



**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: December 31, 2013

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.

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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 December 31, 2013.

Section 28-b of the New York Banking Law, as amended, requires that when evaluating certain applications, the Superintendent of Financial Services shall assess a banking institution’s record of helping to meet the credit needs of its entire community, including low- and moderate-income (“LMI”) areas, consistent with safe and sound operations.

Part 76 of the General Regulations of the Superintendent 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 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 (“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, 2010 to December 31, 2013. MBUSA is rated "1" indicating an "**Outstanding**" record of helping to meet community credit needs. This rating is the same from the prior rating of "Outstanding" based on DFS' Performance Evaluation dated December 31, 2009.

This rating is based on the following factors:

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

MBUSA's community development performance demonstrated an outstanding responsiveness to the community development needs of its assessment area through community development loans, investments and services.

Community Development Loans: "Outstanding"

During the evaluation period, MBUSA originated \$60.6 million in new community development loans and had \$39 thousand outstanding from prior evaluation periods. The annualized ratio of community development lending over total assets was 0.2915%, representing an excellent level of community development lending over the course of the evaluation period.

Community Development Qualified Investments: "Satisfactory"

During the evaluation period, MBUSA made \$17.5 million in new qualified community development investments including grants and had \$21 million 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. It encourages staff engagement with nonprofit community based organizations. MBUSA executives and staff serve in varied capacities with numerous community development organizations.

Innovative or Complex Practices:

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

Responsiveness to Credit and Community Development Needs:

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:

Established on December 1, 2002, in New York City, MBUSA is a FDIC insured, New York State chartered bank and a member of the Federal Reserve System. Mizuho Corporate Bank was renamed as Mizuho Bank (USA) on July 1, 2013 as part of an internal consolidation of its parent, Mizuho Corporate Bank, Ltd., (“MCB”) with Mizuho Bank, Ltd., both members of the Japan-based Mizuho Financial Group. MBUSA is headquartered in midtown Manhattan at 1251 Avenue of the Americas.

Designated as a wholesale bank for CRA purposes, MBUSA focuses on corporate finance for large U.S. and Latin American clients and the American-based subsidiaries of Japanese corporate clients. Traditional lending activities are complemented with a diverse range of corporate financial products and services, such as securitization, private placements, leasing, syndicated finance, and acquisition finance.

Affiliates of MBUSA in New York City include Mizuho Trust and Banking, a provider of custody and securities lending services to Japanese clients in the U.S., and Mizuho Securities (USA) a registered broker-dealer and investment banking subsidiary of Mizuho Securities Ltd. The Bank is also the sole member of the Mizuho USA Foundation, the Bank’s charitable foundation in the U.S.

Per the Consolidated Report of Condition as of December 31, 2013, filed with the Federal Deposit Insurance Corporation (“FDIC”), MCB reported total assets of \$5.2 billion, of which \$4.5 billion were net loans and lease finance receivables. It also reported total deposits of \$3.4 billion, resulting in a loan-to-deposit ratio of 132%. The four major asset categories in descending order are: loans and leases, cash and balances due from depository institutions, other assets, and securities. Loans and leases comprised the majority of asset holdings, representing 86.6% of total assets. According to the latest available comparative deposit data as of June 30, 2013, MBUSA had a market share of 0.18%, or \$1.4 billion in a market of \$850 billion inside its assessment area, ranking it 33rd among 112 deposit-taking institutions in that area.

The following is a summary of MBUSA’s loan portfolio, based on Schedule RC-C¹ of the bank’s December 31, 2010, December 31, 2011, December 31, 2012 and December 31, 2013 Call Reports:

¹ Total Gross Loans outstanding should be the amount as indicated on Lines 1 through 10.

TOTAL GROSS LOANS OUTSTANDING								
Loan Type	2010		2011		2012		2013	
	\$000's	%	\$000's	%	\$000's	%	\$000's	%
1-4 Family Res. Mtge.	15,625	0.8	13,234	0.5	10,389	0.8	7,310	0.2
Comm. & Indus.	742,605	40.0	1,504,810	53.4	1,696,364	40.4	2,022,559	52.4
Loans to Fin'l Institutions	436,567	23.5	590,916	21.0	615,548	0.0	793,889	20.6
State & Muni loans	0	0.0	0	0.0	75,349	0.0	75,349	2.0
Other Loans	476,421	25.7	579,830	20.6	715,701	48.7	647,748	16.8
Lease financing	185,601	10.0	130,029	4.6	107,012	10.1	315,459	8.2
Total Gross Loans	1,856,819	100.0	2,818,819	100.0	3,220,363	100.0	3,862,314	100.0

As illustrated in the above chart, and as commented upon in the institutions profile, MBUSA is a wholesale bank and as such Commercial and Industrial lending is the largest lending category.

There are no known financial or legal impediments that adversely impacted MBUSA's ability to meet the credit needs of its community.

Assessment Area:

MBUSA's assessment area remains unchanged since the prior CRA examination. The assessment area consists of the five boroughs of the City of New York: Bronx, Kings, Queens, Richmond, and New York. There are 2,168 census tracts in the area, of which 292 are low-income, 578 are moderate-income, 654 are middle-income, 580 are upper-income and 64 are tracts with no income indicated.

Assessment Area Census Tracts by Income Level							
County	N/A	Low	Moderate	Middle	Upper	Total	LMI %
Queens	26	16	134	303	190	669	22.42
Bronx	10	129	101	64	35	339	67.85
Kings	13	108	269	234	137	761	49.54
New York	12	37	65	23	151	288	35.42
Richmond	3	2	9	30	67	111	9.91
Total	64	292	578	654	580	2168	40.13

The assessment area appears reasonable based upon the location of MBUSA'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 8.2 million during the examination period.

About 11.9% of the population were over the age of 65 and 19.1% were under the age of 16.

Of the 1.84 million families in the assessment area, 29.9% were low-income, 16.9% were moderate-income, 16.7% were middle-income and 36.6% were upper-income families. There were 3.0 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 of the median family income within the assessment area was \$65,513.

There were 3.3 million housing units within the assessment area, of which 40% were one- to four-family units, and 60% were multifamily units. A minority (30.1%) of the area's housing units were owner-occupied, while 64.1% were rental units. Of the 1.0 million owner-occupied housing units, 20.5% were in LMI census tracts while 79.5% were in middle- and upper- income census tracts. The median age of the housing stock was 68 years and the median home value in the assessment area was \$526,503.

There were 636,017 non-farm businesses in the assessment area. Of these, 71.9% were businesses with reported revenues of less than or equal to \$1 million, 5.4% reported revenues of more than \$1 million and 22.7% did not report their revenues. Of all the businesses in the assessment area, 78.4% were businesses with less than fifty employees while 93.7% operated from a single location. The largest industries in the area were services (44.6%), followed by retail trade (15.1%) and finance, insurance and real estate (8.9%). Non-classified businesses in the assessment area constituted 14.2%.

According to the New York State Department of Labor, the average unemployment rate for New York State was 7.7% in 2013. Unemployment rates in New York, Queens, and Richmond Counties in MBUSA's assessment area were lower than the state average, while unemployment rates in Bronx and Kings were higher than the state average.

Assessment Area Unemployment Rates						
	Statewide	Bronx	Kings	New York	Queens	Richmond
2010	8.6	12.8	10.3	8.1	8.7	8.8
2011	8.3	12.4	9.8	7.5	8.1	8.3
2012	8.5	12.7	9.9	7.7	8.3	8.5
2013	7.7	11.7	9.3	7.1	7.6	7.6

Community Information

Two organizations were contacted for community information. One's mission is to assist consumers in understanding and improving their ability to manage their financial affairs. They are also tasked with studying key issues affecting consumer finance. The other organization provides homeless adults with the services and assistance necessary to develop their ability to live independently, and to move into housing.

No negative comments were made about Mizuho, which does not offer retail banking services. MBUSA was mentioned positively by one contact, as MBUSA's officers served on its Board of Directors and also volunteer in other events.

The assessment area includes unbanked and underserved communities. The economic downturn generally had a negative impact on these communities. As with any large city there are areas of LMI individuals and neighborhoods. New York City's dominant employer is the financial services industry.

PERFORMANCE TEST AND ASSESSMENT FACTORS

DFS 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 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 MCB’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 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 2010 through 2013.

At its **prior** Performance Evaluation as of December 31, 2009, DFS assigned MBUSA, formerly known as Mizuho Corporate Bank, a rating of “1”, reflecting an “Outstanding” record of helping to meet community credit needs.

Current CRA Rating: “Outstanding”

Community Development Test: “Outstanding”

MBUSA’s community development performance demonstrated an excellent responsiveness to the community development needs of its assessment area through community development loans, investments and services.

During the evaluation period, MBUSA originated \$60.6 million in new community development loans including \$2.8 million outside the assessment area and had \$39 thousand outstanding from prior evaluation periods. Also during the evaluation period, MBUSA made \$16.5 million in new community development investments and had \$21 million outstanding from prior evaluation periods. MBUSA made \$956 thousand in community development grants in the assessment area. In addition, it made \$74,000 in community development grants outside the assessment area.

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

Community Development Lending: “Outstanding”

During the evaluation period, MBUSA originated \$60.6 million in new community development loans and had \$39 thousand outstanding from prior evaluation periods. The annualized ratio of community development lending over total assets was 0.2915%. 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 63.7%, was used for affordable housing, followed by activities that revitalize and stabilize communities at 36.3%.

Community Development Loans				
	This Evaluation Period		Outstandings from Prior Evaluation Periods	
Purpose	# of Loans	\$000	# of Loans	\$000
Affordable Housing	16	38,600	1	39
Economic Development				
Community Services				
Other (revitalize&stabalize)	6	22,000		
Total	22	60,600	1	39

Below are examples of MBUSA’s community development lending.

Affordable Housing

- MBUSA made two 2-year \$5 million revolving lines of credit to one of the nation’s largest community development support organizations. Headquartered in New York City, the organization supports the creation of affordable housing, commercial and community facilities, businesses and jobs by providing capital, technical expertise, training and information. Its New York City program provides technical assistance, predevelopment loans, construction loans, grants and equity to community development corporations’ engaged in building, rehabilitation, and preservation of affordable housing.
- MBUSA extended three term loans in the amounts of \$750 thousand and three revolving lines of credit in the total amount of \$1.5 million to a non-profit community organization for working capital needs. The organization revitalizes underserved New York City neighborhoods by creating and preserving affordable housing and providing opportunities for homeownership education, financial assistance and community leadership.
- MBUSA provided a \$5 million revolving line of credit to one of the largest

nonprofit loan funds in the country which works to provide low-income people in the U.S. with access to affordable and safe housing. The fund provides loans and technical assistances to support developers of affordable housing.

- MBUSA provided two revolving lines of credit in the amounts of \$2.5 and \$1.5 million to a not-for-profit, social service and supportive housing provider serving New York City's homeless adults. Founded in 1975, the non-profit organization's mission is to help chronically homeless individuals leave the streets, go through a rehabilitative process to become housing ready and move along the path to self-sufficiency and permanent housing.

Revitalize and Stabilize

- MBUSA provided two lines of credit in the amounts of \$8 million and \$3 million to a leading national CDFI that provides loans, grants and technical assistance with a mission to alleviate poverty. The CDFI invests in community projects that have high social impact and value but may not be able to access the services offered by traditional financial institutions.
- MBUSA provided a line of credit in the amount of \$2 million to a non-profit organization, whose mission is to expand and transform primary care in economically-distressed areas to improve health care outcomes and lower health care costs.
- MBUSA committed a revolving line of credit in the amount of \$4 million to a CDFI, which is a national leader in financing nonprofits, to strengthen their financial health and improve their capacity to serve LMI communities. The CDFI's investments bolster the long-term sustainability of its client organizations, supporting their contributions to communities and advancing community development goals.

Community Development Investments: "Satisfactory"

During the evaluation period, MBUSA made \$17.5 million in new qualified community development investments, including grants, and still had \$21 million of investments outstanding from prior evaluation periods. This demonstrated a reasonable level of community development investment over the course of the evaluation period.

Community Development Investments and Grants				
	This Evaluation Period		Outstandings from Prior Evaluation Periods	
	# of Inv.	\$000	# of Inv.	\$000
CD Investments				
Affordable Housing	2	12,000	8	21,000
Economic Development				
Community Services	17	4,500		
Total	19	16,500	8	21,000
CD Grants	# of Grants	\$000	Not Applicable	
Affordable Housing	29	656		
Economic Development	2	50		
Community Services	20	258		
Other (revitalize&stablize)	4	25		
Total	55	989		

Below are examples of MBUSA's community development investments.

- MBUSA invested a total of \$12 million in the CRA Qualified Investment Fund (The "Fund"), a mutual fund that invests in fixed income securities that promote community development. The Fund has over \$1.5 billion invested in community development activities, including affordable housing, healthcare facilities, job creation and small business development.
- MBUSA invested \$5 million in a nonprofit organization's fund. This fund is a leading syndicator of low income housing tax credit investments ("LIHTCs"). The mission of the fund is to promote the development of low-income housing and revitalization and strengthening of the local economies.

Community Development Services: "Outstanding"

MBUSA demonstrated an excellent level of community development services over the course of the evaluation period. It encourages staff engagement with nonprofit community based organizations. MBUSA executives and staff serve in varied capacities with numerous community development organizations, providing financial expertise to these organizations in serving the needs of LMI communities and individuals.

MBUSA is the sole member of the Mizuho USA Foundation (the "Foundation") with a \$14 million endowment. The Foundation makes annual grants to not-for-profit organizations for community development purposes in New York City.

Below are highlights of MBUSA's community development services.

- MBUSA's President and CEO serve on the leadership council of a nonprofit organization that provides supportive housing and services to the homeless people.
- A Senior Vice President and an Assistant Vice President serve on the local advisory committee and the Request for Program Action ("RPA") subcommittee of a national nonprofit community development intermediary dedicated to helping community based development organizations and to improving distressed communities and neighborhoods. These two officers also serve in the Board of Director, nominating committee, and resource development committee of a community-based organization with mission of revitalizing underserved neighborhoods by creating and preserving affordable housing and providing opportunities for homeownership education, financial assistance and community leadership. The Senior Vice President & CRA officer also serve on the advisory board of an organization whose mission is to create opportunity for LMI people through affordable housing in diverse and thriving communities.
- A Vice President serves on the donor committee of an investment fund whose mission is to help low-income individuals and to revitalize neighborhoods.
- MBUSA staff teams volunteer for lunch time meal servings at the Encore Community Services kitchen for low-income senior citizens.
- MBUSA employees donate new school supplies to two non-profit organizations.
- MBUSA staff donated dozens of gently-used coats for needy individuals in the New York Metropolitan area.

Innovative or Complex Practices

MBUSA demonstrated an excellent level of innovative or complex community development practices. Examples include LIBOR-based floating rate revolving lines of credit at a spread that often was significantly below-market with no clean-up period. Over the examination period, MBUSA provided an organization a longer-term commitment that permitted the organization to borrow only what it needed to meet its needs. MBUSA also purchased complex investments such as LIHTCs.

Responsiveness to Credit and Community Development Needs

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

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

CRA Compliance staff prepares semi-annual activity reports on MBUSA's CRA program for the Bank's Board of Directors and CRA Committee. The reports detail the activities of the CRA program including community development loans, investments, grants, services and regulatory compliance activities. In addition, MBUSA's CRA Compliance staff regularly prepares a comparative review of the CRA performance of peer institutions for MBUSA's president and CRA Committee.

The CRA Committee, chaired by the president of the bank, comprises of the president and five other senior officers including the CRA director. The committee is responsible for formulating and reviewing CRA-related policies, evaluating financing opportunities, and making decisions on specific programs, donations, loans and investments to meet community credit needs.

Discrimination and other illegal practices

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

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

MBUSA has not opened or closed 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 ascertains the credit needs of its community by its participation with local community groups, specifically by serving as members of their boards and committees. Additionally, CRA compliance staff members have regular contact with community organizations. Bank executives and CRA compliance staff members serve in a wide range of capacities for several leading community development organizations. Direct involvement provides valuable access to detailed information about the needs of New York City LMI residents and communities. CRA Compliance staff members regularly make site visits to low-income neighborhoods within New

York City. Meetings are conducted over the course of each year with representatives of community groups, not-for-profit organizations, government agencies, and other financial institutions and funders to determine unmet financial needs within the LMI population and communities of New York.

- *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 institution, most of MBUSA's marketing of community development financing is done directly through meetings with financial intermediaries, government agencies, and not-for-profit organizations. MBUSA also works with local and Japanese media to highlight the Bank's interest in and participation with, local community groups. The Foundation is often acknowledged publicly for its community development activities further enhancing the Bank's efforts within the community.

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

None

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.

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 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.