



PUBLIC SUMMARY

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION OF MIZUHO BANK (USA)

AS OF MARCH 31, 2023

New York State Department of Financial Services
Consumer Protection and Financial Enforcement Division
One State Street, New York NY 10004

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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MIZUHO BANK (USA) – CRA PERFORMANCE EVALUATION

I - GENERAL INFORMATION

This document is an evaluation (the “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 the Bank’s CRA performance based on an evaluation conducted as of March 31, 2023.

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 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 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 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 end of this Evaluation.

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II- 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 Section 76.11 of the GRS. The evaluation period covered January 1, 2021, to March 31, 2023. The Department assigned Mizuho a rating of “1” indicating an “**Outstanding**” record of helping to meet community credit needs.

This rating is based on the following criteria:

A. Community Development Test:

Mizuho’s community development performance demonstrated a high 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, the Bank originated \$89.5 million in new community development loans and still had \$19.9 million outstanding from prior evaluation periods.

Qualified Investments:

During the evaluation period, Mizuho made \$98.1 million in new qualified investments and still had \$44.5 million in qualified investments outstanding from prior evaluation periods. In addition, the Bank made \$1.8 million in qualified grants.

Community Development Services:

During the evaluation period, the Bank provided 377 community development services.

B. Innovative or Complex Practices:

The Bank demonstrated extensive use of innovative and flexible community development practices.

C. 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.

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III - PERFORMANCE CONTEXT

A. Institution Profile

Established in 2002 through merger by two predecessor institutions, Mizuho is a commercial bank headquartered in Manhattan, New York. The Bank is a subsidiary of Mizuho Americas LLC, a bank holding company.

Mizuho, as a wholesale bank, does not offer retail services and products to the general public, nor does it operate any branches or automated teller machines (“ATMs”). The Bank provides corporate and commercial banking financial services and products including letters of credit and lease financing. As of the evaluation date Mizuho had one subsidiary- MHBK (USA) Leasing & Finance, LLC, which provided lease financing products to corporate customers. Subsequent to the evaluation date, this entity was merged into another subsidiary of Mizuho Americas LLC. Mizuho is also the sole member of the Mizuho USA Foundation. Accordingly, grants made by the foundation are included for CRA consideration.

In its Consolidated Report of Condition (the “Call Report”) as of March 31, 2023, filed with the Federal Deposit Insurance Corporation (“FDIC”), Mizuho reported total assets of \$7.0 billion, of which \$4.3 billion were net loans and lease financing receivables. It also reported total deposits of \$4.5 billion in domestic offices, resulting in an LTD ratio of 94.9%. According to the latest available comparative deposit data as of June 30, 2022, Mizuho obtained a market share of 0.21% or \$4.2 billion in a market of \$1.9 trillion, ranking it 30th among 108 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, 2021, and 2022, and March 31, 2023, Call Reports:

TOTAL GROSS LOANS OUTSTANDING						
Loan Type	12/31/2021		12/31/2022		3/31/2023	
	\$000's	%	\$000's	%	\$000's	%
Commercial & Industrial Loans	2,103,391	39.4	1,738,586	37.4	1,471,269	34.5
Loans to Non-depository Financial Institutions and Other Loans	2,005,174	37.6	1,928,197	41.5	1,864,199	43.7
Lease financing	1,227,059	23.0	983,783	21.2	934,016	21.9
Total Gross Loans	5,335,624		4,650,566		4,269,484	

As illustrated in the above table, Mizuho is primarily a commercial lender, with 43.7% of its loan portfolio in Loans to non-depository financial institutions and other loans, 34.5% in commercial and Industrial Loans, and 21.9% in lease financing.

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

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B. Assessment Area

The Bank’s assessment area consists of Bronx, Kings, New York, Queens, and Richmond counties¹.

There are 2,327 census tracts in the Bank’s assessment area, of which 285 are low-income, 570 are moderate-income, 727 are middle-income, 596 are upper-income, and 149 are tracts with no income indicated.

Assessment Area Census Tracts by Income Level							
County	N/A	Low	Mod	Middle	Upper	Total	LMI %
Bronx	21	129	121	65	25	361	69.3
Kings	46	91	235	263	170	805	40.5
New York	23	36	44	32	175	310	25.8
Queens	52	26	157	325	165	725	25.2
Richmond	7	3	13	42	61	126	12.7
Total	149	285	570	727	596	2,327	36.7

C. Demographic & Economic Data

The assessment area had a population of 8,804,190 during the evaluation period. Approximately 14.2% of the population was over the age of 65 and 22.5% was under the age of 16.

Of the 1,902,630 families in the assessment area, 29.8% were low-income, 16% were moderate-income, 16.2% were middle-income and 38% were upper-income. There were 3,191,691 households in the assessment area, of which 17.2% had income below the poverty level and 4.7% were on public assistance.

The weighted average median family income in the assessment area was \$88,081.

There were 3,519,595 housing units within the assessment area, of which 38.5% were one-to-four family units and 61.3% were multifamily units. A majority, or 60.9% of the housing units were rental-occupied units, while 29.8% were owner-occupied.

Of the total 2,143,429 rental-occupied units, 49.4% were in LMI census tracts while 49.1% were in middle- and upper-income census tracts. Average monthly gross rent was \$1,590.

Of the 1,048,262 owner-occupied housing units, 20.7% were in LMI census tracts while 78.6% 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 \$676,656.

There were 1,123,072 non-farm businesses in the assessment area. Of these, 91.9% were businesses with reported revenues of less than or equal to \$1 million, 3.2% reported revenues of

¹ The Counties of Kings, New York, and Richmond are commonly referred to as the Boroughs of, respectively, Brooklyn, Manhattan, and Staten Island.

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more than \$1 million and 5% did not report their revenues. Of all the businesses in the assessment area, 97.4% were businesses with less than fifty employees while 95.3% operated from a single location. The largest industries in the area were Services (33.5%), Retail Trade (11.7%) and Finance, Insurance and Real Estate (9.6%); 31.4% of businesses in the assessment area were not classified.

According to the New York State Department of Labor data, the average annual unemployment rates for New York State and all counties in the assessment area decreased significantly from 2021 to 2022, attributable to the abatement of the COVID-19 pandemic. Nevertheless, the 2021 and 2022 annual average annual unemployment rates for each of the counties in the assessment area exceeded the statewide average unemployment rate in both years. Of the counties that comprise up Mizuho’s assessment area, New York County had the lowest average annual unemployment rates for 2021 and 2020, while Bronx County had the highest rates over the same period.

Assessment Area Unemployment Rate						
	Statewide	Bronx	Kings	New York	Queens	Richmond
2021	7.0	13.5	10.1	7.6	9.6	8.7
2022	4.3	7.8	5.9	4.6	5.2	5.5
Average of Years Above	5.7	10.7	8.0	6.1	7.4	7.1

D. Community Information

DFS examiners conducted community contact interviews with representatives of two nonprofit organizations operating within the Bank’s assessment area to acquire more insight into the economic conditions and credit needs of their communities.

Examiners met with an executive of a nonprofit organization which serves predominantly ethnically diverse LMI residents and neighborhoods in Brooklyn. The organization provides programs, services, and initiatives to help youth and adults achieve educational and economic success, secure safe and affordable housing, develop job skills, and obtain job placements.

The executive stated that over the last 6-to-8 years housing prices have increased drastically, making it difficult for LMI individuals and families to purchase homes, and that high levels of poverty and food insecurity continue. The executive stressed the need for affordable home repair loans rather than home equity lines of credit and also cited a need for more affordable mortgage purchase and refinance programs, including more flexible repayment terms for LMI borrowers. The executive stated that mortgage companies’ response to the needs of the community were better than those of banks. The executive also stated that small businesses operating in the communities served by the organization need capital for financing for capital repairs, inventory, and expansion.

Examiners also met with an executive of a nonprofit organization that promotes affordable home ownership statewide and protects homeowners through its foreclosure prevention program. The executive of this organization stated that keeping LMI families in their homes is much less expensive than creating new affordable housing. The executive stated that banks should provide more assistance than they are currently with regard to foreclosure prevention (even for

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homeowners whose credit has already been severely damaged by the foreclosure process), offering low-cost capital loans for home repairs, providing down payment assistance, and making general operating grants (in contrast to program grants) for non-profit community organizations to use for working capital.

IV - 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, and 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; and 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.

DFS derived statistics employed in this Evaluation from various sources. Mizuho submitted bank-specific information both as part of the Evaluation process and in its Call Report submitted to the FDIC.

DFS derived the demographic data referred to in this report from the 2020 U.S. Census and the FFIEC. DFS based business data on Dun & Bradstreet reports, which Dun & Bradstreet updates annually. DFS obtained unemployment data from the New York State Department of Labor.

The evaluation period included the period from January 1, 2021, to March 31, 2023.

In its prior Community Reinvestment Act Performance Evaluation as of December 31, 2020, DFS assigned Mizuho a rating of “1”, reflecting an “Outstanding” compliance with regulatory standards.

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Current CRA Rating: Outstanding

A. Community Development Test:

Mizuho’s community development performance demonstrated a high 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.

1. Community Development Lending:

During the evaluation period, the Bank originated \$89.5 million in new community development loans and still had \$19.9 million outstanding from prior evaluation periods.

Total community development loans of \$109.4 million for the current evaluation period (2.25 years) were comparable to the \$113.5 million recorded at the prior evaluation period (2.5 years). However, new community development loans averaged \$39.8 million per year for the current evaluation period- a decline of 12.3% from the average per year of \$45.4 million recorded at the prior evaluation. The Bank’s average assets increased 9.4% between evaluation periods.

Mizuho’s community development lending consisted primarily of revolving lines of credit extended to community development intermediaries and non-profit organizations supporting affordable housing or community service projects within the Bank’s assessment area.

Community Development Loans				
Purpose	This Evaluation Period		Outstandings from Prior Evaluation Periods	
	# of Loans	\$000	# of Loans	\$000
Affordable Housing	5	44,500	1	9,782
Economic Development			1	10,133
Community Services	2	27,000		
Revitalize/Stabilize	1	18,000		
Total	8	89,500	2	19,915

Below are highlights of Mizuho’s community development lending:

- Mizuho renewed and increased a two-year \$18 million revolving line of credit to a nonprofit community loan fund and Community Development Financial Institution² (“CDFI”) that supports LMI families by delivering innovative financial products, providing technical assistance, and financing the acquisition, development, and preservation of quality affordable housing.
- Mizuho renewed a two-year \$7 million revolving line of credit to a not-for-profit organization to fund pre-development costs and working capital needs. The organization develops and

² Refer to the Glossary for a definition of a Community Development Financial Institution.

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maintains permanent and transitional housing for the homeless, veterans, seniors, and low-income working adults.

- Mizuho renewed a two-year \$2 million revolving line of credit to a regional nonprofit fund and CDFI. The entity finances homes, facilities for social service agencies, early learning and childcare centers, schools, primary healthcare centers, and businesses to strengthen communities and to provide new opportunities for low-income individuals and families.
- Mizuho renewed and increased a two-year revolving line of credit of \$18 million to a CDFI committed to alleviating poverty and supporting families and communities by providing loans, grants, and technical assistance for community development, education, and revitalization programs.
- Mizuho renewed a two-year \$15 million revolving line of credit to a CDFI that provides funding and consulting to nonprofits and community organizations focused on education, health, homelessness, human services, social justice, and youth development.
- Mizuho renewed a two-year \$12 million revolving line of credit to a CDFI that provides funding to community-based primary health care practices to expand and enhance primary care in communities with the most need to improve health, lower health costs, and lessen health disparities.

2. Qualified Investments:

During the evaluation period, Mizuho made approximately \$98.1 million in new qualified investments and still had \$44.5 million investments outstanding from prior evaluation periods. In addition, Mizuho made qualified grants totaling \$1.8 million.

The level of total and new qualified investments for this examination period increased significantly from the prior evaluation period due to the Bank's level of new qualified investments representing a 59.9% increase from the prior evaluation period's new qualified investments of \$61.3 million. The Bank's average assets increased 9.4% from the prior evaluation period.

Mizuho's new qualified investments were made for the community development purposes of economic development (51.2%) and affordable housing (48.8%).

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Qualified Investments and Grants				
	This Evaluation Period		Outstandings from Prior Evaluation Periods	
	# of Inv.	\$000	# of Inv.	\$000
CD Investments				
Affordable Housing	3	\$ 47,830	7	\$ 24,216
Economic Development	5	\$ 50,250	1	\$ 20,253
Community Services				
Revitalize/Stabilize				
Total	8	\$ 98,080	8	\$ 44,469
CD Grants	# of Grants	\$000	Not Applicable	
Affordable Housing	20	\$ 200		
Economic Development	30	\$ 573		
Community Services	57	\$ 981		
Revitalize/Stabilize	2	\$ 75		
Total	109	\$ 1,829		

Below are highlights of Mizuho’s community development investments and grants.

Investments:

- Mizuho invested in two certificates of deposit, one for \$20 million and one for \$15 million, via the Certificate of Deposit Account Registry Service (“CDARS”) into two banking institutions that are both Minority Deposit Institutions³ (“MDI”) and CDFIs. Loans made by these institutions support affordable homeownership and local small businesses in various LMI neighborhoods and communities in New York City.
- Mizuho invested \$10.3 million, in certificates of deposit via CDARS, into a banking institution that is a CDFI. That Bank’s loan products include consumer, SBA, and nonprofit and faith-based lending.
- Mizuho invested \$47.8 million into Low-Income Housing Tax Credit (“LIHTC”) bonds supporting three multifamily projects containing 470 rental units restricted to low- and moderate-income individuals or families. These projects were in the greater Buffalo area, outside of the Bank’s assessment area, but within New York State and qualify for CRA credit pursuant to GRS Part 76.11(e)(2)⁴.

Grants:

- Mizuho made grants totaling \$113,000 to a nonprofit organization in New York City. The organization works to redress poverty, inequality, and injustice by connecting underinvested communities and people to resources and opportunities by acting as an intermediary between public and private resources.

³ Refer to the Glossary for a definition of a Minority Deposit Institution

⁴ Part 76.11(e)(2) Benefit outside assessment area(s). The Department considers the qualified investments, community development loans, and community development services that benefit areas outside the banking institution’s assessment area(s), but within New York State, if the banking institution has adequately addressed the needs of its assessment area(s).

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- Mizuho made grants totaling \$92,500 to a nonprofit organization that provides high school students living in underserved communities with skills training, coaching, counseling and paid internships to help them acquire the skills and knowledge for career success.
- Mizuho made grants totaling \$75,000 to a nonprofit organization that provides financing, training and support to low-income women entrepreneurs. Grants to the organization support its microloan program which helps women entrepreneurs start and expand their small businesses as well as the organization’s training program, which has provided financial education training to more than 22,000 women entrepreneurs in New York City.

3. Community Development Services:

During the evaluation period, 257 of the Bank’s officers and employees provided 377 community development services totaling 1,666 hours. The level of the Bank’s community development services for the current evaluation period represented an increase from the prior evaluation period’s 201 community development services totaling 1,362 hours.

Community Development Services	
Activity Type	Number of Activities
On-Going Board & Committee Memberships	30
Technical Assistance	23
Seminars	302
Credit Counseling	0
Other Services: long-term mentoring	22
Total Community Development Services	377

Highlights of the Bank’s community development services during the current evaluation period include the following.

- More than 40 of the Bank’s employees, officers, and directors provided over 90 hours of job interview skills training to clients of a nonprofit organization that provides workplace training and job placement services for low-income women. The organization helps its clients attain administrative and customer support careers in the legal, healthcare, nonprofit, and hospitality industries.
- In cooperation with an organization dedicated to reducing economic and racial wealth gaps for underestimated students, thirty-seven of the Bank’s officers and directors provided over 100 hours of instruction to high school juniors and seniors on financial concepts including budgeting, use of credit, saving, planning for higher education, career planning, goal setting, and resume writing.
- Twenty-two employees of the Bank, including members of its legal team as well as officers and directors provided approximately 330 hours of legal and translation services to refugees seeking asylum in the United States. These services were provided in collaboration with a

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nonprofit organization specializing in providing legal advice, information and referrals to LMI individuals and families living in New York City, who cannot afford an attorney and do not have access to legal representation.

- A managing director and the CRA officer of the Bank is a member of the New York executive committee and New York advisory board of a nonprofit organization which supports community development organizations with funding and technical assistance, invests capital in homes and communities, and is one of the largest nonprofit owners and developers of affordable housing in the assessment area.

B. Innovative or Complex Practices:

Mizuho demonstrated extensive use of innovative and flexible community development practices.

Mizuho continues to maintain and foster new relationships with community development organizations active in the Bank's assessment area, with a focus on affordable housing, community services, and economic development. The Bank makes most of its qualified investments and community development loans (primarily lines of credit) to community based CDFIs, providing them with funds to meet their working capital and provide critical funding to developers of affordable housing, individual small businesses in underserved communities and organizations that provide various community services, all areas with a critical need for flexible and affordable financing.

The Bank continues to provide a high level of community development services. In addition to providing the more typical format of instruction and training students by participating or hosting financial seminars, several Mizuho employees, officers, and directors have made a multi-year commitment to mentor individual underserved students through the college application and transition process. This is done in partnership with a nonprofit organization dedicated to arranging mentoring for high school students and aspiring first generation college students, using the organization's research-based curriculum designed to help students attain success in college. In total, 21 Mizuho employees provided approximately 690 hours of such long-term mentoring during the current evaluation period.

C. Responsiveness to Credit and Community Development Needs:

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

The Bank continues to provide a high level of community development loans, qualified investments and grants, and community development services. Loans made by Mizuho were primarily lines of credit to nonprofit organizations or CDFIs. These lines of credit provide the organizations the flexibility to utilize or lend the funds where needed. All of the Bank's investments made within the assessment area were to MDIs and/or CDFIs. Mizuho's additional investments outside its assessment area, but still in New York State supported needed affordable housing in the Buffalo area. The Bank's community development services included providing legal and translation services to refugees, teaching financial concepts to underestimated students and

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providing interview skill training to low-income women to help them prepare for entry into the job market.

E. Additional Factors

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 CRA.

Mizuho’s board of directors actively oversees the Bank’s CRA program. Board members communicate on an ongoing basis with the Bank’s CRA officer and staff regarding CRA matters during regular meetings and outside of regular scheduled meetings if needed.

The Bank’s board has established a CRA committee that meets periodically throughout the year and is chaired by the Bank’s President and CEO and includes senior officers from various divisions of the Bank, as well as the CRA officer. The committee is responsible for overseeing implementation of the Bank’s entire CRA program, including the CRA policy and CRA statement. The CRA committee’s specific functions include monitoring CRA compliance, assessing CRA loan and investment opportunities and providing guidance and support to the CRA officer.

The CRA officer coordinates and administers the Bank’s CRA program, identifies and recommends CRA loan, investment, and grant opportunities and provides semi-annual reports to the CRA committee and the board on CRA activities such as community development lending, qualified investments, eligible grants, community development services and news regarding regulatory changes affecting CRA compliance.

1. 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 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.

2. The banking institution’s record of opening and closing offices and providing services at offices.

The Bank has not opened or closed any branches since the prior evaluation. As a wholesale bank, Mizuho does not offer retail services at its offices.

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3. 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 ascertains its community credit needs through strong relationships with local community organizations, CDFIs and government agencies, as well as bank employees who serve on boards and committees of local community organizations, all of which provide insight on the credit needs of the community and how best to provide the financial and technical assistance needed.

In addition, Mizuho employees attend on-line and in-person CRA-related seminars and conferences hosted by regulatory agencies and industry associations to learn best practices for CRA compliance.

- 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 engage in extensive marketing; however, the Bank uses its social media platforms on LinkedIn, Facebook, and Twitter and facilitates the sharing of information on its community partners' social media platforms and the local media to make its community aware of services offered as well as its participation with local community groups.

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.

Mizuho extended \$100 million as a lead arranger in a \$360 million construction loan for a multifamily property with 834 units and more than 10,000 square feet of retail space located in an upper-income census tract in Brooklyn. The property will utilize an innovative geothermal heating and cooling system, expected to reduce carbon emissions by about 53% compared with typical residential systems, making it the largest geothermal building in New York City.

V - 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 (also refer to the DFS multifamily industry letter: https://www.dfs.ny.gov/industry_guidance/industry_letters/il20141204_guidelines_bank_lending_multifamily_properties_cra_updated);
- Nonprofit organizations serving primarily LMI or other community development needs;

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- 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

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- ❖ 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.

Fair Market Rents (“FMRs”)

Fair Market Rents are published and developed annually by the US Department of Housing and Urban Development (“HUD”) and used to determine rent payments for affordable housing projects such as Section 8 contracts in defined metropolitan statistical areas (“MSAs”) nationwide. For easy reference of annual FMRs in New York MSAs or counties, go to www.huduser.gov/portal/datasets/fmr.html

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

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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

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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.

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%. The program officially ended May 31, 2021.

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;

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- 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.

Small Business Loan

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