



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

One State Street  
New York, NY 10004

**PUBLIC SUMMARY**

**COMMUNITY REINVESTMENT ACT  
PERFORMANCE EVALUATION**

**Date of Evaluation:** March 31, 2016

**Institution:** Mizuho Bank (USA)  
1251 Avenue of the Americas  
New York, NY 10020

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

## TABLE OF CONTENTS

	Section
General Information .....	1
Overview of Institution's Performance .....	2
Performance Context .....	3
Institution Profile	
Assessment Area	
Demographic & Economic Data	
Community Information	
Performance Tests and Assessment Factors .....	4
Community Development Test	
Innovative or Complex Practices	
Responsiveness to Credit and Community Development Needs	
Additional Factors	
Glossary .....	5

---

## **GENERAL INFORMATION**

This document is an evaluation of the Community Reinvestment Act (“CRA”) performance of Mizuho Bank (USA) (“MBUSA”) prepared by the New York State Department of Financial Services (the “Department” or “DFS”). This evaluation represents the Department’s current assessment and rating of the institution’s CRA performance based on an evaluation conducted as of March 31, 2016.

Section 28-b of the New York 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 Superintendent 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 the 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 written summary (“Evaluation”) be made available to the public. Evaluations of banking institutions are primarily based on a review of performance tests and standards described in Section 76.7 and detailed in Sections 76.8 through 76.13. The tests and standards incorporate the 12 assessment factors contained in Section 28-b of the New York Banking Law.

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

---

## **OVERVIEW OF INSTITUTION'S PERFORMANCE**

### **Overall CRA Rating: "Outstanding"**

MBUSA'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 Superintendent. The assessment period covered January 1, 2014 through March 31, 2016. MBUSA is rated "1" indicating an "Outstanding" record of helping to meet community credit needs. This rating is the same as the prior rating of "1" based on DFS's Performance Evaluation dated December 31, 2013.

This rating is based on the following factors:

### **Community Development Activity (Loans, Investments, Services): "Outstanding"**

MBUSA's community development performance demonstrated an outstanding level of community development loans, investments, and services throughout its New York City assessment area.

#### **Community Development Loans: "Outstanding"**

During the evaluation period, MBUSA originated \$61.5 million in new community development loans. There were no outstanding loans from prior evaluation periods. No new letters of credit were issued during the evaluation period, but \$7.7 million were still outstanding from prior periods. This demonstrated an excellent level of community development lending over the course of the evaluation period.

Of the total community development loans, the majority, or 80.5% were used for affordable housing (including multifamily rental housing), and 19.5% were for community services.

#### **Community Development Qualified Investments: "Satisfactory"**

During the evaluation period, MBUSA made \$12.2 million in new qualified community development investments and grants, and had \$18.1 million in investments outstanding from prior evaluation periods. This demonstrated a reasonable level of community development investments over the course of the evaluation period.

#### **Community Development Services: "Outstanding"**

MBUSA demonstrated an excellent level of community development services over the course of the evaluation period. MBUSA encourages staff engagement with nonprofit community based organizations. MBUSA executives and staff serve in varied capacities with several community development organizations.

---

Innovative or Complex Practices:

MBUSA demonstrated an excellent level of innovative or complex community development practices. An example is LIBOR-based floating rate revolving lines of credit at a spread often significantly below market rate with no required clean-up period. During the evaluation period MBUSA also agreed to CRA client's preferences for longer term commitments, and loaning only what was needed when it was needed to meet their needs.

.  
Responsiveness to Credit and Community Development Needs: "Outstanding"

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

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

---

## **PERFORMANCE CONTEXT**

### **Institution Profile**

Mizuho Bank (USA) (“MBUSA”) was established on December 1, 2002 through the merger of The Industrial Bank of Japan Trust Company into The Fuji Bank and Trust Company. MBUSA was initially named Mizuho Corporate Bank (USA) but changed its name to Mizuho Bank (USA) in 2013. The Bank is a wholly-owned subsidiary of Mizuho Bank, Ltd., a member of the Mizuho Financial Group of Japan. Mizuho Bank, Ltd. offers retail and commercial banking services in its home market and commercial banking services in overseas locations including the United States.

MBUSA is a Federal Deposit Insurance Corporation (“FDIC”) insured, New York State chartered bank and a member of the Federal Reserve System. MBUSA is a wholesale commercial banking institution with headquarters located in midtown Manhattan at 1251 Avenue of the Americas, in office space shared with Mizuho Bank, Ltd.’s New York branch. A branch was opened at 320 Park Avenue, New York City, on December 7, 2015, from which syndicated finance services are provided. MBUSA has loan production offices to serve corporate clients in Atlanta, Chicago, Houston, Los Angeles and San Francisco. MBUSA has one wholly-owned subsidiary, MHBK (USA) Leasing & Finance LLC.

MBUSA specializes in corporate finance for large U.S. and Latin American clients, and Americas-based subsidiaries of Japanese clients, assisting them in financing and growing their operations domestically and internationally. MBUSA complements traditional lending activities with a range of corporate financial products and services, including commercial loans, letter of credit financing, lease financing, and commercial banking accounts. MBUSA’s principal market consists of companies located within the United States; however, access to international capital and financial markets through its parent, Mizuho Bank, Ltd., enables the bank to provide services to multinational corporations.

MBUSA affiliates include: Mizuho Bank, Ltd. New York Branch; Mizuho Trust & Banking Co. (USA); Mizuho Securities USA, Inc.; Mizuho Capital Markets Corporation; and Mizuho Alternative Investments, LLC.

Per the Consolidated Report of Condition, as of March 31, 2016, filed with the FDIC, MBUSA reported total assets of \$6.4 billion, of which \$5.6 billion were net loans and lease financing receivables. According to the latest available comparative deposit data, as of June 30, 2015, MBUSA had a market share of 0.21%, or \$2.2 billion in a market of \$4.6 trillion, ranking it 31st among 111 deposit-taking institutions in the assessment area.

During the review period, MBUSA’s assets grew from \$5.2 billion, as of December 31, 2013, to \$6.4 billion as of March 31, 2016, representing a 22.0% increase. The increase is attributable to the expansion of MBUSA’s business in the U.S. with large

---

investment-grade corporate customers.

MBUSA's level of community development loans, investments and grants remained relatively stable over the evaluation period, increasing from \$99.1 million to \$99.5 million, representing an increase in annual community development activities from 0.47% to 0.77% of average total assets over the evaluation period.

The following is a summary of MBUSA's loan portfolio, based on Schedule RC-C of its December 31, 2014, 2015 and March 31, 2016 Call Reports:

<b>TOTAL GROSS LOANS OUTSTANDING</b>						
Loan Type	12/31/2014		12/31/2015		3/31/16	
	\$000's	%	\$000's	%	\$000's	%
1-4 Family Residential Mortgage Loans	6,915	0.2	5,180	0.1	4,959	0.1
Commercial & Industrial Loans	1,759,674	43.2	3,029,851	66.4	3,344,842	69.4
Loans to Financial Institutions	1,089,815	26.8	898,696	19.7	928,064	19.3
Obligations of States & Municipalities	75,349	1.9	0	0.0	0	0.0
Other Loans	740,730	18.2	172,023	3.8	152,731	3.2
Lease financing	397,016	9.8	460,559	10.1	388,522	8.1
Total Gross Loans	4,069,499	100.0	4,566,309	100.0	4,819,118	100.0

As illustrated in the above table, MBUSA is primarily a commercial lender, with the majority of its loan portfolio in commercial and industrial loans, followed by loans to financial institutions.

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

### **Assessment Area**

MBUSA's assessment area is comprised of the five boroughs of New York City, which include Manhattan (New York County), Brooklyn (Kings County), Staten Island (Richmond County), Queens (Queens County) and the Bronx (Bronx County). The assessment area has not changed since the prior evaluation.

There are 2,168 census tracts in the assessment area, of which 336 are low-income, 633 are moderate-income, 645 are middle-income, 490 are upper-income and 64 are tracts with no income indicated.

Assessment Area Census Tracts by Income Level							
County	N/A	Low	Mod	Middle	Upper	Total	LMI %
Bronx	10	143	97	60	29	339	70.8
Kings	13	125	295	213	115	761	55.2
New York	12	44	61	25	146	288	36.5
Queens	26	21	169	314	139	669	28.4
Richmond	3	3	11	33	61	111	12.6
Total	64	336	633	645	490	2,168	44.7

### **Demographic & Economic Data**

The assessment area had a population of 8.2 million during the evaluation period. About 11.9% of the population were over the age of 65 and 19.1% were under the age of sixteen.

Of the 1.84 million families in the assessment area 31.8% were low-income, 17.2% were moderate-income, 16.6% were middle-income and 34.4% were upper-income families. There were 3.1 million households in the assessment area, of which 18.1% had income below the poverty level and 4.1% were on public assistance.

The weighted average median family income in the assessment area was \$65,513.

There were 3.3 million housing units within the assessment area, of which 40.0% were one-to-four family units, and 60.0% were multifamily units. A minority (30.1%) of the area's housing units were owner-occupied, while 61.0% were rental units. Of the one million owner-occupied housing units, 24.5% were in low- and moderate-income census tracts while 75.5% were in middle- and upper-income census tracts. The median age of the housing stock was 70 years, and the median home value in the assessment area was \$526,503.

There were 520,004 non-farm businesses in the assessment area. Of these, 76.2% were businesses with reported revenues of less than or equal to \$1 million, 6.3% reported revenues of more than \$1 million, and 17.5% did not report their revenues. Of all the businesses in the assessment area, 83.6% were businesses with less than fifty employees while 92.1% operated from a single location. The largest industries in the assessment area were services (50.2%); retail trade (15.6%); finance, insurance and real estate (9.1%); and 7.7% of the businesses were not classified.

According to the New York State Department of Labor, the average unemployment rate for New York State was 5.3% in 2015. Unemployment rates in New York, Queens

---

and Richmond counties were lower than the state average, while the rates in Bronx and Kings counties were higher.

<b>Assessment Area Unemployment Rate</b>						
	Statewide	Bronx	Kings	New York	Queens	Richmond
2014	6.3	9.7	7.6	6.1	6.3	7.4
2015	5.3	7.7	5.9	4.8	5.0	5.8
1st Qtr. 2016	5.3	8.0	6.0	5.1	5.1	5.8
Average	5.7	8.6	6.7	5.4	5.6	6.5

### **Community Information**

An interview was conducted with a community contact representing a nonprofit community based firm active in creating affordable housing. Its lending arm is a U.S. Treasury certified community development financial institution (“CDFI”). The lending organization is structured as a loan fund providing flexible and innovative products as well as technical assistance to support nonprofit and for-profit developers of affordable housing. The New York office supports affordable housing in New York City with a focus on the homeless, senior housing and low income communities.

The contact indicated the need for affordable housing in New York City as prices have continued to outpace general inflationary pressures. In addition, the contact cited the growing number of homeless, currently above 60,000, and the need for providing shelter for these individuals. The contact indicated that MBUSA plays an active role in assessing the community development needs of the assessment area and has responded accordingly, supplying credit in the form of loans, investments and grants in New York City.

---

## **PERFORMANCE TEST AND ASSESSMENT FACTORS**

*DFS evaluates the CRA performance of wholesale banks pursuant to the “community development test,” as provided in Section 76.11 of the General Regulations of the Superintendent. 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 MBUSA’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 MBUSA’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.*

The assessment period included calendar years 2014, 2015 and the first quarter ended March 31, 2016.

At its **prior** Performance Evaluation, as of December, 2013, DFS assigned MBUSA a rating of “1,” reflecting an “Outstanding” record of helping to meet community credit needs

**Current CRA Rating:** “Outstanding”

**Community Development Test:** “Outstanding”

MBUSA community development performance demonstrated an excellent responsiveness to the community development needs of its assessment area through a high volume of community development loans and services, and a reasonable level of investments, considering MBUSA’s capacity and the need and availability of such opportunities for community development in its assessment area.

During the evaluation period, MBUSA extended or renewed \$61.5 million in new community development loans and had a \$7.7 million standby letter of credit outstanding from prior period evaluations. The loans are predominately variable rate revolving lines of credit to CDFI’s with a focus on affordable housing (70.7%) and community services (29.3%). MBUSA also made \$10.8 million in new community development investments and had \$18.1 million outstanding from prior evaluation periods. MBUSA made \$1.5 million in community development grants during this evaluation period.

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

---

**Community Development Lending: “Outstanding”**

During the evaluation period, MBUSA originated \$61.5 million in new community development loans, and had a \$7.7 million letter of credit outstanding from prior evaluation periods, representing an annualized ratio to total average assets of 0.53%. This demonstrated an excellent level of community development lending over the course of the evaluation period.

Credits extended for affordable housing represented 80.5% of total community development loans. They consisted of revolving lines of credit extended predominantly to CDFIs established as loan funds or community development corporations (“CDC’s”), providing financing for affordable housing projects. The remaining 19.5% of the community development loans were utilized to finance for community services projects.

<b>Community Development Loans</b>				
	This Evaluation Period		Outstandings from Prior Evaluation Periods	
Purpose	# of Loans	\$000	# of Loans	\$000
Affordable Housing	5	49,500		
Economic Development				
Community Services	2	12,000		
Other (Please Specify)				
<b>Total</b>	<b>7</b>	<b>61,500</b>	<b>0</b>	<b>0</b>

  

<b>Community Development Letters of Credit</b>				
	This Evaluation Period		Outstandings from Prior Evaluation Periods	
Purpose	# of Loans	\$000	# of L/C	\$000
Affordable Housing			1	7,670
Economic Development				
Community Services				
Other (Please Specify)				
<b>Total</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>7,670</b>

Below are highlights of MBUSA’s community development lending:

**Affordable Housing**

- MBUSA extended a two-year \$7 million revolving line of credit to a New York based nonprofit organization whose mission is to develop affordable, permanent and transitional housing for homeless and low income individuals. The line of credit provides working capital to the organization while it awaits permanent financing from government contracts. The properties are in New York City and offer rental units to individuals and families at or below 60% of

---

the area median income. The loan facility is secured by a one-year renewable time deposit held by MBUSA.

- MBUSA extended a \$5 million revolving line of credit with a four-year term, to a certified CDFI loan fund. The lending arm of this CDFI provides flexible and innovative financial products, as well as technical assistance to support nonprofit and for-profit developers of affordable housing. The credit line supports several affordable housing projects in New York City.
- MBUSA extended a three-year \$15 million revolving line of credit, increased from an original \$10 million, to a certified CDFI loan fund. The organization provides community development support and is dedicated to the creation of: affordable housing and jobs. They have committed funding to several NYC properties with over 950 affordable housing units created.
- MBUSA extended a \$14 million two-year revolving line of credit to a certified CDFI loan fund that provides loans, grants, and technical assistance for affordable housing, charter schools, and community facilities and projects in low-income communities.
- MBUSA extended a \$6 million two-year line of credit to a certified CDFI loan fund headquartered in NYC. This nonprofit provides advisory and financial services through its loan fund to social sector organizations. Its focus is primarily for facility projects for the acquisition, development and renovation of affordable housing. Loans are made to various nonprofits working in the areas of education, health, and youth services.

### Community Services

- MBUSA extended a \$12 million two-year line of credit to a certified CDFI loan fund located in New York City. This organization's mission is to expand and transform primary care in underserved communities, improve health outcomes, and lower health costs. The fund provides a variety of short and long-term loan products such as pre-development, acquisition, renovation, expansion and or bridge financing to primary health care centers in economically distressed areas.

### Community Development Investments: "Satisfactory"

During the evaluation period, MBUSA made \$10.8 million in new qualified community development investments, and had \$18.1 million in investments outstanding from prior evaluation periods. This represents an annualized ratio to total average assets of 0.22%. In addition, MBUSA made \$1.5 million in grants. This demonstrated a reasonable level of community development investments over the course of the evaluation period.

MBUSA's new community development investments included a \$10 million investment in a CRA qualified investment fund. MBUSA made two community service investments totaling \$750,000, which included a \$500,000 nominee deposit in an association of community development credit unions, and a \$250,000 certificate of deposit in a New York bank certified as a CDFI.

<b>Community Development Investments and Grants</b>				
	<b>This Evaluation Period</b>		<b>Outstandings from Prior Evaluation Periods</b>	
	<b># of Inv.</b>	<b>\$000</b>	<b># of Inv.</b>	<b>\$000</b>
CD Investments				
Affordable Housing	1	10,000	6	18,095
Economic Development	2	750		
Community Services				
Other (Please Specify)				
<b>Total</b>	<b>3</b>	<b>10,750</b>	<b>6</b>	<b>18,095</b>
CD Grants	<b># of Grants</b>	<b>\$000</b>	<i>Not Applicable</i>	
Affordable Housing	25	825		
Economic Development	1	469		
Community Services	34	25		
Revitalize/Stabilize	8	187		
<b>Total</b>	<b>68</b>	<b>1,506</b>		

Below are examples of MBUSA's community development investments:

- MBUSA invested \$10 million in a qualified CRA investment fund. In addition, MBUSA had \$15.3 million outstanding from prior period evaluations. The fund invests in CRA eligible debt securities that support affordable housing initiatives, economic development, healthcare facilities, small business development, and job creation. The fund identifies and earmarks investments for each investor.
- MBUSA invested \$500,000 in a two-year nominee deposit in an association of community development credit unions ("CDCU"). The organization invests in several New York area CDCUs whose mission is to service low- to moderate-income individuals, recent immigrants, and people with disabilities.
- MBUSA invested \$250,000 in a two-year certificate of deposit in a New York State chartered bank that is a CDFI.

---

Community Development Services: “Outstanding”

During the evaluation period, MBUSA staff provided a range of technical assistance and financial education services to LMI individuals utilizing their expertise as bank employees. Numerous staff members took part in sixteen activities in 2014, eighteen services in 2015, and one program thus far in 2016, primarily in financial literacy for children and adults. This indicates a 94% increase in activities from the two preceding years. The increase is attributed to a concerted effort by community relations staff to provide more financial education training to partners with LMI client populations, which included Federation Employment and Guidance Service (“FEGS”), Henry Street Settlement, Encore Community Services, and several public high schools. In addition, MBUSA executives and staff serve in varied capacities with numerous community development organizations.

Below are examples of MBUSA’s community development services:

- Eighteen employees, including a senior vice president provided twenty-eight students from the Jacqueline Kennedy Onassis High School for International Careers workshops on financial responsibility and interviewing skills.
- Fifteen employees hosted a group of low-income adults from FEGS. They were taught lessons on the topics of financial tracking and realistic budgeting; making good spending decisions; thinking about saving for the future; and the importance of a credit score.
- The community relations coordinator arranged and spoke at an educational seminar for low-income seniors at Encore Community Services in midtown Manhattan. Fifty seniors were in attendance. The topics included how to protect yourself from financial scams online, over the phone, via lottery/sweepstakes, etc.
- A senior vice president who is also the CRA officer, is a member of the executive committee of a New York based community foundation that is focused on improving the workforce development system by developing and overseeing program initiatives in New York City.

**Innovative Practices:**

MBUSA demonstrated an excellent level of innovative or flexible community development practices. Many of MBUSA’s community development loans use innovative financing structures with flexible terms, including Libor-based variable rate revolving lines of credit with longer term maturities, and or options to extend maturities. One loan was collateralized with a renewable time deposit held at MBUSA. Other loans include no clean-up provisions or commitment fees.

---

MBUSA continued to invest in a CRA mutual fund whose investments are qualified CRA investments earmarked for MBUSA within its assessment area. In addition, MBUSA has invested in a nominee deposit of an association of community development credit unions that specializes in delivering credit and services to low-to-moderate and underserved communities.

The Mizuho USA Foundation (the "Foundation"), of which MBUSA is the sole member, funds community development projects in MBUSA's assessment area. During the evaluation period, the Foundation received and evaluated over seventy-five grant requests, all of which reflected community needs.

The Foundation participates in two community development collaborative funds which provide useful data and insight into community needs and the practices and priorities of other banks and foundations.

### **Responsiveness to Credit and Community Development Needs:**

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

MBUSA conducts ongoing outreach and analysis to assess and help meet the credit needs of its community. MBUSA's commitment to CRA activities remained strong throughout the evaluation period. CRA compliance staff and senior officers are in contact with New York City community-based organizations, enabling them to monitor community needs and the financial health of the community development customers. MBUSA continued to invest in and extend credit, award charitable grants, and provide technical assistance to its community partners, including nonprofit community development financial institutions, community development intermediaries, and community-based organizations that address the credit needs of the underserved in New York City.

### **Additional Factors**

#### **The extent of participation by the banking institution's Board of Directors/Trustees in formulating the banking institution's policies and reviewing its performance with respect to the purposes of the CRA**

The board of directors of MBUSA takes an active role in formulating and overseeing the CRA program. The board reviews the CRA program through periodic and annual reports presented by the CRA officer and/or other representatives of the CRA committee. The CRA officer presents semi-annual CRA activity reports to the board in January and July summarizing community development lending, qualified investments, CRA grants, community development services and compliance activities. The board of directors monitors and directs the CRA program. The board performs an annual review of MBUSA's CRA Statement. Board members communicate with CRA compliance staff on community and

---

CRA issues on an ongoing basis, outside of the regularly scheduled presentations.

Five of MBUSA's board members serve as directors of the Foundation, which focuses on funding innovative community development programs in New York City.

MBUSA's CRA compliance staff prepare detailed, semi-annual activity reports on the CRA program for the board of directors and CRA committee. The reports focus on the activities of the CRA program and the CRA portfolio, including community development loans and qualified investments; community development grants; and affiliates such as the Mizuho USA Foundation; community development services, including technical assistance to the community, executive leadership in the community and employee volunteerism; community needs assessment activities; regulatory compliance activities; and CRA committee meetings and actions.

The CRA staff performs a comparative analysis of peer institutions for the president and CRA committee using data available to the public, such as CRA performance evaluations and the FFIEC UBPR and CRA ratings sites. In addition, the CRA officer gathers information through frequent meetings with other institutions' CRA compliance staff, nonprofits and regulatory agencies. MBUSA's staff evaluates its lending and investment activity as a percentage of its total assets and compares these ratios against these banks and others, as well as MBUSA's prior examinations. The peer review is regularly reviewed by the CRA committee.

### **Discrimination and other illegal practices**

DFS examiners did not note evidence of practices by MBUSA intended to discourage applications for the types of credit offered by MBUSA.

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

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

MBUSA did not open or close any branches since the prior evaluation. As a wholesale bank, MBUSA 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.

---

MBUSA staff monitor the economic and social welfare of the MBUSA's assessment area, and strives to identify community and credit needs that can be addressed directly or through its partners. MBUSA seeks to build long lasting and multifaceted relationships with community based organizations that have deep knowledge of local market needs, proven expertise in community development financing, and robust financial and portfolio management capabilities. MBUSA relies on partners to advise on the optimal allocation of resources and to deploy resources for maximum impact. New York City has many experienced CDFIs and other nonprofits that require capital and technical support to achieve their stated missions. MBUSA has established partnerships with these organizations, many of whom are active in the socially critical areas of affordable housing, homelessness, nonprofit lending, primary health care, economic development, etc.

- *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, MBUSA does not have direct programs for marketing their products and services. Lending officers, through their ongoing business relationships look for opportunities where MBUSA can meet community credit needs.

**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**

DFS noted no other factors.

## **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**

“Community development”:

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.

### **Community Development Loan**

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 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.

## **Community Development Service**

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

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

## **Geography**

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 MSA or statewide nonmetropolitan median income.

<b>Income level of individual or geography</b>	<b>% of the area median income</b>
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 of \$1 million or less.

## **Low or Moderate Income ("LMI") Geographies**

Those census tracts or block numbering areas where, according to the 2000 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 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 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 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 represents 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.

### **Low-Income Housing Tax Credit (LIHTC)**

A dollar for dollar tax credit for affordable housing, 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. It is also more commonly called Section 42 credits in reference to the applicable section of the IRC. The tax credits are more attractive than tax deductions as they 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.

### **New Markets Tax Credit (NMTC)**

The New Markets Tax Credits (NMTC) Program was established by Congress in December 2000 to stimulate economic and community development and job creation in low-income communities. It permits individual and corporate 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 US Treasury Department's Community Development Financial Institutions Fund (CDFI).

### **Qualified Investment**

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

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

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