



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, 2010

Institution: Mizuho Trust & Banking Co.(USA)
135 West 50th Street, 16th 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) (“MHTNY”) 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, 2010.

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 of banking institutions are primarily based on a review of performance tests and standards described in Section 76.11. The tests and standards incorporate the 12 assessment factors contained in Section 28-b of the New York State 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

Overall CRA Rating: "Satisfactory"

MHTNY's performance was evaluated according to the community development test for wholesale or limited purpose banking institutions pursuant to Part 76.11 of the General Regulations of the Banking Board. The assessment period covered calendar years 2008, 2009 and 2010. MHTNY is rated "2" indicating a "Satisfactory" record of helping to meet community credit needs. This rating is the same from the prior rating of "2," (Satisfactory) based on the NYSBD Performance Evaluation dated December 31, 2007.

This rating is based on the following factors:

Community Development Activity (Loans, Investments, Services): "Satisfactory"

MHTNY's community development performance demonstrated an adequate responsiveness to the community development needs of its assessment area through community development investments and services, considering MHTNY's capacity and the need and availability of such opportunities for community development in its assessment area.

Community Development Loans: "Not Rated"

MHTNY does not provide any lending products or services but only custody, master custody and security lending services to its customers.

Community Development Investments: "Satisfactory"

MHTNY made a total of \$2.6 million in community development investments, all of which were new money. In addition, MHTNY made a grant for \$160 thousand to a community development organization that supports affordable housing, economic development, and community services for LMI individuals and small businesses within the assessment area. Of the total investments and grants, 32% were used for community service initiatives, 35% supported economic development activities, and 34% were allocated to affordable housing programs.

Community Development Services: "Satisfactory"

MHTNY demonstrated an adequate level of community development services over the course of the evaluation period.

Innovative or Complex Practices

MHTNY made a limited use of innovative and/or complex practices in serving the credit needs of its assessment area during the evaluation period.

Responsiveness to Credit and Community Development Needs

MHTNY demonstrated an adequate 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 State Banking Law and Part 76 of the General Regulations of the Banking Board.

PERFORMANCE CONTEXT

Institution Profile

Chartered in 1987, Mizuho Trust & Banking Co. (USA) (“MHTNY”) is a wholly owned subsidiary of Mizuho Trust & Banking Co. Ltd. in Tokyo, Japan and the sole custody business arm in the United States within the Mizuho Financial Group. MHTNY was designated as a wholesale bank by the FDIC in 1996. Although MHTNY is authorized by the New York State Banking Department to operate as a bank and a trust company, it does not exercise its banking power. MHTNY does not provide any lending products. It provides custodian and security lending services to its customers, primarily located in Japan and the United States. The bank is located in the midtown area of Manhattan.

As per the Consolidated Report of Condition (the Call Report) as of December 31, 2010, filed with the Federal Deposit Insurance Corporation (“FDIC”), MHTNY reported total assets of \$546.6 million. The bank’s deposits amounted to \$92.2 million, all of which were domestic.

Assessment Area

The bank’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 are low-income, 613 are moderate-income, 663 are middle-income, 557 are upper-income and 58 are tracts with no income indicated.

Assessment Area Census Tracts by Income Level							
County	N/A	Low	Mod	Middle	Upper	Total	LMI %
New York	9	60	59	24	144	296	40.2
Bronx	14	132	98	65	46	355	64.8
Queens	18	12	148	310	185	673	23.8
Kings	15	119	297	235	117	783	53.1
Richmond	2	3	11	29	65	110	12.7
Total	58	326	613	663	557	2,217	42.4

The assessment area appears reasonable based upon the location of MHTNY’s offices and its lending patterns. There is no evidence that LMI areas have been arbitrarily excluded.

Demographic & Economic Data

The assessment area had a population of eight million during the examination period. About 11.7% of the population were over the age of 65 and 21.6% were under the age of 16.

Of the 1.9 million families in the assessment area, 30.7% were low-income, 16.7% were moderate-income, 17.0% were middle-income and 35.5% were upper-income families. There were three million households in the assessment area, of which 19.7% had income below the poverty level and 7.5% were on public assistance.

The MSA median family income within the assessment area was \$49.5 thousand. The U.S. Department of Housing and Urban Development ("HUD") estimated median family income for the area was \$65.6 thousand in 2010.

There were 3.2 million housing units within the assessment area, of which 39.1% were one- to four-family units, and 60.8% were multifamily units. A majority (65.9%) of the area's housing units were rental-occupied units, while 28.5% were owner-occupied. Of the 912,133 owner-occupied housing units, 20.6% were in low- and moderate-income census tracts while 79.4% were in middle- and upper-income census tracts. The median age of the housing stock was 60 years and the median home value in the assessment area was \$240.9 thousand.

There were 499,056 non-farm businesses in the assessment area. Of these, 74.9% were businesses with reported revenues of less than or equal to \$1 million, 5.3% reported revenues of more than \$1 million and 19.8% did not report their revenues. Of all the non-farm businesses in the assessment area, 83.8% were businesses with less than fifty employees while 92.5% operated from a single location. The largest industries in the area were Services (46.4%), followed by Retail Trade (16.9%) and Finance, Insurance & Real Estate (9.5%), while 8.7% of businesses in the assessment area were not classified.

According to the Federal Reserve Bank of New York's Economic Press Briefing in February 2011, economic activity in both New York City and New York State has slowed down. The October 2010, New York State 90-Day Pre-Foreclosure Notice Report showed that foreclosures were still a problem in the assessment area. There were 38,460 (28.7%) out of 134,000 pre-foreclosure filings between February 13 and August 31, 2010 in New York City. Of those filings, 15,731 (11.74%) were loans that originated during the evaluation period. The statewide average of 90-day pre-foreclosure filings as a percentage to total mortgages on comparable properties was 5.2%. The five counties in the assessment area with 656,433 mortgages had a ratio of 5.9% or 0.7 percentage points above the statewide average.

According to the New York State Department of Labor, the average unemployment rate for New York State was 8.6% in 2010. The unemployment rate has increased significantly since the last evaluation period. Three counties in the assessment

area: Bronx, Kings, and Richmond had an unemployment rate higher than the state average of 8.6% in 2010. Among the five counties, Bronx had the highest unemployment rate of 12.8% in 2010.

	Statewide	Bronx	Kings	New York	Queens	Richmond
2010	8.6	12.8	10.2	8	8.5	8.7
2009	8.4	11.9	9.9	8.4	8.3	8.1
2008	5.3	7.3	5.8	4.7	4.8	4.9

Community Information

NYSBD examiners made community inquiries through representatives of the Parodneck Foundation. This organization is a 501c (3) public charity and a certified Community Development Financial Institution (CDFI). It serves the five boroughs of New York City, with particular emphasis on inner city areas where the need is greater. The Parodneck Foundation's mission is to preserve and develop affordable housing for low and moderate-income residents with an emphasis on senior citizens, in neighborhoods throughout NYC.

The foundation identified three priority credit needs in New York City's LMI communities in which banks could participate. The three credit needs are (1) Home improvement loans for LMI senior citizens, (2) Foreclosure intervention support, and (3) Support for affordable, tenant controlled housing. In addition, the foundation is trying to put together housing for disabled and returning veterans. Many of these individuals are homeless and unemployed and cannot get any assistance from financial institutions.

The community contact did not have any adverse comments against MHTNY.

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 Section 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, 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 MHTNY’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; 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 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 assessment period included calendar years 2008, 2009 and 2010.

Statistics employed in this evaluation were derived from various sources. The demographic data referred to in this report were derived from the 2000 U.S. Census data with the updated median family income figures provided by the U.S. Department of Housing and Urban Development (“HUD”). Business demographic data used in this report derive from information on US businesses, enhanced by Dun & Bradstreet and updated annually. Call report data that the institution filed with the FDIC are also used in the analysis.

MHTNY received a rating of “2,” reflecting a satisfactory record of helping to meet community credit needs at the **prior** NYSBD Performance Evaluation dated December 31, 2007.

Current CRA Rating: “Satisfactory”

Community Development Activities: “Satisfactory”

MHTNY’s community development performance demonstrated an adequate responsiveness to the community development needs of its assessment area through community development investments and services, considering MHTNY’s capacity and the need and availability of such opportunities for community development in its assessment area.

MHTNY participates in community development initiatives primarily by working with intermediaries, such as federal credit unions. During the evaluation period, MHTNY

made a total \$2.6 million in new community development investments, a \$950 thousand or 58% increase from prior evaluation period. However, the increase in investments was not proportionate to the increase in its assets of over 200%. In addition, MHTNY provided grants totaling \$160 thousand during the evaluation period.

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

Community Development Lending: Not Rated

MHTNY does not provide any lending products or services but only custody, master custody and security lending services to its customers.

Community Development Investments: “Satisfactory”

MHTNY’s primary investments are certificate of deposits (“CDs”) placed with local Community Development Financial Institutions (“CDFIs”) such as federal credit unions or state banks. These CDs are renewable semi-annually. MHTNY invested in six different CDFIs during the evaluation period.

MHTNY made a total of \$2.6 million in community development investments, all of which were new money. In addition, MHTNY made a grant for \$160 thousand to a community development organization that supports affordable housing, economic development, and community services for LMI individuals and small businesses within the assessment area. Of the total investments and grants, 32% were used for community service initiatives, 35% supported economic development activities, and 34% were allocated to affordable housing programs.

Given the increase in the bank’s total assets, MHTNY demonstrated an adequate level of community development investments over the course of the evaluation period. The following chart summarizes MHTNY’s qualified investments:

Community Development Investments and Grants		
	This Evaluation Period	
CD Investments	# of Inv.	\$000
Affordable Housing	2	\$ 900
Economic Development	2	\$ 900
Community Services	2	\$ 800
Total	6	\$ 2,600
CD Grants	# of Grants	\$000
Affordable Housing	2	\$ 28
Economic Development	7	\$ 59
Community Services	6	\$ 72
Total	15	\$ 160

Below are highlights of MHTNY's community development investments made during the evaluation period:

- Bethex Federal Credit Union ("Bethex") – MHTNY maintained a certificate of deposit with an initial amount of \$100 thousand with Bethex that renewed every six months. In 2010, the bank increased its CD to \$250 thousand. Bethex is a not-for-profit institution that provides financial services to low income families in the Bronx. In addition, the bank made a contribution of \$17.2 thousand to Bethex.
- Neighborhood Trust Federal Credit Union – MHTNY maintained a certificate of deposit with this CDFI with an initial amount of \$100 thousand. In 2010, the bank increased its investment to \$250 thousand. Neighborhood Trust is a not-for-profit cooperative that provides services similar to a commercial bank but with a mission to strengthen the Washington Heights community that is predominantly low income.
- Union Settlement Federal Credit Union – MHTNY maintained a certificate of deposit with this CDFI with an initial amount of \$100 thousand, which was increased to \$250 thousand in 2010. In addition, MHTNY made grants of \$1.6 thousand to this FCU. Union Settlement Federal Credit Union is a not-for-profit financial cooperative dedicated to the economic development of East Harlem community.

Below are some of the grants made by MHTNY during the evaluation period:

- Encore Community Services – MHTNY contributed \$14.5 thousand to this organization during the evaluation period. The mission of Encore Community Services is to provide care and service to the elderly of the Clinton/Times Square/Midtown communities. The organization supports the Encore West Residence, a safe and decent housing for low-income seniors and it also provides food service programs to the disadvantaged.
- Greater Jamaica Development Corporation ("GJCD") – This CDFI received \$14.5 thousand from MHTNY during the evaluation period. GJCD's mission is to help revitalize downtown Jamaica, Queens which is an economically depressed area. The bank's contribution was to fund multiple projects to build or renovate low cost housing, support business development, and to maintain local employment in this predominantly minority area.

Community Development Services: "Satisfactory"

MHTNY demonstrated an adequate level of community development services over the course of the evaluation period. Below are highlights of MHTNY's community development services.

- Two members of the bank's community services committee serve on the Bethex Compliance Committee. Bethex is located in Bronx County, providing full service banking to low-income residents and small businesses in this area.
- A vice president of the bank conducted a compliance training program in five Federal Credit Unions.
- A vice president and an information security officer conducted premises and information security training & assessments with Bethex and Brooklyn Cooperative Credit Union.
- The CRA officer gave a speech to the National Credit Union Administration (NCUA) Round Table in 2010 about the CRA responsibilities of financial institutions and the importance of helping and supporting disadvantaged individuals, and small businesses in the low- to moderate-income neighborhoods.

Innovative or Complex Practices

MHTNY made a limited use of innovative and/or complex practices in serving the credit needs of its assessment area during the evaluation period. MHTNY's primary investments were certificate of deposits ("CDs") placed with local Community Development Financial Institutions ("CDFIs") such as federal credit unions or state banks, which were neither innovative nor complex.

Responsiveness to Credit and Community Development Needs

MHTNY demonstrated an adequate level of responsiveness to credit and community development needs.

During the evaluation period, MHTNY made a total \$2.8million in new community development investments and grants.

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 Community Reinvestment Act

The board of directors established a community services committee to oversee the bank's CRA program. During the evaluation period, the committee reviewed and approved all CRA activities and presented the committees meeting minutes to the board.

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

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

Evidence of prohibited discriminatory or other illegal credit practices.

NYSBD noted no evidence of prohibited discriminatory or other illegal practices.

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

MHTNY has not opened or closed any branches since the prior evaluation. As a wholesale bank, MHTNY 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.

MHTNY ascertained the credit needs of its community through direct contacts with various not-for-profit intermediaries and organizations that service the local community. For example, two members of the Community Services Committee serve on the Bethex Federal Compliance Committee.

- 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, MHTNY does not use any special marketing programs for the public, other than through direct contacts with financial intermediaries and not-for-profit institutions.

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 to community-based and charitable organizations. MHTNY participates in the program and matches employees' donations to 23 organizations. During the evaluation period, matched donations totaled \$10,510.

GLOSSARY

Aggregate Penetration Rate

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.

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.

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 of the person, family or household is based on the income of person, family or household. A geography’s income is categorized by median family income for the geography. In both cases, the income is compared to the 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

Loans to Small Businesses

Small business loans to businesses with gross annual revenues (“GAR”) of \$1 million or less (“< = \$ 1MM”).

Low or Moderate Income (“LMI”) Geographies

Those census tracts or block numbering areas (“BNAs”), where according to the 2000 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 non-metropolitan median family income.

LMI Borrowers

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 the case 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 U.S. Department of Housing and Urban Development (“HUD”).

LMI Individuals/Persons

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 HUD.

LMI Penetration Rate

A number that depicts the percentage of a bank’s total loans (for a particular product) that was extended to LMI geographies or borrowers. For example, an LMI penetration rate of 20% would indicate that the bank made 20 out of a total of 100 loans in LMI geographies or to LMI borrowers.

Small Business Loans

Loans to businesses with original amounts of \leq \$1MM.