million worth of notes, BTMUT provides the borrower with a guaranteed means of replenishing its lending capacity.

Carver Federal Savings Bank ("Carver"): In 2005, BTMUT acquired a one-year \$2.5 million certificate of deposit ("CD") from Carver and renewed the same amount in 2006. Carver is a minority-owned thrift institution headquartered in Harlem, New York. In addition to a provider of full banking services to underserved communities in New York City, Carver is also an economic force in the community, providing loans to community-based organizations and developers of affordable housing.

First American International Bank (FAIB): In 2005, BTMUT invested \$1 million in certificate of deposits with FAIB. FAIB is a Chinese-American owned CDFI, headquartered in Sunset Park, Brooklyn. Its primary mission is to promote economic growth and to meet the credit needs of the underserved, particularly new immigrants in the five boroughs of New York City.

Mortgage Backed Securities ("MBS"): During the evaluation period, BTMUT purchased \$9.2 million securities guaranteed or insured by government agencies, such as Fannie Mae and Freddie Mac. Approximately 97.8% of these securities were backed by loans extended to LMI borrowers and/or neighborhoods of the assessment area. BTMUT continues to hold the 16 MBS purchased during the prior evaluation period.

Community Development Credit Unions ("CDCU"): As of the evaluation period, BTMUT had certificates of deposits totaling \$770 thousand with six CDCUs located in the Bronx, Brooklyn and Manhattan. These credit unions, specially designated as CDCU by the U.S. Treasury Department, are member-owned financial institutions chartered particularly to provide vital financial services to underserved LMI neighborhoods. BTMUT charged them below market interest to enable the CDCUs to raise their interest margin.

In addition, BTMUT, through its affiliate The BTMU Foundation, provided about \$863 thousand in grants to local community development organizations during the evaluation period. These organizations include New York Care, Encore Community Services, NYC Financial Network Action Consortium, Greater Jamaica Development Corp. and Literacy Partners.

- **Community Development Services**

BTMUT provided a significant level of community development services during the evaluation period. BTMUT sponsored an active employee volunteer community service program primarily focused on providing banking expertise and hands-on assistance to public schools and community development organizations in New York City. BTMUT's employees donated approximately 2,600 and 2,400 hours in 2005 and 2006, respectively to these projects sponsored by BTMUT. In addition, some of BTMUT's officers provide community development services through their involvement in various community development organizations.

Examples of BTMUT's community development services provided by its officers are summarized below:

- A vice president in charge of CRA serves as a member of the advisory committees of the following organizations:

Local Initiative Support Corporation ("LISC"): a national financial intermediary that provides technical assistance, financial resources and management expertise to community development corporations.

Neighborhood Opportunities Fund ("NOF"): a consortium of foundations and corporations that support community developments in New York City.

Bethex Federal Credit Union: a CDCU chartered to provide financial services to underserved LMI neighborhoods in the South Bronx.

- The Community Relations Officer serves on the advisory committees of the following organizations:

Operation Hope's Banking on Our Future: a financial literacy program that focuses on students in public schools and after-school programs in urban, under-served communities of New York City. This program is one of the initiatives of Operation Hope, a non-profit corporation and a provider of economic tools and services.

Banking on Youth: a financial literacy program that is coordinated by the Federal Reserve Bank of New York and the New York City Department of Youth and Community Development.

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.

There were no practices noted that were intended to discourage applications for the types of credit offered by the institution.

Evidence of prohibited discriminatory or other illegal credit practices.

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.

BTMUT ascertains the credit needs of its community through its officers. The CRA officer conducts ongoing-site visits and interviews with various community-based organizations in the five boroughs of New York City. These organizations include Asian American for Equality, Community Development Financial Institutions and Neighborhood Housing Services. In addition, BTMUT's business department contacts potential borrowers, customers and other banks to identify opportunities of purchasing or participating in community development loans and investments.

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, BTMUT's marketing strategy is primarily focused on corporate and institutional customers.

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.

The Board of Directors participates actively in BTMUT's CRA program. The board has formed a CRA Liaison Committee consisting of directors of the Examining Committee. The Liaison Committee monitors CRA development activity and makes necessary recommendations to the board and management. Furthermore, the committee works with management to review the CRA program annually.

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.

None.

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 tracked 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 tracked areas that are not part of a MSA or PMSA, the area median family income would be the statewide nonmetropolitan 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 nonmetropolitan 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.