



**NEW YORK STATE
DEPARTMENT OF FINANCIAL SERVICES
CONSUMER PROTECTION AND FINANCIAL ENFORCEMENT
DIVISION**

One State Street
New York, NY 10004

PUBLIC SUMMARY

**COMMUNITY REINVESTMENT ACT
PERFORMANCE EVALUATION**

Date of Evaluation: December 31, 2020

Institution: Mizuho Bank (USA)
1271 Avenue of the Americas
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 Department of Financial Services 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 Bank (USA) (“Mizuho” or the “Bank”) prepared by the New York State Department of Financial Services (“DFS” or the “Department”). This evaluation represents the Department’s current assessment and rating of Mizuho’s CRA performance based on an evaluation conducted as of December 31, 2020.

Section 28-b of the New York Banking Law, as amended, requires that when evaluating certain applications, the Superintendent of Financial Services 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 Superintendent (“GRS”) implements Section 28-b and further requires that the Department assess the CRA performance records of regulated financial institutions. Part 76 establishes the framework and criteria by which the Department will evaluate institutions’ performance. Section 76.5 further provides that the Department will prepare a written report summarizing the results of such evaluation 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 in 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 (“Evaluation”) be made available to the public. Evaluations of banking institutions are primarily based on a review of performance tests and standards described in Section 76.7 and detailed in Sections 76.8 through 76.13. The tests and standards incorporate the 12 assessment factors contained in Section 28-b of the New York Banking Law.

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

OVERVIEW OF INSTITUTION'S PERFORMANCE

The Department evaluated Mizuho's performance according to the community development test for wholesale or limited purpose banking institutions pursuant to GRS Section 76.11. The evaluation period covered July 1, 2018 to December 31, 2020. Mizuho is rated "1" indicating an "**Outstanding**" record of helping to meet community credit needs. This rating is the same rating the Bank received at its prior DFS's Performance Evaluation dated June 30, 2018.

This rating is based on the following factors:

Community Development Test:

Mizuho's community development performance demonstrated an excellent level of community development loans, qualified investments and services considering the Bank's capacity and the need and availability of such opportunities for community development in its assessment area.

Community Development Lending:

During the evaluation period, Mizuho originated \$113.5 million in new community development loans and had no loans outstanding from prior evaluation periods.

Qualified Investments:

During the evaluation period, Mizuho made \$61.3 million in new qualified investments and had \$27.7 million outstanding from prior evaluation periods. In addition, the Bank made \$1.8 million in qualified grants.

Community Development Services:

During the evaluation period, Mizuho participated in 201 qualified community development services.

Innovative or Complex Practices:

Mizuho demonstrated an excellent level of innovative or flexible community development practices.

Responsiveness to Credit and Community Development Needs:

Mizuho demonstrated an excellent level of responsiveness to credit and community development needs.

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

PERFORMANCE CONTEXT

Institution Profile

Mizuho is a New York State-chartered bank headquartered in Manhattan, New York. The Bank is a wholly owned subsidiary of Mizuho Americas, LLC, a bank holding company and a member of the Mizuho Financial Group of Japan.

Mizuho does not engage in retail business and is designated as a wholesale bank for CRA purposes. The Bank focuses on corporate financial products and services, such as letters of credit, lease financing and commercial banking products and services. Mizuho has two subsidiaries: MHBK (USA) Leasing & Finance, LLC, which provides lease financing products to corporate customers, and Aoki & Co., which is a nominee for registering securities. In addition, Mizuho is also the sole member of Mizuho USA Foundation, Inc., the Bank's charitable foundation in the United States.

In its Consolidated Report of Condition (the Call Report) as of December 31, 2020, filed with the Federal Deposit Insurance Corporation ("FDIC"), Mizuho reported total assets of \$7.4 billion, of which \$5.8 billion were net loans and lease financing receivables. It also reported total deposits of \$3.6 billion in domestic offices, resulting in a loan-to-deposit ratio of 163%. According to the latest available comparative deposit data, as of June 30, 2020, Mizuho had a market share of 0.25%, or \$4.2 billion in a market of \$1.7 trillion, ranking it 24th among 113 deposit-taking institutions in the assessment area.

The following is a summary of the Bank's loan portfolio, based on Schedule RC-C of the Bank's December 31, 2018, 2019 and 2020 Call Reports:

TOTAL GROSS LOANS OUTSTANDING						
Loan Type	2018		2019		2020	
	\$000's	%	\$000's	%	\$000's	%
1-4 Family Residential Mortgage Loans	3,629	0.1	0	0.0	0	0.0
Commercial & Industrial Loans	2,448,339	49.8	2,243,916	40.4	2,018,353	34.9
Loan to Banks in Foreign Countries	55,000	1.1	30,002	0.5	0	0.0
Loans to Non-depository Financial Inst.	1,547,796	31.5	2,030,412	36.6	1,822,897	31.5
Lease financing	865,874	17.6	1,247,373	22.5	1,949,724	33.7
Total Gross Loans	4,920,638		5,551,703		5,790,974	

As illustrated in the above table, Mizuho is engaged in commercial and industrial lending (34.9%), lease financing (33.7%), and lending to non-depository financial institutions (31.5%).

Examiners did not find evidence of financial or legal impediments that had an adverse impact on Mizuho's ability to meet the credit needs of its community.

Assessment Area

The Bank's assessment area is comprised of Bronx, Kings, New York, Queens and Richmond counties.

There are 2,167 census tracts in the assessment area, of which 289 are low-income, 570 are moderate-income, 642 are middle-income, 600 are upper-income, and 66 are census tracts with no income indicated.

Assessment Area Census Tracts by Income Level							
County	N/A	Low	Mod	Middle	Upper	Total	LMI %
Bronx	7	140	99	60	33	339	70.5
Kings	14	95	260	230	162	761	46.6
New York	15	34	57	21	161	288	31.6
Queens	27	16	146	303	177	669	24.2
Richmond	3	4	8	28	67	110	10.9
Total	66	289	570	642	600	2,167	39.6

Demographic & Economic Data

The assessment area had a population of 8,426,743 during the evaluation period. Approximately 12.7% of the population was over the age of 65 and 18.9% was under the age of 16.

Of the 1,865,277 families in the assessment area, 32.6% were low-income, 16.3% were moderate-income, 15.7% were middle-income and 35.5% were upper-income. There were 3,113,535 households in the assessment area, of which 19.4% had income below the poverty level and 4.1% were on public assistance.

The weighted average median family income in the assessment area was \$70,541.

There were 3,422,225 housing units within the assessment area, of which 39.4% were one-to-four family units and 60.4% were multifamily units. A majority (62%) of the housing units were rental units, while 29% were owner-occupied.

Of the total 2,122,185 rental-occupied units, 52.3% were in LMI census tracts while 47.4% were in middle- and upper-income census tracts. Average monthly gross rent was \$1,342.

Of the 991,350 owner-occupied housing units, 20.2% were in LMI census tracts while 79.6% were in middle- and upper-income census tracts. The median age of the housing stock was 72 years, and the median home value in the assessment area was \$536,278.

There were 831,503 non-farm businesses in the assessment area. Of these, 91% were businesses with reported revenues of less than or equal to \$1 million, 4.3% reported revenues of more than \$1 million and 4.7% did not report their revenues. Of

all the businesses in the assessment area, 97.8% were businesses with less than fifty employees while 94.2% operated from a single location. The largest industries in the area were services (35.3%), followed by retail trade (11.9%), finance, insurance and real estate (9.8%); 29.1% of businesses in the assessment area were not classified.

According to the New York State Department of Labor, the average unemployment rates for New York State and all counties in the assessment area declined between 2018 and 2019. In 2020, unemployment rates increased considerably due to the onset of the COVID-19 pandemic when many businesses closed, causing massive layoffs in the work force.

Assessment Area Unemployment Rate						
	Statewide	Bronx	Kings	New York	Queens	Richmond
2018	4.1	5.8	4.3	3.7	3.7	4.2
2019	4.0	5.4	4.1	3.5	3.5	3.9
2020	10.0	16.0	12.5	9.5	12.5	10.6
Average of Years above	6.0	9.1	7.0	5.6	6.6	6.2

Community Information

DFS examiners met with representatives of two nonprofit organizations to get their view on the general economy, and the credit and banking needs within New York City.

One organization offers financial coaching to LMI individuals and provides staffing to various financial empowerment centers in New York City. The representative described the current economic conditions as challenging and noted that low-income individuals suffer the most during economic downturns. Overall, many New York City residents lost their jobs, with the service industry particularly hard hit.

The other organization is a membership organization of nonprofit housing groups advocating for affordable housing in New York City, with a focus on LMI residents. The representative remarked that already marginalized neighborhoods within the city experienced greater food shortages, higher percentages of job loss and homelessness as a result of the pandemic. The representative also noted that in Bronx County, there were several temporary bank closures due to the pandemic, which caused more communities to be underbanked and underserved, and small businesses left with no access to financial services. While some banks were open in the Bronx, some did not offer the much-needed federal Paycheck Protection Program (“PPP”) loans to support the local businesses.

Both organizations’ representatives noted that financial institutions can help their communities and LMI individuals by offering a “no fee” bank account option or waive bank fees especially costly overdraft fees. Even small bank fees can impede LMI individuals’ ability to pay for groceries, utilities and other needs. Another way banks can help is to make loans and credit more accessible and affordable to small businesses, and LMI individuals.

PERFORMANCE TEST AND ASSESSMENT FACTORS

The Department evaluated Mizuho under the wholesale banking institution performance standards pursuant to the “community development test,” as provided in Section 76.11 of the GRS.

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, community development loans or community development services and the extent to which investments are not routinely provided by private investors; and*
- (3) the banking institution’s responsiveness to credit and community development needs.*

In addition, the following factors are also considered in assessing Mizuho’s record of performance: the extent of participation by the board of directors or board of trustees in formulating CRA policies and reviewing CRA performance; any practices intended to discourage credit applications; evidence of prohibited discriminatory or other illegal credit practices; the Bank’s record of opening and closing offices and providing services at offices; process factors such as activities to ascertain credit needs; and the extent of marketing and special credit related programs. Finally, the evaluation considered other factors as delineated in Section 28-b of the New York Banking Law that reasonably bear upon the extent to which a banking institution is helping to meet the credit needs of its entire community.

The evaluation period included the period from July 1, 2018 through December 31, 2020.

At its prior Performance Evaluation, as of June 30, 2018, DFS assigned Mizuho a rating of “1,” reflecting an “Outstanding” record of helping to meet community credit needs.

Current CRA Rating: Outstanding

Community Development Test

Mizuho’s community development performance demonstrated an excellent level of community development loans, qualified investments and services considering Mizuho’s capacity and the need and availability of such opportunities for community development in its assessment area.

Mizuho’s community development activities included revolving lines of credit and qualified investments to community development financial institutions (“CDFIs”), community-based lenders and affordable housing developers. Grants made in conjunction with its affiliates mainly supported small business recovery and workforce development.

Community Development Lending:

During the evaluation period, Mizuho originated \$113.5 million in new community development loans; there were no outstanding loans from prior evaluation periods. This demonstrated an excellent level of community development lending over the course of the evaluation period.

Mizuho's community development loans were primarily for affordable housing initiatives. Mizuho extended revolving lines of credit¹ to community development intermediaries and nonprofit organizations which in turn provided capital for affordable and supportive housing developers in the assessment area.

Community Development Loans				
Purpose	This Evaluation Period		Outstandings from Prior Evaluation Periods	
	# of Loans	\$000	# of Loans	\$000
Affordable Housing	6	56,500		
Economic Development	1	15,000		
Community Services	2	27,000		
Revitalize and Stabilize	1	15,000		
Total	10	113,500	0	0

Below are highlights of Mizuho's community development lending:

- Mizuho extended a two-year \$15 million revolving line of credit to a nonprofit loan fund that provides financial and technical assistance to support developers of affordable housing. The fund helps revitalize communities by providing capital to help build, develop, preserve, or rehabilitate affordable homes for low-income individuals.
- The Bank made a \$15 million revolving line of credit as part of a \$500 million syndicated loan to a CDFI that supports lending activities in low-income communities. The CDFI is a leading community revitalization company that provides mortgages and financing services to developers that provide quality housing for low-income families.
- Mizuho extended a \$15 million term loan as part of a syndicated loan to a fund that offers an economic recovery loan program providing easy access to credit for New York State's businesses, landlords, and nonprofits, providing much needed working capital to ensure continued operations during the pandemic.
- The Bank renewed a \$12 million revolving line of credit to a CDFI that provides

¹ For analysis purposes, renewals of lines of credit that occur during the evaluation period are considered new extensions of credit. However, the level of lending is reviewed across the time period of the evaluation.

funding to primary care practices and health centers in economically distressed areas to improve overall health, lower health costs and lessen health disparities.

- Mizuho originated a \$15 million line of credit to a CDFI committed to alleviating poverty and supporting families and communities by providing loans, grants and technical assistance for community development and revitalization programs.
- Mizuho provided a \$2 million two-year revolving line of credit to a regional nonprofit fund whose mission is to provide flexible capital for the development of affordable and supportive housing, childcare, and economic development projects. The fund provides loans to organizations that promote and improve the condition of poor communities by supporting the development, rehabilitation, and preservation of affordable housing.

Qualified Investments:

During the evaluation period, Mizuho made \$61.3 million in new qualified investments and had \$27.7 million in investments outstanding from prior evaluation periods. In addition, the Bank and its affiliates made \$1.8 million in qualified grants. This demonstrated an excellent level of qualified investments over the course of the evaluation period.

The level of new qualified investments of \$61.3 million was a significant increase from the \$750,000 of investments made during the prior evaluation period. Mizuho’s qualified investments focused on economic development and affordable housing needs of its assessment area. The Bank made investments in a variety of CDFIs within the assessment area and in taxable multifamily housing revenue notes for multifamily projects within the broader statewide region benefiting Section 8 housing.

Qualified Investments and Grants				
	This Evaluation Period		Outstandings from Prior Evaluation Periods	
	# of Inv.	\$000	# of Inv.	\$000
CD Investments				
Affordable Housing	1	29,325	7	27,694
Economic Development	4	32,000		
Community Services				
Other (Please Specify)				
Total	5	61,325	7	27,694
CD Grants	# of Grants	\$000	Not Applicable	
Affordable Housing	33	358		
Economic Development	3	35		
Community Services	82	1,309		
Other (Please Specify)	1	50		
Total	119	1,752		

Below are highlights of Mizuho's qualified investments and grants:

- Mizuho made a \$20 million equity investment in a CDFI fund that allocates community development loans to businesses meeting the U.S. Small Business Administration 7(a) program eligibility standards. The fund issued 19 loans totaling \$17 million that supported the creation and retention of 358 jobs located in Bronx, Kings, New York, and Queens counties.
- The Bank invested \$11.5 million in certificates of deposit at two CDFIs that provide community-focused banking services that support economic growth and revitalize distressed and underserved neighborhoods.
- The Bank donated \$115,000 to a local nonprofit organization that delivers meals to homebound elderly individuals in the five boroughs of New York City. The organization delivers over two million meals to more than 18,000 elderly individuals annually. One hundred thousand dollars of the Bank's donation went directly towards funding for COVID-19 relief efforts.
- The Bank made grants totaling \$106,720 to a CDFI that provides capital at affordable rates to projects located in low-income, disadvantaged and underserved communities. The organization invests in businesses, housing, and other community infrastructure.
- The Bank donated \$100,000 to a nonprofit foundation whose aim is to support financially challenged hospitals and healthcare providers serving mainly uninsured and under-insured patients in the downstate New York region.
- The Bank donated \$90,000 to a nonprofit organization that provides comprehensive youth development services. The organization provides supportive housing for runaway and homeless youths, as well as, health care, educational and social services.
- The Bank made grants of \$89,270 to an organization focused on preventing housing discrimination and providing fair housing education, policy, and awareness across New York State. The donation also allowed the organization to find homes for homeless families, provide healthier and safer homes for seniors and connect affordable housing residents to local services.

Community Development Services:

Mizuho demonstrated an excellent level of community development services over the course of the evaluation period.

Bank management and employees participated in 201 qualified community development services totaling 1,362 hours. Services included Bank management

serving on the boards and committees of local nonprofit organizations that provide services to LMI individuals and communities, as well as Bank staff providing financial and technical expertise through workforce development and financial literacy.

Below are highlights of Mizuho's community development services:

- A managing director serves on the executive committee and advisory board of a not-for-profit community development intermediary that provides training, grants, loans, and investments to community development organizations that provide services and programs to LMI communities and individuals.
- A vice president serves on the donor committee of a nonprofit collaborative that invests in community organizations to increase economic mobility in low-income neighborhoods. The collaborative offers flexible funding and capacity building to improve the performance of community development organizations throughout New York City so that they may better serve LMI individuals.
- A managing director serves on the advisory board of a New York affordable housing policy and advocacy organization. The organization's mission is to develop city, state and federal policies and funding to support the building and preservation of affordable housing for all New Yorkers.
- A managing director serves on the board of a New York City based nonprofit that empowers low-income women in the New York area to gain employment and economic self-sufficiency. The organization provides job skills training, counseling, placement services and continuous learning opportunities. The managing director also serves on the organization's sub-committee for employer strategy which focuses on partnering with potential employers.
- Twenty-three bank employees participated virtually in two instances of financial literacy and career day trainings during the pandemic. The events were held in partnership with a local organization whose mission is to prepare low-income students of color to become leaders in technology. Financial literacy discussions included personal money management, financial tracking, and realistic budgeting. Career discussions included personal experiences in college and career paths and guidance for students to create their own goals and navigate their career paths.
- During 2020, four of Mizuho's lawyers provided 130 hours of pro-bono legal assistance in partnership with a New York City based nonprofit organization that provides legal assistance to those in need. Mizuho's lawyers provided legal assistance mainly to veterans, who otherwise could not afford legal services, to file for financial and benefits claims.

Innovative or Flexible Practices:

Mizuho demonstrated an excellent level of innovative or flexible community development practices.

As a wholesale bank, Mizuho has forged strong relationships with community development organizations and CDFIs active in critical areas of affordable housing, economic development, and community service. Mizuho primarily funds community development intermediaries and other organizations. The Bank focuses on extending flexible revolving lines of credit to CDFIs and affordable housing developers in response to the credit needs of the communities the Bank serves. Mizuho's low-cost funding enabled CDFIs and other nonprofit organizations to provide competitive financing.

Responsiveness to Credit and Community Development Needs

Mizuho demonstrated an excellent level of responsiveness to credit and community development needs. The Bank provided capital and technical expertise to numerous nonprofit community development intermediaries and other organizations within the assessment area, benefitting LMI neighborhoods and individuals in areas of affordable housing, economic development, education, and health care.

In response to the COVID-19 pandemic, the Bank offered relief grants and virtual volunteerism. The Bank launched the Mizuho Legal Pro Bono Program enabling members of its legal department to provide legal assistance to those in need.

An affiliate of Mizuho, the Mizuho USA Foundation, provided grants for affordable housing, economic development, community service and revitalization and stabilization efforts within the assessment area.

Additional Factors

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 CRA

The board of directors is active in the oversight of the Bank's CRA program and reviews and approves the Bank's CRA Statement annually. The CRA committee provides semi-annual reports to the board which detail and outline the Bank's community development activities. The CRA committee is chaired by the Bank's president and chief executive officer and five of the Bank's board members who serve as directors of the Bank's charitable foundation.

Discrimination and other illegal practices

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

DFS did not note any evidence of 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.*

DFS did not note any evidence of prohibited discriminatory or other illegal practices.

The banking institution's record of opening and closing offices and providing services at offices

In early 2020, Mizuho closed its 320 Park Avenue branch (census tract unknown) and relocated its main office to 1271 Avenue of the Americas from 1251 Avenue of the Americas (upper-income census tract), which was converted to a branch office. As a wholesale bank, Mizuho does not offer retail services at its offices.

Process 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's officers serve on the boards and committees of various local community organizations and participate in conferences and seminars hosted by federal and state banking regulators, other financial institutions, and community organizations. The Bank works closely with regional and local organizations and CDFIs in ascertaining the needs of the assessment area.

- *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.*

In addition to Mizuho's outreach efforts, the Bank utilizes social media postings on LinkedIn, Facebook, and Twitter and on its community partners' social media platforms to make the community aware of services offered.

Other factors that in the judgment of the Superintendent bear upon the extent to which a banking institution is helping to meet the credit needs of its entire community

During the ongoing pandemic, Mizuho donated a total of 15,000 medical masks to three major metropolitan city hospitals: 7,500 to Mount Sinai in New York, NY; 5,000 to Jersey City Medical Center, in Jersey City, NJ; and 2,500 to Los Angeles County Medical Center in Los Angeles, CA.

GLOSSARY

Aggregate Lending

“Aggregate lending” means the number of loans originated and purchased by all reporting lenders in specified categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the assessment area.

Banking Development District (“BDD”) Program

The BDD Program is a program designed to encourage the establishment of bank branches in areas across New York State where there is a demonstrated need for banking services, in recognition of the fact that banks can play an important role in promoting individual wealth, community development, and revitalization. Among others, the BDD Program seeks to reduce the number of unbanked and underbanked New Yorkers and enhance access to credit for consumers and small businesses. More information about the program, may be found at <https://www.dfs.ny.gov> and search for the BDD Program.

Community Development

“Community development” means:

- Affordable housing (including multifamily housing) for LMI individuals;
- Community services targeted to LMI individuals;
- 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;
- Activities that revitalize or stabilize LMI geographies, designated disaster areas, or distressed or underserved metropolitan middle-income geographies designated by the Board of Governors of the federal Reserve System, FDIC and the Office of Comptroller of the Currency; and
- Activities that seek to prevent defaults and/or foreclosures in loans included in the first and third bullet points above.

Community Development Loan

“Community development loan” means a loan that has 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 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.

Community Development Service

“Community development service” means a service that has community development as its *primary purpose*, 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.

Community Development Financial Institution (“CDFI”)

A CDFI is a financial institution that provides credit and financial services to underserved markets and populations and has a primary mission of community development, serves a target market, is a financing entity, provides development services, remains accountable to its community, and is a non-governmental entity. CDFIs are certified as such by United States Treasury Department’s CDFI Fund.

Geography

“Geography” means a census tract delineated by the United States Bureau of the Census in the most recent decennial census.

Home Mortgage Disclosure Act (“HMDA”)

The Home Mortgage Disclosure Act, enacted by Congress in 1975, and subsequently amended, requires institutions to annually report data about applications for residential (including multifamily) financing.

Income Level

The income level for borrowers is based on household or family income. A geography’s income is categorized by median family income for the geography. In both cases, the income is compared to the Metropolitan Statistical Area (“MSA”) or statewide nonmetropolitan median income.

Income level of individual or geography	% of the area median income
Low-income	Less than 50
Moderate-income	At least 50 and less than 80
Middle-income	At least 80 and less than 120
Upper-income	120 or more

Small Business Loan

A small business loan is a loan less than or equal to \$1 million.

LMI Geographies

“LMI geographies” means those census tracts or block numbering areas where, according to the most current U.S. 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 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 Block Numbering Areas (“BNAs”) and tracted areas that are not part of a MSA or PMSA, the area median family income would be the statewide non-metropolitan median family income.

LMI Borrowers

“LMI borrowers” means borrowers whose income, as reported on the loan application which the lender relied upon in making the credit decision, is less than 80% of the area median family income. In cases where the residential property is located 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 non-metropolitan median family income. In all instances, the area median family incomes used to measure borrower income levels are updated annually by the Federal Financial Institutions Examination Council (“FFIEC”).

LMI Individuals/Persons

“LMI individuals” or “LMI persons” means individuals or persons 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 non-metropolitan median family income. In all instances, the area median family incomes used to measure individual income levels are updated annually by the FFIEC.

LMI Penetration Rate

“LMI penetration rate” means the percentage of a bank’s total loans (for a particular product) that was extended to LMI geographies or borrowers. For example, if a bank made 20 out of a total of 100 loans in LMI geographies or to LMI borrowers, the penetration rate would be 20%.

Low-Income Housing Tax Credit (“LIHTC”)

LIHTC were created under the Tax Reform Act of 1986, that provides incentives to invest in projects for the utilization of private equity in the development of affordable housing aimed at low-income Americans. The tax credits provide a dollar-for-dollar reduction in a taxpayer’s federal income tax. It is more commonly attractive to corporations since the passive loss rules and similar tax changes greatly reduced the value of tax credits and deductions to individual taxpayers.

Minority Depository Institutions (“MDIs”)

An MDI is defined as a federal insured depository institution for which (1) 51 percent or more of the voting stock is owned by minority individuals; or (2) a majority of the board of directors is minority and the community that the institution serves is predominantly minority. For more of MDIs, go to FDIC.gov (Minority Depository Institutions Program) including list of MDIs.

New Markets Tax Credit (“NMTC”)

The NMTC Program was established by Congress in December 2000 to stimulate economic and community development and job creation in low-income communities. It permits taxpayers to receive a credit against federal income taxes for making qualified equity investments in Community Development Entities (“CDEs”). The credit provided to the investor totals 39% of the cost of the investment and is claimed over a 7-year period. CDEs must use substantially all of the taxpayer’s investments to make qualified investments in low-income communities. The Fund is administered by the CDFI Fund, an agency of the United States Department of the Treasury.

Qualified Investment

“Qualified investment” means a lawful investment, deposit, membership share or grant that has community development as its *primary purpose*. 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.

Paycheck Protection Program (“PPP”) Loans

The Coronavirus Aid, Relief, and Economic Security Act (the “CARES Act”) temporarily permits the U.S. Small Business Administration (“SBA”) to guarantee 100% of 7(a) loans under a new program titled the “Paycheck Protection Program”. The intent of the PPP is to help small business cover payroll costs providing for forgiveness of up to the full principal of qualifying loans guaranteed under the PPP subject to certain rules including how much or percentage of the loan proceeds a borrower spends on payroll costs. A

small business owner can apply through any existing SBA 7(a) lender or through any federally insured depository institution, federally insured credit union, and Farm Credit System institution that is participating. Any amount of the PPP loan that is not forgiven shall be repaid over a 5-year term at a fixed interest rate of 1%.