



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: June 30, 2006

Institution: Mitsubishi UFJ Trust & Banking Corporation (U.S.A.)
420 Fifth Avenue, 6th Floor
New York, NY 10018

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 Mitsubishi UFJ Trust & Banking Corporation (U.S.A.) (“MUTU”) 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 June 30, 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

Mitsubishi UFJ Trust & Banking Corporation (U.S.A.) is rated "1," indicating an outstanding record of helping to meet community credit needs. This rating is based on the following:

- Community development loans and qualified investments totaled \$4.2 million, of which approximately \$4 million was new money.
 - Community development loans totaled \$550 thousand.
 - Qualified investments amounted to \$3.6 million, including grants totaling \$86 thousand.
- A limited level of community development services were provided during the evaluation period.

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:

MUTU was formed in October 2005 through the merger of Mitsubishi Trust & Banking Corporation (U. S. A.) ("MTB") and UFJ Trust Company of New York ("UFJ"). MUTU is a wholly-owned subsidiary of The Mitsubishi Trust and Banking Corporation, Tokyo, Japan. Prior to the merger, both the former MTB and UFJ were chartered in New York State. The former UFJ was a non-FDIC insured, limited purpose trust company, whose business activities were substantially the same as MTB's. MUTU operates out of a single location in New York City.

As the surviving bank, MUTU has inherited the wholesale institution designation granted in May 1997 to MTB by the FDIC for CRA evaluation purposes. MUTU focuses primarily on providing fiduciary and custody services to financial institutions and large corporate clients. MUTU is not in the business of originating or purchasing residential mortgage, housing rehabilitation, home improvement, small business or small farm loans to retail customers.

MUTU assists its affiliate, the New York Branch of The Mitsubishi Trust and Banking Corporation, in identifying organizations that should receive grants. Qualified grants made by this affiliate are included in this evaluation.

As per the Federal Deposit Insurance Corporation's ("FDIC") Consolidated Report of Condition (the Call Report) as of June 30, 2006, MUTU reported total assets of \$310.1 million, of which \$1.4 million were in net loans and leases. It also reported total deposits of \$106.8 million, of which only \$17.6 million were domestic deposits.

MTB, one of MUTU's predecessors, was subject to evaluation under the CRA prior to the merger. The last CRA evaluation of MTB was conducted by the New York State Banking Department as of December 31, 2002. As the result of the evaluation, MTB received a rating of "2," which reflects a satisfactory record of helping to meet community credit needs.

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

Assessment Area:

MUTU's assessment area is comprised of the five counties of New York City: Bronx, Kings, New York, Queens and Richmond. The assessment area is comprised of 2,217 census tracts, of which 14.7% are low-income, 27.7% are moderate-income, 29.9% are middle-income and 25.1% are upper-income tracts. Zero-income tracts account for 2.6% of the census tracts in the assessment area.

The assessment area appears reasonable based upon MUTU's status as a wholesale institution. There is no evidence that LMI areas have been arbitrarily excluded.

Details of the Assessment Area

Population/Housing

According to the 2000 U.S. Census data, there were about eight million people living in the assessment area. Approximately 22% were less than 16 years of age and about 12% were more than 65 years old.

There were 1.9 million families in the assessment area, of which 30.7% were low-income, 16.7% were moderate-income, 17.0% were middle-income and 35.6% were upper-income. The median family income for the assessment area was \$48 thousand. The counties comprising the assessment area are part of Metropolitan Division ("MD") 35644. The median family income for MD 35644 was \$49 thousand in 2000. Based on estimates by the U.S. Department of Housing and Urban Development, the median family income for MD 35644 was \$58 thousand in 2005.

The assessment area contained approximately three million households, of which 20% were living below the poverty level.

There were 3.2 million housing units in the assessment area, of which 39% were 1-4 family units and 61% were multifamily units. Approximately 29% of all the housing units were owner-occupied; 66% were rental occupied. The median age of the housing stock was 40 years and the median housing value was \$241 thousand.

Businesses/Unemployment

According to the 2005 Business Geodemographic Data, there were approximately 523 thousand businesses in the assessment area. The largest industry was service providers, which accounted for approximately 38% of total businesses. The second was the retail trade, at approximately 18% and third was finance, insurance and real estate with 9%.

Approximately 63% of the businesses operating in the assessment area reported annual revenues of \$1 million or less; about 7% reported revenues greater than \$1 million. Revenue information was not available for approximately 30% of the businesses.

The average unemployment rate for the assessment area was 5.8% in 2005, which was somewhat higher than the 5.0% average rate for New York State that year.

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 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.

I. Community Development Test

MUTU demonstrates an excellent level of responsiveness to credit and community development needs within its assessment area, given its asset size and financial condition. However, MUTU’s involvement in community development service activities is limited.

The following table shows a summary of MUTU’s community development loans and investments during the evaluation period:

Community Development Loans and Qualified Investments January 1, 2003 through June 30, 2006 (in thousands)				
Type	Commitments		New Money	
	\$	%	\$	%
Affordable Housing	1,281	30.6	1,031	80.5
Community Service	2,320	55.4	2,320	100.0
Economic Development	586	14.0	586	100.0
Total	4,187	100.0	3,937	94.0

MUTU’s community development lending and qualified investment activity totaled \$4.2 million. Of the total, 55.4 % supported community services and 30.6% helped to provide affordable housing. New money accounted for 94.0% of the total.

- **Community Development Lending**

MUTU’s community development loans totaled \$550 thousand, of which \$300 thousand were new commitments.

MUTU provided a \$100 thousand line of credit to New York Business Development Corporation (“NYBDC”), that was renewed every year. NYBDC is a privately-owned entity created by New York State statute and funded by commercial and savings banks under lines of credit. NYBDC provides financing to small and medium-sized businesses located in New York State.

MUTU’s portfolio also contained a \$250 thousand revolving line of credit extended to Neighborhood Housing Services of New York City (“NHS”). The borrower is a not-for-profit

organization which focuses primarily on affordable housing and neighborhood revitalization and stabilization.

- **Qualified Investments**

MUTU's qualified investments totaled approximately \$3.6 million, during the evaluation period. All of this activity was new money. Included are grants totaling \$86 thousand to various community development oriented entities.

Below are brief descriptions of some of MUTU's qualified investments:

First American International Bank ("FAIB") – MUTU invested \$1 million in certificates of deposit with FAIB. FAIB is a designated Community Development Financial Institution ("CDFI").

Community Capital Bank ("CCB") - During the evaluation period, MUTU renewed the \$95 thousand certificate of deposit it had with CCB twice. CCB is a CDFI that promotes affordable housing and economic development in LMI neighborhoods in New York City.

Community Development Credit Unions ("CDCUs") - The bank invested in several CDCUs. For example, MUTU renewed its \$95 thousand certificate of deposit with Union Settlement Federal Credit Union ("USFCU") three times during the evaluation period. USFCU is dedicated to the economic development of the East Harlem community. The other CDCUs in which MUTU invested include:

- *Bethex Federal Credit Union*
- *Bushwick Cooperative Federal Credit Union*
- *Homesteaders Federal Credit Union*
- *Lower East Side People's Federal Credit Union*

- **Community Development Services**

MUTU provided a limited level of community development services.

A MUTU employee acts as an advisor and consultant in developing fund-raising strategies for the March of Dimes. This includes participation in the planning of the annual March of Dimes Team Walk and the Walk itself. The March of Dimes is a not-for-profit organization, whose mission is to improve the health of babies by preventing birth defects, premature birth and infant mortality. One of the main objectives is to increase public education, particularly among LMI individuals, of the risk factors contributing to premature birth.

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 discrimination 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.

MUTU ascertains the credit needs of its community through contact with intermediaries that serve LMI neighborhoods.

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.

Since MUTU's operations are wholesale in nature, it does not market its credit products to the public.

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.

MUTU's Board of Directors approves MUTU's CRA statement annually. Additionally, MUTU's president is the chairman of a Community Services Committee which reviews MUTU's CRA-related activity. This committee meets quarterly and provides the Board with reports on MUTU's community development lending and grant activity.

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 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 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.