

PUBLIC DISCLOSURE

June 5, 2000

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**Bankers Trust Company
214807**

**130 Liberty Street
New York, New York 10006**

Federal Reserve Bank of New York

**33 Liberty Street
New York, New York 10045**

NOTE: This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

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GENERAL INFORMATION

The Community Reinvestment Act (“CRA”) requires each federal financial supervisory agency to use its authority when examining financial institutions subject to its supervision, to assess the institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. Upon conclusion of such examination, the agency must prepare a written evaluation of the institution's record of meeting the credit needs of its community.

*This document is an evaluation of the CRA performance of **Bankers Trust Company** prepared by the **Federal Reserve Bank of New York** on behalf of the Board of Governors of the Federal Reserve System, the institution's supervisory agency, as of **June 5, 2000**. The agency evaluates performance in assessment area(s), as they are delineated by the institution, rather than individual branches. This assessment area evaluation may include the visits to some, but not necessarily all of the institution's branches. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 228.*

INSTITUTION

INSTITUTION'S CRA RATING: Bankers Trust Company is rated “**OUTSTANDING.**”

The level of compliance of Bankers Trust Company ("Bankers") with the CRA is based on an evaluation of the performance criteria specified under the CRA with respect to the community development test for wholesale banks.

The bank's outstanding performance under the community development test is based on the following findings:

- A high level of community development loans, qualified investments and community development services.
- Extensive use of innovative or complex community development techniques in the areas of lending, investment, and service in order to help meet community development needs.
- Excellent responsiveness to credit and community development needs in its assessment area.

DESCRIPTION OF INSTITUTION

Headquartered in New York, New York, Bankers Trust is a New York State-chartered corporation and a member of the Federal Reserve System. Bankers is a wholly owned subsidiary of Bankers Trust Corporation (“Bankers Corp.”), a bank holding company with consolidated assets of \$65.8 billion as of March 31, 2000. For the same period, Bankers had total assets of \$46.2 billion.

Bankers Corp. and its subsidiaries were acquired by Deutsche Bank AG ("DB") on June 4, 1999. As a result, Bankers has undergone a restructuring that has reduced its asset size since the previous examination. Through its acquisition of Bankers Corp., DB has significantly extended its North American platform in the areas of corporate finance advisory services, equity research, and sales and trading. In turn, Bankers is part of a worldwide banking institution that offers retail, private, corporate and investment banking services.

In the U.S., Bankers offers various fiduciary and financial services for institutional clients through its Global Institutional Services division. The bank also provides loans and equity financing to the real estate market through its Real Estate Investment Banking division, and it offers trust and investment management services for high net worth individuals and select institutions through its Private Banking arm. The bank does not extend home mortgage, small

business or consumer credit to retail customers, except to accommodate its private banking clients. Accordingly, on August 18, 1997, the Federal Reserve Bank of New York granted the bank designation as a wholesale institution under the CRA.

Of Bankers' three offices in Manhattan, 130 Liberty Street houses Bankers' Global Institutional Services business lines and its Real Estate Investment Banking division, but it does not offer any retail banking services. Bankers' single full-service branch is located at 280 Park Avenue and houses its Private Banking division. A limited-service branch at 14-16 Wall Street accepts only large volume checking account deposits from corporate customers. The Wall Street branch is not open to the public.

The bank's previous CRA examination was conducted on June 1, 1998, at which time the bank received an overall rating of "outstanding."

DESCRIPTION OF ASSESSMENT AREA

The bank has designated as its assessment area the portion of Primary Metropolitan Statistical Area ("PMSA") 5600 (New York, NY) generally referred to as New York City. The designation consists of Bronx, Kings (Brooklyn), New York (Manhattan), Queens, and Richmond (Staten Island) Counties. The assessment area has not changed since the previous examination and is in compliance with the requirements of Section 228.41 of Regulation BB.

The following map illustrates Bankers assessment area:

INSERT MAP OF
assessment area here on separate page

PERFORMANCE CONTEXT

The following demographic and economic information was obtained from publicly available sources that include the U.S. Department of Commerce's Bureau of the Census, 1990, the 1999 New York City Housing and Vacancy Survey, the Beige Book (editions for 1999), the U.S. Department of Labor, the U.S. Department of Housing and Urban Development ("HUD"), and the New York State Department of Labor.

Demographic Characteristics

According to the 1990 Census, total population in the assessment area is approximately 7.3 million, about 86 percent of the total population of PMSA 5600 (New York, NY) and 41 percent of the total population of New York State. Of the 2,159 populated census tracts in the assessment area, 742 or 34 percent are low- and moderate-income ("LMI"). Most of the LMI tracts are located in Bronx and Kings Counties. Of the 1.8 million families in the assessment area, 666,929 or 37 percent reside in LMI census tracts.

Income Characteristics

According to the 1990 Census, the median family income in the assessment area is \$34,360, somewhat lower than the PMSA median family income of \$37,515. Richmond County has the highest median income at \$50,734, while Bronx County has the lowest median income level at \$25,479. Of the families residing in the assessment area, 772,172 or 43 percent, are considered LMI. The 1999 and 2000 HUD estimated median family incomes for PMSA 5600 (New York, NY) are \$53,400 and \$56,200, respectively.

Housing Characteristics

According to the 1999 New York City Housing and Vacancy Survey, the city has approximately 3 million housing units, but only 30 percent or 915,126 are owner-occupied. Ninety-one percent of all rental and owner-occupied units were built in 1947 or earlier. Rental units comprise 66.4 percent of the total number of housing units, or 2,017,701 units. Bronx and New York Counties have the highest percentage of rental units with 77 and 74 percent, respectively. Conversely, only 37 percent of total housing units in Richmond County are rentals. Since Bronx and Manhattan Counties are so densely populated, however, the number of owner-occupied units approximates or exceeds that of less populated Richmond County. For example, Bronx and Manhattan Counties have 91,596 and 165,904 owner-occupied units, respectively, while Richmond County has 91,781.

Of all the housing units in the assessment area, 2,227,817 or 73 percent are multiple dwelling units. While the 429,507 cooperatives in the assessment area account for only 14 percent of all housing units, they make up 32 percent of all owner-occupied units and 57 percent of all vacant units for sale in New York City. For example, 76 percent of all vacant housing units for sale in Manhattan are cooperatives. Similarly, cooperatives for sale in Queens and Bronx Counties represent 67 and 57 percent, respectively, of all vacant housing units for sale.

The 1999 New York City Housing and Vacancy Survey also reports that the median rent in New York City in 1999 is \$700 and the median housing value is \$190 thousand. In New York County, the median sales price of cooperative apartments and condominiums in 1999, the predominant form of owner-occupied housing, is \$325 thousand, according to a local real estate firm. For the same year, the median price for a single-family home in Queens is \$190 thousand, up 2.7 percent from 1998, according to the Long Island Board of Realtors. According to the Staten Island Board of Realtors, the median price for a single-family home in Richmond County is \$177 thousand for 1999, a 7.3 percent increase over 1998. In Kings and Bronx Counties, the 1999 median housing prices are approximately \$187,250 and \$170,000, respectively.

According to the Housing and Vacancy Survey, cooperative housing units are generally lower in price than similarly located conventional units. For example, approximately 10 percent of private owner-occupied cooperatives in Bankers' assessment area were purchased for \$74 thousand or less, while only 1 percent of conventional and 3 percent of condominium units were purchased in this price range. Nevertheless, a comparison of housing costs with median income, particularly in New York County, shows that affordable owner-occupied housing is generally beyond the reach of LMI families without the aid of programs that subsidize housing costs.

Community contacts made during this examination confirmed the need for affordable housing. In addition, community contacts identified the need for micro-credit loans for small businesses, banks partnering with nonprofit groups to provide technical assistance for completing loan applications, reduction in mortgage origination fees, the provision of longer term loans, more support for the New York Equity Fund, the provision of venture capital funds for nonprofits, and bank participation in equity pools to benefit nonprofits.

Labor, Employment and Economic Characteristics

The New York regional economy expanded in 1999, with strong growth in manufacturing and construction. Demand for housing in the New York City area outpaced supply because of shortages in construction labor and land. Nevertheless, sales volume increases were in the double digits compared with 1998. Retail sales were exceptionally strong in the second quarter of 1999 and generally at or above projections in the fourth quarter. Hotel occupancy levels were steady throughout 1999, with some growth in the third quarter.

Area	Unemployment Rate (%)	
	March 2000	March 1999
New York State	5.0	5.6
New York City Region	6.4	6.9
Bronx	8.0	8.3
Kings	7.6	8.2
New York	5.3	5.8
Queens	5.5	6.2
Richmond	5.4	5.5

The growth in the economy was reflected in New York City employment levels. According to New York State Department of Labor, the unemployment rate for the New York City region declined from 6.9 percent in March 1999 to 6.4 percent in March 2000 as the number of

employed persons grew from 3.2 to 3.3 million during that period. The unemployment rate for New York State was somewhat lower at 5.6 percent in March 1999, and it declined to 5 percent in March 2000.

The decline in New York City's unemployment rate was reflected in each of the five boroughs. The biggest decrease was in Queens County where unemployment fell from 6.2 percent in March 1999 to 5.5 percent in March 2000. While the finance and insurance industries were the leading employers in Manhattan in 1998, the health care industry remained the top employer in Queens, Kings, Bronx and Richmond Counties. The manufacturing and retail trade industries were among the top four employers in Bronx, Kings and Queens Counties. In Manhattan, professional, scientific and technical service providers represented the second largest employer, and the health care industry the third largest.

CONCLUSIONS WITH RESPECT TO THE COMMUNITY DEVELOPMENT TEST

The Community Development Test is rated: "OUTSTANDING."

VOLUME OF ACTIVITY

Bankers provided a high level of community development loans, qualified investments and community development services in order to help meet credit and community development needs.

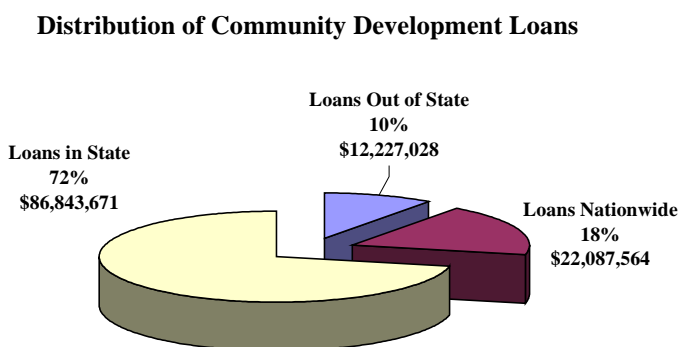
Community Development Loans

Bankers had an excellent level of community development lending. Community development loan commitments totaled \$121.2 million for the examination period (June 2, 1998 through June 2, 2000) of which \$48.2 million, or 40 percent, were new commitments originated since the previous examination. Total commitments at this examination decreased 11.5 percent since the previous examination when community development loans totaled \$137 million. For details, see Exhibit 1 on page BB22.

Of total commitments, \$108.9 million or 90 percent representing loans in state and loans nationwide helped to meet community development needs in the bank's assessment area. As this assessment area activity was deemed adequate,

six loans made outside the bank's assessment area, totaling \$12.2 million or 10 percent of total community development loans, were considered in the evaluation, as allowed under the community development test for wholesale or limited purpose banks. These included four loans to mixed-income housing developments in Georgia, a business loan in Miami, Florida, which is part of a municipal revitalization project, and a loan to an intermediary in Maryland that lends to neighborhood-based community development corporations producing affordable housing.

Consistent with wholesale bank operations, most of the bank's lending activity was indirect, primarily supporting housing and economic development intermediaries that help meet the community development needs in the bank's entire assessment area. Of the total 83 community development loan commitments extended during the examination period, 31 were indirect loans totaling \$97.9 million, or 81 percent of the total value of commitments. Of the 52 direct loans totaling \$23.2 million, 47 benefited specific portions of the bank's assessment area. Most of these, 38, were extended to local community development corporations ("CDCs") as part of the bank's Working Capital Program.



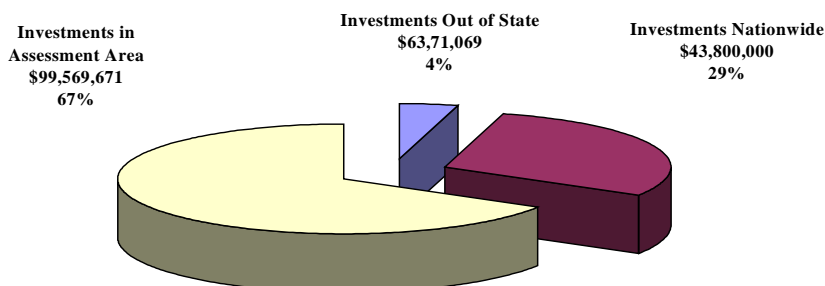
Direct loan commitments within the bank's assessment area were disbursed as follows:

- **New York County -- 12 loans totaling \$7.4 million.**
- **Kings County -- 10 loans totaling \$210 thousand.**
- **Bronx County -- 15 loans totaling \$1.1 million.**
- **Queens County -- 2 loans totaling \$50 thousand.**
- **Richmond County -- 2 loans totaling \$50 thousand.**
- **New York and Kings Counties -- 3 loans totaling \$75 thousand.**
- **Bronx and Kings Counties -- 1 loan totaling \$1.4 million.**
- **All boroughs -- 2 loans totaling \$1.1 million.**

Qualified Investments

Bankers had an excellent level of qualified investments although the qualified investments total of \$149.7 million represents a 9 percent decrease since the previous examination. Of total investments, ten or \$42.5 million, representing 28 percent of total investments, were made since the previous examination. Total investments included approximately \$9.6 million in grants and contributions from the Bankers Trust Foundation in support of over 200 nonprofit community development organizations and programs. For details, see Exhibit 2.

Distribution of Qualified Investments



Of total investments including grants, \$143.4 million, or 96 percent representing loans in state and loans nationwide helped to meet community development needs in the bank's assessment area. As this assessment area

activity was deemed adequate, \$6.3 million in investments and grants benefiting areas outside the bank's assessment area were considered in the evaluation as allowed under the community development test for wholesale and limited purpose banks. Out-of-state investments included a \$2.9 million community development tax credit investment in an economic development CDC in the Appalachian region of Kentucky, and investment of \$1.5 million in low-income housing tax credits in Baltimore, Maryland, a \$100 thousand deposit in a community development financial institution (“CDFI”) in Newark, New Jersey, and \$1.8 million in grants.

Community Development Services

Bankers provided a high level of community development services in the form of technical assistance, training, and mentoring. The bank has increased the level of these services since the previous examination. In addition, the bank participated in initiatives designed to create opportunities for business and housing development. Bankers was a leader in providing services

in every major category of community development although the bank concentrated on community services targeted to LMI individuals.

Technical Assistance

The bank provided technical assistance on several levels to nonprofit organizations serving the bank's assessment area:

Director, Management and Staff Participation

The bank's directors (including its chief executive officer), management and staff were involved in 47 community development organizations serving the needs of LMI communities and individuals. Thirty-nine of the organizations provide services that benefit the bank's assessment area. Bankers personnel assumed chairmanships, finance committee memberships, advisory positions, and fundraising roles at organizations such as the Low Income Housing Fund, the New York City Investment Fund, Reach School of the Bronx, United Neighborhood Houses, and the Women's Prison Organization.

Deutsche Bank Strategic Work Assistance Team ("DB SWAT")

DB SWAT is a technical assistance program matching the expertise of volunteering bank employees to a particular community need. Under the program, Bankers employees assisted nonprofit groups with organizational management, accounting, development of computer services, and participation on loan committees. During the examination period, 25 employees participated in 12 projects, each lasting several months. Projects were identified by five intermediaries that include Enterprise Foundation, Association of Neighborhood Housing and Development, Community Resource Exchange, the Corporation for Supportive Housing and the Robin Hood Foundation.

Brooklyn Legal Services ("Brooklyn A")

Brooklyn A, also known as Corporation A, provides free legal services on civil cases to low-income individuals and groups throughout northern and eastern Brooklyn, such as Williamsburg, Greenpoint, and Bushwick. A Bankers officer served on the advisory committee.

The Clearpool Initiative

The Clearpool Initiative enables corporations to make direct investments in elementary schools in Bedford-Stuyvesant, Brooklyn and the South Bronx. Two bank employees served on the board of directors.

The Institute for Community Living ("ICL")

ICL provides residential and rehabilitation support for predominantly homeless disabled adults. Through the efforts of a bank employee serving on the Business Advisory Board, ICL added job training to its services.

New York City Investment Corporation

Founded to help small businesses, the New York City Investment Corporation provides capital to entities that require less than \$1 million in loans and investments. More than half of the companies assisted are women- and minority-owned businesses. A bank employee served on the board as treasurer.

United Neighborhood Houses

United Neighborhood Houses, an umbrella organization supporting 36 settlement houses in New York City, provides management advice, technical assistance, and information. A bank employee served on the board as treasurer.

Seminars

Bankers organized seminars for young people and organizations the bank identified as in need of business and financial expertise. Covering a variety of topics, the seminars offered by the bank included:

Morning Management Seminar Series

Seminars in this series are conducted in collaboration with participants in the bank's previously discussed SWAT program. During the examination period, six seminars took place with attendance from nonprofit groups totaling 308 persons. Topics included time management, new technology and Y2K planning.

Banking on the Future

Bankers created this program and, in conjunction with Operation HOPE, Inc., provides financial education in New York City schools. The program teaches youths checking and savings account basics and the importance of credit and investments. Thirty-eight bank employees were involved in teaching 89 classes in 26 schools in Bankers' assessment area.

High School for Economics and Finance ("HSEF")

This is a public school located in New York's financial district. During the spring semester of the 1998 school year, volunteers from the Deutsche Bank Global Partnership Network for Women facilitated professionalism seminars for students in grades 9 through 12. Facilitators used the curriculum as a framework introducing students to specific industries.

Wayne Brown Institute

In conjunction with this Utah-based organization and the U.S. Department of Commerce's Minority Business Development Agency, Bankers sponsored a one-day seminar for minority business owners at the bank's Liberty Street offices in Manhattan. The seminar taught participants how to evaluate their businesses' strengths and weaknesses and described venture capital opportunities with the ultimate goal of encouraging these entrepreneurs to raise capital.

School Partnerships

Bankers has formed partnerships with Friends of the Family Academy in Harlem, the Lab School (kindergarten through the 7th grade) and the Decatur-Clearpool School (K-8) in Brooklyn. Working closely with school liaisons, employees from Bankers' various business lines volunteered once a month to help out on academically oriented field trips, tutoring or panels.

Mentoring

Following are some of the organizations that gave Bankers' employees mentoring opportunities:

Big Brothers/Big Sisters Workplace Mentoring Program

Twenty-five Bankers volunteers mentored students from the Thurgood Marshall Academy in Harlem. Throughout the school year, the students traveled to the bank biweekly to participate in goal-oriented academic or vocational activities with their corporate mentors. Volunteers helped the young people plan their financial futures as they consider personal and professional choices.

New Horizons

This training and career development program targets underemployed youths aged 17 to 22 for teller or administrative jobs in the financial services industry. Bankers provided administrative internships to three young people beginning on December 1, 1999, and ending in March 2000. The interns worked three days a week and attended training classes for the rest of the week. After the 36-day paid internship, interns who successfully completed the program can be considered potential applicants for positions at the bank.

Everybody Wins, Inc.

Under this literacy project and mentoring program, corporate volunteers partner with elementary schoolchildren for an hour a week to encourage reading. Since 1998, more than 120 Bankers volunteers have participated in the weekly sessions with students from the Clinton and Chinatown neighborhoods of New York City.

Housing and Economic Development

Bankers organized funds and developed programs supporting the work of community development organizations. Examples of the bank's work to create opportunities and provide financial stability to these organizations follow:

Deutsche Bank Micro-credit Development Fund

The source of this fund combines cash donations of \$50 thousand or more from individuals, foundations and Bankers' Private Banking clients with matching funds from the Deutsche Bank Americas Foundation. The micro-credit fund provided loans to micro-credit intermediaries such as Accion and the National Federation of Community Development Credit Unions. In addition, the bank presented an annual \$10 thousand Self-sufficiency Grant to an organization that successfully generated operating revenues sufficient to cover expenses while building an asset base. Bankers managed the fund, made loans and disbursements, and assembled a working group to analyze applications for micro-credit.

Neighborhood Franchise Program ("NFP")

Bankers created and managed this program assembling the resources of the Local Initiatives Support Corporation ("LISC"), the Ford Foundation and the International Franchise Association and then forming partnerships with six New York City CDCs. NFP seeks to bring together franchises and residents of poor communities willing to own and manage the franchises. The program established links with CDCs in order to help recruit potential franchisees and identify retail sites. Two franchises were opened under the program, one in Harlem and one in Coney Island.

Bankers Trust Working Capital Program ("WCP")

Bankers continues to manage this program which it created eight years ago. Now known as Deutsche Bank WCP, the program has supported over 30 projects in the LMI neighborhoods of New York City. As of January 2000, it provided a total of \$2.3 million to ten CDCs, which received direct grants of \$50 thousand per year for three years along with an interest-free loan of \$75 thousand disbursed over three years. Over the life of the program, Bankers staff met with the selected WCP participants several times each year. In addition, the participants attended annual retreats in order to encourage information sharing.

New Initiatives Fund ("NIF")

Bankers created and subsequently managed the NIF, which provides high-risk loan capital to groups that serve LMI areas. Borrowers are also given technical assistance if needed. The fund was capitalized with monies from two Bank Enterprise Awards totaling \$1.6 million. NIF also captured the principal repayment from zero interest loans made by Bankers. Approximately \$235 thousand has been disbursed.

Deutsche Bank Supportive Housing Acquisition and Rehabilitation Effort ("DB Share")

DB Share was established to augment New York/New York II, a joint city and state initiative to facilitate permanent housing for homeless mentally disabled persons through the Corporation for Supportive Housing ("CSH"). Bankers organized a \$3 million dollar loan pool for short-term pre-construction lending through a five-bank consortium in order to facilitate the implementation of New York/New York II. Bankers allocated \$650 thousand to this pool by means of a three-year, 3.5 percent unsecured loan to CSH. DB Share provided a total of \$900 thousand in grants and zero interest rate loans over three years to six organizations that specialize in supportive housing and services. The six organizations applied the funds to pre-development costs, options on property, consultants and program staff. Lastly, through the New Initiatives Fund, Bankers made a zero interest rate loan to CSH for predevelopment costs incurred on projects throughout the city.

Neighborhood 2000 Fund ("N2F")

Bankers was one of the founders of N2F in 1997. This collaboration of 32 organizations pooled \$10.2 million in order to invest in New York City CDCs. Thirty-three CDCs received two-year renewable grants through this program during the examination period. One bank officer served on the board; another assisted with fundraising.

In-kind Donations

Bankers ran a number of holiday programs for the disadvantaged, including an annual holiday party for children from local shelters and children referred by local social service organizations. Bankers also purchased 2,500 stuffed toys and dolls during the holiday season and donated them to LMI children through local social service agencies. Finally, individual bank departments purchased sundries such as warm clothing and board games to give to hospitalized veterans.

Through a \$200 thousand multiyear commitment to Per Scholas' "Access Program," Bankers provided necessary operating capital to rehabilitate decommissioned computers. Per Scholas, a nonprofit organization in the South Bronx dedicated to bringing technology to children and their families, makes these computers available to low-income community residents. Bankers also made an agreement with Per Scholas, as well as other low-income community groups and schools, to turn over a substantial portion of its own used equipment to benefit LMI families.

Bankers also made office space available to nonprofit groups and allowed various nonprofits to conduct drives at the bank. Global Partnership Network for Women sponsored annual drives at the bank for suits and coats, delivering the donated items to workforce development programs and programs for the very poor through partners such as New York Cares, Bottomless Closet, and Mid-Bronx Senior Citizens.

INNOVATIVE OR COMPLEX ACTIVITY

Bankers made extensive use of innovative and/or complex community development loans, qualified investments and services, often taking a leadership role in initiating programs and projects that benefit the bank's assessment area.

Community Development Loans

Bankers supported the following innovative and complex community development lending programs:

New York Equity Fund ("NYEF")

Through the syndication of low-income housing tax credits, NYEF channels corporate equity investments into the renovation of low-income housing in New York City. Corporations subscribe to the NYEF Limited Partnership and sign promissory notes to provide cash over a period of time corresponding to the schedule of tax credit availability. However, since this corporate equity is needed at the beginning of the rehabilitation process, Bankers loaned \$10.7 million to NYEF against these investor promissory notes. Bankers made the 1995 bridge loans in the form of two revolving lines of credit (NYEF 1995 LP Revolving Credit Facility and NYEF 1995 Series II LP Revolving Credit Facility) totaling \$13.1 million. Addressing the unpredictable nature of rehabilitation and construction work, this credit structure allows NYEF to borrow for each project as needed. Once the projects close, the borrower can convert the facility to a term loan that matches the period of time in which the investors make money available.

Community Family Planning Council/Primary Care Development Corporation ("PCDC")

Bankers loaned \$354 thousand to PCDC, which was created to act as a financial and technical intermediary to build new health clinics in historically underserved communities. Bankers organized a multibank consortium for the financing of the PCDC Community Family Planning Council health care center in Harlem. Bankers negotiated a risk-sharing arrangement with the State of New York Mortgage Association ("SONYMA") so that the financing could be approved.

Accion, New York

Bankers extended a revolving line of credit to this micro-credit small business lender which provides loans and basic technical assistance to self-employed individuals who do not have access to traditional sources of business credit. Accion's parent organization, Accion International, operates micro-credit and training programs throughout the world. The New York operation was started in 1991 and has produced about 300 loans a year. Supplemented by Bankers' grants, Accion is refining its underwriting, loan administration and marketing procedures and expects to make more loans going forward. Bankers has committed a \$300 thousand revolving line of credit as additional loan capital for Accion New York's revolving loan fund.

Neighborhood Franchise Project ("NFP"),

A signature initiative of Bankers, NFP provides direct and indirect (through LISC) loans to business franchises in LMI neighborhoods. The bank brought in LISC, the Ford Foundation, the International Franchise Association, and six CDCs as strategic partners. Under this program, Bankers committed a \$750 thousand line of credit to LISC which in turn lent to business franchises through local CDCs. In addition, the bank directly originated two loans to Sterling Optical in Harlem, one for \$56 thousand and the other for \$20 thousand.

Bankers Trust Working Capital Program

Through this program, Bankers made zero interest loans accompanied by grants to CDCs for specific community development projects. The loans enabled the CDCs to develop a track record in using debt to accomplish neighborhood revitalization objectives. Under this program Bankers made 38 loans for \$870 thousand to organizations such as the Abyssinian Development Corporation, the Mid-Bronx Senior Citizens Council, Bedford-Stuyvesant Restoration Corporation, and the South Bronx Churches Sponsoring Committee.

Global Resources for Affordable Housing IV ("GRAND")

In its fourth financing round, GRAND helps finance construction of affordable owner-occupied homes in New York City through the New York City Housing Partnership New Home Program. During the examination period, Bankers committed a \$5 million line of credit for this program. Bankers and the New York Housing Partnership created the first GRAND facility a decade ago. It was marketed to foreign banks as a way for the banks to fulfill their commitments under the CRA. Bankers' role included defining the financing structure, securing SONYMA insurance, recruiting foreign and other wholesale bank participation, and serving as administrative agent.

Qualified Investments

Bankers made extensive use of innovative and complex investments to support community development, and the bank takes a leadership role in developing new investment initiatives.

Approximately 70 percent or \$104.5 million of Bankers' total investments were tax credits, which are considered complex because of the substantial commitment of time and expertise related to accounting issues and recapture risk. The bank made the bulk of its tax credit investments, \$95 million, in the New York and National Equity Funds.

In addition, Bankers made the following innovative and complex investments:

Community Development Trust ("CDT")

During the examination period, Bankers made a \$1 million equity investment in CDT, a real estate investment trust ("REIT") created by LISC to replace Local Initiatives Managed Assets Corporation ("LIMAC"). LIMAC, which purchased community development loans and financed them in the secondary market, acted as an intermediary between institutional investors and

organizations that needed funds to make such loans. In LIMAC's place, the REIT will purchase these loans and pass through earnings as dividends to stockholders who will realize tax savings as a consequence of investing in the REIT. Thus, by offering a more attractive investment vehicle, CDT hopes to attract significant equity investment. As CDT purchases loans from CDCs, the CDCs will regain their capacity to finance new community development projects. CDT is using its equity investments to build a diverse portfolio of residential, multifamily, community facility, and commercial mortgage loans.

ICV Capital Partners, LLC

Bankers made a \$5 million equity investment in ICV. The partnership's investment strategy is to acquire controlling or leading equity interests in established, profitable businesses that serve, operate in, hire from, or seek to expand in the inner cities. A further investment strategy of the company is to invest in businesses that are owned or managed by ethnic minorities. One of the directors and organizers is Michael Porter, founder of Initiative for a Competitive Inner City Enterprises ("ICIC") and professor at Harvard Business School. ICIC has spent the past five years chronicling the competitive potential of inner cities.

Sustainable Jobs Fund ("SJF")

SJF, a community development venture capital fund, invests in environmental, recycling and re-manufacturing industries to create jobs in economically distressed areas and for low-income individuals. It was certified as a CDFI by the U.S. Treasury in June 1999. SJF invested in a company that makes hypoallergenic cleaners and employs former low-income residents in Norristown, Pennsylvania. Another investment was in a company that makes electric vehicles and employs people in Long Island, Florida, California, Massachusetts and Texas. Bankers investment was \$1.5 million.

Community Development Services

Among Bankers' more innovative and complex community development technical services is DB SWAT, a program that matches bank volunteers' expertise with nonprofit organizations. For example, Bankers' employees assisted nonprofit groups with accounting and development of computer services.

In collaboration with participants in DB SWAT, Bankers developed the Morning Management Seminar Series. Offering one of its more innovative seminar series, Bankers ran six seminars covering topics such as time management and new technologies. The bank also sponsored a one-day seminar in Manhattan for minority business owners in conjunction with the U.S. Department of Commerce's Minority Business Development Agency and the Wayne Brown Institute. Topics included opportunities in venture capital and evaluating the strengths and weaknesses of a business.

Bankers participated in an innovative mentoring program entitled "New Horizons: A Training and Career Development Program." New Horizons is geared to underemployed youths aged 17 to 22 and intended to ease their transition to the workforce. Bankers offered paid, administrative

internships for three young people from this program. Once the internship, which includes training courses, is completed, the interns can be considered potential applicants for positions at the bank.

In order to facilitate housing and economic development, Bankers' Working Capital Program provided \$2.3 million to ten CDCs in the form of direct grants of \$50 thousand per year for three years, along with interest-free loans of \$75 thousand disbursed over the same period. Nonprofit organizations hailed this program for meeting their funding needs.

Under the Deutsche Bank Micro-credit Development Fund, the bank solicited cash donations of \$50 thousand or more from individuals, foundations and its Private Banking clients, then matched the contributions with funds from the Deutsche Bank Americas Foundation in order to provide loans to micro-credit intermediaries such as Accion and the National Federation of Community Development Credit Unions.

Bankers also heads the board of the CSH (Corporation for Supportive Housing), the first and only national intermediary that develops supportive housing for individuals who are homeless or at risk of homelessness and who are suffering from AIDS, mental illness, or substance abuse problems. In addition, the bank's Neighborhood 2000 Fund ("N2F"), a collaboration of 32 organizations, pooled \$10.2 million to invest in New York City's community development corporations in the form of renewable grants.

RESPONSIVENESS TO CREDIT AND COMMUNITY DEVELOPMENT NEEDS

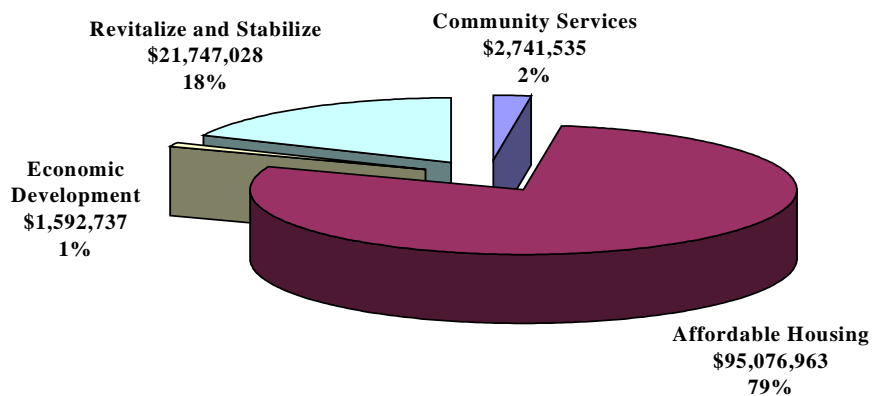
Bankers demonstrated an excellent response to community credit needs including affordable housing, economic development, community services and revitalization and stabilization projects.

Community Development Lending

Through its community development lending initiatives, Bankers exhibited excellent responsiveness to the most pressing credit and community development needs in its assessment area. Community development lending centered on affordable housing, which community contacts identified as the most critical need in the

bank's assessment area. Overall, affordable housing activity totaled \$95.1 million or 79 percent of total community development lending. Bankers met other community development needs through lending activity to revitalize and stabilize communities which totaled \$21.7 million, or 18 percent of lending. Lending that supported economic development totaled \$1.6 million, or 1 percent of lending. Community service lending totaled \$2.7 million, or 2 percent, of total community development lending.

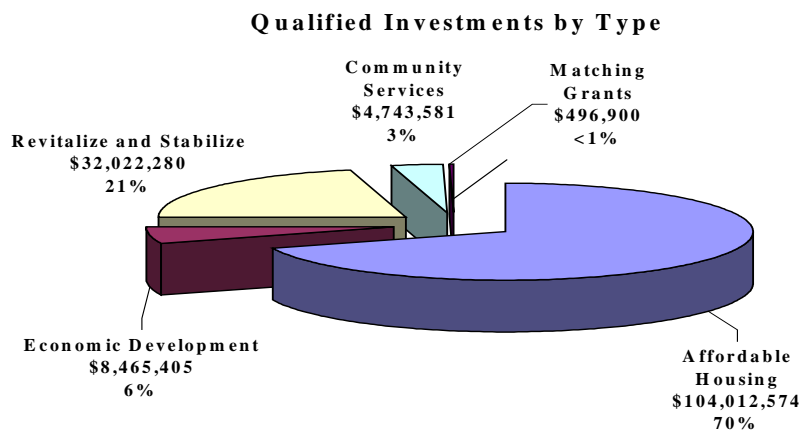
Community Development Loans by Category



Bankers' innovative loan programs were especially successful in meeting community credit and development needs. The bank's lending to the New York Equity Fund, for example, has sustained thousands of units of affordable housing. Similarly, GRAND IV produced 1,186 units of affordable owner-occupied housing during this examination period. Bankers' lending to Accion helps that organization make approximately 300 loans a year to small business entrepreneurs.

Qualified Investments

Bankers' investments exhibited an excellent response to credit and community development needs. Of all investments, \$104 million or 70 percent were directed to affordable housing, considered the most pressing community development need in the bank's assessment area. Investments directed toward economic development activities totaled \$8.5 million, or 6 percent of total investments. The bank directed \$32 million in investments, or 21 percent, to revitalize and stabilize LMI areas. Investment grants totaling \$4.7 million, or 3 percent of all investments, addressed community service needs.



Community Development Services

The bank's community development services very effectively respond to the needs of LMI people. Most of Bankers' community development services support organizations that feed, clothe, counsel, train, or provide educational and rehabilitative services to the poor. The bank's technical assistance to organizations such as the New York City Investment Corporation, the New York City Investment Fund, and the Deutsche Bank Micro-credit Development Fund helps create jobs for LMI people.

Moreover, Bankers leverages technical assistance and grant monies to support CDCs that provide affordable housing through its programs such as DB SWAT, the Working Capital Program, and the Neighborhood 2000 Fund. The bank also organized a five-bank consortium to create a loan pool to be used to implement New York/New York II, a joint city and state initiative providing \$125 million to develop supportive housing for the mentally disabled homeless. Through DB Share, the bank provided \$900 thousand in loans and grants to six organizations that specialize in supportive housing and services.

Bank employees also sit on the boards of affordable housing intermediaries such as the LISC, CSH and Low Income Housing Fund.

COMPLIANCE WITH FAIR LENDING LAWS

No credit practices were identified that violated the substantive provisions of the anti-discrimination laws and regulations, including the Equal Credit Opportunity Act (Regulation B), the Fair Housing Act, the Home Mortgage Disclosure Act (Regulation C), and all relevant agency regulations pertaining to nondiscriminatory treatment of credit applicants.

EXHIBIT 1

Summary of Community Development Lending

Assessment Area	Commitment ('000s)	%	Outstanding ('000s)	%	New Money ('000s)	%	Housing Units
PMSA 5600 (New York, NY)	\$86,844	72%	\$44,090	70%	\$31,965	66%	3,392
Out of State	\$12,227	10%	\$10,177	16%	\$300	1%	0
Nationwide	\$22,087	18%	\$8,570	14%	\$15,938	33%	0
TOTALS	\$121,158	100%	\$62,837	100%	\$48,203	100%	3,392
Direct Activity	\$23,255	19%	\$13,002	21%	\$7,653	16%	241
Indirect Activity	\$97,903	81%	\$49,835	79%	\$40,550	84%	3,151
TOTAL ACTIVITY	\$121,158	100%	\$62,837	100%	\$48,203	100%	3,392
Affordable Housing	\$95,077	79%	\$43,140	69%	\$41,019	85%	3,151
Community Service	\$2,741	2%	\$2,053	3%	\$938	2%	0
Economic Development	\$1,593	1%	\$529	1%	\$376	1%	0
Revitalization & Stabilization	\$21,747	18%	\$17,115	27%	\$5,870	12%	241
TOTAL ACTIVITY	\$121,158	100%	\$62,837	100%	\$48,203	100%	3,392

EXHIBIT 2

Summary of Qualified Investment Lending

Assessment Area	Commitment ('000s)	%	Outstanding ('000s)	%	New Money ('000s)	%
PMSA 5600 (New York, NY)	\$99,870	67%	\$45,706	76%	\$8,091	19%
Out of State	\$6,371	4%	\$4,715	8%	\$1,924	5%
Nationwide	\$43,500	29%	\$9,300	16%	\$32,500	76%
TOTALS	\$149,741	100%	\$59,721	100%	\$42,515	100%
Direct Activity	\$10,015	7%	\$10,015	17%	\$10,015	24%
Indirect Activity	\$139,726	93%	\$49,709	83%	\$32,500	76%
TOTAL ACTIVITY	\$149,741	100%	\$59,721	100%	\$42,515	100%
Affordable Housing	\$104,013	70%	\$41,607	70%	\$2,513	6%
Community Service	\$4,744	3%	\$4,744	8%	\$4,744	11%
Economic Development	\$8,465	6%	\$5,553	9%	\$2,739	7%
Revitalization & Stabilization	\$32,022	21%	\$7,320	12%	\$32,022	75%
Matching Grants	\$497	0%	\$497	1%	\$497	1%
TOTAL ACTIVITY	\$149,741	100%	\$59,721	100%	\$42,515	100%

CRA APPENDIX A

SCOPE OF EXAMINATION			
BANKERS TRUST COMPANY			
TIME PERIOD REVIEWED		6/02/98 TO 6/02/00	
FINANCIAL INSTITUTION			PRODUCTS REVIEWED
Bankers Trust Company 130 Liberty Street New York, New York			<ul style="list-style-type: none"> • Community development loans • Qualified investments
AFFILIATE(S)	AFFILIATE RELATIONSHIP		PRODUCTS REVIEWED
None			
LIST OF ASSESSMENT AREAS AND TYPE OF EXAMINATION			
PMSA 5600 (New York, NY)	On-site		

CRA APPENDIX B

GLOSSARY

AREA MEDIAN INCOME: (1) The median family income for the MSA, if a person or geography (block numbering area or census tract) is located in an MSA; or (2), if a person or geography (census tract or block numbering area) is located outside an MSA, the statewide non-metropolitan median family income.

CDC: A community development corporation, or community development company, which can be organized under banks, bank holding companies, or independent nonprofit neighborhood or government-sponsored organizations. CDCs offer various services and implement various projects focusing on community improvement, housing development and job development, particularly for LMI persons.

COMMUNITY DEVELOPMENT: (1) Affordable housing including multifamily rental housing for low- or moderate-income individuals; (2) community services targeted to low- or moderate-income individuals; (3) activities that promote economic development by financing businesses or farms that meet the size eligibility standards of 13 CFR 121.802 (a)(2) or have gross annual revenues of \$1 million or less; or (4) activities that revitalize or stabilize low- or moderate-income geographies.

CRA: Community Reinvestment Act.

HUD: The United States Department of Housing and Urban Development.

LMI: Low- and moderate-income, as in LMI census tracts.

LOW-INCOME: An individual income that is less than 50 percent of the area median income (i.e., of the median family income for the MSA, if the individual is located in an MSA, or, if the individual is located outside an MSA, of the statewide non-metropolitan median family income), or a block number area (“BNA”) or census tract median family income that is less than 50 percent of the area median income. Accordingly, a low-income census tract is one in which the median family income is less than 50 percent of the area median income.

MIDDLE-INCOME: An individual income that is at least 80 percent and less than 120 percent of the area median income, or a BNA or census tract median family income that is at least 80 percent and less than 120 percent of the area median income.

MODERATE-INCOME: An individual income that is at least 50 percent and less than 80 percent of the area median income, or a BNA or census tract median family income that is at least 50 percent and less than 80 percent of the area median income.

MSA: A metropolitan statistical area as defined by the director of the Office of Management and Budget.

PERFORMANCE CONTEXT: The economic and demographic characteristics of a bank's assessment area(s). The following information is considered to help understand the context in which an institution's performance should be evaluated: (1) the economic and demographic characteristics of the assessment area(s); (2) lending, investment, and service opportunities in the assessment area(s); (3) the institution's product offerings and business strategy; (4) the institution's capacity and constraints; (5) the prior performance of the institution, and in appropriate circumstance, the performance of similarly situated institutions; and (6) other relevant information.

PMSA: A primary metropolitan statistical area as defined by the director of the Office of Management and Budget.

QUALIFIED INVESTMENT: A lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

SONYMA: State of New York Mortgage Association.

UPPER-INCOME: An individual income that is 120 percent or more of the median family income in an MSA or a census tract in which the median family income is 120 percent or more of the median family income in an MSA.