



WHOLESALE BANK

Comptroller of the Currency
Administrator of National Banks

PUBLIC DISCLOSURE

August 6, 2001

**COMMUNITY REINVESTMENT ACT
PERFORMANCE EVALUATION**

**Bankers Trust Company of Florida, N. A.
Charter Number 17112**

**350 Royal Palm Way
Palm Beach, FL 33480**

**Comptroller of the Currency
South Florida Field Office
5757 Blue Lagoon Drive Suite 200
Miami, FL 33126-2048**

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'S CRA RATING:

This institution is rated Satisfactory.

The conclusions for the three rating criteria are:

- The bank demonstrates an adequate level of community development lending, community development services, and qualified investment activity.
- The bank demonstrates no use of innovative or complex qualified investments, community development loans, or community development services.
- The bank demonstrates adequate responsiveness to credit and community development needs in its assessment area.

SCOPE OF THE EXAMINATION

In evaluating the bank's performance under the CRA, we reviewed community development activities from September 30, 1996 through August 6, 2001. We reviewed the level and nature of Bankers Trust's qualified investments, community development lending, and community development services. At the prior examination dated September 9, 1996, we rated the bank Satisfactory.

If a bank has adequately addressed its assessment area needs, the OCC considers community development activities the bank submits that benefits area outside of its assessment area in the evaluation of its performance. The bank has adequately addressed the needs of its assessment area, and therefore outside of assessment area qualified investments were considered in evaluating performance.

DESCRIPTION OF INSTITUTION

Bankers Trust Company of Florida, NA (Bankers Trust) is wholly owned by Bankers Trust Corporation (BTC), which is located in New York City, New York. Since 1999 the Bankers Trust Corporation ownership has been held by Taunus Corporation, the American subsidiary of the Deutsche Bank AG. Prior to the acquisition, BTC was a global financial institution, providing products and services to its clients worldwide. Subsequent to the acquisition and associated reorganization activities, BTC and its subsidiaries conduct their business primarily in the Americas, focusing on activities principally in the asset management, lending, institutional services, and private banking business. As of March 31, 2001, BTC had banking assets totaling \$60 billion. The subsidiaries do not influence Banker Trust's capacity to lend or invest in the community.

Bankers Trust has one office located in Palm Beach, Florida. The bank originally opened as a Trust Company in 1981. There are no legal, financial, or other impediments, which would hamper the bank's ability to help meet the credit needs of its assessment area.

Bankers Trust received a designation as a wholesale institution from the OCC on April 16, 1996. As defined by the CRA, a wholesale bank is an institution that is not in the business of extending home mortgage, small business, small farm, or consumer loans to retail customers. Bankers Trust focuses its business specifically on asset management, primarily trust and investment advisory services for individuals investing sums of \$2 million or more. For those clients, the bank offers deposit services and residential mortgage loans on an accommodation basis. It does not offer credit cards or consumer loans and is prohibited from offering commercial loans due to its wholesale designation. The bank has no pass through receivables and the merger activities, mentioned above, had no impact on Bankers Trust performance during the assessment period. In addition, the bank has no affiliates whose activities they would want to consider in their performance.

As of June 30, 2001, Bankers Trust had total banking assets of \$25 million. The bank's year-end 2000 trust assets totaled \$875 million with \$507 million in discretionary assets under management and \$368 million in non-discretionary assets. The following table is intended to provide a perspective on the bank's capacity to help meet the needs of the assessment area.

Table 1: Financial Information (000)

	Year-end 1996	Year-end 1997	Year-end 1998	Year-end 1999	Year-end 2000	Most Recent Quarter-end 06/30/2001	Average for Evaluation Period
Tier 1 Capital	8,551	9,057	9,928	10,812	10,146	11,009	9,917
Total Income	4,180	4,820	5,150	5,057	6,042	5,344**	5,098
Net Operating Income	247	506	871	272	612	594**	517
Total Assets	18,712	22,841	19,408	23,391	25,042	24,627	22,337

Source: Consolidated Report of Condition and Income and bank reported data. **Annualized data reported.

DESCRIPTION OF THE ASSESSMENT AREA

Bankers Trust has designated the West Palm Beach Metropolitan Statistical Area (MSA) as its assessment area (AA), which matches the boundaries of Palm Beach County. Palm Beach County is located on the southeast coast of the State of Florida. It is the largest of the sixty-seven counties in the state, and has the third largest population. There are thirty-seven incorporated municipalities in the county, most of which are located along the coastline. Three municipalities are located in the western portion of the county in an area commonly called the Glades. The County's most important and basic industries are agriculture, tourism and manufacturing. The County is one of the nation's leading agricultural areas.

According to the 2000 census, the area population was 1,131,184 a 31% increase from the 1990 census. The AA meets the requirement of the regulation and does not arbitrarily exclude low- or

moderate-income geographies. The U.S. Department of Housing and Urban Development estimated 2001 MSA median family income to be \$60 thousand. Refer to Table 2 for additional information on the AA.

Local economic conditions are healthy, but unemployment has been increasing since 2000. The West Palm Beach MSA has experienced continued economic and population growth. Primary industries, supporting a large population of retirees, include services, retail trade, real estate development, healthcare, and financial professional services. The service sector employs over 42% of total nonfarm employment across the county and tourism includes a significant component. Other large sources of employment are public services including hospitals, government, and education. Numerous financial service providers are located within the county including small independent banks, branches of large banks, various thrifts, and other specialty institutions. Businesses are predominantly small. The unemployment rate for the county, as of June 2001, was 5.4%, which is a 13% increase from the June 2000 jobless rate.

We determined credit needs and the availability of community development investments through discussions with management and community contacts made by the OCC for this examination. The bank has identified affordable housing to be the critical credit need of the county and the area of focus given its bank’s inability to extend commercial loans. However, several obstacles have been identified in Palm Beach County, which have attributed to creating barriers to affordable housing. These obstacles can be identified by two (2) broad categories: 1) public policies; and 2) natural economic forces; which affect the cost of housing or incentives to develop, maintain, and improve affordable housing. Through these efforts, we determined that opportunities to invest in community development affordable housing bonds are available. Community development activities are also available. However, there have been only limited partnerships between financial institutions and public and private entities due to lack of expertise and resources.

Table 2: Assessment Area Description

	Number	Low	Moderate	Middle	Upper
Tracts	207	5%	22%	42%	31%
Families	244,633	19%*	19%*	23%*	39%*
Businesses	51,294	3%**	19%**	43%**	35%**

Source: Demographic Data - 1990 U.S. Census, Dun & Bradstreet Data. *Represents families by income level.

**Represents businesses by income level of census tract.

CONCLUSIONS ABOUT PERFORMANCE CRITERIA

Summary

Bankers Trust’s overall CRA performance as a wholesale designated bank is satisfactory. The bank demonstrated an adequate level of community development activities in the bank’s assessment area. During the evaluation period, the bank made investments totaling \$751 thousand in qualified investments and 3 mortgage loans to low- and moderate-income borrowers totaling \$232 thousand. Neither the loans nor the investments were innovative or complex;

however, they did provide adequate responsiveness to the community developments needs of the assessment area. The level of community development services was also adequate. During the evaluation period, the bank's CRA officer provided finance-related services to three qualified community development organizations.

The level of the bank's activity was adequate in relation to available opportunities and the bank's capacity. Bankers Trust funded \$510 thousand in housing finance investments that benefited low- and moderate-income families in the AA. The qualified grants and donations, totaling \$239 thousand, were to community organizations that support affordable housing, credit counseling, quality of life programs for low- and moderate-income individuals, and for small business development. Quality of life and small business development programs include, but are not limited to child care services for working parents, credit counseling and technical assistance for business development; and, to provide access to capital and credit for development activities. Community Development loans totaled \$232 thousand. Opportunities exist for community development lending, investments, and services throughout the West Palm Beach MSA, but are limited due to the reasons discussed under Description of the Assessment Area. In addition, Bankers Trust's senior officers provided an adequate level of financial related services to non-profit financial organizations.

Bankers Trust provided only routine community development activities in the AA during this evaluation period. The bank's community development activities consisted of qualified investments, donations and loans that are routinely provided by other entities. The bank's participation was limited to funding loans in a home lending consortium located in Palm Beach County. Senior Officers at Bankers Trust are affiliated with community development organizations in the AA.

Banker Trust's responsiveness to the credit and community development needs in its assessment area was adequate. The credit and community development need identified as being most pressing throughout the assessment area was affordable housing for low- and moderate-income families. All community development investments and loans originated during the evaluation period were for affordable housing for low- and moderate-income families. Community development services were also responsive to affordable housing for low- and moderate-income individuals.

Qualified Investments

Table 3a: Qualified Investment Activity (000s)

	Benefits AA	Outside AA	Totals
Originated Investments	510	0	510
Originated Grants	226	13	239
Prior-Period Investments that Remain Outstanding	15	0	15
Total Qualified Investments	751	13	764
Unfunded Commitments*	28	0	28

* "Unfunded Commitments" means legally binding investment commitments that are tracked and recorded by the bank's financial reporting system.

Table 4a: Qualified Investment Percentages

	Benefits AA (%)	Outside AA (%)	Total (%)
Total Investments/Average Tier 1 Capital	7.6%	.1%	7.7%
Total Investments/Average Total Income	14.7%	.3%	15.0%

The bank invested an adequate level of its funds in affordable housing bonds, given the availability of qualified investments in the AA, the bank's size, and its strategic focus. During our review period the bank purchased an aggregate amount of \$510 thousand in affordable housing bonds.

The qualified investments during this review period are affordable housing bonds issued by the Housing Finance Authority of Palm Beach County, Florida. These bonds specifically target low- and moderate-income family apartment and housing needs in the AA.

The investments are neither innovative nor complex. However, they are responsive to credit and community development needs of the AA. Two of the housing authority issues purchased in 1999 financed more than 380 qualifying conventional mortgage loans to qualified persons or families of low- and moderate-income in Palm Beach County, Florida. Federal Tax Law codes provide that interest received on the bonds to investors are exempt from Federal and state income taxes, provided that 95% of the net proceeds of the bonds are used to finance residences who participate in Fannie Mae's Community Home Buyer's Program. This program offers more flexible underwriting than otherwise may be available to first-time homebuyers. To qualify for the program the mortgagor must first participate in home loan counseling seminars.

During the evaluation period, Bankers Trust had provided qualified grants and donations to community organizations that support affordable housing, credit counseling, quality of life programs for low- and moderate-income individuals, and for small business development. The total dollar amount for the period was \$226 thousand. These funds were distributed among a core group of five community development purpose organizations, all within the West Palm Beach MSA. Bankers Trust has been a consistent donator to these organizations since 1991.

At the time of our review, Bankers Trust had binding agreements with two community development groups for grants in the total amount of \$28 thousand. In addition, a prior period donation to a small business investment corporation continues to assist in the financing of small business loans. The nonprofit organization was formed in accordance with the Florida Small and Minority Business Act of 1985. The purpose of the organization is to provide business loans, bonding, equity, and business services and assist in the development of joint opportunities and other services for business and enterprises owned by eligible citizens of Palm Beach County.

Due to its satisfactory performance in the AA, Bankers Trust can receive credit for qualified investments, contributions and grants made outside the West Palm Beach MSA. During the period in review, the bank had donated \$13 thousand to a nonprofit, statewide membership organization whose mission is to help provide affordable housing, technical assistance, and training to primarily low- and moderate-income individuals. Through its more than 430 groups and individual members across the state; it has provided information, technical assistance, training and partnership development to assist in providing affordable homes to low- and moderate-income Florida residents.

Community Development Lending

Table 5b: Community Development Lending Percentages

	Benefits AA (%)
Total CD Lending/Average Tier 1 Capital	2.3%
Total CD Lending/Average Total Income	4.6%

Bankers Trust originated an adequate level of qualified community development loans, given the bank's size and strategic focus. As a wholesale bank, only incidental or accommodation residential lending is permissible. Bankers Trust had extended three affordable single family residential loans totaling \$232 thousand to low- and moderate-income individuals. The loans were three of the four loans (75%) originated by the bank during the assessment period and represented 42% of the total dollar amount. In terms of dollars, the percentage is lower due to the bank's normal clients traditionally requesting larger loan amounts. All four loans originated were in the bank's AA. The community development loans resulted from the bank's involvement in the Community Financing Consortium, Inc. Bankers Trust is a charter member of this organization that now includes 15 members.

Community Development Services

We evaluated the bank's community development services, primarily focusing on the responsiveness of the needs of the community and the level of innovation and/or complexity involved. Based on the information available, we did not observe any innovation or complexity in the activities. Bankers Trust's senior officers provided financial-related services to three nonprofit community development organizations during this evaluation period. Services provided were adequately responsive to the AA's credit and community development needs. All of the

organizations to which Bankers Trust provided services had affordable housing for low- and moderate-income individuals and families as their primary mission. This was consistent with the bank's strategy.

The Palm Beach-based community development organizations Bankers Trust Officers provided services for, included:

- ***The Center for Technology Enterprise & Development (The TED Center)*** - This organization is a non-profit charitable and educational Community Development Corporation that addresses the concerns of housing, crime management, employment, and economic development by facilitating revitalization in the community. The CRA Officer of Bankers Trust serves as a board director and member of the Center's Fundraising Committee.
- ***Local Initiatives Support Corporation of Palm Beach County (LISCPB)*** - The LISCPB assists in revitalization of low-income areas by helping local Community Development Corporations with their development of affordable housing in targeted areas. The CRA Officer serves as a member of the advisory board.
- ***Community Financing Consortium, Inc.*** - The consortium is a lending organization composed of financial institutions that provide below market rate financing for low- and moderate-income individuals to acquire, construct and/or rehabilitate residences in Palm Beach County. The CRA Officer currently serves on the Executive Committee as the Vice Chairperson, and is a member of the consortium's residential lending sub-committee

Fair Lending Review

An analysis of 2 years public comment and consumer complaint information was performed according to the OCC's risk-based fair lending approach. Based on the analysis of the information, the OCC decided that a comprehensive fair lending examination would not need to be conducted with the CRA evaluation this year. The latest comprehensive fair lending exam was performed in January 2000.

Definitions and Common Abbreviations

The following terms and abbreviations are used throughout this performance evaluation. The definitions are intended to provide the reader with a general understanding of the terms, not a strict legal definition.

Affiliate – Any company that controls, is controlled by, or is under common control with 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.

Assessment Area (AA) – A geographic area that consists generally of one or more MSAs (using the MSA boundaries that were in effect as of January 1 of the calendar year in which the delineation is made) or one or more contiguous political subdivisions, such as counties, cities, or towns, in which the bank has its main office, branches, and deposit-taking ATMs.

Benefit to Assessment Area – A qualified Community Development activity benefits the assessment area if (i) the activity benefits areas within the assessment area, or (ii) the activity benefits a broader statewide or regional area that includes the bank’s assessment area. If a bank has adequately addressed the needs of its assessment area, then the OCC also considers activities submitted by the bank that benefit areas outside of its assessment area.

Block Numbering Area (BNA) – Statistical subdivisions of counties in which census tracts have not been established. The United States Census Bureau has established BNAs in conjunction with state agencies.

CEBA – Competitive Equality Banking Act of 1987, which permitted corporations to form limited-purpose credit card banks, whose operations are restricted to credit card activities, without the corporation becoming subject to the limitations of a “bank holding company” under the Bank Holding Company Act. A CEBA credit card bank engages only in credit card operations, does not accept demand deposits or savings or time deposits of less than \$100,000 (other than to secure extensions of credit), maintains only one office and does not engage in the business of making commercial loans.

Census Tract (CT) – Small, locally defined statistical areas within metropolitan statistical areas. These areas are determined by the United States Census Bureau in an attempt to group homogenous populations. A CT has defined boundaries per 10-year census and an average population of 4,000.

Community Development (CD) – 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.

Community Reinvestment Act (CRA) – The statute that requires the OCC to evaluate a bank’s

record of meeting the credit needs of its local community, consistent with the safe and sound operation of the bank, and to take this record into account when evaluating certain corporate applications filed by the bank.

Geography – A census tract or a block numbering area delineated by the United States Bureau of the Census in the most recent decennial census.

Median Family Income (MFI) – The median income determined by the United States Census Bureau every 10 years and used to determine the income level category of geographies. Also, it is the median income determined by the Department of Housing and Urban Development annually that is used to determine the income level category of families. For any given geography, the median is the point at which half of the families have income above it and half below it. (See the four categories of median income below.)

Low-Income – An income level that is less than 50% of the MFI.

Moderate-Income – An income level that is at least 50% and less than 80% of the MFI.

Middle-Income – An income level that is at least 80% and less than 120% of the MFI.

Upper-Income – An income level that is 120% or more of the MFI.

Metropolitan Statistical Area (MSA) – Area defined by the director of the United States Office of Management and Budget. MSAs consist of one or more counties, including large population centers and nearby communities that have a high degree of interaction.

Net Operating Income – As listed in the Consolidated Report of Condition and Income: Income before income taxes and extraordinary items and other adjustments. [*Schedule RI - Income Statement, line 8 or UBPR, page 2, “PreTax Operating Income (TE)”*]

Tier 1 Capital – The total of common shareholders’ equity, perpetual preferred shareholders’ equity with noncumulative dividends, retained earnings and minority interests in the equity accounts of consolidated subsidiaries. [*Schedule RC-R - Regulatory Capital, line 3a(1) or UBPR, page 11A, “Net Tier One”*]

Total Assets – Total bank assets as listed in the Consolidated Report of Condition and Income. [*Schedule RC - Balance Sheet, line 12 or UBPR, page 4, “Total Assets”*]

Total Income – From the Consolidated Report of Condition and Income – Total Interest income plus Total Noninterest income. [*Schedule RI - Income Statement, Total Interest Income, line 1g and Total Noninterest Income, line 5g, except for banks with domestic offices only and total assets less than \$100 million, line 5c or UBPR, page 2, “Total Interest Income” and “Noninterest Income”*]

Wholesale Institution – An institution that is not in the business of extending home mortgage, small business, small farm, or consumer loans to retail customers and for which a designation as a wholesale bank is in effect.