



**NEW YORK STATE BANKING DEPARTMENT  
CONSUMER SERVICES DIVISION**

1 State Street  
New York, NY 10004

**PUBLIC SUMMARY**

**COMMUNITY REINVESTMENT ACT  
PERFORMANCE EVALUATION**

**Date of Evaluation:** December 31, 2002

**Institution:** Mizuho Trust & Banking Co. (USA)  
666 Fifth Avenue, Suite 802  
New York, NY 10103

**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 “on-site” evaluation of the Community Reinvestment Act (“CRA”) performance of Mizuho Trust & Banking Co. (USA) (“MTBNY”) 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, 2002.

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 (“LMI”) 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**

MTBNY is rated "2," indicating a satisfactory record of helping to meet community credit needs. This rating is based primarily on the following factors:

- The bank exhibited a reasonable level of community development activity. During this evaluation period, MTBNY's assessment area-based community development commitments totaled \$585 thousand, a decrease of 20% since the prior evaluation. Approximately \$135 thousand represented new money. The bank's primary investment vehicles are certificates of deposit placed with local community development financial institutions ("CDFIs").
- The bank's CRA Officer is a member of a federal credit union's advisory board. The advisory board assists the credit union with the generation of ideas, advice and support from the business community regarding organizational, technological and member issues.
- MTBNY is encouraged to increase its community development services going forward.

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:**

MTBNY is a wholly owned subsidiary of Mizuho Trust and Banking Co. Ltd. ("MTB"), which in turn is owned by Mizuho Holdings, Inc. ("MH"). MTBNY is licensed by the New York State Banking Department to operate as a bank and trust company. MTBNY provides custody and other fiduciary services to customers of MTB and other companies primarily located in Japan and the United States of America.

The sole office of the bank is located at 666 Fifth Avenue, in Manhattan. As of December 31, 2002, the bank reported total assets of \$89.4 million, up 14.3% from \$78.2 million as of December 31, 2000. Cash and balances due from depository institutions represented 21.3%, federal funds sold in domestic offices represented 46.2% and other assets represented 29% of total assets.

The bank is not in the business of originating or purchasing residential mortgage, housing rehabilitation, home improvement, small business or small farm loans to retail customers. Accordingly, on June 29, 1996, the FDIC granted the bank designation as a wholesale institution for purposes of its evaluation under the CRA.

The bank received a rating of "2" on its most recent CRA performance evaluation conducted by the Banking Department as of December 31, 2000, indicating a satisfactory record of helping to meet the credit needs of its assessment area.

*Examiners noted no financial or legal impediments that adversely impact the bank's ability to help meet the credit needs of its community.*

### **Assessment Area:**

MTBNY's assessment area includes the five boroughs of New York City. Excluding zero income tracts, this area consists of 2150 census tracts, 733 or 34% of which are considered to be LMI census tracts.

<b>Census Tract Characteristics</b>	<b>Number of Tracts</b>	<b>%</b>
Low	314	14
Moderate	419	19
Middle	779	35
Upper	638	29
N/A	66	3
<b>Total</b>	<b>2,216</b>	<b>100</b>

The assessment area appears reasonable. There is no evidence that LMI areas have been arbitrarily excluded.

**PERFORMANCE TEST AND ASSESSMENT FACTORS**

*The Banking Department evaluates the CRA performance of wholesale banks pursuant to the “community development test”, as provided in Section 76.11 of the General Regulations of the Banking Board. Performance criteria may include (1) the number and amount of community development loans, qualified investments or community development services; (2) the use of innovative or complex qualified investments, community development loans or community development services and the extent to which the investments are not routinely provided by private investors; and (3) the banking institution’s responsiveness to credit and community development needs.*

This evaluation incorporates a review of MTBNY’s community development activities for the period from January 1, 2001 through December 31, 2002, and considers only those activities that target its New York assessment area, or a broader statewide/regional area that includes the bank’s assessment area. Since recognition was given during the December 2000 evaluation for investments made in 2001, this evaluation considers only investments that were made during 2002.

**I. Community Development Test**

MTBNY participates in community development initiatives primarily by working with intermediaries that serve its assessment area. During this evaluation period, the bank’s assessment area-based community development activities totaled \$585 thousand, of which \$135 thousand represented new money. This is a decrease of \$146.5 thousand or 20% from the level at the prior evaluation in December 2000, when consideration was given for investments made in 2001.

The bank’s community development investments within its assessment area was comprised as follows:

<b>Community Development Activity 1/1/2001 through 12/31/2002</b>					
<b>Type</b>	<b>Number of Commitments</b>	<b>Commitment Amount (in thousands)</b>	<b>%</b>	<b>New Money (in thousands)</b>	<b>%</b>
Affordable Housing	3	260	44.4	10	7.4
Community Service					
Economic Development	15	310	53.0	110	81.5
Revitalization/ Stabilization	3	15	2.6	15	11.1
<b>Total</b>	<b>21</b>	<b>585</b>	<b>100</b>	<b>135</b>	<b>100</b>

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

- **Community Development Loans**

The bank has not made any community development lending commitments since the prior evaluation period.

- **Qualified Investments**

During this evaluation, the bank's qualified investments and grants totaled \$585 thousand. The investments are certificates of deposit issued by certified Community Development Financial Institutions ("CDFI's").

*Bethex Federal Credit Union ("Bethex")* - MTBNY purchased a \$100 thousand certificate of deposit in May 2001, which was renewed in 2002. Bethex is located in the Bronx and provides full service banking to minority, low-income individuals and to small businesses. It also finances residential development.

*Carver Federal Savings Bank ("Carver")* - In April 2001, the bank opened a three-year \$100 thousand certificate of deposit with Carver. Carver is located in Harlem and provides retail banking services and mortgage loans for the purchase, refinancing and renovation of residential and commercial properties in African- and Caribbean-American communities.

*Community Capital Bank ("CCB")* - In March 2001, MTBNY purchased a \$250 thousand CCB six-month certificate of deposit. This investment has been rolled over. In December 2002, the CCB certificate of deposit was reduced from \$250 thousand to \$100 thousand, in order to reduce MTBNY's investment to the FDIC insurance limit. CCB is located in Brooklyn and specializes in lending to low-income businesses and residential development.

In January 2003, the residual \$150 thousand was placed with two new CCDFI's.

*Neighborhood Trust Federal Credit Union* - MTBNY purchased a \$50 thousand certificate of deposit. This credit union is located in the Bronx and specializes in lending to small businesses and residential development projects, as well as providing financial services to low-income families.

*Grants* - MTBNY made grants totaling \$85 thousand to nine community development organizations. Approximately \$10 thousand were grants to facilitate affordable housing activities, \$15 thousand supported revitalization and stabilization efforts and \$60 thousand assisted economic development initiatives.

- **Community Development Services**

During 2002, the bank was instrumental in creating the Bethex Federal Credit Union Advisory Board, of which the bank's CRA officer is a member. Every three months, MTBNY hosts a

meeting with representatives of the Bethex Board, JP Morgan Chase Bank, Kraft Credit Union, Lawyers Alliance, and Bank of Tokyo-Mitsubishi Trust Company. The Advisory Board assists Bethex with the generation of ideas, advice and support from the business community regarding organizational, technological and member issues.

## **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.**

Examiners noted no practices that were intended to discourage applications for the types of credit offered by the institution.

### **Evidence of prohibited discriminatory or other illegal credit practices.**

The most recent regulatory compliance report concurrent with this assessment indicates satisfactory adherence to antidiscrimination or other applicable laws and regulations. No evidence of prohibited discriminatory or other illegal credit practices was noted.

## **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.**

MTBNY's CRA officer periodically participates in seminars held by community groups. Programs relate to the general topic of community reinvestment, or to more specific topics such as low-income housing or small business matters.

### **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.**

As a wholesale bank, Mizuho does not market its products. MTBNY's personnel periodically participate in seminars held by community groups dealing with low-income housing or small businesses in order to make the bank's interest known to such groups.

### **The extent of participation by the banking institution's board of directors /trustees in formulating the banking institution's policies and reviewing its performance with respect to the purposes of the Community Reinvestment Act.**

The board reviews the bank's CRA statement annually. According to bank policy, MTBNY generally budgets 0.5% of net income to charitable contributions.

The board's CRA officer monitors the CRA activities of the bank and is required to make formal semi-annual CRA presentations to the board. In addition, the board has established a Community Service Committee to be responsible for community reinvestment 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 addition to the activities mentioned above, the bank made various in-kind donations. Bank employees contributed 49 coats, which were donated to the annual NYC Cares Coat Drive for distribution to adults and children in homeless shelters. Bank employees also contributed 19 gifts, which were given to the NYC Administration for Children's Services for distribution to children in foster care.

## 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.