



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

One State Street
New York, NY 10004

PUBLIC SUMMARY
(OFF-SITE EVALUATION)

**COMMUNITY REINVESTMENT ACT
PERFORMANCE EVALUATION**

Date of Evaluation: December 31, 2004

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

Note: This evaluation is not an assessment of the financial condition of this institution. The rating assigned does not represent an analysis, conclusion or opinion of the New York State Banking Department concerning the safety and soundness of this financial institution.

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GENERAL INFORMATION

This document is an off-site evaluation of the Community Reinvestment Act (“CRA”) performance of Mizuho Trust & Banking Company 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, 2004.

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 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 an institution’s 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 written summary (“evaluation”) be made available to the public. Evaluations 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 of the regulation. These 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** in Section 5 of this document.

OVERVIEW OF INSTITUTION'S PERFORMANCE

Overall Rating

Mizuho Trust & Banking Company is rated "1," indicating an outstanding record of helping to meet community credit needs. This rating is based on the following factors:

- Mizuho exhibited an excellent level of community development activity. During the evaluation period, the bank's community development investments within the assessment area totaled \$661 thousand, including \$311 thousand in new money since the previous evaluation.
- Mizuho's CRA Officer sits on the advisory board of a local community development credit union. The advisory board helps the credit union generate ideas, advice and support from the business community regarding organizational, technical and member issues.
- Mizuho is encouraged to increase service activities within its community.

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

Mizuho Trust & Banking Company (“Mizuho”) is a wholly-owned subsidiary of Mizuho Trust & Banking Company, Limited (“MHTB”). Mizuho is licensed by the New York State Banking Department to operate as a bank and trust company. It provides various fiduciary and advisory services to customers of MHTB and other companies primarily located in Japan and in the United States.

Mizuho’s only office in New York is located at 666 Fifth Avenue in Manhattan.

On its Call Report for December 31, 2004, Mizuho reported total assets of \$65.2 million, including cash and balances due from depository institutions of \$46.8 million (71.8%) and other domestic assets of \$14.8 million (22.7%). Since the previous evaluation, the bank’s assets have decreased approximately 27.1%.

Mizuho does not originate or purchase residential mortgage loans, small business loans or small farm loans. Accordingly, the FDIC had designated Mizuho a wholesale institution for CRA evaluation purposes.

At its prior CRA evaluation, which was conducted by the Banking Department as of December 31, 2002, Mizuho earned a rating of “2.” This rating indicated a satisfactory record of helping to meet the credit needs of its assessment area.

There are no financial or legal impediments affecting the bank’s ability to meet the credit needs of its community.

Assessment Area

As was the case at the prior evaluation, Mizuho’s assessment area includes the five boroughs of New York City. This assessment area appears reasonable based upon Mizuho’s status as a wholesale institution. There is no evidence that LMI areas have been arbitrarily excluded from the assessment area.

Census Tracts - During the evaluation period, one census tract within the assessment area was divided into two parts. Now, instead of containing 2,216 census tracts, the assessment area comprises 2,217 census tracts. These 2,217 census tracts include 326 (14.7%) low-income, 613 (27.6%) moderate-income, 663 (29.9%) middle-income and 557 (25.1%) upper-income tracts. The assessment area also contains 58 (2.6%) zero-income tracts.

Population - According to data from the 2000 U.S. Census, the assessment area has a total population of approximately 8 million residents, including 938 thousand people (11.7%) over the age of 65 and 1,729 thousand people (21.6%) under the age of 16.

Families – There are 1.9 million families within the assessment area, including 575 thousand (30.7%) low-income, 312 thousand (16.7%) moderate-income, 319 thousand (17.0%) middle-income families and 664 thousand (35.5%) upper-income families.

Households – The assessment area is home to 3,022 thousand households, including approximately 2.2 million households (73.7%) with wage earners, 673 thousand households (22.3%) on social security, 228 thousand households (7.5%) on public assistance. Approximately 595 thousand households (19.7%) within the assessment area are living below the poverty line.

Housing – The assessment area contains 3.2 million housing units, including 1.3 million units (39.1%) in one- to four-family structures and 1.9 million units (60.8%) in structures containing five or more units.

Owner-occupied housing accounts for 28.5% of total housing units, while rental housing accounts for 65.9% of units. The remaining 5.6% of housing units was vacant.

As of the 2000 Census, the assessment area's housing stock had a median age of 54 years and the median housing price was \$240,909.

Income – When the 2000 Census was conducted, the median family income for the New York metropolitan statistical area ("MSA") was \$49,461. In 2004, the U.S. Department of Housing and Urban Development estimated that the MSA's median family income level had risen to \$57,000.

Businesses – As of 2004, there were more than 494 thousand businesses in the assessment area. Approximately 313 thousand (63.3%) of these businesses reported annual revenues of \$1 million or less, while 37 thousand businesses (7.4%) reported revenues greater than \$1 million. Another 145 thousand businesses (29.3%) did not report their revenue information.

Companies in the service industry account for 39.3% of total businesses, while retail trade accounts for 18.2%, finance, insurance and real estate firms account for 9.6% of businesses, while wholesale trade companies accounts for 6.2% of businesses. Non-classified establishments accounted for 12.8% of total businesses.

PERFORMANCE TESTS AND ASSESSMENT FACTORS

As a wholesale bank, Mizuho's CRA performance was evaluated using the Community Development Test performance criteria established in Section 76.11 of the General Regulation of the Banking Board. These performance criteria include: 1) the number and amount of community development loans, qualified investments or community development services reported by the bank; 2) the use of innovative or complex qualified investments, community development loans or community development services; and 3) the institution's responsiveness to the assessment area's credit and community development needs.

The evaluation period spanned from January 1, 2003 through December 31, 2004.

I. Community Development Test

Mizuho participates in community development initiatives by working with intermediaries serving the assessment area. The bank did not make any community development loans, but instead limited its CRA-eligible activities to investments. As of December 31, 2004, Mizuho's qualified investments in the assessment area totaled \$661 thousand, including \$311 thousand in new money.

As noted previously, the bank's asset size has decreased by 27.1% since the previous evaluation. During the same period, the bank's community development investments increased, allowing for a rating upgrade to "Outstanding."

Qualified Investments

As of December 31, 2004, the bank's qualified investments included the following accounts and transactions:

1. Bethex Federal Credit Union ("Bethex") – Mizuho invested \$100 thousand in a term share certificate of deposit at Bethex. Bethex is a full-service institution that specializes in serving small businesses and low-income individuals in the area.
2. Carver Federal Savings Bank ("Carver") – Mizuho placed \$100 thousand in a certificate of deposit at Carver. Located in Harlem, Carver is a community development financial institution ("CDFI") that provides retail banking services, including residential mortgages and commercial loans, to the area's residents and businesses.
3. Community Capital Bank ("CCB") - Mizuho placed \$100 thousand in a certificate of deposit with CCB, another local CDFI. This institution is based in Brooklyn and specializes in serving low-income customers and small businesses.

4. Lower East Side People's Federal Credit Union ("LESPFCU") – Mizuho placed \$50 thousand in a term share certificate of deposit at LESPFCU. This institution is a full-service financial institution that services low- and moderate income residents and small businesses on Manhattan's Lower East Side. The Lower East Side is one of the few remaining LMI neighborhoods in Manhattan.
5. Neighborhood Trust Federal Credit Union ("NTFCU") – Mizuho placed \$50 thousand in a share certificate of deposit at NTFCU. This credit union is located in the Bronx and specializes in small business and residential development as well as providing financial services to low-income families.
6. Union Settlement Federal Credit Union ("USFCU") – Mizuho invested \$50 thousand in a share certificate at USFCU. This full-service credit union is located in Spanish Harlem and specializes in serving the area's LMI residents and small businesses.
7. Bushwick Cooperative Federal Credit Union ("BCFCU") - Mizuho placed \$100 thousand in a share certificate at BCFCU. This credit union is located in Brooklyn and provides full-service banking to small businesses and low- and moderate-income individuals.
8. Charitable Contributions – Mizuho made charitable contributions of \$111 thousand during the evaluation period. This money supported the following causes:
 - Affordable Housing: \$26 thousand
 - Community Revitalization or Stabilization: \$23 thousand
 - Community Services: \$62 thousand

Community Development Services

In 2002, Mizuho was instrumental in the creation of Bethex Federal Credit Union's advisory board ("board"). The board helps Bethex generate ideas, advice and support from local businesses and the community at large regarding organizational, technological and member issues. During the evaluation period, Mizuho hosted eight advisory board meetings for Bethex. Mizuho's CRA Officer was honored with a Volunteer of the Year award for his role as secretary of the advisory board.

In 2004, Mizuho's CRA Officer joined the Manhattan Chamber of Commerce's Beneficial Grant Program panel. The panel reviewed 42 grant requests and awarded 37 grants, totaling \$70 thousand, to organizations on the east side of Manhattan that service the homeless, disadvantaged and disabled.

II. Discrimination or Other Illegal Practices

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

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

Evidence of prohibited discriminatory or other illegal credit practices.

The most recent regulatory compliance and Fair Lending examinations were conducted concurrently with this evaluation and indicate satisfactory adherence to anti-discrimination and other applicable laws and regulations. No evidence of prohibited discriminatory or other illegal credit practices was noted.

III. Other Factors

Activities conducted by the banking institution to ascertain the credit needs of its community, including the extent of the banking institution's efforts to communicate with members of its community regarding the credit services being provided by the banking institution.

Mizuho's CRA Officer occasionally participates in community seminars addressing issues such as low-income housing or small business development.

The extent of the banking institution's marketing and special credit-related programs to make members of the community aware of the credit services offered by the banking institution.

As a wholesale bank, Mizuho does not market any credit products.

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

Mizuho's board of directors reviews the bank's CRA statement annually, while the bank's Community Services Committee monitors Mizuho's CRA performance. The committee also reviews and approves grant requests. According to bank policy, Mizuho sets aside a certain percentage of its net income for charitable contributions.

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.

None.

GLOSSARY

Community Development

The term “community development” is defined to mean:

1. Affordable housing (including multifamily housing) for low- or moderate-income (“LMI”) individuals;
2. Community services targeted to LMI individuals;
3. Activities that promote economic development by financing business or farms that meet the size eligibility standards of the United States Small Business Administration (“SBA”) Development Company or Small Business Investment Company programs, or have gross annual incomes of \$1 million or less;
4. Activities that revitalize or stabilize LMI geographies; and
5. Activities that seek to prevent defaults and/or foreclosures in loans included in (1) and (3), above.

A “community development loan” is defined as a loan that has as its *primary purpose* community development. This includes but is not limited to loans to:

- Borrowers for affordable housing rehabilitation and construction, including construction and permanent financing for multifamily rental property serving low or moderate income (“LMI”) persons;
- Nonprofit organizations serving primarily LMI or other community development needs;
- Borrowers to construct or rehabilitate community facilities that are located in LMI areas or that primarily serve LMI individuals;
- Financial intermediaries including community development financial institutions, community development corporations, minority- and women-owned financial institutions, community loan funds or pools, micro-finance institutions, and low-income or community development credit unions that primarily lend or facilitate lending to promote community development;
- Local, state and tribal governments for community development activities; and
- Borrowers to finance environmental clean-up or redevelopment of an industrial site as part of an effort to revitalize the LMI community in which the property is located.

A “qualified investment” is defined as a lawful investment, deposit, membership share or grant that has as its *primary purpose* community development. This includes but is not limited to investments, deposits, membership shares or grants in or to:

- Financial intermediaries (including community development financial institutions, community development corporations, minority- and women-owned financial institutions, community loan funds, micro-finance institutions and low-income or community development credit unions) that primarily lend or facilitate lending in LMI areas or to LMI individuals in order to promote community development;
- Organizations engaged in affordable housing rehabilitation and construction;
- Organizations, including, for example, small business investment corporations

that promote economic development by financing small businesses;

- Facilities that promote community development in LMI areas or LMI individuals, such as youth programs, homeless centers, soup kitchens, health care facilities, battered women's centers, and alcohol and drug recovery centers;
- Projects eligible for low-income housing tax credits;
- State and municipal obligations, such as revenue bonds that specifically support affordable housing or other community development needs;
- Organizations serving LMI housing or other community development needs, such as counseling for credit, home ownership, home maintenance, and other financial services education; and
- Organizations supporting activities essential to the capacity of LMI individuals or geographies to utilize credit to sustain economic development, such as day care operations and job training programs that facilitate access to permanent jobs.

A "community development service" is defined as a service that has as its *primary purpose* community development, is related to the provision of financial services, and has not been considered in the evaluation of the banking institution's retail banking services. This includes but is not limited to:

- Providing technical assistance on financial matters to nonprofit, tribal or government organizations serving LMI housing or economic revitalization and development needs;
- Providing technical assistance on financial matters to small businesses or community development organizations;
- Lending employees to provide financial services for organizations facilitating affordable housing construction and rehabilitation or development of affordable housing;
- Providing credit counseling, home buyers and home maintenance counseling, financial planning or other financial services education to promote community development and affordable housing;
- Establishing school savings programs for LMI individuals;
- Providing seminars for LMI persons on banking and bank account record-keeping;
- Making ATM "Training Machines" available for extended periods at LMI community sites or at community facilities that serve LMI individuals; and
- Technical assistance activities to community development organizations such as:
 - Serving on a loan review committee;
 - Developing loan application and underwriting standards;
 - Developing loan processing systems;
 - Developing secondary market vehicles or programs;
 - Assisting in marketing financial services, including the development of advertising and promotions, publications, workshops and conferences;
 - Furnishing financial services training for staff and management;
 - Contributing accounting/bookkeeping services; and
 - Assisting in fund raising, including soliciting or arranging investments.

Low- or Moderate-Income (“LMI”) Geographies

Those census tracts or block numbering areas (“BNAs”), where according to the 1990 US Census, the median family income is less than 80% of the area median family income. In the case of tracted areas that are part of a Metropolitan Statistical Area (“MSA”) or Primary Metropolitan Statistical Area (“PMSA”), this would relate to the median family income for the MSA or PMSA in which the tracts are located. In the case of BNAs and tracted areas that are not part of a MSA or PMSA, the area median family income would be the statewide non-metropolitan median family income.

LMI Individuals/Persons

Those individuals, whose income is less than 80% of the area median family income. In the case where the individual resides in a MSA or PMSA, this would relate to the median family income for that MSA or PMSA. Otherwise, the area median family income would be the statewide non-metropolitan median family income. In all instances, the area median family incomes used to measure individual income levels are updated annually by the U.S. Department of Housing and Urban Development (“HUD”).

Wholesale Institution

The term “wholesale institution” means a banking institution that is not in the business of extending home mortgage, small business, small farm or consumer loans to retail customers, and for which a designation as a wholesale banking institution by the appropriate Federal regulatory authority is in effect. When evaluating a wholesale institution’s CRA performance, the Banking Department looks primarily at its record of helping to meet the credit needs of its assessment are through community development lending, qualified investments and community development services.