



**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, 2007

**Institution:** Mizuho Trust & Banking Co. (USA)  
135 West 50<sup>th</sup> Street, 16<sup>th</sup> Floor  
New York, NY 10020

**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 Mizuho Trust & Banking Co. (USA) (“Mizuho”) 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, 2007.

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**

Mizuho is rated "2," indicating a satisfactory record of helping to meet community credit needs.

### **Community Development Investments:**

Mizuho's level of community development investments reflects an adequate responsiveness to community development needs. As of December 31, 2007, Mizuho's community development investments totaled \$744 thousand, of which all were new commitments. The majority of Mizuho's investments were deposits made to various Community Development Financial Institutions ("CDFIs"), which service underserved LMI neighborhoods and small businesses.

### **Community Development Services**

Mizuho's community development services demonstrated a satisfactory level of responsiveness to its local community needs. Mizuho's employees participated actively in various organizations that promote community development initiatives.

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:**

Mizuho is a wholly-owned subsidiary of Mizuho Trust and Banking Co., Ltd. ("MHTB") in Japan. Mizuho is licensed by the New York State Banking Department to operate as a bank and a trust company, but it does not exercise its banking power. It provides custodian and security lending services to its customers, primarily located in Japan and the United States. Mizuho is located in the midtown area of Manhattan.

Mizuho previously operated as DKF Trust Company ("DKF") and changed to its current name in October 2000. DKF was formerly known as Yasuda Bank and Trust Company (USA).

On its Call Report as of December 31, 2007, Mizuho reported total assets of \$181.0 million, including federal funds sold and securities purchased of \$138.0 million. Mizuho's deposits amounted to \$123.8 million, all of which were domestic.

In its prior Performance Evaluation conducted by the New York State Banking Department as of December 31, 2004, Mizuho was rated "1." This rating reflects an outstanding record of helping to meet credit needs of its local community.

There were no financial and legal impediments which had impacted or would impact negatively Mizuho's ability to meet credit needs of its community.

### **Assessment Area:**

The economic and statistical data used in this evaluation were derived from various sources. The demographic data was obtained from the 2000 U.S. Census data. The 2007 updated median family income figures were obtained from Department of Housing and Urban Development ("HUD") estimates.

Mizuho's assessment area is comprised of the five counties of New York City – the Bronx, Kings (Brooklyn), New York (Manhattan), Queens, and Richmond (Staten Island). There are 2,217 census tracts in the area, of which 326 were low-income, 613 were moderate-income, 663 were middle-income, 557 were upper-income and 58 were tracts with unknown income level. The following chart shows the distribution of the census tracts within the assessment area:

Distribution of Census Tracts Within the Assessment Area								
County	Unkown- Income Tracts	Low- Income Tracts	Moderate- Income Tracts	Middle- Income Tracts	Upper- Income Tracts	Total Census Tracts	LMI Tracts	
							#	%
New York	9	60	59	24	144	296	119	40.2
Bronx	14	132	98	65	46	355	230	64.8
Queens	18	12	148	310	185	673	160	23.8
Kings	15	119	297	235	117	783	416	53.1
Richmond	2	3	11	29	65	110	14	12.7
<b>Total</b>	<b>58</b>	<b>326</b>	<b>613</b>	<b>663</b>	<b>557</b>	<b>2217</b>	<b>939</b>	<b>42.4</b>

The assessment area appears reasonable based upon Mizuho's location and its designation as a wholesale institution. There is no evidence that LMI areas are arbitrarily excluded.

**Details of the assessment area:**

*Population:* According to the 2000 US Census updated with 2007 data, total population of the assessment area was eight million. Of the total population, 938 thousand (11.7%) were over the age of 65 and 1.7 million (21.6%) were under the age of 16.

*Unemployment Rates:* According to the New York State Department of Labor, the assessment area's average unemployment rate was 4.9% in 2006. This rate was above the statewide average of 4.5% during the same time frame.

*Business Demographic Data:* According to data obtained from PCi Corporation's CRA Wiz software, there were 544 thousand businesses in New York City in 2007. Among these businesses, 66.1% reported revenues of \$1 million or less, 6.8% reported revenues greater than \$1 million and 27.1% did not report their revenues. Of all the businesses, 75% had fewer than 50 employees and 91.3% operated from a single location. Service providers (38.3%) and retail trade (17.6%) were the largest and the second largest industries. Non-classifiable establishments (15.7%) were the third largest employers within the area.

*Income:* Based on U. S. Department of Housing and Urban Development ("HUD") estimates, the updated median family income for New York City was \$59.2 thousand in 2007.

## **PERFORMANCE TEST AND ASSESSMENT FACTORS**

*The Banking Department evaluates the CRA performance of wholesale banks pursuant to the “community development test” as provided for in part 76.11 of the General Regulations of the Banking Board. Performance criteria 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 and the extent to which the investments are not routinely provided by private investors; (3) the banking institution’s responsiveness to the credit and community development needs.*

This performance evaluation was based on a review of Mizuho’s investment and service activities between January 1, 2005 and December 31, 2007.

### **I. Community Development Test**

Mizuho demonstrates an adequate level of responsiveness to credit and community development needs within its assessment area. Mizuho participates in community development initiatives primarily by working with intermediaries. Its major investments are certificate of deposits (“CDs”) placed with local Community Development Financial Institutions (“CDFIs”). These CDs are renewable semi-annually.

#### **Qualified Investments**

As of December 31, 2007, qualified investments including grants totaled \$744 thousand, all of which was new money. The current level represents an increase of \$83 thousand (12.6%) from the prior evaluation period. Of the total investments, 44.3% was used for community service initiatives, 35.1% supported economic development activity and 20.5% was allocated to affordable housing programs.

The following chart summarizes Mizuho’s qualified investments:

<b>Qualified Investments including grants As of December 31, 2007</b>		
<b>Type</b>	<b>Commitments</b>	
	<b>\$000</b>	<b>%</b>
<b>Affordable Housing</b>	153	20.6
<b>Community Service</b>	330	44.4
<b>Economic Development</b>	261	35.1
<b>Total</b>	<b>744</b>	<b>100.0</b>

The following are some of Mizuho's qualified investments placed during the evaluation period:

- Bethex Federal Credit Union ("Bethex") – Mizuho maintains a \$100 thousand CD with and contributed \$15 thousand to Bethex. Bethex is located in Bronx County, providing full banking services to low-income residents and small businesses in this area.
- Brooklyn Cooperative Federal Credit Union ("BCFCU") – Mizuho invested in a \$100 thousand CD and donated \$15 thousand to BCFCU. BCFCU's mission is to support directly the low and middle income disadvantaged individuals and small businesses in Brooklyn.
- Carver Federal Savings Bank ("Carver") – Mizuho acquired a \$100 thousand CD from Carver and renewed the same amount semi-annually. Carver is a minority-owned thrift institution headquartered in Harlem. In addition to a provider of full banking services to underserved communities in New York City, Carver is also an economic force in the community, providing loans to community-based organizations and developers of affordable housing.

Mizuho provided grants totaling \$194 thousand to organizations that support affordable housing, economic development, and community services for LMI individuals and small businesses within the assessment area.

### **Community Development Lending**

Mizuho did not provide any community development lending during the evaluation period.

### **Community Development Services**

The level of Mizuho's community development services is satisfactory. Some of its officers and employees share their expertise by providing technical assistance on financial matters to community development organizations.

Some of Mizuho's community development services are summarized below:

- Mizuho was instrumental in the establishment of the Advisory Committee of Bethex in 2002. The committee assists Bethex in handling various organizational and technological matters. The CRA officer is a member of the committee and occasionally hosts the meetings and acts as secretary.
- Mizuho's compliance and CRA officers sit on the Compliance Committee of Bethex and provide technical assistance on compliance issues. In 2007, Mizuho's compliance and CRA officers received awards for their work in 37<sup>th</sup> Annual Board &

Membership Meeting of Bethex. As a result of their volunteer work, in the same year, Bethex received favorable comments on its compliance program from the National Credit Union Administration.

- In 2005, Mizuho's compliance officer provided Bank Secrecy Act ("BSA") training to the board and employees of several CDFIs, including Bethex, Union Settlement Federal Credit Union and BCFCU.
- In 2007, Mizuho's attorney, CRA and compliance officers conducted compliance training for employees of Bethex. This CDFI also was provided with compliance reference materials and participation certificates.
- Mizuho's CRA officer joined the Eastside Grant Committee of Manhattan Chamber of Commerce in 2004. Since then, he has actively participated in the activity of the committee, which reviews and approves grants to local not-for-profit organizations serving the homeless, low-income, disadvantaged and disabled. In 2005, Mizuho's CRA participated in the "do diligence" meeting and visited two recipients in 2006.

## **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.**

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

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

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.**

Mizuho ascertains the credit needs of its community through direct contacts with various non-profit intermediaries and organizations that service the local community. These non-profit intermediaries and organizations include: Bethex, Brooklyn Economic Development Corporation and Habitat for Humanity. In addition, the CRA officer attends seminars and meetings hosted by community groups which service the LMI population such as: Encore Community Services and Manhattan Chamber of Commerce.

**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 use any special marketing programs for the public, other than through direct contacts with financial intermediaries and non-profit organizations.

**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.**

Mizuho’s board of directors reviews the CRA statement semi-annually and establishes a Community Services Committee to monitor the CRA activities. The executive management also sits on the Committee, which meets and reviews CRA plans and programs semi-annually.

**Other factors that in the judgment 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.**

*Mizuho Group (USA) Matching Gift Program (“Program”)* – The program is funded by Mizuho Group in the United States and its purpose is to encourage its employees to donate their funds to community-based and charitable organizations. Mizuho participates in the program and matches employee’s donations to over a dozen organizations. During the evaluation period, matched donations totaled \$4,042.

## 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.