



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, 2010

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

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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, 2010.

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 of banking institutions are primarily based on a review of performance tests and standards described in Section 76.11. The tests and standards incorporate the 12 assessment factors contained in Section 28-b of the New York State Banking Law.

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

OVERVIEW OF INSTITUTION'S PERFORMANCE

Overall CRA Rating: "Outstanding"

BTMUT's performance was evaluated according to the community development test for wholesale or limited purpose banking institutions pursuant to Part 76.11 of the General Regulations of the Banking Board. This assessment period included calendar years 2007, 2008, 2009 and 2010. BTMUT is rated "1" indicating an "Outstanding" record of helping to meet community credit needs. This rating is not changed from the prior rating of "1," (Outstanding) based on the NYSBD Performance Evaluation dated December 31, 2006.

This rating is based on the following factors:

Community Development Activity (Loans, Investments, Services): "Outstanding"

During the evaluation period, BTMUT originated \$55.5 million in new community development loans, and the amount represented a substantial increase when compared to the \$14.4 million noted on the prior evaluation. With respect to community development investments, BTMUT made \$26.5 million in new community development investments, and had \$9.4 million outstanding from prior evaluation periods. The amount of qualified investments totaled \$35.9 million, representing a 33.5% increase from the prior evaluation. In addition, BTMU demonstrated an excellent level of community development services over the course of the evaluation period.

Community Development Lending: "Outstanding"

During the evaluation period, BTMUT originated \$55.5 million in new community development loans, and still had \$2.6 thousand outstanding from prior evaluation periods. BTMUT extended or renewed community development loans to a number of nonprofit organizations, such as Community Preservation Corp., Low Income Investment Fund, Local Initiatives Support Corp., and New York Business Development Corporation etc.

Community Development Qualified Investments: "Outstanding"

During the evaluation period, BTMUT made \$26.5 million in new community development investments, and still had \$9.4 million outstanding from prior evaluation periods. The amount of community development investments increased by 33.5% when compared to the \$26.9 million noted on the last evaluation report. In addition, BTMUT made approximately \$2.1 million in grants and donations to various community development and non-profit organizations. Total grants also increased significantly when compared to the \$863 thousand noted on last evaluation.

Community Development Services: “Outstanding”

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. In addition, the vice president in charge of CRA served on the advisory committees of a number of non-profit organizations.

Innovative or Complex Practices: “Outstanding”

BTMUT made a new \$5 million unsecured loan at below-market rate of interests to Local Initiatives Support Corp. On the grants side, from 2009 to 2010, the BTMU Foundation had a funding priority called the “Environmental Sustainability of Urban Communities”, which was to provide support for initiatives that could benefit low-income New Yorkers. The Foundation increased its grants in 2009 and 2010, and much of the increases went to the “Environmental Sustainability of Urban Communities” program.

Responsiveness to Credit and Community Development Needs: “Outstanding”

BTMUT demonstrated an excellent level of responsiveness to credit and community development needs. For example, in 2009, BTMUT increased unsecured loan to Low Income Investment Fund from \$7 million to \$10 million. BTMUT also increased deposits in credit unions such as Brooklyn Cooperative, Lower East Side and Neighborhood Trust from \$100 thousand to \$250 thousand 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 Profile:

Bank of Tokyo-Mitsubishi UFJ Trust Co., (“BTMUT”) was chartered by New York State in 1996. It is an FDIC-insured commercial bank and was designated as a wholesale bank for purposes of its evaluation under the CRA. The bank is a wholly-owned subsidiary of The Bank of Tokyo-Mitsubishi UFJ, Ltd., Tokyo, Japan, which in turn is a subsidiary of Mitsubishi UFJ Financial Group, a Japanese financial group. As planned, the bank has substantially completed the sale or elimination of its retail banking activities. In June 2010, BTMUT transferred virtually all of its consumer accounts to its wholly-owned subsidiary, Union Bank. A small number of remaining accounts will be transferred to BTMU’s New York branch as soon as possible. Once the current plan is realized, BTMUT will cease taking deposits and will be required to de-insure.

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 Consolidated Report of Condition (the Call Report) as of December 31, 2010, filed with the Federal Deposit Insurance Corporation (“FDIC”), BTMUT reported total assets of \$3.5 billion, of which \$1.5 billion were net loans and lease finance receivables. It also reported total deposits of \$2.3 billion of which \$1.2 billion were domestic deposits, resulting in a loan-to-deposit ratio of 65.2%. According to the latest available comparative deposit data as of June 30, 2010, BTMUT obtained a market share of .27%, or \$1.6 billion out of \$588.2 billion deposits inside its market, ranking it 28th among 119 deposit-taking institutions in New York, Bronx, Queens, Kings and Richmond Counties.

The following is a summary of the BTMUT’s loan portfolio, based on Schedule RC-C of BTMUT’s December 31, 2007, December 31, 2008, December 31, 2009 and December 31, 2010’s Call Reports:

TOTAL GROSS LOANS OUTSTANDING								
Loan Type	2007		2008		2009		2010	
	\$000's	%	\$000's	%	\$000's	%	\$000's	%
Commercial & Industrial Loans	1,446,186	66.4	1,770,071	68.8	1,460,501	64.0	771,566	50.2
Multifamily Mortgages	707	0.0	1,008	0.0	1,212	0.1		0.0
Consumer Loans	99	0.0	47	0.0	45	0.0	14	0.0
Construction Loans		0.0		0.0		0.0	2,390	0.2
Obligations of States & Municipalities	50,921	2.3	53,305	2.1	55,801	2.4	58,415	3.8
Other Loans	31,314	1.4	134,435	5.2	177,930	7.8	173,140	11.3
Lease financing	648,216	29.8	613,943	23.9	586,903	25.7	530,619	34.5
Total Gross Loans	2,177,443		2,572,809		2,282,392		1,536,144	

As illustrated in the above chart, BTMUT is primarily a commercial lender, with 50% of its loan portfolio in commercial and industrial loans and 34.5% of its loan portfolio in lease financing.

There are no known financial or legal impediments that adversely impacted BTMUT's ability to meet the credit needs of its community.

Assessment Area:

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 2217 census tracts in the area, of which 326 are low-income, 613 are moderate-income, 663 are middle-income, 557 are upper-income and 58 are tracts with no income indicated.

Assessment Area Census Tracts by Income Level							
County	N/A	Low	Mod	Middle	Upper	Total	LMI %
New York	9	60	59	24	144	296	40.2
Bronx	14	132	98	65	46	355	64.8
Queens	18	12	148	310	185	673	23.8
Kings	15	119	297	235	117	783	53.1
Richmond	2	3	11	29	65	110	12.7
Total	58	326	613	663	557	2,217	42.4

The assessment area appears reasonable based upon the location of BTMUT's offices and its lending patterns. There is no evidence that LMI areas have been arbitrarily excluded.

Demographic & Economic Data

The assessment area had a population of 8 million during the examination period. About 11.7% of the population were over the age of 65 and 21.6% were under the age of 16.

Of the 1,869,809 families in the assessment area, 30.7% were low-income, 16.7% were moderate-income, 17.0% were middle-income and 35.6% were upper-income families. There were 3,022,477 households in the assessment area, of which 19.7% had income below the poverty level and 7.5% were on public assistance.

The MSA median family income within the assessment area was \$49.5 thousand. The U.S. Department of Housing and Urban Development (“HUD”) estimated median family income for the area was \$65.6 thousand in 2010.

There were 3,200,912 housing units within the assessment area, of which 39.1% were one- to four-family units, and 60.8% were multifamily units. A majority (65.9%) of the area’s housing units were rental-occupied, while 28.5% were owner-occupied units. Of the 912,133 owner-occupied housing units, 17.3% were in moderate-income geographies while 34.4% were in middle-income tracts. The median age of the housing stock was 60 years and the median home value in the assessment area was \$241 thousand.

There were 499,056 non-farm businesses in the assessment area. Of these, 74.9% were businesses with reported revenues of less than or equal to \$1 million, 5.3% reported revenues of more than \$1 million and 19.8% did not report their revenues. Of all the businesses in the assessment area, 83.8% were businesses with less than fifty employees while 92.5% operated from a single location. The largest industries in the area were services (46.4%), followed by retail trade (16.9%) and finance, insurance & real estate (9.5%), while 8.7% of businesses in the assessment area were not classified.

According to the New York State Department of Labor, the average unemployment rate for New York State was 4.5% in 2007 and rose to 8.6% in 2010. The county statistics increased as well with the leading unemployment percentages in the Bronx and Kings counties, respectively.

Assessment Area Unemployment Rate						
	Statewide	New York	Bronx	Queens	Kings	Richmond
2007	4.5	4.2	6.6	4.3	5.3	4.4
2008	5.3	4.7	7.3	4.9	5.8	4.9
2009	8.4	8.5	12.2	8.6	10.1	8.4

Community Information

On March 10, 2011, examiners met with the Executive Director/CEO and representatives of the Parodneck Foundation. This organization is classified as a 501c(3) public charity and a Department of Treasury certified Community Development Financial Institution (CDFI). This organization serves the five boroughs of New York City, with particular emphasis on inner city areas where the need is greater.

The Parodneck Foundation's mission is to preserve and develop affordable housing for low and moderate-income residents with an emphasis on senior citizens in neighborhoods throughout NYC. It accomplishes its mission through a number of programs as follows:

- The Foundation's HDFC (Housing Development Fund Corporation) is a support program that provides low-interest loans to HDFCs and extensive technical assistance to HDFCs facing financial, management, or other difficulties. Since its inception in 1970, the program has assisted over 6,000 units of low-income housing.
- The New York Remediation Program arranges to have the debts of predatory lending victims written down, when possible, and restructured into new, affordable loans.
- The Parodneck Foundation's Senior Citizen Homeowner Assistance Program (SCHAP) provides financial assistance to senior citizen homeowners who are living in physically deteriorated housing or who are in danger of losing their homes to foreclosure. Through the SCHAP, the foundation provides seniors with home improvement loans for home repairs. The program, operating since 1986, provides no- and low-interest loans and extensive technical assistance to qualified seniors. Over 1,000 homeowners have received assistance through this program.
- CATCH (Community Assisted Controlled Housing, Inc.) is a not-for-profit organization that works to transform distressed buildings across NYC into decent, affordable, resident-controlled housing. CATCH was formed in 1991 by a number of housing, community development, and community service organizations. These included the United Housing Foundation, U-HAB, Lawyers Alliance, the Community Service Society, and the Parodneck Foundation, which acts as CATCH's lead agency. Nearly 800 units of housing in over 50 buildings have been created and preserved through this program operating in the Washington Heights, Central Harlem, Morrisania, Highbridge, and Crown Heights neighborhoods of New York City, representing over \$77 million in private and public investment.

The foundation identified three priority credit needs in New York City's LMI communities in which banks could participate. The three are (1) Home improvement loans for LMI senior citizens, (2) Foreclosure intervention support, and (3) Support for affordable, tenant-controlled housing. In addition, the foundation indicated that CRA efforts could be made more effective if (1) banks worked together because there is need for both direct and pool investments and (2) institutions working in New York City have staff who are physically located in the New York City so they are able to work directly with people in the area.

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 Section 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, community development loans or community development services and the extent to which investments are not routinely provided by private investors; and (3) the banking institution’s responsiveness to credit and community development needs. In addition, the following factors were also considered in assessing BTMUT’s record of performance: the extent of participation by the board of directors or board of trustees in formulating CRA policies and reviewing CRA performance; any practices intended to discourage credit applications; evidence of prohibited discriminatory or other illegal credit practices; record of opening and closing offices and providing services at offices; and process factors such as activities to ascertain credit needs; and the extent of marketing and special credit related programs. Finally, the evaluation considered other factors as delineated in Section 28-b of the Banking Law that reasonably bear upon the extent to which a banking institution is helping to meet the credit needs of its entire community.

The assessment period included calendar years 2007, 2008, 2009 and 2010.

Statistics employed in this evaluation were derived from various sources. The demographic data referred to in this report were derived from the 2000 U.S. Census data with the updated median family income figures provided by the U.S. Department of Housing and Urban Development (“HUD”). Business demographic data used in this report derive from information on US businesses, enhanced by Dun & Bradstreet and updated annually. Call report data that the institution filed with the FDIC are also used in the analysis.

BTMUT received a rating of “1,” reflecting an “Outstanding” record of helping to meet community credit needs at its **prior** Performance Evaluation conducted by the New York State Banking Department as of December 31, 2006.

Current CRA Rating: “Outstanding”

Community Development Activities: “Outstanding”

BTMUT’s community development performance demonstrated an excellent responsiveness to the community development needs of its assessment area through community development loans, investments and services, considering BTMUT’s capacity and the need and availability of such opportunities for community development in its assessment area.

During the evaluation period, BTMUT made a total of \$91.4million in community development loans and investments within its assessment area. Both community development loans and investments demonstrated a significant increase from the prior

evaluation period. In addition, BTMUT made a total of \$2.1 million in grants and contributions to various community development and charitable organizations. During the evaluation period, BTMUT won two Bank Enterprise Awards from the US CDFI Fund of the U.S. Treasury Department. One award was in 2008, and the other one was in 2010. Both awards were in the amount of \$480 thousand.

Community Development Lending: “Outstanding”

BTMUT was a leader in community development loans. BTMUT’s community development loans supported primarily projects that created, rehabilitated and preserved affordable housing. During the evaluation period, BTMUT originated a total of \$55.5 million in community development loans. This demonstrated an excellent level of community development lending over the course of the evaluation period¹.

Community Development Loans				
Purpose	This Evaluation Period		Outstandings from Prior Evaluation Periods	
	# of Loans	\$000	# of Loans	\$000
Affordable Housing	9	48,863	1	2.6
Economic Development	4	6,600		
Total	13	55,463	1	2.6

Below are highlights of BTMUT’s community development lending:

Community Preservation Corp.(CPC): In 2008, BTMUT renewed a revolving credit line for CPC in the amount of \$3.8 million. CPC is a CDFI that makes construction and permanent loans for affordable housing projects in LMI neighborhoods.

Low-Income Investment Fund(“LIIF”): In 2009, BTMUT increased its loan to LIFF to \$10.0 million from \$7.0 million. LIIF is a national non-profit community development financial intermediary that provides financing programs to projects that help in the revitalization of depressed neighborhoods. LIFF’s projects include low- and moderate-income housing, economic development, daycare centers, healthcare centers, and job creation programs, among other initiatives.

SEEDCo Financial Services(“SFS”): In 2007, BTMUT renewed and increased an existing loan made to SFS from \$3.0 million to \$6.0 million. SFS is a subsidiary of Structured Employment Economic Development Corporation (“SEEDCo”). 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. SEEDCo’s mission is to revitalize low-income neighborhoods.

¹ For analysis purposes, renewals of lines of credit that occur during the evaluation period are considered new extensions of credit. However, the level of lending is reviewed across the time period of the exam.

Local Initiatives Support Corp. (“LISC”): In 2009, BTMUT extended a \$5 million revolving line of credit at a below market rate of interest to the New York program of LISC. LISC is a national, non-profit organization. Its mission is to help community residents transform distressed neighborhoods into healthy and sustainable communities of choice and opportunity.

New York Business Development Corporation (“NYBDC”): BTMUT renewed a \$200 thousand revolving line of credit to NYBDC in 2007, 2008 and 2009. NYBDC is a non-profit intermediary established by 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.

Community Development Investments: “Outstanding”

During the evaluation period, BTMUT’s community development investments totaled \$35.9 million, of which \$26.5 million was new money. This demonstrated an excellent level of community development investments over the course of the evaluation period. The amount of community development investments increased by 33.5% when compared to the \$26.9 million noted on the last evaluation report. In addition, BTMUT made approximately \$2.1 million in grants and donations to various community development and non-profit organizations. Total grants also increased significantly when compared to the \$863 thousand noted on the last evaluation.

Community Development Investments and Grants				
	This Evaluation Period		Outstandings from Prior Evaluation	
	# of Inv.	\$000	# of Inv.	\$000
CD Investments				
Affordable Housing	1	\$ 2,094	1	9,429
Economic Development	20	\$ 24,400		
Total	21	\$ 26,494	1	9,429
CD Grants		\$000	Not Applicable	
BTMU Foundation	232	\$ 1,865		
Corporate Donations	11	\$ 88		
CAR Matching Grants	75	\$ 97		
CRA Volunteer contributions	40	\$ 83		
Total	358	\$ 2,134		

Below are highlights of BTMUT’s community development investments and grants:

Carver Federal Savings Bank (“Carver”): BTMUT renewed a \$5.0 million, one-year term, certificate of Deposit (“CD”) with Carver in 2007, 2008, and 2009. In 2010, the CD was increased to \$6.0 million. Carver is a minority-owned thrift institution headquartered in Harlem, New York. It provides full-banking services to underserved communities in New York City.

First American International Bank (FAIB): In 2007, BTMUT renewed a \$1 million certificate of deposit with FAIB. FAIB is a CDFI. It is headquartered in Sunset Park, Brooklyn. FAIB was established to promote economic growth and serve the credit needs of the underserved, particularly new immigrants in the five boroughs of New York City.

Community Preservation Corporation (“CPC”): In 2009, BTMUT renewed a \$2.1 million investment in CPC in the form of a collateral trust note (CTN). The CTN was a carryover investment extended from the previous evaluation. CPC is a CDFI that makes construction and permanent loans to create, rehabilitate, and/or preserve affordable housing in LMI neighborhoods.

Grants and Donations:

During the evaluation period, BTMUT made approximately \$2.1 million in grants through the following grants and contributions programs.

Bank Enterprise Awards: Since 1999, BTMUT has won six Bank Enterprise Awards, totaling \$1.7 million from the U.S. Community Development Financial Institutions (“CDFI”) Fund of the U.S. Treasury Department. Congress established this award to encourage banks to invest in low-income communities. Two of the Bank Enterprise Awards were won during the evaluation period, one was in 2008, and another one was in 2010. Both awards were in the amount of \$480 thousand. As of the time of evaluation, BTMUT had donated proceeds from five of the bank enterprise awards, totaling \$1.2 million to the BTMU Foundation.

BTMU Foundation, Inc.: BTMUT established The BTMU Foundation, Inc., in 1997. The foundation is a not-for-profit, tax-exempt, charitable organization to which BTMUT contributed a \$5 million endowment. The endowment generates investment earnings that are used to make grants. The foundation seeks to help stabilize and strengthen distressed neighborhoods and address urgent local social needs primarily in New York City; it assists BTMUT in fulfilling its CRA obligations. During the evaluation period, the Foundation made \$1.9 million in grants to various community development and charitable organizations. The organizations included ACCION New York, Housing Partnership Development Corporation, Neighborhood Housing Services of NYC, Boys and Girls Hope, and Women in Need.

Corporate Donations: During the evaluation period, BTMUT provided \$88.2 thousand in grants to assist not-for-profit, charitable organizations in affordable housing projects and the provision of community services. The organizations included Enterprise Community partners, Inc., Inner-City Scholarship Fund, and Neighborhood Housing Services of NYC.

Employee Matching Grants (EMG): BTMUT continued to administer the EMG program. BTMUT employees and directors were allowed to have their own charitable donations matched on a dollar for dollar basis, up to \$1000 annually per employee. BTMUT made a total of \$97 thousand CRA eligible matching grants to various not-for-profit, charitable

organizations. The organizations included City harvest, Citymeals-on-wheels and Covenant House.

CRA volunteer contributions: During the evaluation period, BTMUT made in-kind contributions to various organizations totaling \$83.4 thousand. The organizations included Homeless Children's Christmas Party, NY Cares Day, and Thanksgiving Turkey Delivery-Metropolitan Hospital in East Harlem.

Community Development Services: "Outstanding"

BTMUT demonstrated an excellent level of community development services over the course of the evaluation period. Below is a description of BTMUT's community development services.

Technical Assistance: 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 2,081 hours in 2007, 2,677 hours in 2008, 3,167 hours in 2009 and 2,840 hours in 2010.

More Program: In 2009 and 2010, BTMUT's MORE program - a women's mentoring program, hosted "Career Lunches" for high school students to discuss careers in finance.

Financial Education: Starting in 2009, BTMUT invited the Youth about Business Summer Business Camp students to the bank for career sessions each year. The Youth About Business Summer Business Camp was created in 1999 to provide high school students with an alternative to the norm and an opportunity to experience the business world one merger and acquisition at a time.

Board/Advisory Committee Work:

The vice president in charge of CRA served as a member of the advisory committees for 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 development projects in New York City.
- The Low Income Investment Fund (LIIF): LIIF provides capital and technical assistance to help low-income communities finance and build facilities for education, affordable and supportive housing, child care, and other community revitalization programs.

An AVP served on the Neighborhood Opportunities Fund's sub-committee, entitled the Initiative for Neighborhood and Citywide Organizing (INCO). INCO provides funding and capacity-building support to neighborhood-based housing organizing groups across the city to strengthen the affordable housing movement.

Innovative or Complex Practices: "Outstanding"

BTMUT demonstrated an excellent level of innovative or flexible community development practices. For example, in 2009, BTMUT made a new \$5 million unsecured loan at below-market rate interest to Local Initiatives Support Corp. In addition, from 2009 to 2010, the BTMU Foundation had a funding initiative called the "Environmental Sustainability of Urban Communities", which provided support for projects that could benefit low-income New Yorkers. The Foundation increased its grant-making in 2009 and 2010 and much of the increase went to this initiative.

Responsiveness to Credit and Community Development Needs: "Outstanding"

BTMUT demonstrated an excellent level of responsiveness to credit and community development needs. For example, in 2009, BTMUT increased an unsecured loan to the Low Income Investment Fund from \$7 million to \$10 million. BTMUT also increased its deposits in credit unions, such as the Brooklyn Cooperative, the Lower East Side and the Neighborhood Trust Federal Credit Unions from \$100 thousand to \$250 thousand during the evaluation period. Finally, BTMUT continued its active employee volunteer program, contributing a total of approximately 11 thousand hours of community services during the evaluation period.

Additional Factors

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 of BTMUT actively participated in the institution's community reinvestment program. Members of the "Directors' Examining Committee," all independent, were appointed to a "CRA Liaison Committee" that monitors developments with regard to the CRA and makes appropriate recommendations to the board and management. The committee works with management to review all aspects of the bank's community reinvestment program and to make recommendations to the full board. The committee has joined management in visiting the facilities of community organizations to see its CRA projects first hand and to discuss community needs with organization staff. The board took an active role in debating and framing a community reinvestment program that addresses the concerns of the community and the financial regulators in light of BTMUT's limited retail and consumer banking resources. For example, with the board's guidance BTMUT decided to primarily fund intermediaries, such as CDFIs, who specialize in underwriting loans serving LMI areas and people.

Discrimination and other illegal practices

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

NYSBD noted no evidence of prohibited discriminatory or other illegal practices.

The banking institution's record of opening and closing offices and providing services at offices

BTMUT completed the sale of its retail banking activities as of December 31, 2010, to its affiliate, Union Bank, and therefore ceased retail cash operations.

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.

Since the prior examination, BTMUT's CRA Officer and staff researched, visited, and otherwise contacted potential and existing institutional not-for-profit borrowers serving the credit needs of low- and moderate-income New Yorkers, as well as units of local and state government stakeholders to ascertain community needs. The community development lending units of other banks were regularly contacted concerning opportunities to participate in community development finance facilities. In addition, executive management and the board of directors visited several community-based recipients of the bank's organizations with which BTMUT was involved. For example, in September 2008, members of executive management and the Board of Directors visited two clients of SEEDco Financial Services.

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 institution subject to the community development test, BTMUT relies heavily on its CRA officer to contact and disseminate information.

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

Aggregate Penetration Rate

The number of loans originated and purchased by all reporting lenders in specified categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the assessment area.

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.

Home Mortgage Disclosure Act (“HMDA”)

The Home Mortgage Disclosure Act, enacted by Congress in 1975, and subsequently amended, requires institutions to annually report data about applications for residential (including multifamily) financing.

Income Level

The income level of the person, family or household is based on the income of person, family or household. A geography’s income is categorized by median family income for the geography. In both cases, the income is compared to the MSA or statewide nonmetropolitan median income.

Income level of individual or geography	% of the area median income
Low-income	Less than 50
Moderate-income	At least 50 and less than 80
Middle-income	At least 80 and less than 120
Upper-income	120 or more

Loans to Small Businesses

Small business loans to businesses with gross annual revenues (“GAR”) of \$1 million or less (“< = \$ 1MM”).

Low or Moderate Income (“LMI”) Geographies

Those census tracts or block numbering areas (“BNAs”), where according to the 2000 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 Borrowers

Borrowers whose income, as reported on the loan application which the lender relied upon in making the credit decision, is less than 80% of the area median family income. In the case where the residential property is located 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 borrower income levels are updated annually by the U.S. Department of Housing and Urban Development (“HUD”).

LMI Individuals/Persons

Individuals or persons 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 HUD.

LMI Penetration Rate

A number that depicts the percentage of a bank’s total loans (for a particular product) that was extended to LMI geographies or borrowers. For example, an LMI penetration rate of 20% would indicate that the bank made 20 out of a total of 100 loans in LMI geographies or to LMI borrowers.

Small Business Loans

Loans to businesses with original amounts of \leq \$1MM.