NEW YORK STATE BANKING DEPARTMENT

CONSUMER SERVICES DIVISION

One State Street
New York, NY 10004

PUBLIC SUMMARY

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Date of Evaluation: December 31, 2001

Institution: Fuji Bank and Trust Company
55 East 52nd Street
New York, NY 10055

Note: This evaluation is not an assessment of the financial condition of this institution. The rating assigned does not represent an analysis, conclusion or opinion of the New York State Banking Department concerning the safety and soundness of this financial institution.

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GENERAL INFORMATION

This document is an evaluation of the Community Reinvestment Act ("CRA") performance of Fuji Bank and Trust Company prepared by the New York State Banking Department. The evaluation represents the Banking Department's current assessment and rating of the institution's CRA performance based on an evaluation conducted as of December 31, 2001.

Section 28-b of the New York State Banking Law, as amended, requires that when evaluating certain applications, the Superintendent of Banks shall assess a banking institution's record of helping to meet the credit needs of its entire community, including low and moderate income areas, consistent with safe and sound operations.

Part 76 of the General Regulations of the Banking Board implements Section 28-b and further requires that the Banking Department assess the CRA performance records of regulated financial institutions. Part 76 establishes the framework and criteria by which the Department will evaluate the performance. Section 76.5 further provides that the Banking Department will prepare a written report summarizing the results of such assessment and will assign to each institution a numerical CRA rating based on a 1 to 4 scoring system. The numerical scores represent an assessment of CRA performance as follows:

(1) outstanding record of meeting community credit needs;

(2) satisfactory record of meeting community credit needs;

(3) needs to improve record of meeting community credit needs; and

(4) substantial noncompliance in meeting community credit needs.

Section 76.5 further requires that the CRA rating and the written summary be made available to the public ("Evaluation"). Evaluations are primarily based on a review of performance tests and standards described in Section 76.7 and detailed in Sections 76.8 – 76.13. The tests and standards incorporate the 12 assessment factors contained in Section 28-b of the New York State Banking Law.

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

OVERVIEW OF INSTITUTION'S PERFORMANCE

Overall Rating

Fuji Bank and Trust Company ("FBTC") is rated "1", indicating an outstanding record of helping to meet community credit needs.

- For this evaluation period, FBTC exhibited an excellent responsiveness to the credit and community development needs of its assessment area. As of December 31, 2001, the bank's community development loans and qualified investments totaled $35.5 million, of which $21.5 million, or almost 61%, are considered new commitments.

- During this evaluation, the bank made 109 qualified investments totaling $2.4 million, all representing new money. The high level of grants, at $912 thousand for the evaluation period, demonstrates a high level of responsiveness to community development needs. Other than grants, non-member share deposits with credit unions represented a substantial majority (88.2%) of the qualified investments.

- While the current level of community development loans and qualified investments showed a significant decrease from the previous evaluation level, this is explainable within the bank's performance context. In particular, for this evaluation FBTC did not seek consideration for the loans and investments extended by affiliates, due to the consolidation/integration process following the merger in 2000 of FBTC's parent with The Dai-Ichi Kangyo Bank, Limited and The Industrial Bank of Japan. Moreover, this institution was significantly impacted by the tragic events of September 11, 2001.

- The bank had an excellent level of flexible lending practices demonstrating a high level of responsiveness to community's credit needs.

- The bank provided an excellent level of community development services through community development organizations that promote affordable housing, economic development, financial counseling, job training, revitalization and stabilization.

This evaluation was conducted based on a review of the 12 assessment factors set forth in Section 28-b of the New York State Banking Law and Part 76 of the General Regulations of the Banking Board.

PERFORMANCE CONTEXT

Institution's Profile:

The Fuji Bank and Trust Company ("FBTC" or "the bank"), chartered in 1994, is a wholesale commercial bank, wholly owned by The Fuji Bank, Limited ("FBL"), headquartered in Tokyo, Japan. FBL in turn is a wholly owned subsidiary of Mizuho Holdings, Inc., Tokyo, Japan. As a result of the tragic events of September 11, 2001, the bank had temporarily relocated to midtown Manhattan, from its downtown location in the former Two World Trade Center (WTC) building.

As of December 31, 2001, the bank reported total assets of $625.5 million, including $507.1 million (81.1% of total assets) in total loans (net of unearned income and allowance). Total deposits reported as of the same date were $159.7 million, of which almost 93% ($148.1 million) were domestic deposits.

The bank's total assets are down approximately 16%, from the $748.1 million (as of March 1999) reported at the previous CRA performance evaluation, reflecting the restructuring of the bank's U.S. operations. As noted, FBTC has considerably downsized and is now conducting limited wholesale banking activities. In September 2000, in line with this downsizing, FBTC had agreed to sell its U.S.-based corporate trust business to JPMorgan Chase.

FBTC is in the wholesale business of commercial banking, structured finance and lease financing. Accordingly, it has been an FDIC-designated wholesale institution for CRA evaluation purposes since 1996.

Parent Merger Between Evaluations

As per the consolidation agreement, announced in August 1999, FBTC's parent, FBL, together with The Dai-Ichi Kangyo Bank, Limited and The Industrial Bank of Japan, Limited, established in September 2000 a holding company, Mizuho Holdings, Inc. ("Mizuho"), which became their holding company and that of their subsidiaries. As a result of this consolidation, a financial services group, Mizuho Financial Group, was formed and is considered the largest banking group in the world.

There were no financial or legal impediments noted that would adversely impact the institution's ability to meet the credit needs of its assessment area. However, it is noted that the bank experienced significant disruption and/or destruction because of the WTC collapse, and has spent considerable time in recovery efforts. In addition, the bank has devoted considerable time to the consolidation/integration process. Consequently, FBTC did not seek credit for community development loans and qualified investments extended by affiliates, as was the case at the previous examination.

Subsequent Event

Subsequent to the evaluation date, in April 2002, the three Japanese parent banks consolidated into two legally separate entities: Mizuho Bank (for domestic Japanese retail banking) and Mizuho Corporate Bank (for institutional banking and international banking activities outside of Japan). As a result, FBTC became a subsidiary of Mizuho Corporate Bank.

FBTC has not yet been integrated with any of the banking subsidiaries in the United States. However, it is expected that Mizuho will merge FBTC with, and into, The Industrial Bank of Japan Trust Co. in late 2002.

Assessment Area:

The bank's assessment area consists of the five counties (Bronx, New York, Kings, Queens and Richmond) of New York City, part of the Primary Metropolitan Statistical Area ("PMSA") 5600. Excluding 66 zero-income tracts, there are 2150 census tracts in the assessment area, of which 314 (14.6%) are low-income tracts, 419 (19.5%) are moderate-income, 779 (36.2%) are middle-income, and 638 (29.7%) are upper-income. According to the 1990 U.S. Census data, the total population in the assessment area was approximately 7.3 million. There were about 2.8 million households, of which 975.7 thousand (34.8%) were located within low- and moderate-income (LMI) tracts. Of the total 2.8 million households in the assessment area, 1.2 million (42.9%) are LMI households and 501 thousand (17.8%) had income below the poverty level. The percentage of households receiving public assistance in LMI geographies was 56%, compared with 13% for the entire assessment area.

There are almost three million housing units in the assessment area, of which 27% are owner-occupied, 67.2% are rental units, 35.8% are 1-4 family units, and 6.1% are vacant/boarded up. The median home value was $186,350. Eighteen percent of the housing units in LMI census tracts are owner-occupied, and approximately 76.5% are multi-family (five or more units).

In 1990, there were 1.7 million families in the PMSA, of which almost 487 thousand (27.7%) were low-income families, about 286 thousand (16.3%) were moderate-income, almost 329 thousand (18.7%) were middle-income and 654 thousand (37.2%) were upper-income families. Of the approximately 773 thousand LMI families, 448 thousand, or nearly 58%, lived in LMI tracts. These families accounted for 67% of all the families (667 thousand) living in LMI tracts.

Based on estimates by HUD, the median family income for MSA 5600 increased to $56.2 thousand in 2000, from $37.5 thousand based on the 1990 U.S. Census. According to the U.S. Department of Commerce - Bureau of Economic Analysis, the largest industries in 2000 (in MSA 5600) were services, providing 32.1% of earnings, finance, insurance, and real estate providing 32%; and state and local government accounting for 9%. In 1990, the largest

industries were services, providing 33.4% of earnings, finance, insurance, and real estate providing 19.5% of earnings, and state and local government generating 12.2%.

According to the New York State Department of Labor, the average unemployment rate for PMSA 5600 increased to 5.6% in 2001, from 5.3% in 2000, compared with 4.9% for New York State in 2001 and 4.6% in 2000.

Based on the bank's lending patterns, the assessment area delineation appears reasonable. There is no evidence that LMI areas are arbitrarily excluded.

PERFORMANCE TEST AND ASSESSMENT FACTORS

I. Community Development Test

FBTC continues to exhibit excellent responsiveness to credit and community development needs in its assessment area. As of December 31, 2001, the bank's assessment area-based community development loans and qualified investments totaled $35.5 million (including $2.9 million outstanding from the previous evaluation), of which $21.5 million, or 60.6%, represented new commitments.

The majority ($32.1 million) of FBTC's loans and investments went to support affordable housing projects, while the remainder was provided for revitalization/stabilization ($2.0) and community service ($1.4) initiatives. New commitments showed a similar pattern, with $20.3 million supporting affordable housing and the remaining $1.3 million funding community service programs.

The decrease in volume from the previous examination level ($80.3 million) is explainable within the performance context. In particular, for this evaluation FBTC is not seeking consideration for the community development loans and qualified investments extended by affiliates, due to the consolidation/integration process following the merger in 2000 of FBTC's parent with The Dai-Ichi Kangyo Bank, Limited and The Industrial Bank of Japan. Moreover, as noted above, the institution was significantly impacted by the tragic events of September 11, 2001.

The bank participates in community development initiatives primarily by working with intermediaries that serve its assessment area. The bank's total community development portfolio of loans and investments within its assessment area includes the following:

Community Development Loans and Qualified Investments as of December 31, 2001					
Type	**No. of Commitments**	**Commitments ($ in millions)**	**Percentage**	**Outstanding ($ in millions)**	**Percentage**
Affordable Housing	8	32.1	90.4	8.0	74.1
Community Service	16	1.4	4.0	1.3	7.4
Revitalization/ Stabilization	1	2.0	5.6	2.0	18.5
Total	**25**	**35.5**	**100.0**	**10.8**	**100.0**

A few of FBTC's loans are extended at rates lower than the bank's funding costs, making them particularly responsive to the needs of its borrowers. The bank's receipt of a Bank Enterprise Act award from the U.S. Treasury Department's Community Development Financial Institutions Fund in 2000 has made it possible to provide loans under these favorable terms.

The bank's high level of grants, at $912 thousand for the evaluation period, also demonstrates an excellent level of responsiveness to community development needs

The following chart shows new commitments and outstandings, segregated by community development categories:

New Commitments and Outstanding Between June 12, 1999 and December 31, 2001					
Type	**No. of Commitments**	**Commitments ($ in millions)**	**Percentage**	**Outstanding ($ in millions)**	**Percentage**
Affordable Housing	7	20.2	94.0	7.3	90.1
Community Service	15	1.3	6.0	0.8	9.9
Economic Development	0	0	0	0	0
Revitalization/ Stabilization	0	0	0	0	0
Total	**22**	**21.5**	**100.0**	**8.1**	**100.0**

A more detailed description of the bank's community development activity follows:

- **Community Development Lending**

The bank has an outstanding level of community development loans. During the evaluation period, the bank made three new loan commitments totaling $20.2 million, with $5.0 million outstanding as of December 31, 2001. These commitments went to support affordable housing, and are considered to be responsive to community credit needs.

The following is a brief description of the bank's community development loans:

Local Initiatives Support Corporation ("LISC") – In January 2000, the bank extended a $15 million revolving line of credit (one of the largest line of credit facilities from any bank) to LISC for working capital. LISC is a lending and development intermediary that provides pre-development, construction loans, donations and seed financing to not-for-profit community development corporations (CDCs) engaged in affordable housing and economic development activities nationwide. LISC also provides training and technical support to CDCs and assists them in the development of businesses in low-income areas.

FBTC designed the above line of credit as a three-year revolver at a floating rate, with the flexibility of not having a clean-up period, as is often required by the bank. In December 2000, the bank allowed changes in the financial covenants as requested by the borrower, increasing its limitation on "Business Loans " as a percentage of LISC loans from 10% to 15% and omitting a receivables reserve from their net fund balance calculation.

In addition, the bank made a $4 million term loan to LISC for pre-development, development,

and construction of low-income housing in New York City. This loan has a fixed annual rate of 4.9%, benefiting LISC, as the bank's funding cost was 7.5%. To compensate for financial loss to the bank, FBTC applied for a Bank Enterprises Act (BEA) Award (funding) through the complex application procedures required for this program.

Global Resources for Affordable Neighborhood Development IV ("GRAND IV") – In April 2001, the bank restructured a $5 million line of credit originated at the previous evaluation. This revolving line of credit is to be used to finance participations of up to 49% in construction loans originated by New York City retail banks for new homes built under New York City Housing Partnership programs for LMI homebuyers.

The GRAND loan was initially structured in 1992 through Bankers Trust in partnership with FBTC, other wholesale, foreign-owned banks, retail banks, the New York City Housing Partnership and the State of New York Mortgage Association. Together with this line of credit, FBTC provided an operating grant to New York City Housing Partnership in order to close this credit.

Community Service Society of New York ("CSS") – In March 2001, the bank restructured a $2 million revolving line of credit extended to CSS, converting the facility to a term loan. The proceeds were used to finance CSS's New York City Housing Development Assistance program. CSS is a nonprofit organization that provides advocacy and assistance for the urban poor. FBTC is the only commercial bank currently maintaining a lending relationship with CSS.

Low Income Housing Fund ("LIHF") – In June 2000, the bank made a $1 million term loan to LIHF to finance its programs. LIHF is a national nonprofit community development financial institution focusing on four areas: 1) increasing the supply of affordable and special needs housing; 2) improving and expanding childcare facilities; 3) assisting charter schools; and 4) supporting workforce development groups. LIHF programs target the very low-income people who are not served by other nonprofit lenders, requiring it to be very innovative as a direct lender, as a loan packager, and as a source of interest rate subsidies and mortgage guarantees.

FBTC extended the loan to LIHF with a balloon repayment of principal to allow LIHF to leverage the fund to match the term of the loans made by the nonprofit organization. In addition, FBTC made the loan at an interest rate lower than the bank's funding costs. To compensate for this, FBTC applied for a BEA Award using the complex application procedures required for this program.

- **Qualified Investments**

During this evaluation, the bank made 109 qualified investments totaling $2.4 million, all representing new money. The total number of qualified investments includes 92 grants totaling $912 thousand that went to support organizations engaged in affordable housing, community

services, economic development, stabilization and revitalization. Other qualified investments include 15 non-member share deposits with credit unions, with the remaining two invested as certificates of deposit. The following are examples of the bank's qualified investments:

Community Capital Bank (CCB) - In October 1999, FBTC opened an eight-month, $100 thousand certificate of deposit with the CCB. This certificate of deposit was renewed at maturity for three more years, ultimately maturing in June 2003. CCB is an FDIC-insured special purpose bank, whose mission is to make community development loans that other banks do not routinely provide in New York City. It is the only FDIC insured institution of its type in New York City.

Mid-Bronx Community Development Federal Credit Union (MBCDFCU) - In June 1999, FBTC made a $75 thousand non-member share deposit in the MBCDFCU for one year. At maturity, the bank renewed it for three more years, maturing in June 2003. This credit union provides financial services to the people of the neighborhood.

Brooklyn Ecumenical Federal Credit Union (BEFCU) - In June 1999, FBTC made a $75 thousand non-member share deposit with the BEFCU for one year. At maturity, this deposit was also renewed for three years, maturing June 2003. BEFCU provides financial services to individuals in the community.

Central Brooklyn Federal Credit Union (CBFCU) - In October 1999, FBTC made an eight-month, $90 thousand, non-member share deposit with the CBFCU. At maturity, the bank renewed it for three years, maturing in June 2003. CBFCU is a low-income designated community development credit union serving the residents of Bedford-Stuyvesant and surrounding areas of Central Brooklyn. It provides low-cost transaction services and makes consumer loans of up to $10 thousand to LMI individuals and businesses.

Henry Street Settlement Federal Credit Union (HSSFCU) - In June 2000, FBTC made a $100 thousand, non-member share deposit with the HSSFCU for one year. The bank renewed it for another two years, maturing June 2003. HSSFCU was formed as a cooperative in 1937 to help poor families in the neighborhood during the Depression. To join the credit union, one must either work or belong to the Henry Street Settlement and live or work between 14th Street and Centre Street in New York City. HSSFCU provides financial services to members and works with them to get affordable loans.

Similar non-member share deposits relationships were established with additional community development credit unions, including: the Church of the Master Federal Credit Union (CMFCU); Bushwick Cooperative Federal Credit Union (BCFCU); Bethex Federal Credit Union (BFCU); Homesteaders Federal Credit Union (HFCU); Neighborhood Trust Federal Credit Union (NTFCU), and Lower East Side Federal credit Union (LESFCU).

In-Kind Donation Programs – In 1999, the bank donated a cash safe, fireproof filing cabinets, several computers, and chairs to the Bushwick Cooperative Credit Union. In 2000, the bank

donated used office furniture to the Brooklyn Ecumenical Federal Credit Union and computer equipment to the Homesteaders Federal Credit Union. In 2001, the bank also donated used office furniture to various nonprofit organizations. Every holiday season, the bank employees donate gifts for teenagers in foster care, and the bank's CRA department has annually worked with "New York Cares" to collect coats for the homeless and the needy.

- **Community Development Services**

FBTC provided an excellent level of community development services to community development organizations that promote affordable housing, economic development, financial counseling, job training, and revitalization and stabilization in its community. The bank's management and CRA department staff serve on the advisory boards of most of these nonprofit organizations. In addition, employees of the bank are actively involved in the bank's volunteer efforts, including renovating/painting LMI public schools and bringing financial literacy into New York City.

The following is a brief description of several of the bank's community development services:

- The bank's president and chief executive officer (CEO) serves on the advisory board of Neighborhood Housing Services of New York City, Inc. (NHS). His efforts help to obtain support for NHS's fundraising event every year (approximately $1 million annually). NHS is a nonprofit organization that makes loans to low-income individuals so they can save their homes.

- The bank's former president & CEO encouraged other Japanese business leaders to participate in local community development efforts. In November 1999, he was a guest speaker at the Japanese Chamber of Commerce where he guided other Japanese corporations to serve the local community through nonprofit organizations, such as NHS and Local Initiatives Support Corporation.

- In 1999, the CRA officer became a founding Board member of Neighborhood Restore, an innovative nonprofit organization established to work in New York City on abandoned homes located in low-income areas. In June 2000, this officer was a guest speaker at a community development conference in Washington, D.C., sponsored by the FDIC. In addition, the CRA officer is active in nonprofit organization advisory boards and special projects, including:

  - Advisory Board Member – New York LISC
  - Founding Member – Neighborhood 2000 Fund
  - President – Affinity Group on Japanese Philanthropy
  - Board of Directors – Support Center for Nonprofit Management of New York
  - Member – Individual Account Network Working Group of New York
  - Program Committee – Neighborhood 2000 Fund
  - Corporate Advisory Committee – St. John's Bread & Life Soup Kitchen

- Loan Review Committee – Regional Economic Development Assistance Corporation
- Corporate Advisory Committee – National Federation of Community Development Credit Unions.

o The assistant CRA officer participated in seminars, conferences, and meetings sponsored or initiated by bank regulators on community development initiatives. She also participated in the semi-annual conferences sponsored by the National Association of Affordable Housing Lenders. In addition, she serves in the Advisory Boards & Committees of nonprofit organizations, including:

- Advisory Committee – Banking on our Future – New York
- Member – NHS Annual Gala Committee (she was profiled in the NHS's newsletter for successfully bringing resources to the annual NHS Galas.)
- Member – LISC loan Review RPA Sub-Committee

o Beginning in 2000, the bank's employees volunteered to be "banker-teachers" in the "Banking on Our Youth" program to bring financial literacy into New York City's public schools. Through this program, volunteers teach neighborhood school children the basics of checking and savings accounts, and the importance of credit and investments in their daily lives. Also, bank officers are annually recruited to spend work-hours teaching grade school children in low-income areas about the world economy. Through this program, these bank officers serve as role models, and communicate to children from disadvantaged neighborhoods the importance of staying in school.

o In each year of the evaluation period, the bank sponsored an on-site employment seminar for students of the Erasmus High School Business Club. In these seminars, bank officers discussed the importance of education and described different career tracks, conducted mock interviews, and reviewed resumes.

o A bank's assistant vice president serves on several advisory boards and provides on-going services, especially to community development credit unions and childcare development organizations such as the New York City Child Care and Early Education, the Neighborhood 2000 Fund program committee and the Affinity Group on Japanese Philanthropy. In addition, this officer has helped feature local nonprofit community organizations in respected Japanese media to solicit support from Japanese companies.

o Until 2000, the bank participated in the "New York City Youth Empowerment Service" program. Through this program, high school and college students from disadvantaged neighborhoods in New York City are offered summer internship opportunities at New York City corporations to develop their professional skills and opportunities for further career development.

II. Discrimination or Other Illegal Practices

Any practices intended to discourage applications for types of credit set forth in the banking institution's CRA Public File.

Practices intended to discourage applications for types of credit offered by the institution were not noted.

Evidence of prohibited discriminatory or other illegal credit practices.

During this evaluation period, no evidence of prohibited discriminatory or other illegal credit practices were noted. The most recent regulatory compliance examination conducted concurrently with this assessment indicated a satisfactory performance in terms of adherence to antidiscrimination or other applicable laws and regulations.

III. Other Factors

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

The bank ascertains the credit needs of its community in a variety of ways, including by involving its management and employees in various community development organizations, meetings with local government officials, community group representatives, and other financial institutions. In addition, the CRA staff attends CRA-seminars, reviews research reports on inner-city development and makes regular site visits to low-income neighborhoods in New York City.

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

FBTC makes members of the community aware of the credit services the bank offers by marketing directly to nonprofit and community development organizations, financial intermediaries, government agencies and officials, and other banks. In addition, the bank sponsors journal advertisements with selected nonprofit community development organizations.

The extent of participation by the banking institution's board of directors in

formulating the banking institution's policies and reviewing its performance with respect to the purposes of the Community Reinvestment Act.

The bank maintains a Board-approved CRA policy, which is reviewed annually and amended as needed. The policy establishes the formal framework for the activities of the CRA department. It also covers the CRA lending and investment targets, donation budget, and an interest rate subsidies' budget to enable low-rate lending to nonprofit organizations.
The bank also maintains a CRA statement, revised annually by the CRA department and reviewed by the CRA Management Committee and the Board of Directors. Topics covered by this statement, include the bank's CRA assessment area, CRA lending and investment strategy, wholesale CRA program, in-kind support contributions, assistance to nonprofit organizations, volunteer activities, and profiles of selected investments, donations and services. Management discusses CRA policies, procedures, and other developments virtually at every Board of Directors monthly meeting. In addition, the bank has developed CRA policies covering the Sunshine Provision of the Gramm-Leach-Bliley Act of 1999.

The president and the executive vice president are actively involved in the management and execution of the bank's CRA activities. The bank has a CRA Management Committee comprised of the president, three senior management members, the compliance officer, the CRA officer and her assistant, and a senior employee of the CRA department. This committee, in cooperation with the CRA officer, is responsible for developing and reviewing policies, implementing financing opportunities, and making decisions on specific CRA programs, donations, loans and investments to meet the community credit needs. The committee meets monthly to discuss CRA activities.

Other factors that in the judgement of the Superintendent and Banking Board bear upon the extent to which a banking institution is helping to meet the credit needs of its entire community.

In 1999, the bank was nominated for the 1999 President's Service Award for Community Service based on the bank's excellence in community service. In 2000, FBTC received a Bank Enterprise Act award from the U.S. Treasury Department's Community Development Financial Institutions Fund because of the approximately $20.5 million in community development financial support executed by the bank in the first half of 2000. Also, in 2000, The City of New York Administration for Children's Services presented an Appreciation Award to the bank because of its efforts to collect and donate gifts to the organization for distribution to homeless children and teenagers in New York City.

GLOSSARY

Community Development

The term "community development" is defined to mean:

1. Affordable housing (including multifamily housing) for low- or moderate-income ("LMI") individuals;
2. Community services targeted to LMI individuals;
3. Activities that promote economic development by financing business or farms that meet the size eligibility standards of the United States Small Business Administration ("SBA") Development Company or Small Business Investment Company programs, or have gross annual incomes of $1 million or less;
4. Activities that revitalize or stabilize LMI geographies; and
5. Activities that seek to prevent defaults and/or foreclosures in loans included in (1) And (3), above.

A "community development loan" is defined as a loan that has as its *primary purpose* community development. This includes but is not limited to loans to:

- Borrowers for affordable housing rehabilitation and construction, including construction and permanent financing for multifamily rental property serving low or moderate income ("LMI") persons;
- Nonprofit organizations serving primarily LMI or other community development needs;
- Borrowers to construct or rehabilitate community facilities that are located in LMI areas or that primarily serve LMI individuals;
- Financial intermediaries including community development financial institutions, community development corporations, minority- and women-owned financial institutions, community loan funds or pools, micro-finance institutions, and low-income or community development credit unions that primarily lend or facilitate lending to promote community development;
- Local, state and tribal governments for community development activities; and
- Borrowers to finance environmental clean-up or redevelopment of an industrial site as part of an effort to revitalize the LMI community in which the property is located.

A "qualified investment" is defined as a lawful investment, deposit, membership share or grant that has as its *primary purpose* community development. This includes but is not limited to investments, deposits, membership shares or grants in or to:

- Financial intermediaries (including community development financial institutions, community development corporations, minority- and women-owned financial institutions, community loan funds, micro-finance institutions and low-income or community development credit unions) that primarily lend or facilitate lending in LMI areas or to LMI individuals in order to promote community development;

- Organizations engaged in affordable housing rehabilitation and construction;
- Organizations, including, for example, small business investment corporations that promote economic development by financing small businesses;
- Facilities that promote community development in LMI areas or LMI individuals, such as youth programs, homeless centers, soup kitchens, health care facilities, battered women's centers, and alcohol and drug recovery centers;
- Projects eligible for low-income housing tax credits;
- State and municipal obligations, such as revenue bonds that specifically support affordable housing or other community development needs;
- Organizations serving LMI housing or other community development needs, such as counseling for credit, home ownership, home maintenance, and other financial services education; and
- Organizations supporting activities essential to the capacity of LMI individuals or geographies to utilize credit to sustain economic development, such as day care operations and job training programs that facilitate access to permanent jobs.

A "community development service" is defined as a service that has as its *primary purpose* community development, is related to the provision of financial services, and has not been considered in the evaluation of the banking institution's retail banking services. This includes but is not limited to:

- Providing technical assistance on financial matters to nonprofit, tribal or government organizations serving LMI housing or economic revitalization and development needs;
- Providing technical assistance on financial matters to small businesses or community development organizations;
- Lending employees to provide financial services for organizations facilitating affordable housing construction and rehabilitation or development of affordable housing;
- Providing credit counseling, home buyers and home maintenance counseling, financial planning or other financial services education to promote community development and affordable housing;
- Establishing school savings programs for LMI individuals;
- Providing seminars for LMI persons on banking and bank account record-keeping;
- Making ATM "Training Machines" available for extended periods at LMI community sites or at community facilities that serve LMI individuals; and
- Technical assistance activities to community development organizations such as:
    - ❖ Serving on a loan review committee;
    - ❖ Developing loan application and underwriting standards;
    - ❖ Developing loan processing systems;
    - ❖ Developing secondary market vehicles or programs;
    - ❖ Assisting in marketing financial services, including the development of advertising and promotions, publications, workshops and conferences;
    - ❖ Furnishing financial services training for staff and management;
    - ❖ Contributing accounting/bookkeeping services; and
    - ❖ Assisting in fund raising, including soliciting or arranging investments.

Low or Moderate Income ("LMI") Geographies

Those census tracts or block numbering areas ("BNAs"), where according to the 1990 US Census, the median family income is less than 80% of the area median family income. In the case of tracted areas that are part of a Metropolitan Statistical Area ("MSA") or Primary Metropolitan Statistical Area ("PMSA"), this would relate to the median family income for the MSA or PMSA in which the tracts are located. In the case of BNAs and tracted areas that are not part of a MSA or PMSA, the area median family income would be the statewide nonmetropolitan median family income.

LMI Individuals/Persons

Those individuals, whose income is less than 80% of the area median family income. In the case where the individual resides in a MSA or PMSA, this would relate to the median family income for that MSA or PMSA. Otherwise, the area median family income would be the statewide nonmetropolitan median family income. In all instances, the area median family incomes used to measure individual income levels are updated annually by the U.S. Department of Housing and Urban Development ("HUD").

Wholesale Institution

The term "wholesale institution" means a banking 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 banking institution by the appropriate Federal regulatory authority is in effect. When evaluating a wholesale institution's CRA performance, the Banking Department looks primarily at its record of helping to meet the credit needs of its assessment are through community development lending, qualified investments and community development services.