

# **PUBLIC DISCLOSURE**

**DECEMBER 11, 2000**

## **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

**IBJ WHITEHALL BANK AND TRUST COMPANY  
RSSD NO. 958615**

**ONE STATE STREET  
NEW YORK, NEW YORK**

**Federal Reserve Bank of New York**

**33 Liberty Street  
NEW YORK, NEW YORK 10045**

**NOTE:** This document is an evaluation of this 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. 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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## INSTITUTION

**INSTITUTION'S CRA RATING:** IBJ Whitehall Bank & Trust Company ("IBJ Whitehall") is rated "**SATISFACTORY.**"

IBJ Whitehall's level of compliance with the CRA is based on the performance criteria specified under the CRA with respect to the community development test for wholesale institutions.

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

- An adequate level of community development loans, qualified investments and community development services.
- Occasional use of innovative or complex community development lending, investments and community service techniques utilized in order to help meet community development needs.
- An adequate responsiveness to credit and community development needs in the bank's assessment area.

## DESCRIPTION OF INSTITUTION

IBJ Whitehall, headquartered in New York City, is a New York State-chartered corporation and a member of the Federal Reserve System. It is a wholly owned subsidiary of the Industrial Bank of Japan, Limited, a Tokyo-based bank holding company with total consolidated assets of \$413.3 billion as of March 31, 2000. As of September 30, 2000, IBJ Whitehall had total assets of \$2.9 billion, net loans and leases of approximately \$2.5 billion and deposits in domestic offices totaling \$954 million. There are no financial or legal factors that would keep the bank from fulfilling its responsibilities under the CRA.

As of January 1, 1999, the Industrial Bank of Japan purchased the shares held by Schroder PLC and changed the bank's name to IBJ Whitehall. As IBJ Schroder, Bank & Trust Company the bank received its wholesale designation from the Federal Reserve Board of Governors on April 10, 1997. The wholesale designation remains in effect for IBJ Whitehall. The bank's wholesale designation has been reaffirmed at this examination.

On September 29, 2000, the Industrial Bank of Japan, Dai-Ichi Kangyo Bank, Limited, and Fuji Bank, Limited, merged in order to form Mizuho Financial Group that establishes the core of Mizuho Holdings, Inc. The consolidation produced a banking organization with total assets of approximately \$1.4 trillion. The application by Mizuho Holdings, Inc., to become a bank holding company was approved by the Federal Reserve Board of Governors on September 5, 2000.

IBJ Whitehall is a wholesale banking institution providing services to major corporations, financial institutions, governments and high net worth individuals. These services include middle market commercial lending, private banking and investment management services, corporate trust and agency and securities services. The bank does not extend home mortgage, small business or consumer credit to retail customers. It does, however, provide small business and consumer credit as an accommodation to its private banking clientele.

IBJ Whitehall maintains two branches in Manhattan. Only one of the bank's ten nonbank subsidiaries, IBJ Whitehall Capital Corporation, a small business investment corporation ("SBIC"), is relevant to this examination. The other IBJ subsidiaries are involved in asset management, investment and securities operations.

The bank's previous CRA examination was conducted as of November 30, 1998, at which time the bank received an overall rating of "outstanding."

### **DESCRIPTION OF THE ASSESSMENT AREA**

The bank has designated as its assessment area the portion of 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 technical compliance with the requirement of Section 228.41 of Regulation BB. A map of IBJ Whitehall's assessment area appears on page BB4.

### **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 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*

The total population of 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. The most populous county is Kings County with a population of 2.3 million, followed by Queens with 2 million; New York, 1.5 million; the Bronx, 1.2 million; and Richmond County, 379 thousand. Of the 2,159 populated census tracts in the assessment area, 746 or 35 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

The 1999 HUD adjusted median family income is \$53,400, a 7 percent increase since 1998. The HUD estimated family income for 2000 is \$56,200. The region's highest median family income has traditionally been found in Richmond County, while the lowest median family income is in Bronx County. Of the families residing in the assessment area, 772,172 or 43 percent are LMI.

### Housing Characteristics

Of the approximately 3 million housing units in the assessment area, only 27 percent or 808,901 units are owner-occupied. Rental units account for 67 percent of housing units overall, but in Bronx and New York Counties, the percentage of rental units is 79 percent and 75 percent, respectively. In Richmond County, only 34 percent of housing units are rentals. Of all housing units in the assessment area, approximately 63 percent or 1.9 million units are multifamily structures consisting of five or more units. This is most pronounced in New York and Bronx Counties, where 96 percent and 75 percent, respectively, of housing units are multifamily.

According to the New York State Association of Realtors, the median new home price in December 2000 for the state was \$262 thousand. The median gross rent was approximately \$800. 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 in the assessment area, indicating a demand for affordable rental housing units. Community contacts have confirmed this need.

Community contacts also said the assessment area's credit needs include loans for the rehabilitation of existing housing stock, small business loans to encourage the formation and expansion of small businesses, and economic development lending to strengthen communities.

### Labor, Employment and Economic Characteristics

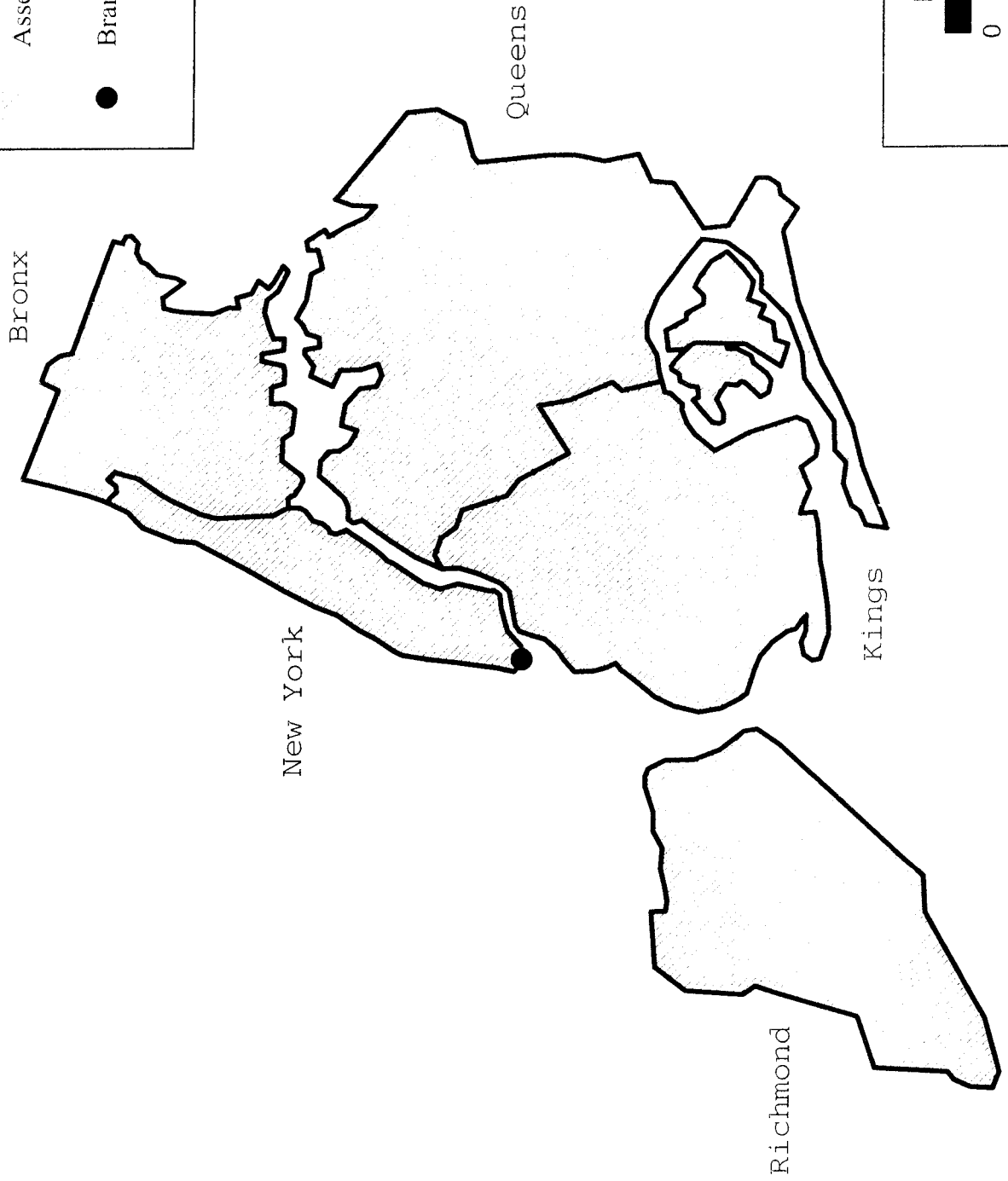
The local economy continues to rebound largely as a result of increases in service and retail jobs, and a strong financial industry. The increase in tourism over the last year has added to overall economic improvement. Despite the increase in employment, as of September 2000, New York City reported an unemployment rate of 5.4 percent. This is high when compared with 4.6 percent for the state and 3.8 percent for the northeastern U.S.

The following map illustrates IBJ Whitehall's assessment area:

# IBJ Whitehall Bank & Trust Company

## Assessment Area

December 1, 1998 through December 31, 2000



## CONCLUSIONS WITH RESPECT TO THE COMMUNITY DEVELOPMENT TEST

*The Community Development Test is rated: "Satisfactory."*

### VOLUME OF ACTIVITY

IBJ Whitehall provided an adequate level of community development loans, qualified investments and community development services in order to help meet credit and community development needs in the bank's assessment area.

#### Community Development Lending

IBJ Whitehall's community development lending was adequate. Only one loan was originated during the examination period. Five Community development loans totaling \$2.8 million were outstanding for the examination period, December 1998 through December 2000. The one new loan originated since the previous examination amounted to \$250 thousand or 9 percent of total community development lending. Total loans at this examination represent a 32 percent decrease since the previous examination when loans totaled \$4.1 million. For details, see Exhibit 1.

Consistent with wholesale bank operations, most lending activity was on an indirect basis to intermediaries supporting community development initiatives in the bank's assessment area. Of community development loans extended during the examination period, \$1.8 million or 64 percent represented indirect lending to organizations whose concern is affordable housing and community revitalization.

#### Qualified Investments

IBJ Whitehall had an adequate level of qualified investments that reflected few new initiatives. Qualified investments totaled \$9.8 million at this examination, representing a 26 percent decrease from the \$13.3 million at the previous examination. Of total investments, 27 percent or \$2.6 million were new investments since the previous examination. For details, see Exhibit 2.

During the examination period, the loans originated by the bank's SBIC were located outside IBJ Whitehall's assessment area. However, the bank's \$2 million investment in the SBIC is included in the evaluation since IBJ Whitehall's overall investments, community development loans and services have adequately addressed the needs of the assessment area in accordance with Regulation BB 228.25 (e)(2).

Investments included \$659 thousand in grants and contributions to 36 nonprofit community development organizations. Included in this figure is the \$50 thousand biannual IBJ Board of Directors Community Affairs Award given in support of a specific community development program or project. The most recent recipient was the Highbridge Community Life Center in the Bronx.

In-kind donations of office furniture, computers and kitchen equipment amounted to \$115 thousand or 17 percent of total grants and donations.

### **Community Development Services**

IBJ Whitehall provided an adequate level of community development services in its assessment area. A member of the bank's board and several officers represent the bank on the boards or committees of nonprofit organizations including Local Initiatives Support Corporation ("LISC"), Neighborhood 2000 Fund and the Federation of Protestant Welfare Agencies.

### **INNOVATIVE OR COMPLEX ACTIVITY**

The bank made occasional use of innovative or complex qualified investments and community development loans that benefit the bank's assessment area. IBJ Whitehall capitalized a bank subsidiary, IBJ Whitehall Capital Corporation, an SBIC that invests in small business operations in an area that includes the bank's assessment area. The SBIC assists companies seeking long-term financing for growth, as well as for acquisitions, buyouts and restructuring. Operating an SBIC is considered complex because of the substantial commitment of funds, time and expertise, as well as the high level of risk involved.

Through community development lending activities, the bank supports a complex lending program, Housing Loan Program ("HLP"), which the bank initiated in conjunction with Neighborhood Housing Services ("NHS") in 1990. HLP extends low-interest loans for the rehabilitation of small multifamily and mixed-use buildings in the bank's assessment area, loans generally unavailable directly from local financial institutions.

IBJ Whitehall also continues to support the NHS program, Closing Assistance Support for Homebuyers ("CASH"). Initiated in 1994, CASH provides loans to LMI home buyers throughout the bank's assessment area to help with down payments and closing costs. CASH loans are funded from a loan pool established by a consortium of local banks. IBJ Whitehall participated in the first two loan pools and has committed to a \$200 thousand participation in a \$2 million unsecured revolving line of credit with nine other lenders.

In addition, IBJ Whitehall supports the Nonprofit Facilities Fund, Inc. ("NFF"). This participation allows NFF to fund low-cost loans to nonprofit entities in New York City. The bank also continues its support of the New York Equity Fund ("NEF"), which promotes low-income housing in conjunction with LISC, the Enterprise Foundation and the New York City Department of Housing Preservation and Development.



## **RESPONSIVENESS TO CREDIT AND COMMUNITY DEVELOPMENT NEEDS**

IBJ Whitehall's overall responsiveness in meeting the credit and community development needs of its assessment area is considered adequate, but most of its activities were outstanding loans and investments originated during the previous examination period. The bank exhibited adequate responsiveness to affordable housing needs, identified by community contacts as a critical need in the bank's assessment area.

Overall, affordable housing lending activity totaled approximately \$2.5 million or 91 percent of total community development lending. Approximately \$250 thousand was initiated during this examination period, all of which was directed to the NFF that supplies financing for housing programs in LMI neighborhoods of Manhattan, Brooklyn and the Bronx. The major portion of the bank's affordable housing lending is in the NHS programs.

The bank exhibited an adequate response to credit and community development needs. Of total investments, \$4.5 million or 46 percent of total investments were directed toward affordable housing activities. Investments in economic development amounted to \$2 million or 21 percent of the investment total.

The bank's community development services were adequate in response to community development needs.

## **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 and 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

December 1998 - December 2000

Assessment Area	Commitment ('000s)	%	Outstanding ('000s)	%	New Money ('000s)	%
PMSA 5600 (New York, NY)	\$2,753	100%	\$2,568	100%	\$250	100%
Assessment Area	2,753	100%	2,568	100	250	100%
<b>TOTALS</b>	<b>\$2,753</b>	<b>100%</b>	<b>\$2,568</b>	<b>100%</b>	<b>\$250</b>	<b>100%</b>
Direct Activity	1,000	36%	961	37%	0	0
Indirect Activity	1,753	64%	1,607	63%	250	100%
<b>TOTAL ACTIVITY</b>	<b>\$2,753</b>	<b>100%</b>	<b>\$2,569</b>	<b>100%</b>	<b>\$250</b>	<b>100%</b>
Affordable Housing	2,503	91%	2,318	90%	0	0
Revitalization and Stabilization	250	9%	250	10%	\$250	100%

EXHIBIT 2

# Summary of Community Development Investments and Grants

December 1998 - December 2000

Assessment Area	Commitment ('000s)	%	Outstanding ('000s)	%	New Money ('000s)	%
PMSA 5600 (New York, NY)	\$7,759	80%	\$3,393	63%	\$659	25%
Out of Assessment Area	2,000	20%	2,000	37%	2,000	75%
Assessment Area	7,759	80%	3,393	63%	659	25%
<b>TOTALS</b>	<b>\$9,759</b>	<b>100%</b>	<b>\$5,393</b>	<b>100%</b>	<b>\$2,659</b>	<b>100%</b>
Direct Activity	2,759	28%	2,759	51%	2,659	100%
Indirect Activity	7,000	72%	2,634	49%	0	0
<b>TOTAL ACTIVITY</b>	<b>\$9,759</b>	<b>100%</b>	<b>\$5,393</b>	<b>100%</b>	<b>\$2,659</b>	<b>100%</b>
Affordable Housing	7,163	73%	2,797	52%	163	6%
Supportive Services	298	3%	298	6%	298	11%
Revitalization and Stabilization	284	3%	284	5%	184	7%
Economic Development	2,014	21%	2,014	37%	2,014	76%

**CRA EXHIBIT A**

**SCOPE OF EXAMINATION**

The examination covers activities of IBJ Whitehall from December 1, 1998, through December 31, 2000. The bank's performance was evaluated using the *Interagency Procedures and Guidelines for Wholesale and Limited Purpose Institutions*.

<b>SCOPE OF EXAMINATION</b>			
<b>TIME PERIOD REVIEWED</b>		12/1/98 TO 12/31/00	
<b>FINANCIAL INSTITUTION</b>			<b>PRODUCTS REVIEWED</b>
IBJ Whitehall Bank & Trust Company One State Street New York, New York 10006			<ul style="list-style-type: none"> <li>• Community development loans</li> <li>• Qualified investments</li> </ul>
<b>AFFILIATE(S)</b>			<b>PRODUCTS REVIEWED</b>
None			
<b>LIST OF ASSESSMENT AREAS AND TYPE OF EXAMINATION</b>			
<b>ASSESSMENT AREA</b>	<b>TYPE OF EXAMINATION</b>	<b>BRANCHES VISITED</b>	<b>OTHER INFORMATION</b>
PMSA 5600 (New York, NY)	On-site	1	

## CRA APPENDIX B

### GLOSSARY

**Affiliate:** Any company that controls, is controlled by, or is under common control by another company. A company is under common control with another company if both companies are directly or indirectly controlled by the same company. A bank subsidiary is controlled by the bank and is, therefore, an affiliate.

**Census tract:** Small subdivisions of metropolitan and other densely populated counties. Census tract boundaries do not cross county lines; however, they may cross the boundaries of metropolitan statistical areas. They usually have between 2,500 and 8,000 persons, and their physical size varies widely depending upon population density. Census tracts are designed to be homogeneous with respect to population characteristics, economic status, and living conditions to allow for statistical comparisons.

**Community development:** Affordable housing for low- or moderate-income individuals; community services targeted to low- or moderate-income individuals, activities that promote economic development by financing businesses or farms that meet the size eligibility standards of the Small Business Administration's Development Company or Small Business Investment Company programs (13 CFR 121.301) or have gross annual revenues of \$1 million or less; or, activities that revitalize or stabilize low- or moderate-income geographies,

**Consumer loan:** A loan to one or more individuals for household, family, or other personal expenditures. A consumer loan does not include a home mortgage, small business, or small farm loan. This definition includes the following categories of loans: motor vehicle, credit card, home equity, other secured loan, and other unsecured loan.

**Family:** Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also include non-relatives living with the family. Families are classified by type as either a married couple family or other family, which is further classified into "male householder" (a family with a male householder and no wife present) or "female householder" (a family with a female householder and no husband present).

**Household:** Includes all persons occupying a housing unit. Persons not living in households are classified as living in group quarters. In 100 percent tabulations, the count of households always equals the count of occupied housing units.

**Low-income:** Individual income that is less than 50 percent of the area median income, or a median family income that is less than 50 percent in the case of a geography.

**Metropolitan area:** Any primary metropolitan statistical area ("PMSA"), metropolitan statistical area ("MSA"), or consolidated metropolitan statistical area ("CMSA"), as defined by

the Office of Management and Budget, with a population of 250 thousand or more, and any other area designated as such by the appropriate federal financial supervisory agency.

**Moderate-income:** Individual income that is at least 50 percent and less than 80 percent of the area median income, or a median family income that is at least 50 percent and less than 80 percent in the case of a geography.

**Middle-income:** Individual income that is at least 80 percent and less than 120 percent of the area median income, or a median family income that is at least 80 percent and less than 120 percent in the case of a geography

**Multifamily:** Refers to a residential structure that contains five or more units.

**Owner-occupied units:** Includes units occupied by the owner or co-owner, even if the unit has not been fully paid for or is mortgaged.

**Qualified investment:** A qualified investment is defined as any lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

**Small loans to business:** A loan included in “loans to small businesses” as defined in the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$1 million or less and are either secured by nonfarm nonresidential properties or are classified as commercial and industrial loans.

**Upper-income:** Individual income that is more than 120 percent of the area median income, or a median family income that is more than 120 percent in the case of a geography.

**Wholesale Bank:** A bank that is not in the business of extending home mortgage, small business, small farm or consumer loans to retail customers, and for which a designation as a wholesale bank is in effect, in accordance with the CRA regulation.