

PUBLIC DISCLOSURE

MAY 28, 1996

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**BANKERS TRUST COMPANY
02-36-4840**

280 PARK AVENUE
NEW YORK, NY 10017

**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.

GENERAL INFORMATION

This document is an evaluation of the Community Reinvestment Act (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.

The evaluation represents the agency's current assessment and rating of the institution's CRA performance based on an examination conducted as of May 28, 1996.

It does not reflect any CRA-related activities that may have been initiated or discontinued by the institution after the completion of the examination.

The purpose of the Community Reinvestment Act of 1977 (12 U.S.C. 2901), as amended, is to encourage each financial institution to help meet the credit needs of the communities in which it operates. The Act requires that in connection with its examination of a financial institution, each federal financial supervisory agency shall (1) assess the institution's record of helping to meet the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operations of the institution, and (2) take that record of performance into account when deciding whether to approve an application of the institution for a deposit facility.

The Financial Institutions Reform, Recovery and Enforcement Act of 1989, Pub. L. No. 101-73, amended the CRA to require the Agencies to make PUBLIC certain portions of their CRA performance assessments of financial institutions.

Basis for the Rating

The assessment of the institution's record takes into account its financial capacity and size, legal impediments and local economic conditions and demographics, including the competitive environment in which it operates. Assessing the CRA performance is a process that does not rely on absolute standards. Institutions are not required to adopt specific activities, nor to offer specific types or amounts of credit. Each institution has considerable flexibility in determining how it can best help to meet the credit needs of its entire community. In that light, evaluations are based on a review of 12 assessment factors, which are grouped together under 5 performance categories, as detailed in the following section of this evaluation.

ASSIGNMENT OF RATING

Identification of Ratings

In connection with the assessment of each insured depository institution's CRA performance, a rating is assigned from the following groups:

Outstanding record of meeting community credit needs.

An institution in this group has an outstanding record of, and is a leader in, ascertaining and helping to meet the credit needs of its entire delineated community, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

Satisfactory record of meeting community credit needs.

An institution in this group has a satisfactory record of ascertaining and helping to meet the credit needs of its entire delineated community, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

Needs to improve record of meeting community credit needs.

An institution in this group needs to improve its overall record of ascertaining and helping to meet the credit needs of its entire delineated community, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

Substantial noncompliance in meeting community credit needs.

An institution in this group has a substantially deficient record of ascertaining and helping to meet the credit needs of its entire delineated community, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

DISCUSSION OF INSTITUTION'S PERFORMANCE

Institution's Rating:

This institution is rated Outstanding based on the findings presented below.

I. ASCERTAINMENT OF COMMUNITY CREDIT NEEDS

Assessment Factor A - Activities conducted by the institution to ascertain the credit needs of its community, including the extent of the institution's efforts to communicate with members of its community regarding the credit services being provided by the institution.

Bankers Trust Company ("Bankers") continues to demonstrate a strong record of ascertaining community credit needs. As a global institution, the bank's clientele consists of major corporations, large financial institutions, and governments. Through its Private Banking unit the Bank provides limited retail services to fit the personal banking needs of high net-worth individuals.

The Community Development Group ("CDG") is to be the bank's primary vehicle for fulfilling its community reinvestment responsibilities. The CDG has a strong focus on low- and moderate-income communities throughout the five boroughs of New York City by identifying needs, promoting bank resources and seeking lending opportunities. The CDG serves as a point of access for community-based organizations wishing to introduce projects for financing consideration. Members of the CDG meet regularly with government representatives, elected officials, neighborhood organizations and community advocates. Meetings addressing the revitalization of economically-distressed communities take place in these neighborhoods enabling participants to gain a "first-hand" look at the more obvious needs of targeted communities.

The CDG has demonstrated innovative and effective approaches in confronting the credit needs of low- and moderate-income communities. Effective marketing channels allow community-based organizations and the public to offer solutions to identified credit needs. Members of the CDG serve as panelists, guest lecturers, organizers of seminars and conferences, hold committee meetings, and sponsor fundraisers and benefits. Issues raised during these events include increasing funding for community development corporations, expanding shopping services in low-income areas, supporting employee-owned businesses, and improving low-income housing opportunities. All contacts relating to community development are documented in "Needs Ascertainment Memorandums" that provide a detailed, chronological log of each contact made.

Bankers, through its ascertainment activity with community development corporations ("CDCs"), has identified a need to provide ongoing financial support for these intermediaries. As a result, the bank and several other community-based organizations have initiated plans for a CDC fund. The goal of this fund is to raise \$15 million as start-up capital for CDCs. Fifty CDCs, working in New York City's low- and moderate-income neighborhoods, with proven track records of housing development or management, will be the selected recipients of the fund.

These organizations are eligible to receive \$75 thousand per year over four years.

Similar to its involvement with the CDC fund, the CDG has been highly instrumental in developing a community investment company ("CIC"). Specifically, the managing director of the CDG has participated in this CIC since its inception and currently serves as a board member. The CIC's purpose is to provide financing alternatives to speculative projects in primarily low- and moderate-income areas. Collaborative efforts between the bank and the CDCs have raised the CDG's profile in New York City. The bank has approved a \$221 thousand line of credit and a \$779 thousand equity investment for the CIC.

DISCUSSION OF INSTITUTION'S PERFORMANCE (Cont.)

The bank is utilizing its interaction with foreign bankers to encourage the mobilization of resources for local community development projects. To heighten awareness of the local community, members of the CDG have arranged for foreign bankers to take bus tours of the neighborhoods that benefit from its financing.

Furthermore, the CDG has introduced foreign bank management to various public and nonprofit, community development organizations.

Ascertainment of community credit needs is also strengthened by activities of the Bankers Trust Company Foundation ("Foundation"). The Foundation seeks opportunities to provide ongoing financial support to institutions which are critical to the infrastructure of community development in New York City. This financial support is in the form of contributions, grants, and interest-free loans. The Foundation also serves to introduce companies and individuals with financial resources to nonprofit organizations with financial needs. The bank continues to identify opportunities to combine Foundation resources with governmental programs.

The Bankers Trust Company Foundation, along with the assistance of five community-based organizations, has annually awarded the Bankers Trust Nonprofit Property Management Excellence Award to three nonprofit organizations. Recipients of the award have demonstrated excellence in carrying out their property management responsibilities. Furthermore, Bankers Trust Company Foundation awards each winner with a \$10 thousand grant for their efforts to maintain low- and moderate-income housing in New York City.

Assessment Factor C - The extent of participation by the institution's board of directors in formulating the institution's policies and reviewing its performance with respect to the purposes of the Community Reinvestment Act.

The board of directors ("board") actively participates in formulating policies and reviewing the bank's CRA performance.

The board is particularly active through its Committee on public Responsibility and Concern. Members of this committee are appointed annually by the board and meet quarterly. The committee is directly responsible for establishing and modifying policies and monitoring the bank's performance in meeting its obligations under CRA. The committee's membership typically consists of four or five directors, one of whom is a bank officer and a member of the bank's Operating Committee. Official committee minutes reveal that the committee actively discusses CRA issues and provides effective oversight over the bank's CRA program.

The Community Reinvestment Committee ("CRC") was established by the Committee on public Responsibility and Concern. The CRC meets four times annually to develop and direct CRA activities consistent with the bank's overall strategic objectives. The CRC identifies needs and articulates priorities for the Community Development Group ("CDG"). The managing director of the CDG, acting as chairman, and eleven officers constitute the CRC. The CRC's chairman also meets with the Committee on PUBLIC Responsibility and Concern to ensure effective communication between the two committees.

Individually, board members have taken an active role in CRA by participating and even taking leadership roles in community development organizations and projects.

Two bank officers and one administrative assistant staff the CDG, with the chairman of the Foundation serving in a supervisory capacity. The managing director of CDG reports to the bank's chairman and frequently corresponds with members of the bank's operating committees. CDG staff members are highly seasoned community development professionals who were previously employed by nonprofit, community-based organizations.

II. MARKETING AND TYPES OF CREDIT OFFERED AND EXTENDED

DISCUSSION OF INSTITUTION'S PERFORMANCE (Cont.)

Assessment Factor B - The extent of the institution's marketing and special credit-related programs to make members of the community aware of the credit services offered by the institution.

Bankers has implemented sound marketing and advertising programs that are designed to stimulate awareness of credit services throughout New York City, including low- and moderate-income neighborhoods. As an institution without a branch network and retail customers, the bank's marketing efforts emphasize its commitment to meeting the needs of nonprofit, community-based organizations. Bankers Trust has chosen to continue using its signature "Born Again Neighborhoods" campaign as its primary advertising tool.

"Born Again Neighborhoods" is a series of advertisements promoting public support for community development organizations while highlighting the accomplishments of these organizations. According to management, the advertising campaign targets New York City residents using several methods including the following:

- promotes upcoming events that are sponsored by community development organizations;
- highlights innovative community development projects to raise PUBLIC awareness;
- informs businesses and entrepreneurs interested in developing new businesses of the bank's special community development programs;
- announces annual winners of the Bankers Trust "Nonprofit Property Management Excellence Awards" and the Bankers Trust "Working Capital Program" awards to praise the effectiveness of a selected group of community development organizations; and
- publicly congratulate organizations and individuals for their productive years of community service.

Bankers chooses to place its "Born Again Neighborhoods" advertisements in a variety of print media including the New York Times, Crain's New York Business, and the Upper West Side Resident newspapers. In addition, the bank advertises monthly in City Limits, a news magazine covering New York City's urban affairs.

Bankers continues to publish its "Community Focus" semiannual periodical which highlights the bank's involvement with its community. Examples of articles taken from the Spring/Summer 1996 publication, include a profile of the bank's new chairman, an update of ongoing community development projects, and a summary of possible changes in federal funding available to nonprofit organizations. The bank maintains more than one thousand entries for its "Community Focus" mailing list. Recipients include PUBLIC officials, attorneys, community and economic development corporations, churches, city councils, financial institutions, colleges, and any organization or individual who is actively involved in revitalizing low- and moderate-income neighborhoods in New York City. The publication is also distributed to all domestic and London office employees to express the importance that the bank places on community development.

The CDG also markets its activities internally in "Bankers Trust Times." This internal publication is produced for employees, stockholders, and affiliates and highlights the bank's current events, including those of the bank's international affiliates. Newly hired employees are introduced to the CDG through the bank's initial orientation sessions, which includes an eight minute videotape entitled "Bankers Trust: Agent of Change." The orientation is intended to encourage open

communication between these newly hired individuals and members of the CDG. Marketing of the bank's commitment to CRA is featured in Bankers Trust New York

DISCUSSION OF INSTITUTION'S PERFORMANCE (Cont.)

Corporation's annual report.

CDG staff members are invited to participate on panels, make presentations, and meet with various groups and individuals. To extend its public marketing opportunities at forums, seminars, and meetings, the bank prepares promotional packages for public distribution. The packages contain marketing information including a copy of the latest "Community Focus," the bank's CRA statement, the Foundation guidelines, and the Foundation's Annual Report of Contributions. The package is also mailed to individuals or organizations requesting information relating to the bank's community development programs.

Assessment Factor I - The institution's origination of residential mortgage loans, housing rehabilitation loans, home improvement loans, and small business or small farm loans within its community, or the purchase of such loans originated in its community.

The bank targets its lending products to "Fortune 1000" companies. The bank does offer retail products, such as residential mortgage loans and other personal loans; however, they are available as an accommodation to high net worth individuals. Credit extended for the purpose of community development is the responsibility of the Community Development Group and the board of directors has delegated full lending authority to the CDG. This authority allows the CDG to be innovative in creating loan products that will meet the unique credit needs of community development organizations.

The bank seeks to meet its community development obligation through financial intermediaries, such as partnerships, corporations, and consortiums. Specific types of credit extended since the previous examination includes the following products.

- Unsecured Lines of Credit (revolving and fixed)
- Bridge Loans
- Construction Loans (converts to a term loan at completion)
- Letters of Credit
- Secured and Unsecured Term Loans

Community development loans are typically made at below-market interest rates. Often, the cost of making the loan considerably exceeds the interest income earned on the loan. The bank has extended a loan with a zero percent interest rate to a community credit union. Several outstanding loans at fixed interest rates are as low as four and six percent.

The Community Development Group has continued its close involvement with Closing Assistance Support for Homebuyers ("CASH"), an affordable housing program. Although the bank is only one of many banks funding the lending consortium, Bankers is the lead lender and administrator of CASH. The bank's financial participation in this program is detailed under Factor H of Section V. The CASH program provides funds for closing costs and downpayment to applicants who qualify for home-purchase loans under the Fannie Mae Community Homebuyers Program or similar affordable housing mortgage programs. Bankers serves as co-administrator with Neighborhood Housing Services for this New York City program.

Assessment Factor J - The institution's participation in governmentally insured, guaranteed or subsidized loan programs for housing, small businesses, or small

DISCUSSION OF INSTITUTION'S PERFORMANCE (Cont.)**farms.**

The bank does not participate in government loan programs. However, during November 1995 the bank purchased \$240 million of Federal Housing Administration ("FHA") mortgages from the Department of Housing and Urban Development. Subsequently, more than \$200 million of the mortgages have been securitized and sold under a real estate mortgage investment conduit ("REMIC").

Global Resources for Affordable Neighborhood Development ("GRAND"), a nonprofit corporate entity of the New York City Housing Partnership, provides co-financing (49%) of private construction projects developed under the New York City Housing Partnership New Homes Program. The balance of the borrowed money (51%) is provided by each project's originating construction lender. A mortgage lender can offer below market rates in exchange for 75 percent insurance coverage from State of New York Mortgage Agency ("SONYMA"). Although the bank is only one of many banks funding the lending consortium, Bankers acts as funding agent for GRAND. The bank's financial participation in this program is detailed under Factor H of Section V.

III. GEOGRAPHIC DISTRIBUTION AND RECORD OF OPENING AND CLOSING OFFICES**Reasonableness of Delineated Community**

The bank's delineation appears reasonable and does not arbitrarily exclude any low- and moderate-income communities. During its April 16, 1996 meeting, the board of directors approved the bank's new delineation which includes all five boroughs of New York City. Before the change in delineation, the bank's responsibilities in meeting local credit needs encompassed all five boroughs with particular emphasis on low- and moderate-income communities.

The delineation is consistent with Section 228.3(b)(3) of Regulation BB.

DISCUSSION OF INSTITUTION'S PERFORMANCE (Cont.)**Assessment Factor E - The geographic distribution of the institution's credit extensions, credit applications, and credit denials.**

The Community Development Group uses an automated mapping system to geographically track all of its community development loans, investments, and grants. The maps are prepared at least annually and highlight the low- and moderate-income census tracts of each of the five boroughs of New York City

A review of the May 1996 community development maps revealed that Bankers is penetrating low- and moderate-income census tracts throughout the five counties of New York City. Lending penetration is lower in the counties of Queens and Richmond; however, the penetration is considered commensurate with the level of low- and moderate-income census tracts within these counties.

Assessment Factor G - The institution's record of opening and closing offices and providing services at offices.

Bankers has one office located at 280 Park Avenue, Manhattan. This office serves corporate customers and offers accommodating services to high net worth clients through Private Banking.

IV. DISCRIMINATION AND OTHER ILLEGAL CREDIT PRACTICES**Assessment Factor D - Any practices intended to discourage applications for types of credit set forth in the institution's CRA Statement(s).**

Bankers does not discourage applications for the types of credit set forth in its CRA Statement. However, as noted in Assessment Factor F below, violations of the more technical aspects of Regulation C were noted at this examination.

Assessment Factor F - Evidence of prohibited discriminatory or other illegal credit practices.

No credit practices were found that were inconsistent with the substantive provisions of anti-discrimination laws and regulations, including the Equal

DISCUSSION OF INSTITUTION'S PERFORMANCE (Cont.)

Credit Opportunity Act (Regulation B), the Fair Housing Act, the Home Mortgage Disclosure Act (Regulation C) and all other relevant Regulations with respect to nondiscriminatory treatment of credit applicants. However, violations of Regulation C were not noted that will require Bankers to correct and resubmit the 1995 Home Mortgage Disclosure Act data.

V. COMMUNITY DEVELOPMENT

Assessment Factor H - The institution's participation, including investments, in local community development and redevelopment projects or programs.

Bankers actively participates in innovative community development initiatives throughout its delineation on a direct and indirect basis. Loans, investments, grants and contributions totaled \$171.7 million (See Exhibit A). In addition, letters of credit totaled \$2.1 million and municipal securities outstanding totaled \$85.4 million. Most of Bankers' community development activities are performed by its Community Development Group. However, other banking departments such as the Foundation, Real Estate Finance Group, and Private Banking also participate in community development initiatives.

Community development activity made for the primary purpose of providing housing and economic development to low- and moderate-income individuals and communities is reflected in Exhibit A. The column entitled "new money" specifies dollars committed toward new projects or increases to existing commitments.

DISCUSSION OF INSTITUTION'S PERFORMANCE (Cont.)**Loan Programs and Projects**

Bankers committed \$89.5 million in community development loans. The largest portion, representing approximately \$79.5 million, was for affordable housing throughout the five boroughs of New York City. Committed dollars for economic development and social services totaled \$7.9 million and \$2.6 million, respectively. Commitments for community development loans and portions of loans applied to community development projects have increased 44 percent over outstanding commitments as of the July 25, 1994 evaluation.

While direct lending to borrowers located in each of the five boroughs is limited, the bank's participation through citywide community development intermediaries results in widespread penetration of its community development lending dollars. Almost 87 percent of outstanding community development loans are to lending consortiums serving the entire New York City area. Eleven of these intermediaries are devoted to economic development, six focus on low- and moderate-income housing, and one organization has a record of both economic and housing development. The following represent a sample of the more significant initiatives that Bankers has undertaken since last examination:

In December 1995, the bank joined with a national franchising association, a national housing organization, and others to develop and implement a franchising opportunities project in five low-income neighborhoods in New York City. In addition to providing \$1.5 million in financing, Bankers will assist in the selection of community development corporations to operate as co-owners with individual entrepreneurs during the start-up phase. Once stabilized, the local franchisee purchases the businesses from the CDCs. The project is expected to open 25 new units over the next three years.

Bankers and the Neighborhood Housing Services of New York City continued their partnership since last examination to expand the Closing Assistance Support for Home buyers ("CASH") Program. Cash II, larger than Cash I, will receive \$2 million in funding. Furthermore, Cash II is expected to assist 250 Home buyers. Bankers is the lead bank and participates with nine other lenders.

In February 1995, the bank extended a \$1.5 million loan, in participation with one other lender, Common Ground Community H.D.F.C., Inc. The loan was extended to purchase the Prince George Hotel building from the Resolution Trust Corporation and to convert it into a 416-unit apartment complex. In addition to housing lower-income single adults, the project is expected to provide support services and employment opportunities. Currently, Common Ground is negotiating a deed in lieu of foreclosure with the current owners.

In September 1995, Bankers purchased 137 loans from the Department of Housing and Urban Development ("HUD") for the purpose of securitizing the loans through Federal National Mortgage Association's ("FNMA") "Alternative Credit Enhancement Program". One particular mortgage, totaling \$13.4 million, was for an affordable housing project in Harlem. An inspection of the property revealed extensive deferred maintenance and prompted Bankers to develop several rehabilitation lending alternatives. Although the project owner refused to accept any of the bank's lending packages, Bankers was instrumental in helping the owner to seek rehabilitation financing through the City of New York's Department of Housing Preservation and Development. In order to meet the city's lending conditions,

Bankers allowed a \$6.3 million second mortgage to be placed on the Harlem housing complex.

Investments

Bankers investment portfolio exhibits a strong record of community development investing. The bank's total investment commitment is \$72.5 million, which represents a significant increase over the \$37.6 million reported at last examination. Approximately \$60 million or 83 percent of the bank's commitment

DISCUSSION OF INSTITUTION'S PERFORMANCE (Cont.)

represents housing investments, while \$12.5 million or 17 percent represents economic development investments.

Outstanding investments currently total \$22.5 million and will increase to meet commitment levels as they are drawn according to prearranged funding schedules. New and significant investment commitments since last examination include the following:

- New York Community Investment Company - a limited liability company which provides financing to small businesses and nonprofit intermediaries, primarily located in low- and moderate-income areas.
- New York City Investment Fund - a limited liability company organized to deploy funds for economic development projects in New York City.
- The National Equity Fund (1994 and 1995) - limited partnerships created by the Local Initiatives Support Corporation to provide equity capital for affordable housing.
- New York Equity Fund (1994 and 1995 Series I and II) limited partnerships which are managed by the National Equity Fund through the low-income housing tax credit program. The Fund was formed to create an investment pool for corporate equity investments supporting low-income housing development.

The bank's municipal bond portfolio contains two local municipal government obligations totaling \$85,404 thousand. Both bonds were purchased since the previous evaluation. During 1994 and 1995, the bank served as managing underwriter or participant for three New York City municipal bond issues.

Contributions and Grants

Bankers, through its Corporate Contributions Program, supports nonprofit community organizations through monetary contributions. Bankers Trust Company Foundation remains focused on the needs of the inner city, with the majority of grants supporting community development efforts and innovative inner-city PUBLIC school programs. During 1994, the bank contributed a total of \$2.9 million in financial gifts and grants aimed at community development, while 1995 giving was somewhat lower at \$2.3 million. Moreover, matching gifts tot organizations involved in community development totaled \$2.2 million in 1994 and \$2.4 million in 1995, as detailed under Factor L of Section V.

Many of the bank's monetary contributions serve to compliment its community development lending. In particular, Bankers has entered into a \$750 thousand grant commitment with the Neighborhood Franchise Project. This grant is being given in conjunction with the bank's two \$750 thousand loans for the project.

Assessment Factor K - The institution's ability to meet various community credit needs based on its financial condition and size, legal impediments, local economic conditions and other factors.

There are no financial or legal impediments that would prevent Bankers from meeting its CRA responsibilities.

COMMUNITY PROFILE

The following information was obtained from sources that include the U.S. Department of Commerce - Bureau of the Census, The New York State Department of Labor, and the New York State Department of Economic Development.

New York City, comprising the five counties (boroughs) of the Bronx, Queens,

DISCUSSION OF INSTITUTION'S PERFORMANCE (Cont.)

Kings (Brooklyn), New York (Manhattan), and Richmond (Staten Island), has a population of 7.3 million. Approximately 58 percent of the population, or 4.2 million, are of Hispanic origin and nonwhite ("minority"). The largest concentration of this segment of the population falls within the Bronx and Brooklyn, with minorities representing 77.4 percent and 53.1 percent, respectively.

Of the approximately 2.8 million occupied housing units in New York City, 28.8 percent are owner-occupied. Approximately 13 percent, or 104 thousand owner-occupied units, are located in low- and moderate-income census tracts. New York

City has 2,216 census tracts, with low- and moderate-income census tracts accounting for 36 percent (798) of the total.

The following table displays unemployment statistics as reported by the New York State Department of Labor's Division of Research & Statistics.

LOCATION	APRIL 1996	APRIL 1995
Bronx	10.1%	9.5%
Kings (Brooklyn)	10.3%	9.2%
New York (Manhattan)	6.8%	6.8%
Queens	8.4%	7.6%
Richmond (Staten Island)	7.9%	7.4%
New York City	8.8%	8.1%
New York State	6.3%	6.3%
United States	5.4%	5.6%

Although New York County remained unchanged, the remaining four counties experienced a notable rise in unemployment between April 1995 and April 1996. According to a regional analyst with the Division of Research and Statistics, New York City has suffered due to low net job growth. The private sector made approximately 30 to 35 thousand new jobs available between April 1995 and April 1996, however, PUBLIC sector layoffs totaling 25 to 30 thousand have resulted in limited net job growth.

The major industries in New York City are professional services, such as, health care, business, education, and social. From April 1995 to April 1996, professional services continued to strengthen and experienced a modest gain of 2.9 percent.

Wholesale/retail trade is the second highest contributor to employment, with restaurants and various eating establishments accounting for the single highest component. While the wholesale/retail trade industries experienced a modest gain of 2.2 percent from April 1995 to April 1996, the City's third and fourth highest industry sectors, government and financial services, recorded moderate decreases.

According to the information provided by the New York State Department of Labor's Division of Research and Statistics, employment at the local government level has been notably reduced contributing to the 2.5 percent overall decrease in government employment within New York City.

DISCUSSION OF INSTITUTION'S PERFORMANCE (Cont.)

Finally, the financial service industry, predominantly consisting of securities firms, financial institutions, and real estate brokerage houses, has experienced only a slight decrease in its employment level. This decrease appears to be the result of continued consolidation and downsizing in the banking industry.

Assessment Factor L - Any other factors that, in the regulatory authority's judgment, reasonably bear upon the extent to which an institution is helping to meet the credit needs of its entire community.

Bankers continues to encourage employee participation in community development through its Volunteer Assistance Fund, Matching Gifts and BT SWAT programs. The Volunteer Assistance Fund encourages employees to volunteer technical expertise to nonprofit organizations serving low-income neighborhoods. As part of this program, the bank maintains a monetary grant fund available for application by any of its volunteering employees for the benefit of the employees' selected nonprofit organizations.

The bank has continued its Matching Gifts Program. Through this program, the bank matches its employees' monetary gifts to eligible organizations (up to \$25 thousand annually per employee). The BT SWAT program solicits volunteers with particular technical skills to provide assistance to community groups on specific projects.

Bankers also provides free investment advisory services such as managing reserve accounts for limited partnerships which own low-income housing projects developed under the Low-Income Housing Tax Credit Program. Bankers also engages its high net worth clients in philanthropic efforts to assist distressed communities.

The bank acts as agent, as well as lead lender, for the Closing Assistance Support for Homebuyers ("CASH") and the Global Resources for Affordable Neighborhood Development Incorporated ("GRAND"). As an agent for GRAND II, the bank disburses funds, collects and distributes interest and payments of approximately \$27.5 million on behalf of participating banks. The bank also serves as the Community Preservation Corporation agent.

Bankers participates in the Academy of Finance Program: a summer internship for high school students interested in careers relating to finance. Significant arrangements have been made and job descriptions have been developed to employ ten New York City high school students during the summer months.

The CDG has been authorized to give any of the bank's furniture and equipment which are no longer in use to needy community development groups and nonprofit community organizations. A review of the bank's public CRA file revealed numerous letters of appreciation for these non-financial gifts.